

Motor Trades Association of Australia

Mr Jon Real
Director, Energy and Environment Section
Department of Infrastructure, Transport, Regional Development and Local Government
PO Box 594
CANBERRA ACT 2601

Dear Mr Real

I am writing to you on behalf of the Motor Trades Association of Australia (MTAA). MTAA is a federation of the various state and territory motor trades associations as well as the New South Wales based Service Station Association Ltd (SSA) and the Australian Automobile Dealers Association (AADA). MTAA also has a number of Affiliated Trade Associations (ATAs), which represent particular sub-sectors of the retail motor trades, ranging from motor vehicle body repair to automotive parts recycling.

The purpose of my writing is in relation to proposals for the adoption of Euro 5 / 6 emissions standards within Australia. Those proposals have been outlined in the draft Regulatory Impact Statement (RIS) that has been circulated by the Commonwealth Department of Innovation, Industry, Science and Research.

I take this opportunity to first indicate that MTAA has a long history of supporting measures that have positive impact on the environment. Retail motor traders take their environmental responsibilities seriously. The Association has also seen the many positives that can be derived through the harmonisation of various legislative and regulatory regimes. The Association is always mindful though, of how any measures might impact across the economy and the environment in the broad sense, and not just in connection with one singular aspect or characteristic of it.

The Association believes that the time frame suggested in the RIS is unrealistic and is likely to have a detrimental impact on local engine manufacturers. Measures that seek to achieve harmony with Euro 5 / 6 emissions standards will require vehicle manufacturers – and, in particular, local vehicle manufacturers -- to apply a variety of engineering-based strategies to vehicle engine design if the emission levels conforming to Euro 5 or 6 are to be attained. The Association's understanding is that it is likely to take longer than the 2 years suggested in the RIS to meet the requirements of Euro 5 / 6. It is therefore suggested that further research and consultation take place in relation to the proposed timelines for the introduction of Euro 5 / 6.

While it is not clear to the Association from the RIS the impact of the adoption of Euro 5 / 6 standards on current fuel standards, or on domestic manufacturing, or imports from Asian manufacturers, it is clear that a shift to Euro 5 / 6 emission standards would see another level of complexity added to engine design. Therefore, it must be recognised that the retail motor trades will need access to the appropriate technical information in order to service and repair vehicles with engines of that required specification, for the life of that vehicle, if that vehicle's emissions standards are to be maintained.

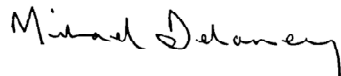
In addition, the Association believes it likely that, at the very least, more widespread use of higher quality unleaded fuel may be necessary in order for Euro 5 / 6 emission levels to be optimally met; this being a consequence of the very same engineering-based strategies being employed in engine design to realise Euro 5 / 6 emission standards with the retention of engine durability. Before Euro 5 / 6 standards are adopted in Australia, it might be reasonable to consider the capacity – or the lead times for capacity to be developed – of domestic refiners to supply these higher specifications.

A further consideration in need of some attention might be the relation to the documentation (for example, handbooks, owner's manuals and other papers) attaching to certain vehicles compliant with Euro 5 / 6 in the context of fuel standards. It may well be, for example, that a compliant vehicle of European manufacture is capable of meeting its required emissions when using E5 in its domestic market. It may also be that the same vehicle in Australia would meet the same performance and emissions thresholds when running on E10. Any documentation in relation to a given vehicle would be best if it reflected those circumstances so that consumers could be confident no harm would come from running fuels differing in specification from those ordinarily used in a vehicle's country, or broader region, of origin.

I conclude by reiterating that MTAA has a long history of support for measures that have a positive impact on the environment. While the Association can see that the adoption of Euro 5 / 6 emissions standards could possibly be just such a measure, it also would hope that the proposed benefits and timing of the introduction are considered in conjunction with the costs and lead times for domestic manufacturers of vehicle and fuels.

I would be happy to discuss this further with you at any time of your convenience.

Yours sincerely

A handwritten signature in black ink that reads "Michael Delaney". The signature is written in a cursive, slightly slanted style.

MICHAEL DELANEY
Executive Director

4 March 2010