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MEMBER OF



Mr Rod Sims

Chairman

Australian Competition and Consumer Commission

GPO Box 3131

CANBERRA ACT 2601

12 December 2016

Dear Mr Sims

The Australian Automobile Association (AAA) wishes to provide further information to the Australian Competition and Consumer Commission (ACCC) Market Study into the new car retailing industry regarding the AAA's on-road vehicle emissions test program.

As you know, the AAA has engaged engineering firm ABMARC to conduct a series of on-road, real-world driving emissions tests to inform our policy and advocacy in relation to emissions standards and fuel quality for the Australian vehicle fleet.

ABMARC is testing a total of 30 vehicle models supplied to the Australian market over an 18 month period. The vehicles being tested will cover a range of vehicle brands, vehicle categories, body styles, fuel types and engine technologies. Vehicles are being tested using Australian market fuels; the test protocol is compliant, to the extent possible, with the Real Driving Emissions (RDE) test protocol adopted by the European Union.

Full results are due by mid-2017; however the AAA can now provide preliminary results from the first 10 vehicles assessed.

These preliminary results show emissions of noxious gasses are up to four times the regulatory limits, while greenhouse gas emissions and fuel consumption were up to 35 per cent higher than the figures shown on the government-mandated fuel consumption label for individual vehicle models. A summary of the preliminary findings is enclosed for your information.

The AAA believes these results highlight a significant information gap for consumers. Currently, Australian consumers rely solely on information derived from laboratory tests, which, as shown by these preliminary findings, do not resemble the actual fuel use and emissions profile of vehicles when used on Australian roads using Australian fuels.

The AAA's Transport Affordability Index shows the average Australian household spends around \$17,000 per year on transport costs, while polling conducted by the AAA shows that 'fuel efficiency' is the top consideration for about one quarter of Australians when buying a car. Without real-world testing information, consumers can only guess what their actual fuel costs will be.

The AAA acknowledges that laboratory tests provide a like-for-like comparison between vehicles. However, in order to make informed purchase decisions, the AAA believes consumers should also have access to information that shows the actual fuel consumption and noxious emission levels of individual vehicles.

With the Australian Government currently considering the implementation of stricter standards for Australia's vehicle and fuel sectors, the AAA believes it is critical that real-world testing is introduced to ensure motorists are not asked to pay more as a result of regulations that may have questionable environmental benefit.

Proponents of stricter regulations present an argument that higher vehicle and fuel costs passed on to motorists would over time be offset by fuel savings. However, the AAA's preliminary testing results call these claims into question, as savings delivered in a laboratory setting only are of little use to consumers in the real world.

The AAA notes that the European Union is currently transitioning away from relying solely on laboratory testing as a means to improving the effectiveness of its emissions regulatory model. The AAA encourages the Australian Government to adopt the same safeguard for consumers.

The AAA believes these preliminary results are of critical importance to the ACCC market study. Consumers are making decisions about which vehicle to purchase based on information that is not replicated in actual driving conditions, highlighting the inadequacy of the current regulatory regime.

I would be pleased to discuss these results with you in more detail and can be contacted by telephone on 02 6247 7311.

Yours sincerely



Michael Bradley
Chief Executive

Encl: ABMARC Summary of findings