



AUSTRALIAN
AUTOMOTIVE
DEALER
ASSOCIATION

SUBMISSION TO THE **BETTER** **FUEL FOR CLEANER VEHICLES** DRAFT RIS

DECEMBER 2022



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FOREWORD

The AADA welcomes the opportunity to provide a response to the consultation on better fuel for cleaner vehicles: draft regulation impact statement (RIS). The AADA supports the adoption of Option three to introduce a new level of fuel standards.

The AADA is the peak automotive industry body which represents Australia's franchised new car Dealers. There are approximately 1,500 new car Dealers in Australia that operate some 3,000 new vehicle Dealerships. Franchised new car Dealers employ more than 59,000 people directly and generate more than \$59 billion in turnover and sales with a total economic contribution of over \$14 billion.

Franchised new car Dealers sell nearly one million vehicles per year on behalf of more than 50 brands and hundreds of models, giving Australian motorists exceptional purchasing options and choice of vehicle. Dealers also fulfill a critical role in maintaining the mobility of the Australian car parc, providing parts, accessories, service and repair facilities to millions of customers every year.

James Voortman
Chief Executive Officer



AADA KEY POINTS

1

Of the options described in the Draft RIS, option 3 is preferred.

2

AADA supports option 3 in the interests of improving fuel quality and allowing compliance with Euro 6d standard in the supply of new vehicles to Australia.

3

FCAI, representing vehicle manufacturers, has recommended the adoption of option 3, to establish a 35% maximum of aromatics limit across all grades and AADA supports this recommendation.

4

Tailpipe emissions can be reduced by the acceptance of option 3.

5

Improved fuel quality as per option 3 can contribute to alignment of Australia with international automotive standards, unlocking Australian regulations which restrain supply of vehicles.

6

A reduction in aromatics as proposed in option 3 of the Draft RIS can be achieved by fuel suppliers.

FUEL QUALITY STANDARDS ARE IMPORTANT

Fuel quality is a concern for Dealers. Clean, efficient, and trouble-free operation of vehicles they sell, service, and warrant is an important factor in the reliable performance of the vehicle and customer satisfaction.

Therefore, AADA agrees that effective and globally relevant Australian fuel quality standards must be applied.

It is also important to protect the existing range and availability of all types of vehicles to meet the great variety of transport needs of customers in city and country areas. It is critical to ensure that any amendment to Fuel Quality Standards does not effectively reduce the choice of vehicles, vital in satisfying the varied and diverse usage requirements of Australian consumers.

The AADA consults closely with vehicle manufacturers and their industry body, the Federal Chamber of Automotive Industries on fuel quality issues.

In considering the Draft RIS AADA makes the following observations:

AADA agrees that:

- Market pressures alone will not improve fuel quality,
- Consumers are more aware of the impact of their transportation choices and are considering the transition towards hybrid, plug-in hybrid electric vehicles and battery electric vehicles,
- Changing fuel quality standards can assist in the transition to lower emissions, and

- Independent personal mobility and efficient road transport options are vital in a country the size of Australia.

Times are changing, and the public are much more aware of the impact of their transportation choices. The move to lower vehicle emissions, digitised, software defined electric vehicles is a global transition that cannot be denied.

Australia relies on global automotive manufacturers for the supply of new vehicles, and new technologies. The Federal Government is currently considering submissions made for a National Electric Vehicle Strategy. AADA supports a smooth transition towards low emission vehicles and electrification. This transition will take some time to complete.

In the meantime, there will be significant use and sales of internal combustion engines (ICE) vehicles into the foreseeable future and therefore fuel quality and emissions must be addressed now.

Benefits of improved fuel quality will apply across the whole ICE vehicle fleet currently operating now, and into the foreseeable future. Even with significant, or rapid, adoption of electric vehicles it is estimated that by 2030, there will be 18 million ICE vehicles operating on Australian roads. Therefore the benefit of improved fuel quality applies to the existing ICE fleet, the continuing use of these vehicles, and to new low emission ICE vehicles, i.e. hybrids.

Section 3

AADA agrees with the statement in the Draft RIS which says:

Government intervention to align Australian fuel quality standards to enable stricter noxious emissions standards will unlock the associated benefits for the community. Australia has fuel standards for each type of fuel, made as legislative instruments under the Fuel Quality Standards Act 2000 (Cth) (the Act). The Government can improve the quality of Australian fuel by amending the fuel standards.

OTHER ASSOCIATIONS WHO SUPPORT A CHANGED STANDARD

AADA members can only sell the vehicles they are supplied by the manufacturers.

We agree with the with the policy position stated by the FCAI that:

The FCAI strongly supports a comprehensive approach to addressing motor vehicle emissions that includes fuel quality standards, the introduction of Euro 6 and the introduction of a challenging but realistic, achievable and market relevant CO2 standard’.

Welcoming the government’s consultation process on Australia’s fuel standards, the Federal Chamber of Automotive Industries (FCAI) stated that the move was necessary to lower emissions from the country’s light vehicle fleet.

“Automotive manufacturers have been calling for an improvement to Australia’s fuel quality standards for more than 10 years,” said FCAI chief executive Tony Weber.

“Currently, we have some of the worst quality petrol in the advanced world. We are pleased to see the government flag action on 95 RON petrol as their preferred option in this consultation process.”

While agreeing that the move to act on addressing emissions in the light vehicle sector, Mr Weber said the quality of 91 and 98 RON fuel still needs to be addressed.

“The government work underway on an electric vehicle strategy, fuel quality and ideally a fuel efficiency standard, will support an increase in zero and low emissions vehicles on Australia’s roads.”

The Australian Automobile Association (AAA) have stated that:

New vehicle models with improved fuel consumption, lower tailpipe emissions, and those utilising alternative energy sources are not currently being prioritised for the Australian market. A CO2 standard designed for the Australian market, along with improved fuel quality standards to facilitate the introduction of the current international noxious emission regulation (Euro 6), would provide an incentive for vehicle manufacturers to offer models with the latest engine technologies that are more fuel efficient and produce less tailpipe emissions.

AADA agrees with FCAI and AAA that improved fuel quality standards can provide incentive for vehicle manufacturers to offer the latest in vehicle engine technologies in vehicles imported into Australia, therefore improving efficiency and emission results.

CONCLUSION

We would be happy to meet with you to discuss our submission and participate in any meetings or roundtables. If you require further information or clarification in respect of any matters raised, please do not hesitate to contact me.

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