

Vehicle Emissions Working Group  
The Department of Infrastructure and Regional Development  
Australian Government  
Canberra ACT 2601  
Email: [vemissions@infrastructure.gov.au](mailto:vemissions@infrastructure.gov.au)

9 August 2017

**Re. Fuel Efficiency Standard for Light Vehicles - Proposed Model, July 2017**

Dear Vehicle Emissions Working Group

The Energy Efficiency Council congratulates the Ministerial Forum on Vehicle Emissions for progressing long-overdue fuel efficiency standards. Fuel efficiency standards in line with the proposed Target A will save individual drivers around \$604-906 on fuel a year, delivering \$27.5 billion in fuel savings to 2040 to households and businesses that are struggling with the cost of living.<sup>1</sup>

It is unacceptable that Australia is virtually the only developed country that has failed to introduce fuel-efficiency standards to protect consumers. Fuel efficiency standards were introduced almost 40 years ago in the US, Japan and many European countries, and have subsequently been introduced to most developed economies and major emerging economies such as China and Mexico.

**Energy Efficiency Council**

The Energy Efficiency Council is the peak body for energy efficiency, demand management and cogeneration in Australia. The Council is a not-for-profit membership association, and its goal is to make sensible, cost-effective energy management measures standard practice across the Australian economy. Our members include independent experts, energy efficiency providers and various levels of government.

The Council advocates for policies that benefit energy consumers, and it is clear that stringent fuel-efficiency standards will deliver major benefits. The Council's members do not stand to gain financially from the introduction of fuel efficiency standards for light vehicles, beyond the fuel savings that they will gain alongside other consumers.

**The Case for Fuel-Efficiency Standards**

The Energy Efficiency Policy Handbook highlights that energy efficiency standards provide critical protection for consumers. Households and businesses are generally unable to identify the energy efficiency of products, let alone easily calculate the ideal level of energy efficiency for their needs, based on the balance of upfront and running costs. This reduces the incentive for manufacturers to optimise the energy efficiency of vehicles that they produce and distribute, affecting the vehicles that are available to consumers.

As a result, almost all major developed and emerging economies set energy efficiency standards for vehicles. Other countries standards have driven manufacturers to improve the fuel efficiency of light vehicles, but Australian consumers haven't fully benefitted from these improvements, as manufacturers can offload their less efficient models in Australia.

---

<sup>1</sup> Australian Government 2016 *Improving the Fuel Efficiency of New Light Vehicles - Regulatory Impact Statement*.

It is notable that major automotive manufacturers like Japan, Germany and China have had fuel-efficiency standards in place for many years. Short-sighted vested interests in Australia have argued against fuel efficiency standards for many years, partly on the basis that standards would damage the domestic automotive manufacturing industry. This has not only cost Australian consumers billions of dollars but, ironically, likely contributed to the demise of Australia's automotive sector.

Most critically, improving vehicles' fuel-efficiency is central to tackling cost of living pressures. The average Australian household spends \$59 a week on fuel, and transport is one of their greatest expenses after housing and groceries.<sup>2,3</sup> Implementing vehicle emission standards with proposed Target A (105 gCO<sub>2</sub>e/km) would deliver total fuel savings of \$27.5 billion and net benefits of \$13.9 billion to 2040.<sup>4</sup>

### **The Proposed Model**

The Energy Efficiency Council has not conducted detailed modelling on the Australian Government's Proposed Model. However, the three key elements of the design are standard practice around the world. This should increase confidence about regulatory outcomes and reduce compliance costs for manufacturers and distributors, delivering greater net benefits for consumers.

First, the overall structure of the model is consistent with similar overseas models, such as the US Corporate Average Fleet Emission Standards. This approach has a proven policy track record in multiple countries. Second, while the Council's focus is on reducing consumers' fuel bills, it is standard practice to use carbon dioxide equivalents as proxy for fuel efficiency to enable comparison between multiple fuels. Finally, the proposal to adopt the new Worldwide Harmonised Light Vehicles Test Procedure (WLTP) as the basis for measuring vehicle efficiency is consistent with global practice.

### **Summary**

The Energy Efficiency Council congratulates the Ministerial Forum on Vehicle Emissions for progressing long-overdue fuel efficiency standards. Those voices opposing the introduction of standards are effectively arguing against consumer protections that will save homes and businesses billions of dollars.

The Council broadly supports the direction of the proposed model, and has not conducted detailed modelling on the design and stringency of the standards. If you have any questions relating to this submission please contact me via [rob.murray-leach@eec.org.au](mailto:rob.murray-leach@eec.org.au).

Yours sincerely



Rob Murray-Leach

Head of Policy  
Energy Efficiency Council

---

<sup>2</sup> ABS 2011, *ABS Report 6530.0 - Household Expenditure Survey, Australia: Summary of Results, 2009-10*

<sup>3</sup> ABS 2012, *ABS Report 4670.0 - Household Energy Consumption Survey, Australia: Summary of Results, 2012*

<sup>4</sup> Australian Government 2016, *Improving the Fuel Efficiency of New Light Vehicles - Regulatory Impact Statement*.