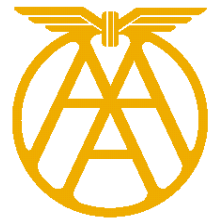


**AAA Submission to the
Department of Infrastructure, Transport, Regional Development
and Local Government
regarding the
Draft Regulation Impact Statement
for
Review of Euro 5/6 Light Vehicle Emissions Standards**



**AUSTRALIAN
AUTOMOBILE
ASSOCIATION**

**Constituent
Members**



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The Australian Automobile Association (AAA) welcomes the opportunity to make a submission to the Department of Infrastructure, Transport, Regional Development and Local Government on the Draft Regulation Impact Statement for Review of Euro 5/6 Light Vehicle Emissions Standards.

The Australian Automobile Association (AAA) supports and coordinates the activities of its constituent motoring clubs and represents the interests of Australian motorists nationally and internationally. The AAA's constituent members include all of Australia's state and territory motoring clubs:

National Roads and Motorists' Association Limited
Royal Automobile Club of Victoria (RACV) Limited
The Royal Automobile Club of Queensland Limited
Royal Automobile Association of South Australia Incorporated
Royal Automobile Club of Western Australia (Incorporated)
Royal Automobile Club of Tasmania Limited
Automobile Association of the Northern Territory Incorporated
Royal Automobile Club of Australia

The Urban Air Quality Problem

The AAA acknowledges the health concerns arising from urban air pollution and the contribution of motor vehicles to the urban air quality problem. The AAA supports taking steps to address this issue.

Motorists are becoming increasingly aware of the impact of all elements of vehicle ownership on the environment and the AAA believes there is sympathetic support for schemes that are equitable, efficient and deliver real and sustainable environmental improvement.

Proposed Introduction of Euro 5 and Euro 6 Emissions Standards

The proposed introduction of new vehicle standards for emissions must be focused on delivering targeted, sustainable and measurable outcomes consistent with addressing the environmental, public amenity and health issues associated with motor vehicle emissions.

Whilst cognisant of the potential financial and administrative impacts on the vehicle manufacturing and fuel industries, the AAA wishes to see the financial impact on motorists contained as far as possible. Appropriate checks and balances must ensure that only justifiable and necessary costs are passed on to motorists and the environmental objectives are achieved.

The AAA believes there is merit in the earliest possible introduction of Euro 5 and Euro 6 standards for motor vehicles to improve urban air quality.

Vehicle engine technology to meet Euro 5 is currently available in Europe, where these requirements are already in place. On this basis, the AAA is of the view that the vehicle manufacturing industry is fully capable of meeting these requirements should they be introduced in Australia and that this could therefore be done at an early opportunity.

Subject to the proper assessment of the impact on motorists and the justification of the need to regulate, the AAA supports the introduction of Euro 5 and Euro 6 for all vehicles at the earliest possible opportunity.

Motor Vehicle Fuels

The Draft Regulation Impact Statement points out that Australia regulates its vehicle emissions through the Australian Design Rules under the Motor Vehicle Standards Act 1989 (MVSA), but that fuel quality is regulated through the Fuel Quality Standards Act 2000 (FQS Act). The Draft Regulation Impact Statement deals only with the MVSA, as the FQS Act is not within the portfolio of the Department of Infrastructure, Transport, Regional Development and Local Government.

The importance of appropriate fuels to support Euro 5 and Euro 6 vehicle technologies must be recognised and advice from vehicle manufacturers will be necessary to determine whether complementary changes are required to the FQS Act to support Euro 5 and Euro 6 vehicle standards. This is not fully recognised or considered within the Draft RIS.

The Draft RIS states that Europe adopted a fuel sulphur limit of 50ppm (PULP) to support Euro 4 engines, and that sulphur levels of 50ppm or less are likely to be required to enable the increased durability of catalytic converters demanded by Euro 5 and Euro 6 vehicle standards. It is important to recognise that motorists would bear the cost of using premium fuels that may be required to support Euro 5 and Euro 6. This has not been considered in the cost-benefit analysis.

Potential CO₂ standards for motor vehicles

The AAA has recently held discussions with ACIL TASMAN, acting as consultants on behalf of the Department of Infrastructure, Transport, Regional Development and Local Government for the development of a RIS for CO₂ standards for motor vehicles. It is conceivable that this activity will overlap the consideration of Euro 5/6 vehicle standards.

According to the Draft RIS for Euro 5/6, the consideration of CO₂ emissions standards are outside the scope of this RIS. However, it would seem appropriate to simultaneously consider the effects of introducing a CO₂ standard and Euro 5/6 as the introduction of a CO₂ standard would encourage development of vehicles that consume less fuel thereby producing less CO₂, but also less NO_x and particulate matter. This would provide an improvement in air quality that has not been considered in the Draft RIS for Euro 5/6. Alternatively, the Euro 5/6 RIS could consider cost-benefit scenarios with the introduction of CO₂ standards.

With consideration of a CO₂ standard already underway, Euro 5/6, CO₂ and associated necessary amendments to the Fuel Quality Standards Act would best be considered as a consolidated package.

Potential Changes to the Vehicle Fleet

The cost-benefit analysis makes the assumption that the fuel standards will remain unchanged and that diesel vehicles will increase their market share in line with current growth trends. The analysis considers scenarios to the year 2040, but makes no attempt to forecast any other changes in the vehicle fleet such as greater penetration of hybrid or electric vehicles that may occur during this timeframe. These should be considered as part of the sensitivity analyses for the cost-benefit assessment.

Conclusion

Subject to the proper assessment of the impact on motorists and the justification of the need to regulate, the AAA supports the introduction of Euro 5 and Euro 6 for all vehicles at the earliest possible implementation date. However, the AAA also considers that the introduction of Euro 5/6 air quality standards, CO₂ standards and associated necessary amendments to the fuel standards would best be considered as a consolidated package of amendments as this would allow the true costs and benefits to be assessed.

The Draft RIS for Euro 5/6 has qualified support from the AAA, but certain issues have been identified that need to be addressed or clarified. In the event that there are substantial revisions to the RIS as a result of submissions received, the AAA would appreciate the opportunity to review these documents and provide further comment.