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MINISTERIAL FORUM ON VEHICLE EMISSIONS
Vehicle Emissions Standards for Cleaner Air
Draft Regulatory Impact Statement
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Submission Cover Sheet

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Comment to
Vehicle Emissions Standards for Cleaner Air
Draft Regulatory Impact Statement , December 2016

Background

Mitsubishi Motors Australia Ltd (MMAL) is a wholly owned subsidiary of Mitsubishi Motors Corporation (MMC), Japan. MMAL is the importer and distributor of motor vehicles built by Mitsubishi Motors group companies in Japan and Thailand.

MMAL is a member of the Federal Chamber of Automotive Industries (FCAI), the peak industry body representing vehicle manufacturers and importers of passenger cars and light commercial vehicles, and motorcycles in Australia. MMAL's parent company, MMC is a member of the Japanese Auto Manufacturers Association (JAMA), the equivalent representative body in Japan.

MMAL welcomes the opportunity to respond to the Commonwealth Government's "Vehicle Emissions Standards for Cleaner Air" Regulatory Impact Statement (RIS). In response to a call for public comment on this RIS, the FCAI has prepared a submission which MMAL fully supports and endorses. This MMAL submission represents our additional and supplementary comment to the FCAI submission. This submission is specific to the "Vehicle Emissions Standards for Cleaner Air" RIS. Questions arising from the "Improving the efficiency of new light vehicles" RIS and "Better Fuels for Cleaner Air" discussion paper will be addressed in separate submissions to those documents.

Australia is one of the most open and competitive automotive markets in the world with more than 60 brands and 350 models from 20 source countries. The market exceeded 1.1 million units in 2016 and are expected to remain similar in 2017. However, these volumes represent less than 1.5% of the global market. Over 90% of new vehicles sold in Australia are designed, developed, homologated and manufactured overseas. This proportion will increase further during 2017 when the remaining local manufacturing will cease.

MMAL sales volume in 2016 was approximately 6.4% of the total Australian market.

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Key Points

- Globally, vehicle emissions and efficiency have been in the market proven to be highly dependent upon having appropriate fuel quality standards implemented. Fuel quality, vehicle emissions and efficiency are inextricably linked and cannot be considered in isolation.

- MMAL notes that Unleaded Petrol with 95RON, 10ppm (max) sulphur is not currently available in the Australian market. MMAL asserts that fuel conforming to European standards is absolutely essential for the efficiency and durability of emissions systems designed and developed to meet the most advanced vehicle emissions and vehicle efficiency standards. Other global markets in which advanced emissions and efficiency standards have been mandated have also concurrently mandated the requisite fuel quality standards.

- Electric vehicles emit zero run-time noxious emissions for all pollutants regulated under Euro6 standards. They represent the cleanest form of transport currently available and could be deployed into the mass market relatively quickly and easily. However, electric vehicles are also expensive to develop and manufacture and have a significantly lower uptake compared with vehicles utilising conventional powertrains that are offered to the Australian market. Government should actively promote strategies for increasing the uptake of Electric Vehicles in the Australian market taking note of those strategies which have been successfully adopted overseas to improve environmental outcomes and the health benefits flowing from them.

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Mitsubishi Motors Australia Ltd's Recommendations

Information and recommendations relating to which were included in MMAL's submission to the Vehicle Fuel Efficiency Reviews in 2008 and 2011 and to the Vehicle Emissions Forum discussion paper of 2016 remain equally valid today as they were at the time of those submissions.

Further to the recommendations included in FCAI's submission to this RIS, MMAL suggests that

- Government should first set fuel quality standards which are consistent with the emissions standards under consideration as it has been proven globally that this is essential for vehicle emissions systems effectiveness, efficiency and durability. Only then should Government consider vehicle emission (pollutant) standards (i.e. ADR 79/05 or Euro 6) and vehicle efficiency (CO_2) standards concurrently and as they are interrelated and co-dependent. Mandating either in isolation may result in inefficient or ineffective achievement of the Government's vehicle emissions forum's objectives.
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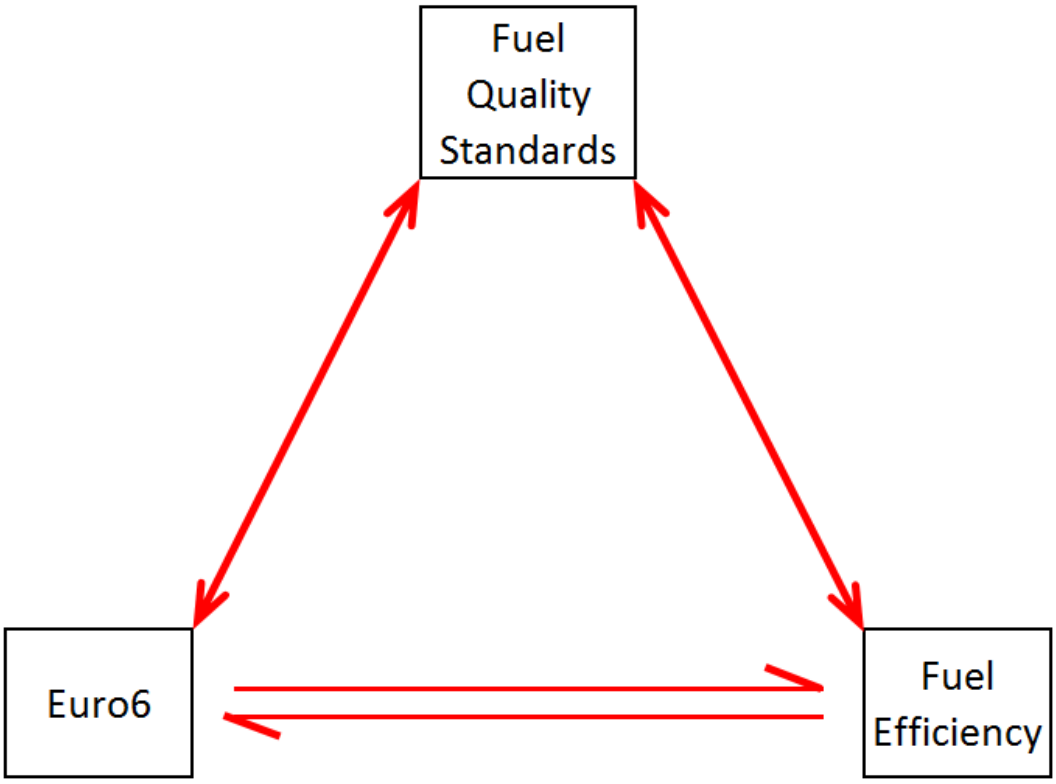

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- The release of an all new vehicle model provides the highest potential for major advancements achieved by the introduction of new technologies including those specifically related to vehicle emissions reduction. Government should provide adequate lead time taking into account product design and development cycles when considering vehicle pollutant emission standards. With the complexity of modern motor vehicles, development of an emission system for a vehicle model range is an extensive and expensive undertaking. Whilst the time to actually develop such a system has fallen in recent times assisted by the use modern Computer Aided Engineering (CAE) techniques, the minimum development time from the end of the initial vehicle concept phase, which itself can take up to 18 months, is unlikely to be less than 18 months and is more likely to be 24~36 months. At the point of development kick off, the automotive industry requires regulatory certainty with all market requirements including fuel quality clearly defined and fixed.

- Typical automotive product sales cycles range between 5 and 10 years. This means that a completely new model that was introduced into the Australian market in 2017 is not likely to be replaced by another all new model of the same size and target customer group until at least 2022 and more likely closer to 2027. Conversely, a new model which is first conceived at the end of 2017 and takes into account regulatory requirements that have been published at that time might not be ready for introduction to the market until at least the end of 2020. Automotive manufacturer's advanced product plans take such development and sales cycles into account.

- In addition to consideration of automotive development cycles, Government must take the fuel supply industry and Government's own preparation lead times into account when setting the schedule for introducing vehicle pollutant emissions standards. At the very least, Government regulations and support systems required for certification and approval must be in place before initial introduction of an increase in pollutant emission standard stringency. Fuel of suitable quality must be widely available across the entire market before the introduction for such a standard.

END OF COMMENT