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Strategies for Improving Efficiency of Used and Imported Vehicles

Submitted by: New Zealand



**APEC Cooperative Energy Efficiency
Design for Sustainability - Energy Efficient
Urban Passenger Transportation
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Strategies for Improving Efficiency of Used and Imported Vehicles



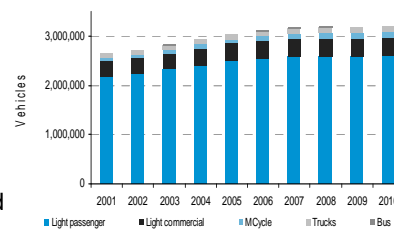
Terry Collins, GM Products
Energy Efficiency and Conservation Authority

Transport in New Zealand



- Long thin country
- Most New Zealanders travel short distances on a daily basis,
 - 90% percent of NZ vehicles travel less than 84km
 - For main urban areas less than 69km
- 52% of NZ households have 2 or more vehicles
- One car for every licensed driver

Figure 1.1 : Fleet composition



New Zealand's Vehicle Fleet

- New Zealanders love cars – we have high vehicle ownership rates
- Our vehicle fleet is comparatively old
- Right Hand Drive
- Many vehicles sourced from Japan 2nd hand
- Small market, so some new vehicle models not introduced straight away.

Figure 1.8a : Vehicles per 1000 population, 2008

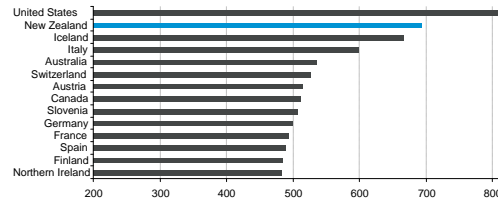
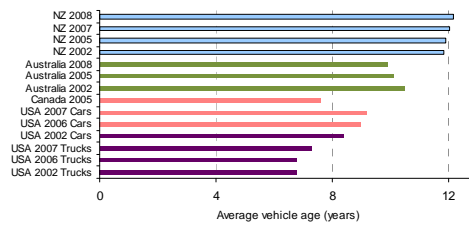
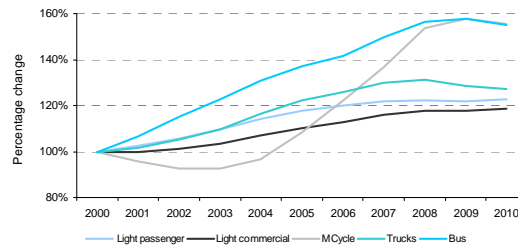


Figure 1.8b : Average fleet ages



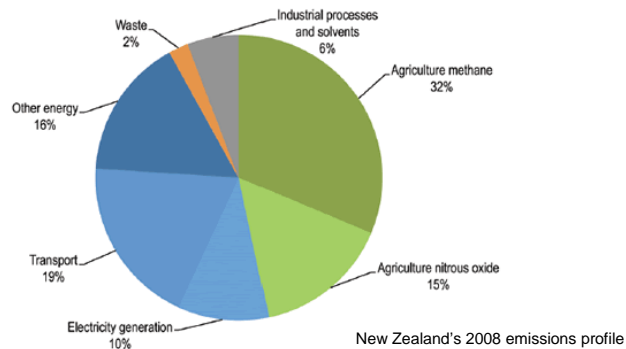
Problem definition

- The number of vehicles on New Zealand roads is increasing.
- Vehicle buyers don't have the information to choose more efficient models – market failure exists.
- New Zealand is a small car market with comparatively low influence over global manufacturers.
- However, New Zealand has greenhouse gas emissions targets to meet.



Emissions reduction: 50 by 50

- New Zealand's proposed GHG reduction target is 50% by 2050
- Transport is a key sector to tackle



Policy Intervention – Labelling and Information

- The policy intervention chosen was mandatory Vehicle Fuel Economy Labelling, complementing a voluntary website.
 - Energy Efficiency (Vehicle Fuel Economy Labelling) Regulations 2007. (Can be downloaded from www.legislation.govt.nz)
 - Vehicle importers provide information for cars entering the New Zealand fleet.
 - Simple information label enables car buyers to understand the fuel usage and associated cost.
 - Fuel economy information available online with variable inputs suit drivers style and or accessories etc.
- An algorithm was designed to align European and Japanese test results, by comparing data for around 2200 models that had been tested to both Standards.
 - Ensures that all vehicles commonly imported to New Zealand will be able to generate a label
 - Does not impose further testing on manufacturers who may be reluctant to carry out expensive testing for a small market.

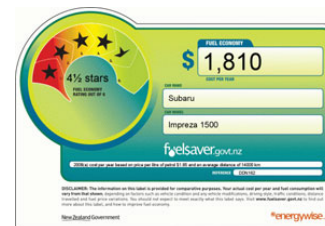
Fuel Saver Website

- Fuel saver website – www.fuelsaver.co.nz
- Fuel economy information available to allow comparison (many vehicle buyers in New Zealand research online before shopping)
- Dealers can download labels
- 25 million hits per annum



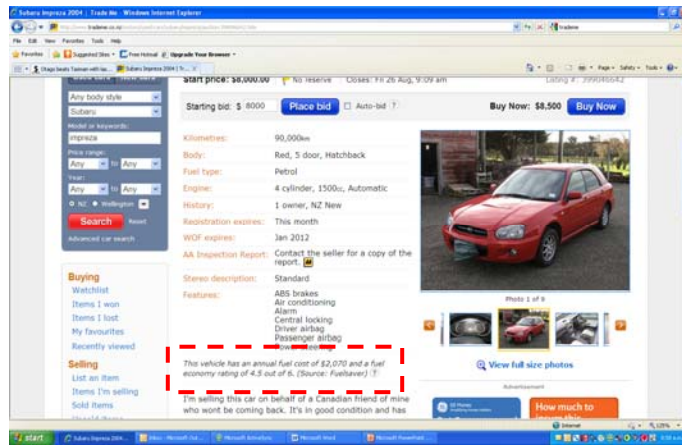
Vehicle Fuel Economy Label

- Label information includes
 - Make and Model
 - Comparative star rating (up to 6 Stars)
 - Estimated cost of fuel per annum (@14,000km pa)
 - Litres per 100km (new only)



Vehicle Fuel Information on Internet Advertisements

Vehicles sold online need to supply text based information rather than full label.



Education and Communication Campaign

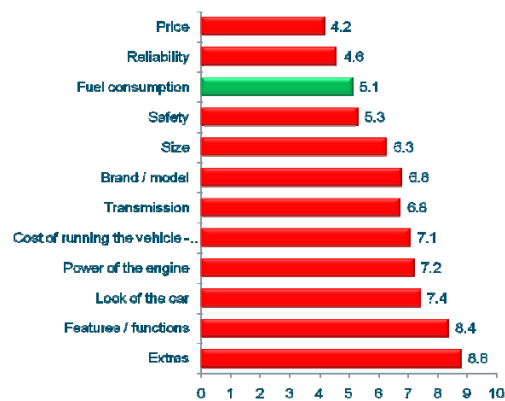
- Communications campaigns are carried out to inform vehicle dealers and car buyers about the labelling requirements.
- Compliance visits are on-going with at least 200 vehicle dealers visited annually to educate and check compliance.
- Consumers asked: What aspects of the Fuel Economy Label did you find helpful? (Base: car buyers who felt the Fuel Economy Label had some influence on their purchase decision)

	2008-09	2009-10	2010-11
Fuel economy per annum	49%	66%	70%
Star Rating	23%	50%	53%
Cost per annum	22%	41%	44%

Results – Influence and awareness

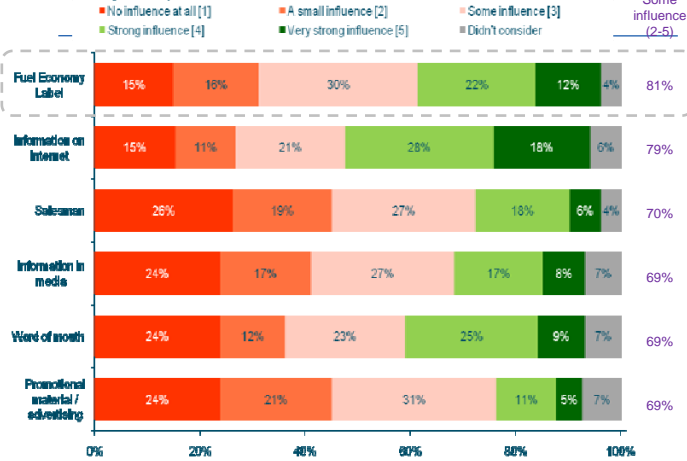
- Survey results show:
- Vehicle fuel economy is the 3rd most important factor in purchasing vehicles
- Awareness of the label is 51% among car buyers
- Of those that are aware of the label, 81% claim that it influenced their purchasing decision.
- EECA is pleased with the influence the labels have, but will be working on improving awareness through marketing campaigns.

Which of the following factors are most important to you? (1 most important, 12 least important)



Label Influence

How much influence did the following have on you? (base: those aware of the Fuel Economy Label)



More than three-quarters of car-buyers (81%) who are aware of the FEL claimed it had some level of influence on their car purchase.

Results

- Car dealers are using as sales tool
 - 90% of traders/salesmen are using the FEL to aid the sale, and have increased their frequency of discussing it with customers.
- Compliance is improving each year.
 - Seventy eight percent of vehicles that required a label were labelled on initial inspection
- “Something wrong with a car that doesn’t have a label”
 - Dealers have requested information from pre 2005 vehicles be added to the scheme (purchasing international data)
- Search on fuel efficiency within class.

Future Programme Direction

- The programme is expanding the coverage of vehicles:
 - Include electric vehicles. A new voluntary label for electric vehicles was launched by Minister Hekia Parata in August 2011.
 - Improving availability on models of 2nd hand vehicles by purchasing data on old models of cars not covered by Regulations.



Economic benefits

- Reduced import costs of oil
 - 27PJ = US\$486 million per year
- Improved international economic position
 - better balance of trade
- Improved energy security
- Reduced running costs
 - Fuel costs are less for electricity
 - ~\$2020 per year for petrol
 - ~\$280 per year for electricity (excluding RUC)
 - Reduced maintenance costs and effort
 - An EV has 80% fewer moving parts
 - Hyder report calculated EV maintenance costs to be less than a fifth of petrol vehicles

Lessons Learnt

- Build your programme on existing infrastructure
 - Motor Vehicle Register
 - Existing Test Results (used algorithm)
 - Point of Entry (inspection and provision of information)
- Low cost ease of compliance
 - Automatic loading of information onto websites
 - Easy search criteria (plate or vin or chassis number)
 - Regular load of batch information into register
- Promotion to target groups
 - Consumers
 - Traders

Lessons Learnt

- Create the value proposition to traders and drive demand from consumers
- Accelerate the programme by adding older vehicles (its available internationally)
- Ensure you undertake a compliance programme
 - Check website advertisements
 - Visit car dealers
 - Relay results to the suppliers (they protect their brand)
- Conduct market surveys
- Don't let the perfect get in the way of the Good



Thank you/ Questions

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