Mick Gentleman MLA

Member for Brindabella

Manager of Government Business
Minister for Police and Emergency Services
Minister for the Environment and Heritage
Minister for Planning and Land Management
Minister for Urban Renewal

Shane Rattenbury MLA

Member for Kurrajong

Minister for Climate Change and Sustainability
Minister for Justice, Consumer Affairs and Road Safety
Minister for Corrections
Minister for Mental Health

17/00398

Josh Frydenberg, Minister for the Environment and Energy
Paul Fletcher, Minister for Urban Infrastructure
Ministerial Forum on Vehicle Emissions
c/- Department of Infrastructure and Regional Development
vemissions@infrastructure.gov.au

Dear Minister Frydenberg and Minister Fletcher

Thank you for the opportunity to provide input into: the Ministerial Forum on Vehicle Emissions Discussion Paper: Better fuel for cleaner air; the Draft Regulation Impact Statement: Vehicle emissions standards for cleaner air; and the Draft Regulation Impact Statement: Improving the efficiency of light vehicles. The ACT Government, through the portfolios of Environment and Heritage, Planning and Land Management and Climate Change and Sustainability, supports your efforts to improve air quality and reduce greenhouse gas emissions from the transport sector.

The ACT Government provides the following commentary and support for these papers.

Draft Regulation Impact Statement: Vehicle emissions standards for cleaner air

The ACT Government supports the review of the Australian fuel quality standards.

The 2016 ACT Air Quality Report found that Canberra's air quality in 2015 was excellent, with no exceedances of the Ambient Air Quality (AAQ) National Environment Protection Measure (NEPM) standards for carbon monoxide, nitrogen dioxide and photochemical oxidants as ozone.

The major impacts on Canberra's air quality in 2015 came from the accumulation of combustion particles from wood heaters. Due to its climatic and geographic location, the ACT has issues with particulate pollution from wood heaters in winter months due to the temperature inversions that form.

AUSTRALIAN CAPITAL TERRITORY LEGISLATIVE ASSEMBLY
London Circuit, Canberra ACT 2601, Australia
Phone +61 2 6205 0218
GPO Box 1020, Canberra ACT 2601, Australia
Email gentleman@act.gov.au

@GENTLEMANMick MickGentleman

The Draft Regulation Impact Statement: Vehicle emissions standards for cleaner air acknowledges that health impacts from fine particulate pollution, including emissions from vehicles, are observed even when air pollutant concentrations are below national standards, as they are in the ACT. It is now generally well recognised that risks of cardiovascular effects may be greater for exposure to fine (less than 2.5 micrometres) and ultrafine (less than 0.1 micrometres) exhaust particles. Therefore, as there is no safe level of particulate pollution, the ACT would support initiatives to reduce particulate and noxious emissions from vehicles as these would benefit the overall health and wellbeing of the Canberra community and would likely result in improvements to the ACT's air quality.

The ACT Government suggests the preferred option should be the alternative that presents the best health outcomes for the community.

Draft Regulation Impact Statement: Improving the efficiency of light vehicles

The ACT Government supports implementing stringent greenhouse gas emission requirements for new light vehicles (passenger and commercial) sold in Australia. We support the highest possible legislated emissions target; at a minimum we support your proposed 105 grams per kilometre in 2025 (Option 4 A).

We recognise the importance of mitigating greenhouse gas emissions from all sectors as soon as possible to minimise the impact of climate change on the world. In doing its part, the ACT has committed to the goal of keeping global warming well below 2 degrees and is committed to achieving zero net emissions in the ACT by 2050 at the latest. The ACT Government has also committed to achieving carbon neutrality in its own operations by 2020 and offers support to the Australian Government to achieve a similar target in its own operations.

We recommend that effective regulation needs to be as simple as possible with measurable, achievable and robust key performance indicators for the targets. Vehicle specific targets put the expense onto manufacturers and importers to demonstrate fuel efficiency prior to importing the vehicles into Australia. This can be captured in retail pricing at the point of sale and does not require continual reporting by sellers to manufacturers and back to the government for assessment.

The ACT Government disagrees with the assumption that a national government cannot influence the efficiency of vehicles sold in Australia as stated in the Draft Regulation Impact Statement: Improving the efficiency of light vehicles (the Draft RIS). We support designing a regulatory system that sets the boundaries for greenhouse gas emissions from vehicles. It may be true that "manufacturers ultimately choose a range of vehicles from their global portfolio that will maximise their profit in the Australian market" (p24). It is also true that if there is a regulation in place, vehicle manufacturers will select vehicles that meet these requirements, and include the requirements in their future planning.

More stringent vehicle emissions standards in Europe and the state of California, along with financial and other concessions, have coincided with a greater than average early adoption of electric vehicles. The ACT will achieve 100% renewable electricity supply by 2020. Therefore, reducing greenhouse gas emissions from the transport sector through an increasing proportion of electric vehicles will help the ACT reach its target of zero net emissions by 2050 at the latest.

Direct responses to questions asked in the Draft RIS:

Question 1: What parameter (CO_2 emissions or fuel consumption) should be used for an Australian fuel efficiency standard and why?

The ACT Government supports the regulation via a standard of both tailpipe CO_2 emissions (g/km) and fuel consumption (L/100 km). New vehicles should meet both parameters. Reduced total greenhouse gas emissions from each vehicle will assist efforts to minimise climate change. Improved fuel efficiency will have financial benefits for motor vehicle users.

Question 3: How should a sales weighted average target be applied in Australia and why?

The ACT Government supports a sales weighted average of either a uniform average target for all manufacturers or attribute based targets adjusted by the mass/footprint of vehicles sold and imported.

Question 4: If an attribute based standard is adopted, which attribute should be adopted in Australia and why?

If an attribute based standard is adopted, the ACT Government supports the use of manufacturers' targets based on either mass in running order or footprint. To select one over the other at this stage, where we are encouraging manufacturers to be innovative in design and technology while adhering to design safety standards and fuel consumption targets, may stifle innovation or inadvertently prevent the importation of appropriate vehicles.

Question 5: How should a fuel efficiency standard be applied to each light vehicle category and why?

The ACT Government supports the simplest regulatory approach, which is for one target to cover all light passenger and commercial vehicles. This should not only simplify the regulatory burden to the government agency monitoring and enforcing the implementation of the standard, it should encourage car dealerships to investigate whether a more fuel efficient vehicle is as suitable for a consumer as the one they entered the dealership to purchase.

Although the current Green Vehicles Guide has much higher combined tailpipe emissions at the 25th percentile for 'People Mover' (all vehicles with 6 or more seats) and 'Off-road' (4WD SUV with clearance) vehicles, those emissions do not have to be acceptable.

Question 6: If sports utility vehicles (SUVs) are subject to a different target to passenger cars, how should SUVs be defined and why?

The ACT Government does not support the application of differentiated targets for SUVs compared with passenger vehicles. SUVs used as passenger vehicles should be within the same target range. This may encourage potential purchasers to reconsider their actual need for larger, less fuel efficient vehicles and discourage their retail sale. Manufacturers and distributors of true recreational off-road 4WD vehicles that do not have sufficient offerings of fuel efficient vehicles to meet the fuel

standards target may need to adjust their business model to accommodate penalties or other models.

Question 7: How should targets for a fuel efficiency standard be phased in and why?

The ACT Government supports the phase-in of targets from 2020 to 2025 via annual targets that progressively increase in stringency from 2020 to 2025. This regulation does not need to allow flexibility in compliance and product development. If manufacturers delay imports by a year, there will be sufficient cars in stock or used cars that can be sold to buyers unable to wait for the lower-emission vehicles that will arrive after a year or two. Set two years in advance (2018 to 2020), retail sellers will be able to plan and diversify their businesses in anticipation of a reduction in vehicle availability of the manufacturer they currently sell.

Question 11: What, if any, credits should an Australian fuel efficiency standard adopt to further encourage the supply of more efficient vehicles?

The ACT Government does not support the proposal to set a minimum efficiency requirement at the top 25% of current model vehicles. We recommend that a fuel efficiency standard be either set at the top 25% of all globally available vehicles, or set a maximum emissions value (number) which is both aspirational and achievable for manufacturers/importers.

The modelling reported in the draft RIS appears to be outdated as many of the 'technologies' such as stop–start engines are standard inclusions on currently available mid-range and mid-priced passenger vehicles such as the Mazda3. Most global manufacturers have these technologies in their suite of current models and/or models under development for release in the coming two years.

The standard could offer incentives to encourage the supply of ultra low emissions vehicles/powertrains (e.g. electric or hydrogen fuel cell vehicles). These further incentives to prioritise the sale of these vehicles into the Australian market should be a priority. However, the sale of electric vehicles (EVs) should not allow a manufacturer to then sell vehicles with a higher-than-standard fuel efficiency to balance/achieve their total target.

Table 5 of the Draft RIS mentions the use of technologies that could improve vehicle efficiency in an on-road setting that are not captured in standardised tests. It is not clear what sort of technology is being proposed nor how this data would be generated, captured, made available for use, verified or reported.

Question 12: Which entities should be required to comply with a fuel efficiency standard and why?

Targets should cover all vehicles purchased in Australia, not "top 10 brands". Private imports of new vehicles should also be required to meet the target.

Because of concerns related to human health in urban areas, targets should not encourage fuel switching from petrol to diesel.

Because of current generous Australian Government concessions to business for the purchase of commercial vehicles, light commercial vehicles should be required to meet the emissions targets.

The ACT Government supports the simplest regulatory approach, which is for one target to cover all light passenger and commercial vehicles.

If there are no vehicle minimum fuel efficiency requirements, all entities should have some sort of fuel efficiency target. The ACT Government supports an alternative sales weighted target rather than an exemption.

Question 13: What concessional arrangements should be offered to low volume suppliers under an Australian fuel efficiency standard and why?

The ACT Government does not support concessional arrangements to fuel efficiency standards for low volume suppliers. In order to achieve greenhouse gas reductions, targets should cover all vehicles purchased in Australia, not the "top 10 brands".

Private imports of passenger vehicles and light commercial vehicles should also be required to meet the target.

Question 14: What penalties should be applied to entities that fail to comply with a fuel efficiency standard and why?

The ACT Government supports financial penalties. It is simple from a regulatory sense, contestable but not negotiable, and should be applied on a per vehicle over the limit basis if a numerical emissions level is set; or a unit of exceedance over the target if not.

Given the apparently small size of government fleet purchases, excluding a manufacturer from government fleet purchasing will not be a business disincentive and will not meet the goal of reducing greenhouse gas emissions from transport.

Additional matters:

Option 2 – Fleet Purchasing

The ACT Government supports the Australian Government and others in adopting minimum efficiency requirements for government fleet purchases to encourage manufacturers to supply low emissions vehicles (Option 2). We support the extension of this requirement to contractor vehicles under sustainable government procurement including Australia Post/Startrack vans, motorbikes and Telstra vehicles.

Government fleet purchasing requirements should lead by example. The ACT Government has been leading by example and has been successful in negotiating low emission and zero emission vehicles through value for money procurement. The ACT Government supports the Australian Government in requiring fleet vehicles to be both fuel efficient and fit for purpose. We support the Australian Government adopting not only a single benchmark for its own fleet but also future benchmarks to ensure that emissions from transport in the public sector continue to reduce.

The ACT Government also supports bulk purchases of electric vehicles across jurisdictions to build scale and reduce costs.

Consideration of autonomous vehicles

It is likely there will be significant change in the automotive industry over the next decade due to the emergence of connected autonomous vehicles. It is difficult to predict the level of change, when it may occur and its implications. A recent global foresight project (Willumsen and Kohli, 2016, 'Traffic forecasting and automated vehicles') suggests autonomous vehicles will be available for purchase in 2024 in Australia and will be 10% of the car fleet in Australia by 2032. When considering timelines for the implementation of low emissions vehicles, the emergence of this potential new technology may be worthwhile taking into account. www.steerdaviesgleave.com/Traffic-forecasting-and-automated-vehicles-Kohli-Willumsen.pdf

Thank you for raising this matter with us. We trust this information is of assistance.

Yours sincerely

[redacted]

Mick Gentleman MLA
Minister for Planning and Land Management
Minister for the Environment and Heritage

Yours sincerely

[redacted]

Shane Rattenbury MLA [redacted]
Minister for Climate Change and Sustainability