



## Vehicle Fuel Efficiency Discussion Paper

Submission from Motor Traders' Association of New South Wales

<b>Name</b>	<b>James McCall</b>
<b>Company</b>	<b>Motor Traders' Association of New South Wales</b>
<b>Position</b>	<b>Chief Executive Officer</b>
<b>Postal Address</b>	<b>Locked Bag 5012, Darlinghurst NSW 2010</b>
<b>Phone Number</b>	<b>02 9213 4222</b>
<b>Fax Number</b>	<b>02 9212 6889</b>
<b>Email Address</b>	<b>james.mccall@mtansw.com.au</b>

### General comments on a package of measures

#### Question 1

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

The vehicle market has already seen huge shifts in trends in terms of vehicle size, technology and fuel efficiency. As manufacturing technology increases and consumer awareness about environmental issues grows, the market has naturally adapted. Given what has already been demonstrated, the MTA sees that under the current arrangements, significant improvements have already been made.

#### Question 7

##### General Comments

The Motor Traders' Association of New South Wales (MTA NSW) is an automotive trade association based in NSW. It is the prime representative of the automotive retail and repair industry in the state. The MTA has over 5,000 Members and affiliates from all specialist sectors of the automotive industry, including new and used car dealers, mechanical repair workshops, body repair workshops, auto parts recyclers, brake specialists, commercial vehicle manufacturers and operators and farm machinery dealers. The MTA assists its Members in numerous ways; through business advice, training, employment relations services, representation and much more.

MTA NSW also runs an environmental education program in NSW and the ACT; Green Stamp Plus. The program is run in conjunction with the Australian Department of Environment, Heritage and the Arts. The MTA aims to work with its Members to assist them to meet their environmental compliance requirements and to exceed these by implementing environmental best practices.

MTA NSW is a Member of the Motor Trades Association of Australia (MTAA).

<b>Category</b>	<b>1</b>	<b>Measures to Increase the Supply of Low Emission Vehicles</b>
	<b>1.1</b>	<b>CO<sub>2</sub> Emission Targets for New Light Vehicles</b>

#### Question 1

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

Tightened CO<sub>2</sub> standards are not required in Australia, as the vehicle fleet is already moving in that direction due to heightened consumer awareness of environmental responsibilities and the spiralling fuel costs. These factors have contributed to an increasing number of vehicles being made available that are smaller, hybrids or run on less cylinders.

As Australia's light vehicle fleet has naturally produced vehicles with higher fuel efficiency and lower emissions, there is no need for the Government to regulate and implement standards.

#### Question 2

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

If tighter standards are introduced into the market, the standards should be voluntary. If manufacturing vehicles that produce low emissions is sustainable, in demand from vehicle purchasers and provides a commercial advantage, the number of manufacturers producing such vehicles will naturally increase. In addition, manufacturing low emission vehicles can then become a selling point for particular brands or models for those consumers that seek low emission vehicles.

Making low emission standards mandatory would come at a huge cost to both the manufacturing industry and the retail industry. In the retail industry (new car dealerships) for example, businesses have invested considerable sums into certain vehicle brands. If those brands were to be negatively affected by mandatory standards suddenly, numerous small businesses across Australia would face difficulty in an immediate changeover.

Vehicle production is driven by consumer demand. Whilst consumers demand vehicles with higher fuel efficiency and lower emissions, these vehicles will be produced. Mandatory standards will not achieve any additional advantage other than those provided by market forces and consumer behaviour. In addition, larger vehicles still need to be produced for social (such as large families) and industry (such as transporting or working in rural areas) reasons. The groups that require these vehicles, the manufacturers that make them or the new car dealerships that sell them should not be unduly restricted.

#### Question 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?

MTA NSW believes that as consumer behaviour will considerably change the type of vehicles sold in Australia the Government should conduct further consultation with both the manufacturing and retail vehicle industries when these changes have occurred.

#### Question 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?

Market pressures will naturally shape the future of vehicle manufacturing regarding fuel efficiency and emissions. There is no need for standards to be implemented on top of natural market forces, as this creates the possibility of disadvantaging particular franchises, brands or consumers.

Market forces are already impacting on the sale of larger vehicles and MTA NSW believes that significant reductions will already occur during the next 12 to 24 months due to this without Government intervention.

<b>Category</b>	<b>2</b>	<b>Measures to Increase Demand for Low Emission Vehicles</b>
	<b>2.1</b>	<b>Restructure State registration and stamp duty charges for light vehicles</b>

#### Question 1

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

Consumer choice when purchasing a vehicle is based on a variety of factors, the level of stamp duty not being a major. Firstly, it is a tax that is not included in the price therefore making it an afterthought. In addition, it is a one-off payment that would not dissuade most potential buyers. Consumers place higher emphasis on the running costs of the vehicle, such as fuel in addition to preferred style, size and retail price.

#### Question 2

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

Similarly to Stamp Duty, consumers rarely consider Registration Fees when purchasing a new vehicle. Also, in NSW Registration Fees are already based on the weight on the vehicle (Mass Rating Charge). Consumers place higher emphasis on the running costs of the vehicle, such as fuel in addition to preferred style, size and retail price.

<b>Category</b>	<b>2</b>	<b>Measures to Increase Demand for low emission vehicles</b>
	<b>2.2</b>	<b>Provision of direct financial incentives/disincentives based on vehicle CO<sub>2</sub> emissions.</b>

#### Question 1

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

A rebate may encourage some consumers, who are able, to purchase vehicles with a lower CO<sub>2</sub> emission if the environmental features of the car are important to those consumers. If a rebate were to be implemented this would also be in conjunction with changing consumer behaviour so there may be a cost but little additional benefit. This may work as an incentive to some but would not on its own shape consumer demand for low CO<sub>2</sub> emission vehicles.

## Question 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)?

A feebate scheme should not be considered. It unfairly penalises families that require a larger vehicles, consumers that live in regional areas with lower quality roads as well as numerous industries that require larger vehicles to safely transport goods and services.

Larger vehicles are required in the market. The brands that cater for these consumer demands and needs should not be punished or put at a disadvantage. The new car dealerships that invest these brands should also not be put at a disadvantage. Larger vehicles are needed in Australia, and whilst the general trend of moving towards smaller and more efficient vehicles is a positive thing, vehicles that fall outside of these standards still need to be affordable and accessible to the groups that need them.

## Question 5

### General Comments

If a rebate scheme was to be introduced it should be implemented with the least amount of administration at a retail level as possible, and preferably at a distributor level. Motor vehicle retailers (new car dealerships) have enough difficulty in managing the various charges and taxes on motor vehicles as it is, by adding an additional layer is not seen as an effective model. It would be an additional administrative burden for small businesses across NSW.

<b>Category</b>	<b>3</b>	<b>Measures to Improve Consumer Awareness</b>
	<b>3.1</b>	<b>Including Fuel Consumption Data in Vehicle Advertisements</b>

## Question 1

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

Fuel consumption and CO<sub>2</sub> emissions data should be made available by the manufacturer for consumers that are interested.

New car dealerships should not have to include this sort of information in its advertisements. Dealerships advertise new vehicles in local newspapers, fliers and websites and it would be an administrative impossibility to include this amount of technical information in every advertisement. In addition, there is not enough space when placing small internet or newspaper advertisements to include this information.

## Question 2

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

The Government should continue to promote its Green Vehicle Guide (GVG) website for consumers that are interested. The GVG is a great resource for interested parties as it provides easy to understand, comparative analysis. It is much more valuable than a string of numbers and abbreviations being tagged onto a new vehicle advertisement with no reference point.

Manufacturers could include this information on brand websites and in advertisements.

### Question 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.

Lack of consumer knowledge would impede the effectiveness of this measure. Without figures to compare it to or some sort of rating scheme, individual figures lack meaning to those consumers (which is the majority) that have no knowledge of the ranges in vehicle fuel efficiency and emissions numbers.

For this reason, promotion of the Green Vehicle Guide website would be more valuable.

### Question 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?

If new car dealerships were included in this measure then cost would be a huge administrative one for these small businesses with no real gain for consumers.

<b>Category</b>	<b>3</b>	<b>Measures to Improve Consumer Awareness</b>
	<b>3.2</b>	<b>Standards / Labelling Requirements for Non-engine Components Which Impact on Fuel Consumption</b>

### Question 1

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

Further information from international research and experience is required before Australia decides to go down that path. The idea of creating standards or labels for non-engine components is in its infancy and it would be premature to plan to pursue it.

### Question 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?

Australia should move cautiously, with any measures being agreed to internationally carefully researched by Australia with Australian conditions in mind.

<b>Category</b>	<b>3</b>	<b>Measures to Improve Consumer Awareness</b>
	<b>3.3</b>	<b>Heavy Vehicle Environmental Rating Scheme</b>

Question 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?

There are gaps in the information available on certain specifications for purchasers of heavy vehicles; however this is due to the huge number of variables related to the use of heavy vehicles.

There are three main variables that affect fuel efficiency that cannot be calculated for each individual heavy vehicles. Firstly, heavy vehicles are purchased as a cab and a chassis, and then it is up to the owner to put on a flat top tray or a trailer etcetera. Therefore its final weight, size and bulk cannot be determined pre-purchase. Secondly, the weight carried by heavy trucks is varied both between different trucks and for the same truck at different times. Lastly, the conditions that the truck is driven in cannot be predicted.

Whilst there is a lack of information available for heavy vehicle purchasers, these purchasers are a great deal more educated than most light vehicle purchasers and are familiar with the different components and efficiencies when purchasing a heavy vehicle. Due to the large burden of costs involved in operating heavy vehicles, purchasers are well aware on an individual basis the various fuel efficiencies.

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