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House of Representatives  
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Dear Minister

### **MANDATORY VEHICLE EMISSION STANDARDS**

We refer to the previous letter from the ITE-ANZ of 1 September 2020 and your reply dated 22 September 2020 - ref MC20-007337.

The ITE-ANZ has joined with the Transport Australia society (TAs) (a society of Engineers Australia) to call on the government to introduce mandatory vehicle emission standards as soon as possible. Our members are seriously concerned emissions in the transport sector continue to increase despite much more progress in comparable countries. This absence also has many other adverse impacts on the Australian economy, environment and population.

We are pleased the “Australian Government’s goal is to encourage cleaner, more affordable cars that use less fuel” as you stated in your previous reply. This will be better for our health and the environment, including to help meet the challenges of climate change. However, encouragement is not enough. Mandatory emission standards are essential to achieve outcomes consistent with stated government policy.

The contention that the take up of low-emission vehicles must be driven by consumer demand is misconceived. Consumers can only choose from the vehicles available in the Australian market. Current regulations actively discourage the release of the most efficient low-emission vehicles in the Australian market. Tax incentives and fuel subsidies act to encourage the purchase of inefficient internal combustion engine vehicles.

Regulations mandating maximum CO<sub>2</sub> emissions are required to incentivise the supply of low-emission vehicles to market, just as regulations were required to mandate seat belts in our motor vehicles. Otherwise, the transition will be extremely slow and the government will not meet its Paris Convention commitments for 2050 emission reduction in the transport sector. This has been demonstrated in modelling by the Australian Road Research Board (ARRB) and reported in the TAs discussion paper “Climate Change and Transport”.

Economists understand that the current pricing structures do not account for the significant negative externalities associated with driving a high-emission vehicle. Health officials

estimate that annual deaths induced by vehicle pollution (1,715 deaths in 2015) is comparable to the toll from road crashes. Government intervention is needed to correct for this market failure and achieve a safe and economically efficient outcome.

A non-interventionist approach ignores the reality that the global motor vehicle market is skewed by the countries which have implemented mandatory emissions standards and other measures to encourage lower emission vehicles.

The lack of regulation is restricting consumer choice. There are many models of EV, HEV and PHEV vehicles available in North America, Europe and Asia which we cannot buy in Australia. Manufacturers are encouraged to sell their higher-emission vehicles in countries with no regulatory standards, such as Australia. Recent statements by several manufacturers, including Volkswagen Australia, demonstrate this point. The National Transport Commission's 2013 report shows average CO<sub>2</sub> emissions from Toyota, Ford and General Motors vehicles are more than 50% higher in Australia than in Europe. This issue has been raised publicly by vehicle manufacturers, motoring organisations and other industry bodies.

Your intervention should be urgent to counteract the regressive EV taxes planned for South Australia and Victoria. We risk a patchwork of inconsistent regimes for EVs across Australia.

As transport and road safety professionals, we want Australian consumers to benefit from new vehicle technologies which provide improved safety features, reduced running costs and reduced greenhouse gas and noxious emissions.

Your previous reply mentioned that the Federal Chamber of Automotive Industries has introduced voluntary fuel efficiency standards for its members. The FCAI is filling the policy void but would much rather have regulatory (rather than voluntary) vehicle emission standards to ensure a level playing field for the industry. In releasing the first results, FCAI Chief Executive, Mr Tony Weber states: "Car makers will prioritise vehicles for markets where there is customer demand driven by a clear direction and commitment to emissions reduction".

The government's programs to help fund charging infrastructure and finance EV start-ups and assist research into battery technologies are very welcome. However, regulatory measures are cheap and effective for the government to implement and will have far greater benefits. Considering other policy options such as subsidies, the introduction of mandatory emission standards is self-evidently the cheapest and most effective way to achieve a market driven solution.

The lack of emission standards does not only impact on emissions. It also has consequential impacts on related aspects of vehicle performance including fuel economy, operating cost and secondary health impacts from particulate pollutants. The inconsistency of Australian regulation with that of vehicle manufacturing countries increases import costs and prevents Australia receiving the most efficient models available.

The macro-economic benefits of reducing CO<sub>2</sub> emissions needs policy consideration. CO<sub>2</sub> emissions are closely related to fuel consumption. Australia now imports over 83% of its oil, an import bill of over \$30 billion in 2019. This is Australia's second largest single import cost.

The recent call for public comment on the draft Regulatory Impact Statement on "*Light Vehicle Emission Standards for Cleaner Air*" is breathtaking in its restricted scope. We fully support aligning Australia's standards for noxious emissions with Euro6d. However, the



deliberate omission of CO<sub>2</sub> emission standards from the RIS is evidence your policy settings are inflexible and out of step with the great majority of the community.

The groundswell of demand for mandatory emission standards is overwhelming. The transport industry, automotive industry, media, academia and even motoring enthusiasts such as *Wheels* magazine are calling for action. 2021 is the year for this to happen.

Yours sincerely



David Nash  
ITE-ANZ Secretary



Shalendra Ram  
Chair, Transport Australia society

