

This document constitutes VACC’s response to the EPA Regulatory Impact Statement – Environment Protection (Vehicle Emissions) Regulations 2013. VACC is limiting its comments to the following areas:

- Vapour recovery systems (VR2)
- Mandatory maintenance programs
- Labelling of automotive aftermarket parts
- Education campaigns
- Noisy Vehicle Hotline
- Exhaust emissions
- Liquid petroleum gas (LPG)
- Vapour pressure limits

In addition, responses to the questions posed on p16 of the Regulatory Impact Statement (RIS) are addressed in Appendix A.

Vapour Recovery Systems (VR2)

As acknowledged in the RIS, the economic benefits associated with the installation of VR2 are uncertain, and with the upgrade and rationalisation of petrol stations recently completed, the adoption of VR2 would be a cost burden on the community.

In Onboard Refueling Vapour Recovery (ORVR) equipped vehicles, fumes escaping during refueling are retained in the vehicle’s fuel tank. Also, the larger, modified vapour canister not only retains all HCs within the fuel system, when it does vent, it only vents purified air. All HCs are retained and drawn into the engine (when it is started) where they are then burnt to contribute to the operation of the engine.

Therefore, fitting of VR2 emission controls at service stations (even new sites after 2015 and still at great cost) will have no effect on the diurnal emissions of stationary vehicles. Since 1976 petrol engine motor vehicles with charcoal canisters emit diurnal vapours when the vehicle is stationary. However, fitment of ORVR systems on vehicles will ensure capture and retention of HC vapour from both refuelling and diurnal venting sources, at little or no cost to both fuel retailers and vehicle owners, thus rendering VR2 installations obsolete.

Accordingly, VACC believes that VR2 should not be regulated at this time.

Mandatory maintenance program

VACC encourages the adoption of mandatory vehicle maintenance programs and the requirement to monitor vehicle modifications and tampering. The requirement of mandatory maintenance programs will become a far greater imperative with the proposed abolition of the requirement to obtain a VicRoads roadworthiness certificate at the time of transfer of ownership for vehicles less than three to five years old.

The current VicRoads roadworthy certificate may be the only compulsory requirement to have a vehicle inspected for faults, modifications and deviation from Australian Design Rules (ADR). Removing this requirement may impact adversely on the objectives of EPA Victoria.

If the current roadworthiness system is abolished this will result in less vehicle testing and, therefore, a greater likelihood of non-compliant vehicles on Victorian roads.

Where the RIS refers to emissions of older vehicles, the mandating of some form of audit regime is also mentioned. This may best be achieved by requiring annual certificate of fitness-style inspections, such as the VicRoads roadworthiness inspection. This would also identify vehicles with driveline/steering oil leakages, as attested by the excessive oil staining of shopping centre car parks, which end up in Victoria’s waterways following heavy rain.

Therefore, VACC is disappointed that some mandatory maintenance has been rejected by EPA Victoria. VACC agrees, however, that a targeted approach to high mileage vehicles over a certain age could be cost effective.

Labelling of auto aftermarket parts

VACC regards the labelling of auto aftermarket parts as providing little if any economic benefit or positive environmental impact. Labelling of auto aftermarket parts fails to consider numerous variable factors that may impinge on the intention of the labelling.

Some of these factors may include, but will not be limited to, the relative condition and age of the motor vehicle, the quality of the installation, the suitability of the part to its application, the tampering or modification of the component to its application and the adherence to the manufacturer’s installation instructions.

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1 EPA Regulatory Impact Statement page 12
2 Emissions released after carbon canisters in current vehicles are full
Acknowledging the limitations and benefits accrued with parts labelling, VACC contends that no cost benefit will be provided to the community with this policy. Monitoring the result of fitment through auditing by annual emissions/roadworthy checks is recommended.

Education campaigns

VACC encourages public education campaigns concerning the importance of regularly maintaining vehicles. VACC considers collaborative promotion an effective tool to inform the Victorian public of the consequences of avoiding regular vehicle maintenance. Therefore, VACC could assist with funds or would consider a partnership with EPA Victoria to achieve this aim.

Noisy Vehicle Hotline

EPA Victoria currently provides public access to a Smoky Vehicle Hotline. This campaign has been very successful. VACC believes this public campaign should be extended to include a Noisy Vehicle Hotline. This would enable the public to report offences to EPA Victoria, resulting in the owners of offending vehicles being served a notice to present their vehicle for inspection and, if necessary, rectification work, in order to gain a fit-for-the-road-type certificate.

Exhaust Emissions

Air and noise pollution generated by motor vehicles is a by-product of a mobile and productive society. Although motor vehicles are a source of air and noise pollution, motor vehicle emission standards have been highly effective in reducing pollution over the last 30 years.

The Environment Protection Act 1970, together with the numerous other State and Federal Government statutory agencies, Australian Design Rules (compliance with ADR 37A since 1986 has resulted in the majority of vehicles not unduly emitting HCs or CO from the exhaust, provided the computer controlled engine and its catalytic converter remain functional) and the adoption of European standards, has increasingly improved air quality for Victorians and assisted to make the environment healthier, with the associated improvements in quality of life. Accordingly, with the objective of reducing oxides and particulate matter, these health benefits will be further enhanced.

Proposed changes to current exhaust emissions regulations for post 1986 vehicles, outlined in the RIS, add a high idle test. A more stringent HC test is good, but VACC wants vehicles to be properly maintained and to meet emissions standards in service. VACC believes there is no point introducing ADRs and not checking vehicles in service.

The aim is to capture gross polluters by adding a high idle test and to continue with the smoky vehicle program. VACC agrees with this approach, but also encourages the use of remote sensing, as this will test many thousands of vehicles per day. EPA should introduce remote sensing as soon as possible.

VACC would welcome the opportunity to be included in discussions with EPA regarding the investigation of remote sensing of invisible emissions from vehicles.

Liquid Petroleum Gas (LPG)

It is disappointing to note there is no reference to or, promotion of, LPG powered vehicles in the RIS as these vehicles have virtually zero vapour emissions due to their sealed fuel systems.

Vapour pressure limits

Vapour pressure limits are controlled during manufacture of the fuel and this and their associated exemptions are issues for discussion with oil companies and fuel importers.

Commentary

VACC acknowledges the very important work conducted by EPA Victoria, for the benefit of all Victorians. VACC looks forward to working cooperatively with EPA Victoria in the future in the realm of the retail, service and repair sector of the automotive industry.

VACC questions the methodology used in arriving at the dollar figures reported in Attachment H: Benefits and costs. There is no mention as to where this information was gathered or how the values were derived.

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3 Ibid page 4
4 Ibid page 22
5 Ibid page 25
6 Ibid page 29
7 Ibid page 34
8 Ibid page 47
9 Ibid pages 94-98
The RIS cost and benefit analysis\textsuperscript{10} appears to ignore the economic and social benefits that motor vehicles in all their forms – commercial transport, emergency service vehicles and private mobility – provide the economy. The RIS questions if there are other benefits achievable for reducing emissions that have not been considered, but these benefits should not be considered in isolation to the exclusion of the economic and social benefits of a mobile society.

Given the historical achievements provided by EPA Victoria, as well as other agencies, there is limited argument for changing the scope of the objectives of the State Environment Protection Policy (SEPP) and the subsequent requirements of the National Environment Protection Measure (NEPM)\textsuperscript{11}.

Further, VACC wishes it to be acknowledged that the EPA RIS was difficult to understand. If it was written for the consumption of the public and intended to illicit comment it did not meet the required standard and, therefore, the number of comments are likely to be reduced.

Finally, but most importantly, it is requested that EPA Victoria includes VACC in further discussions regarding all of the matters discussed in this document, and any further matters arising that will impact on its 5,300 member businesses in the Victorian retail, service and repair sector of the automotive industry.

**Recommendations**

1. VACC recommends that EPA Victoria maintain its monitoring, enforcement and regulation of reduction of in-service vehicle emissions.

2. That EPA Victoria introduces mandatory compulsory vehicle maintenance programs for vehicles four years and older. With the proposed abolition of aspects of the VicRoads roadworthy program, compulsory maintenance programs will be required to monitor vehicle deterioration, modification and tampering.

3. That EPA Victoria considers a ‘Noisy Vehicle Hotline’ to duplicate the same public reporting mechanism as provided by the ‘Smoky Vehicle Hotline’ to report vehicles that do not comply with standards.

4. That EPA Victoria does not enforce or consider the adoption of VR2 for introduction to existing petrol stations and any new installations as there is no identifiable benefit to the community.

5. That EPA Victoria considers the inclusion of ORVR systems into the Australian Design Rules through consultation with other states due to the benefits provided to the public.

6. That EPA Victoria investigates the introduction of remote sensing of vehicle emissions and consults with VACC on the prospect of the introduction of new technology.

**APPENDIX A**

**EPA Victoria Consultation Questions – VACC’s response**

Are the objectives of the proposed Regulations valid? Is there sufficient concern about air quality and noise and associated health impacts to warrant on-going Regulation?

Given that the current regulations, particularly Australian Design Rules (ADRs), have provided the community with major reductions in emissions and noise levels from motor vehicles (EPA Victoria’s website states that Victoria’s air quality is rated as ‘good to very good’), VACC sees the continuation of existing regulations would be sufficient.

The RIS prefers the continuation of the current system rather than mandated maintenance or education\textsuperscript{12}. VACC believes EPA Victoria should be involved in education and inspections so that the organisation can widen the coverage of its new regulations. The RIS estimates that only .2 per cent of vehicles will be impacted by the new regulations. More should be done.

Is the impact of the proposed Regulations significant? Given other changes to air quality and other sources of pollution (and measures to reduce pollution), will the expected benefits of the proposed Regulations make a perceptible difference?

The proposed imposition of VR2, even when only required at new installations post 2015, is believed to be unnecessary. EPA USA has declared this system to be obsolete, now that the Onboard Refuelling Vapour Recovery (ORVR) systems mandated in 2006, are in widespread use across the USA. VR2 was only ever required in identified heavy pollution areas and, due to the high maintenance requirements, were believed to be only 65 per cent effective. Vehicles fitted with ORVR are now available in Australia (currently Ford Mondeo and Jeep products, with more to be introduced). A better solution would be to work with the other states to have ORVR included in the ADRs. This way the vehicle owner would be the winner, by removing vapour escape when filling and retention of the vapour in the vehicle providing a slight improvement in fuel economy.

Is there evidence that could quantify some of the expected benefits of reducing emissions that are not included in this RIS? For example, studies of the impacts on the natural and built environments.

Yes. Refer to implementation of ORVR above. Refer Attachments B.1, B.2 and B.3.

\textsuperscript{10} Ibid page 39
\textsuperscript{11} Ibid page 18
\textsuperscript{12} Ibid page 16
The conclusion that the vehicle emission limits are preferable to a mandatory maintenance program or an education program is based on assumptions about the behaviour of vehicles owners in relation to willingness to undertake vehicle maintenance. There is limited reliable data to assess such behavioural changes and a number of working assumptions have been used, with associated sensitivity analysis. Are these assumptions reasonable? Is there additional evidence that these alternative approaches might be more successful?

Anecdotally, correct vehicle maintenance drops off proportionately with the age of the vehicle after the first couple of years, or when the warranty period is over. Past experience has indicated that attempting to educate the general population on the benefits of regular maintenance has largely been ineffective. Perhaps not enough has been done to convince the public of the benefits of maintenance.

The proposed Regulations set limits on the volatility of petrol sold to petrol stations. This includes a monthly average volatility as well as a maximum limit. Does the inclusion of a maximum limit lead to higher costs of complying with these requirements? Would removal of the maximum limit lead to lower costs to industry without leading to unwanted outcomes for the community?

This is an issue for fuel refiners/importers to consider.

In relation to Stage 1 Vapour Recovery, there was limited data available on individual petrol stations. A generalised profile was constructed to estimate the break-down of petrol stations based on size and location. Industry stakeholders may wish to comment on whether the assumptions used are appropriate. EPA will be pursuing further feedback on the costs, benefits and assumptions used for VR1, and whether there are implementation issues if it were to proceed.

VR1 is a requirement for fuel to be delivered in the metropolitan area in particular and is believed to be wide spread at higher volume regional sites. Oil companies/distributors would have a better understanding of where VR1 is in use.

This RIS finds that, based on currently available information, Stage 2 Vapour Recovery cannot be certain of achieving a net benefit to the community due to the equipment and installation costs, with considerable risk of a net loss. Stage 2 Vapour Recovery is therefore not included in the proposed Regulations. EPA wishes to seek further feedback on the assumptions used in this assessment, in particular whether the costs of installation can be determined with more precision, or whether there are alternative ways to achieve the same outcome that may be more cost-effective.

Apart from being far too expensive to install, even at new sites, VR2 is deemed obsolete in the USA since the introduction of ORVR. (Refer Exhaust Emissions above for further information.)

Are there any implementation issues that have not been identified in this RIS that will be important in achieving the objectives of the proposed Regulations?

Exhaust emissions auditing coupled with the introduction of annual fitness tests may be jeopardised by the current attempt by VicRoads to remove the need for provision of a Road Worthiness Certificate (RWC) on transfer of registration for vehicles up to three or five years of age. Including emission standards in annual RWC inspections would also identify defective equipment, or failed maintenance, that increases emissions. Oil leaks from unmaintained and untested vehicles contribute to water pollution and can be prevented by inspection and maintenance.