

**AA Submission: Vehicle Fuel Economy Labelling  
(20 Dec 2006)**

20 December 2006

Fuel Economy  
EECA  
PO Box 388  
WELLINGTON

Dear Sir/Madam,

## **Vehicle Fuel Economy Labelling**

### **Introduction**

The New Zealand Automobile Association (NZAA) welcomes the opportunity to comment on the Vehicle Fuel Economy Labelling discussion document.

As an organisation with a membership exceeding 1.2 million vehicle owners and drivers in New Zealand, close attention is given to any proposals that affect motorists as consumers. We circulated the discussion document for comment to our 17 District Councils. The AA District Councils are representative of the membership and deal with policy issues. A summary of the feedback from our District Councils is provided below. We hope that you find these helpful in developing a labelling scheme, and welcome the opportunity for further input.

From the outset, we would like to clearly state our support for an economy labelling scheme, and welcome this initiative to provide additional information to consumers when choosing to purchase a vehicle. At a time of high fuel prices and heightened environmental awareness, Members have shown an interest in learning about how they can reduce their running costs and vehicular emissions. Fuel economy labels will be one tool to help them when choosing a vehicle, as well as complementing the recently introduced [www.fuelsaver.govt.nz](http://www.fuelsaver.govt.nz) website. We believe consumers are familiar with energy efficiency labels on household whitewear, and will readily identify economy ratings on cars. In addition, many automotive manufacturers already publish the fuel consumption data in car manuals and sales brochures, so it is only a relatively simple step to display that information in a comparative format at the point of sale.

### **Comments on the discussion items**

#### **Mandatory labelling**

The NZAA supports a mandatory labelling scheme for new and late-model cars sold by motor vehicles traders, as a voluntary system is unlikely to have the same level of uptake or a consistent label format – and would therefore undermine the success of a scheme. A Government-administered system would also give credibility as the ratings are derived from approved international tests, rather than leave the collection of data to traders and risk supplying unofficial economy ratings.

However, such a scheme must be inexpensive and administratively simple for traders to comply with. Furthermore, as the majority of used car sales in any year occur privately, we believe the labelling scheme should eventually be expanded to private sales once it has been well-established in the trader sector, possibly by initially encouraging private sellers to

voluntarily obtain and display a label where fuel consumption data is available (although as dealer-sold cars are later on-sold privately, a greater proportion of cars will therefore be labelled anyway). In time, requesting economy ratings will become commonplace, and prospective purchasers will expect privateers to furnish it, thereby prompting them to obtain and display it, so long as it is simple and cheap to do so.

### **Fuel consumption information**

As the discussion document implies, the label should only be mandatory for vehicles where the fuel consumption information is available on the *fuelsaver* website, which can be determined during the compliance phase when the vehicle is entering the fleet. Vehicles which do not have fuel consumption data tested to the European or Japanese standards, or imported vehicles manufactured pre-2000, should not be required to provide economy information and should be automatically exempted from the requirement to display labels. Likewise low volume vehicles should be exempt as the intent of a mandatory scheme should be to label vehicles where the data is readily available to do so, but such a scheme should not be onerous where fuel consumption information is uncertain or unavailable, and nor should the lack of economy data prohibit the importation and sale of any type or age of vehicle.

### **Fuel consumption test standards**

The NZAA considers that it is important that the same label format is used for both new and used vehicles to facilitate ease of comparison, especially as new cars will eventually become used and may then be compared to used-imports. However, we acknowledge the dilemma of attempting to reconcile the differing test standards for new cars and Japanese used-imports. We would encourage the economy data for Japanese-used imports reflecting that of the European *new* car test, where these are compatible, i.e. the label for a 2005 Honda Civic 1.8 VTEC saloon being imported in 2010 should display the data for the European-tested model sold new in 2005, where the models are known to be broadly similar. However, we recognise many domestic Japanese cars are incompatible, and where only the Japanese test data is available, this should be used – in any case the difference in economy ratings between the two tests is likely to be relatively minor in the context of the other attributes the consumer is comparing the car with, more so if the engine displacement and size of cars vary.

### **Accuracy of fuel consumption information**

The NZAA submits that the labels should contain a simple disclaimer about accuracy of the data, and include a link to the *fuelsaver* website for information on how consumption can differ due to vehicle operation and age etc. We think consumers should be given credit that they would not expect to achieve the *exact* rating stated. If appropriate, the disclaimer could also clarify whether the fuel consumption data is based on the Japanese or European test.

The labelling scheme should also apply to vehicles sold through auctions and over the internet, in the case of the latter, the information could be included in an electronic SIN which traders are supposed to make available on-line. However, EECA could investigate with internet websites such as Trade Me a modification to the standard web page form which requires the fuel consumption data to be input (albeit permitting a 'not available' option), and including a link to the *fuelsaver* website.

### **Label format and information**

We commend EECA for the draft label illustrated on page 11 of the discussion document, which while only a mock-up, is a very effective design that will be readily recognised and easily understood by consumers, and as such we would endorse further development on this design.

We believe the economy data could be displayed both numerically *and* depicted by stars – the star gradings could portray the fuel consumption of the vehicle across the fleet as a *whole*, while the range rating illustrated at the bottom of the draft label could compare the vehicle to others in the same *class*. However, we note standard international practice is to present the

actual consumption data (city vs. highway driving) as *litres per 100km* travelled, although this may not be intuitive with the public – perhaps research is needed to determine whether consumers would prefer it in this internationally-recognised format, or the more traditional *kilometres per litre* (formally miles per gallon).

We would also endorse the inclusion of emission information, again where this is known or can be readily obtained. We understand this data, like the economy data, is available for new vehicles manufactured since 2005, or Japanese imports since 2000, and therefore the collection of this information should be mandatory at the time of importation. However, as with the fuel consumption information, the requirement to supply emissions data should not be too onerous nor should it prohibit the importation of vehicles if it cannot be obtained.

Otherwise, we endorse the design of the label and wording as illustrated, but wonder whether EECA also intends to include the new Energy Star mark for the most efficient vehicles on the market. Could this mark be included if appropriate, or will it be displayed separately on applicable vehicles (e.g. petrol-electric hybrids) ?

### **Supplier Information Notice**

The NZAA agrees that the fuel consumption information should also be included on the SIN card using similar wording as suggested in the discussion document; our submission to the Ministry of Economic Development on the review of the SIN card also endorsed its inclusion. However, references to the monetary cost per annum should be excluded as frequent fuel price changes mean the figure on the SIN card could rapidly date – instead refer the consumer to the *fuelsaver* website where they can perform a current calculation themselves.

### **Consistency with Australia**

The NZAA would prefer that only one design of label (the proposed ‘appliance’ label) be used for all new and used cars (and we especially note the confusing and/or complex nature of the European and Californian examples). However, in the interests of making the labelling scheme simple for importers to adopt, it may be necessary to permit the Australian design as an option (although traders should be encouraged to replace it with the standard NZ design).

Regarding the placement of the label, we are not entirely convinced it should be placed on the windscreen, due to its possible size, visual obstruction, and the registration and WoF (and RUC and Certificate of Loading, if applicable) stickers that are already required to be displayed there. Perhaps it could be located on the rear window or the window nearest the fuel filler cap, although neither are obvious positions to consumers, and could still detract from driver visibility. All these concerns could be overcome if the label was removable, but this option might undermine the scheme when the vehicle is later on-sold (although would an owner keeping a car for several years want to retain a conspicuous sticker anyway ?).

As an alternative, we suggest that a label could also be fitted inside the fuel filler cap (which is more likely to remain on the car), and another option could be reproducing the label on the inside of the registration label (this may also answer the question as to how the labels are produced and distributed).

### **Administration**

Vehicle fuel economy labels could best be mandated through a Land Transport NZ Rule or the Consumer Information Standards Regulations (SIN card), and therefore they could possibly be administered through the LTNZ Motor Vehicle Registration unit as part of the entry certification process. A label could then be issued at the same time as the VIN number is recorded in LANDATA, which is when it can also be determined whether the fuel consumption data is available on the *fuelsaver* website. Privateers wishing to voluntarily purchase labels could possibly do so via motor vehicle registration agents.

## **Conclusion**

As is clear from our comments above, the NZAA supports this initiative to include a comparative fuel economy labelling scheme on vehicles for sale at the point of sale. However, to maximise compliance by vehicle traders, the scheme must be simple and inexpensive, and therefore is probably best administered when the vehicles are initially complied. We do not think EECA should be hung up on ensuring all new and freshly-imported vehicles are labelled, but rather ensure all those that *can* be labelled are, i.e. all new cars, and all Japanese-imports manufactured post-2000. Cars which don't meet this criteria, in other words those for which economy data is not available on the *fuelsaver* website, should simply be exempted. We consider that the majority of trader-sold vehicles will be able to be labelled, and it isn't necessary to target the minority that can't, especially considering the large number of private sales which aren't included in the scheme. However, if the scheme is well-promoted and successful with consumers, consideration should be given to voluntarily extending it to privateers. Finally, we endorse an appliance-style label with appropriate disclaimers, but note the location must be carefully chosen so as not to distract from driver's vision.

Yours sincerely

Mike Noon  
**General Manager Motoring Affairs**  
**New Zealand Automobile Association**