



Energy Efficiency and Conservation Authority - Te Tari Tiaki Pūngao

You are here: [Home](#) + [Transport](#) + Vehicle Fuel Economy

Vehicle Fuel Economy

EECA's Vehicle Fuel Economy programme aims to influence purchase decisions towards more efficient vehicles by providing consumers with comparative fuel consumption information on new and used cars at point of sale.

Vehicle use is the major contributor to New Zealand's greenhouse gas emissions. Vehicle emissions have a detrimental effect on air quality, urban amenity and human health. It is therefore critical that we begin to reduce emissions and improving the fuel efficiency of the vehicle fleet is one way to do this.

As well as benefiting the environment improved vehicle efficiency also has a significant economic benefit for the consumer, by reducing fuel bills.

Vehicle Fuel Economy Labelling

The Government has approved the implementation of a mandatory Vehicle Fuel Economy Labelling (VFEL) scheme. EECA is leading the development of the Regulations required to bring this scheme into force.. EECA will be consulting with interested parties about these Regulations, and submissions are welcome. Consultation will continue until 3 August 2007. See below for details of how to provide input.

The VFEL scheme will provide information to consumers at the point of sale, enabling comparisons to be made between vehicles in relation to the fuel economy performance of the vehicles.

The aim of the proposed scheme is to have a mandatory fuel economy labelling scheme covering new and used vehicles, where information is available, in place by the end of 2007.

For more information about the proposed labelling scheme [download the Vehicle Fuel Economy fact sheet](#) [PDF 37 KB]

EECA will consider the submissions and will then develop final details of the scheme before implementation late in 2007.

Submissions on the proposed development can be emailed to us at fuel.economy@eeca.govt.nz and will be received until Friday 3rd August 2007. You can also phone us on 0800 358 676.

Consultation Workshops

EECA is running workshops in three locations for those interested to come

and discuss the proposed scheme as follows:

Wellington Monday 9 July 2007

Auckland Tuesday 10 July 2007

Christchurch Thursday 12 July 2007

Attendance at the workshops is secured by registration. Please either email us on fuel.economy@eeca.govt.nz or phone on 0800 358 676 to secure your place at the workshop.

EECA began consulting on the scheme in 2006. You can view the previous discussion document and press release on the side bar of this page under Related Resources.

[>> Further information on what can you do to reduce your fuel use](#)

Related Resources

Vehicle Fuel Economy Fact Sheet

[\[PDF 37 KB\]](#)

Vehicle Fuel Economy

Labelling: A Government Discussion Document

[\[PDF 745 KB\]](#)

Related Links

[Media release: EECA's Vehicle Fuel Economy programme](#)

Check to see if your car a fuel saver or a gas guzzler:

[>> Visit the Fuelsaver website](#)



[>> Visit the AA EnergyWise Rally website](#)



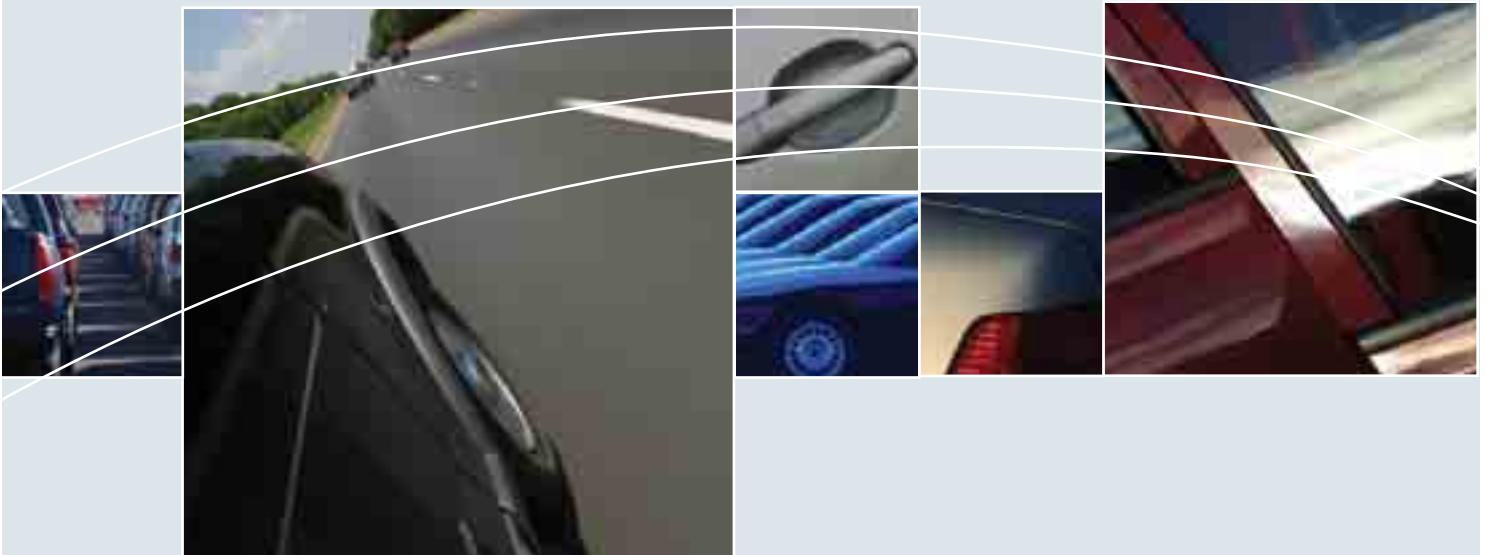
EECA | Level 1 | 44 The Terrace | PO Box 388 | Wellington | Tel. 0800 358 676

[Our Terms](#) | [Contact Us](#)

Vehicle Fuel Economy Labelling

A Government Discussion Document
Energy Efficiency and Conservation Authority

NOVEMBER 2006



Energy Efficiency and
Conservation Authority
Te Tari Tiaki Pūngao

Contents

Minister’s foreword	1
Disclaimer	2
Statement of the problem	3
Benefits of improving fuel economy	4
Preferred option – mandatory labelling for new and used vehicles	6
Making a submission	14
Appendix 1 – Vehicle fuel economy labelling for New Zealand: other options considered	15
Appendix 2 - Examples of international labels	17
Appendix 3 - International fuel economy labelling schemes	19
Appendix 4 - Supplier Information Notice	21

Minister's foreword

Our climate is changing. How we respond to the issue of climate change now will determine the shape of our future – our economy, environment and communities. The debate is no longer about whether climate change is happening, but on what we do about it.

Vehicle use is one of the major contributors to New Zealand's greenhouse gas emissions. Vehicle emissions also have a detrimental effect on air quality, urban amenity and human health. It is therefore critical that we begin to reduce these emissions, and improving the fuel efficiency of the vehicle fleet is one way we can do this.

Improved vehicle efficiency also has significant benefits for the consumer, by reducing fuel bills. Recent high fuel prices have made the cost of vehicle use a major concern for many vehicle owners.

There has been some initial progress towards improving vehicle fuel efficiency. Earlier this year, the government launched the *fuelsaver* website, while a number of manufacturers have developed individual fuel economy label formats for their vehicles. But there is potential for a great deal of improvement. The majority of vehicles do not have any fuel consumption information displayed at the point of sale, which is the time when such information is critical.

A comprehensive fuel economy labelling scheme for vehicles will help increase the level of information available to consumers, and therefore encourage the use of more fuel efficient vehicles. This document sets out the issues and options around implementing such a scheme. Although it sets out a preferred option, the final decision will be determined after consultation, analysis of technical issues and research into consumer preferences.

I strongly encourage all interested parties to comment on the proposals in this document, and help the development of a new vehicle fuel economy labelling scheme for New Zealand.



David Parker

Minister of Energy

Disclaimer

The information available in this document is intended to provide general information and all reasonable measures have been taken to ensure its quality and accuracy. However the Energy Efficiency and Conservation Authority (EECA) does not accept liability for any losses, damages or liabilities suffered by you from accessing, using or relying on any material in this document.

OFFICIAL INFORMATION ACT 1982

In providing any response to this discussion document, please advise us if you have any objections to the release of your response and, if you do object, the parts of your response that you wish withheld and the grounds for withholding. When preparing and releasing any summary and when considering any formal Official Information Act requests, EECA will carefully review any representations you make in this regard.

PRIVACY ACT 1993

Any personal information that you supply in the course of making a response will be used only by EECA when considering matters covered by this discussion paper. Your name will be included in any summary of responses unless you inform EECA that you do not wish your name to be included. To indicate your wishes, or to view personal information held about you in relation to matters covered by this discussion paper, or to request correction of that information, please contact EECA at fuel.economy@eeca.govt.nz or 04 4702200.

Statement of the problem

At present, there is no effective means of conveying important fuel economy information to vehicle purchasers. For many vehicles in the fleet there is no fuel consumption information, and, where fuel economy information is available, it is often not linked to the point of sale. This means that consumers tend to make purchase decisions based on a number of other factors including the initial price of the vehicle, and do not take into account the fuel costs over the vehicle's life. As a result, the fuel economy of the vehicle fleet is lower than it otherwise could be.

The purpose of fuel economy labels is to improve fuel efficiency of the light vehicle fleet by providing consumers with comparative fuel consumption information at the point of sale. This will enable more informed purchase decisions and increased uptake of more fuel efficient vehicles, resulting in reduced fuel costs for the consumer. Improved fuel economy also offers important co-benefits, particularly reducing greenhouse gas and harmful tailpipe emissions, and improving energy security. Improving fuel economy will not, by itself, solve all of these problems, but it can make an important contribution.

Benefits of improving fuel economy

REDUCED FUEL USE

Vehicle fuel consumption is one of New Zealand's largest sources of energy use. Vehicles consume around 86% of all oil in New Zealand, and oil accounts for almost half of all energy use. There are a number of reasons why vehicle energy use is so high, including:

- *New Zealand has one of the highest rates of car ownership in the world, which has grown rapidly since the introduction of used Japanese imports.*
- *Our current vehicle fleet is one of the oldest in the developed world. Older vehicles tend to have poor fuel economy. At the end of 2005, the average age of the vehicle fleet was about 12 years.*
- *New Zealanders have tended to favour larger cars, and there has been particular growth in the number of sports utility vehicles (SUVs) in the fleet. Larger vehicles typically consume more fuel than smaller ones. The average fuel consumption of vehicles in New Zealand is estimated to be 9.3L/100km.*
- *New Zealand's geography and population spread make us highly reliant on private transport, and mean that public transport systems do not offer a viable alternative or economic option for all trips. In 2005, the total distance travelled by passenger vehicles was approximately 30 billion km. This equates to 11,000km per vehicle every year.*

The immediate benefit of improved fuel economy is reduced fuel costs for the consumer. The price of oil has been increasing over recent years, resulting in an upwards trend in the pump price of fuel. Consumers are therefore paying a lot more to operate their vehicles, and this has had a big impact on those on low or fixed incomes. Moving to vehicles with better fuel economy will help reduce these costs.

Similarly, fuel costs are a significant expense for many businesses, including businesses running light vehicle fleets (e.g. taxis, couriers) and contractors operating on multiple sites (e.g. plumbers, electricians). Improving the availability of information on the fuel consumption of cars and light commercial vehicles would assist these businesses to purchase efficient, 'fit for purpose' vehicles.

CLIMATE CHANGE

Vehicle emissions are a major contributor to climate change. The transport sector is responsible for 19% of New Zealand's total greenhouse gas emissions, and about 40% of our carbon dioxide emissions. The majority of these come from passenger cars. These emission levels may become even greater in the future, if the number of vehicles in New Zealand continues to increase rapidly. Since 1960 the number of registered vehicles has more than trebled. For every litre of fuel consumed in an average passenger vehicle, around 2.5kg of carbon dioxide is released into the atmosphere.

The government is committed to taking action to reduce greenhouse gas emissions and thereby reduce the effects of climate change. Improving the fuel economy of the light vehicle fleet is one of the ways the government can contribute to this aim.

HEALTH AND LOCAL AIR QUALITY

Emissions from vehicles also have significant detrimental effects on local air quality, leading to health problems and environmental degradation. Regional councils monitor local air quality, and in several regions, levels of harmful contaminants exceed the ambient air quality standards. While the main contributor to these excesses is solid fuel home heating, vehicle exhaust emissions are a significant contributor in urban areas near busy roads in Auckland, particularly in the summer. Improved fuel economy across the vehicle fleet will contribute to improving local air quality.

ENERGY SECURITY

In the long term, the price of oil is likely to become increasingly volatile as worldwide energy demand grows and the existing supply becomes stretched. This is compounded by ongoing political instability in major oil producing regions. While there may be some short term decreases or increases in the price of oil, these factors point to an ongoing increase in the price of oil in the medium to long term. As a net importer of oil, New Zealand is particularly vulnerable to the adverse effects of rising oil prices. It is therefore important to begin to find ways to reduce New Zealand's reliance on imported oil. Improved fuel economy, resulting in reduced fuel consumption, is one of the ways to achieve this.

LINKS WITH RELATED GOVERNMENT INITIATIVES

The focus on improving vehicle fuel economy forms part of the government's approach to issues around vehicle energy use, including areas such as vehicle emissions, biofuels, public transport and fleet purchasing. In turn, these policies are within the context of the government's response to climate change and sustainable development. It is therefore important to ensure that any policy initiatives around vehicle fuel economy are complementary to existing programmes, and can act as a platform for future initiatives. These initiatives are being explored as part of the New Zealand Energy Strategy, the new National Energy Efficiency and Conservation Strategy, and climate change policy development.

Earlier this year, the government launched the *fuelsaver* website www.fuelsaver.govt.nz. *Fuelsaver* acts as a reference for both new and used vehicle buyers, giving information on the fuel economy of a certain make/model, and is based on the information supplied to Land Transport New Zealand. This is a major government initiative to promote fuel economy. *Fuelsaver* provides consumers with an estimated annual fuel cost for each vehicle, which includes an allowance for variables, such as driving habits and car maintenance, which can affect fuel economy.

The Ministry of Transport is currently promoting a series of advertisements, mainly on billboards and radio, as part of the 'choke the smoke' campaign, leading to the introduction of warrant of fitness emission testing.

A number of local authorities have been promoting their public transport networks as a means of reducing the congestion on the roads.

The government recently released a discussion document outlining a proposed sales obligation for biofuels, as part of the government's response to climate change. This will have some implications for fuel economy.

The Ministry for the Environment's Govt3 programme aims to help government agencies become more sustainable, in areas including: vehicle purchasing, vehicle use and fleet management. The Govt3 team is working with a group of agency representatives to prepare vehicle fleet tools, such as a template for comparison of vehicles on sustainability indicators. The *fuelsaver* website provides valuable information to assist government fleet purchasers take account of the fuel consumption of vehicles.

Policies to increase awareness of the problems associated with vehicle use and to reduce reliance on private vehicles also have the potential to increase physical activity levels. The New Zealand population has high and increasing levels of chronic disease, in part due to insufficient exercise. Policies that increase physical activity including active transport policies are good for human health.

Preferred option – mandatory labelling for new and used vehicles

The government's preferred option is to introduce mandatory point of sale fuel consumption labels for vehicles (under 3.5 tonnes) sold by motor vehicle traders, where information is available from the *fuelsaver* website.

The preferred option would make it compulsory for vehicles - both new and used - to display a fuel economy label when sold by motor vehicle traders. A motor vehicle trader is a person registered under the Motor Vehicle Sales Act 2003, and is defined as a person who sells more than six, or imports more than three, vehicles per year. Labelling would therefore become part of the requirements for the commercial sale of vehicles, and would not apply to private sales or imports.

In reaching a preferred option, the government has considered – and decided against – a number of other options for implementing a vehicle labelling scheme. These other options, and the reasons why they are not being pursued, are outlined in Appendix 1.

MANDATORY LABELLING

Establishing a mandatory labelling scheme for new and used vehicles entering the fleet is the preferred option, because it provides a comprehensive approach to improving the availability of fuel consumption information at point of sale. Initially, around half of all vehicles entering the fleet will potentially be covered by the scheme, with this number increasing over time. Mandatory labelling has been introduced for a number of products in New Zealand, such as dishwashers, refrigerators, clothes washers and clothes dryers. The average energy consumption of these appliances has improved by a range of 7% to 44% since mandatory labelling was introduced.

This conclusion is backed by Australian research, which has found that mandatory labelling schemes for products are more effective and have a greater cost-benefit ratio than voluntary schemes.

EECA has commissioned an independent evaluation of the potential costs and benefits for a vehicle fuel consumption labelling scheme. The results of this research will be available on the EECA website by the end of 2006.

1. *Do you support mandatory labelling, and what are your reasons?*

FUEL CONSUMPTION INFORMATION

Currently, vehicle importers are required to supply fuel consumption information to Land Transport New Zealand. Information is collected under section 7(1)(e) of the Transport (Vehicle and Driver Registration and Licensing) Act 1986, although this does not prescribe the test method that must be used to determine the fuel consumption information. Information is collected for:

- *new vehicles manufactured from January 2005 and imported after February 2005;*
- *and*
- *vehicles previously registered in Japan, manufactured from January 2000 and imported after February 2005.*

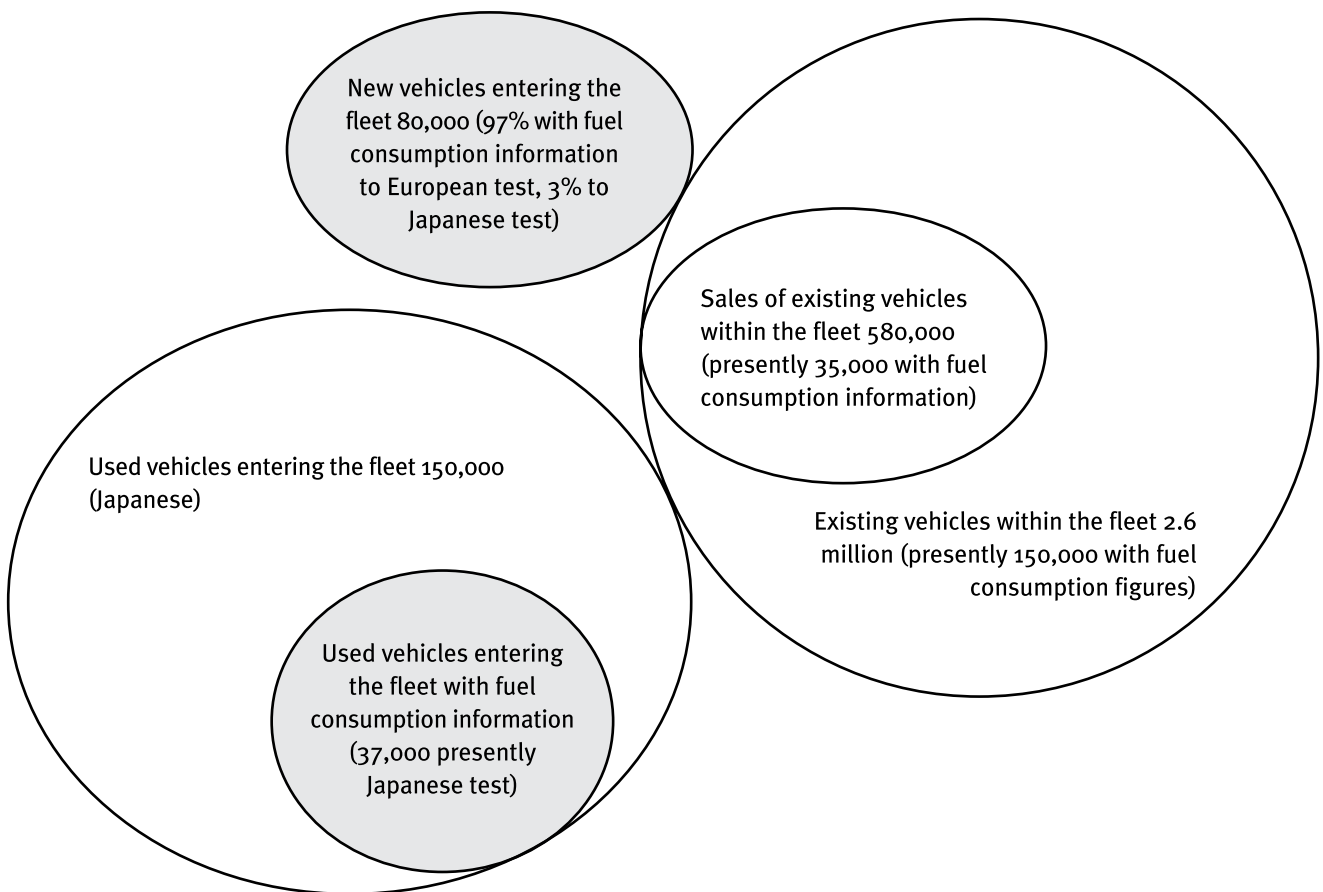
Vehicles covered include petrol or light-duty diesel vehicles less than 3.5 tonnes, including four wheel drives, vans and utilities. These vehicle classes comprise the light vehicle fleet, which consists of approximately 2,600,000 vehicles (around 2,500,000 vans and cars; the remainder being other vehicle types). Information is not recorded for other classes of vehicles (such as motorcycles), or for vehicles manufactured prior to 2000, where access to reliable information is limited.

During 2005, a total of 230,000 new and used vehicles (vans and cars) entered the country. Of these, 80,000 were new vehicles entering the fleet, all of which had fuel consumption information. Almost all (97%) new vehicles are tested to the drive-cycle contained in UN/ECE Regulation (hereafter called the European test method). The remaining 3% are tested to other test methods.

At the same time, 150,000 used vehicles entered the fleet, of which 25% had fuel economy information. Fuel consumption information for Japanese used vehicles is tested to the drive-cycle contained in the Japanese Automotive Type Approval Handbook, published by the Japan Automobile Standards Internationalisation Centre (hereafter called the Japanese test method).

Accordingly, fuel consumption information is currently available for around half of all light vehicle imports to New Zealand. Figure 1 illustrates the proportion of vehicles entering the fleet, for which fuel consumption information is available.

Figure 1.
Annual sales of vehicles into and within the fleet (not to scale)



The proportion of fleet entrants for which fuel consumption information is available will increase as more post-2000 used vehicles enter the country. Eventually, coverage will be complete, as no pre-2000 vehicles will be imported.

Figure 2 below shows how the number of vehicles for which fuel consumption information is available will increase over time.

Number of used vehicles entrants to fleet with fuel consumption figures recorded
(bell curve is an approximation)

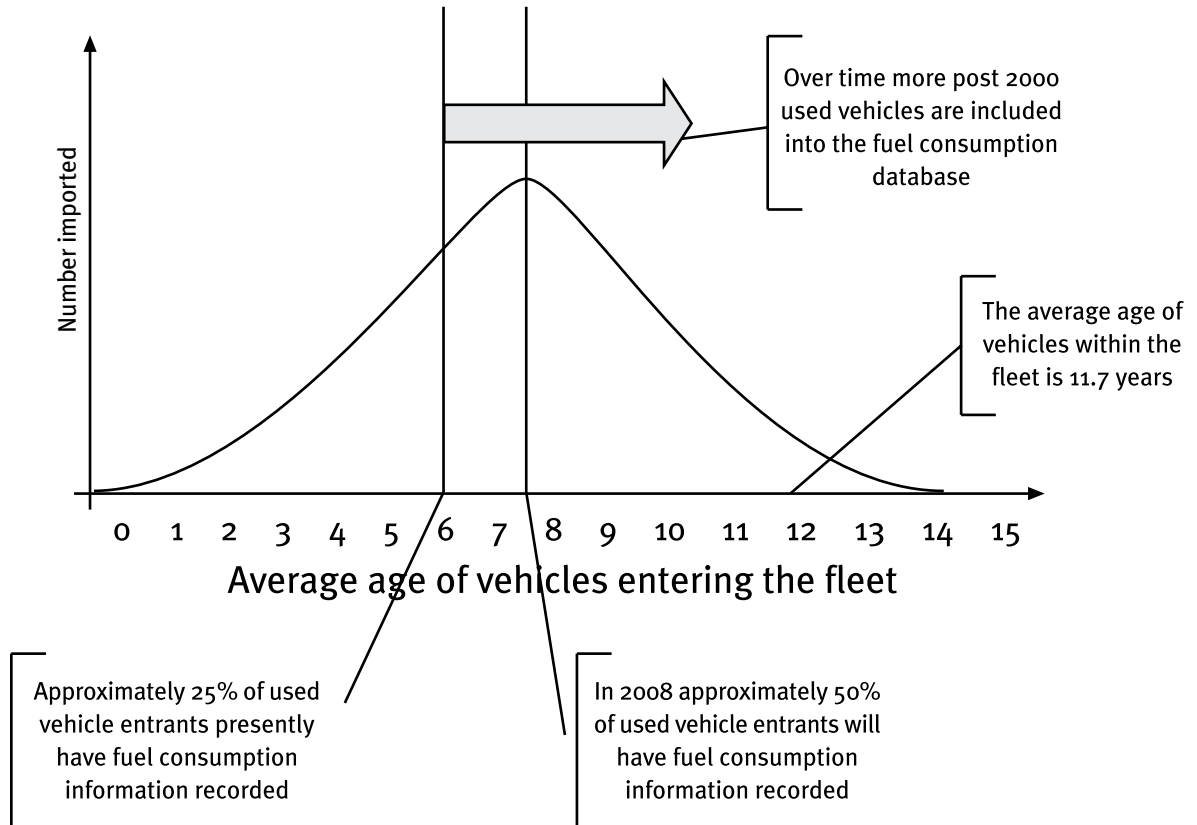


Figure 2 shows that, by 2012, fuel consumption information will be available for almost all Japanese used vehicles entering the fleet, based on the current vehicle import profile.

2. **What are your views on the current method for fuel economy data collection?**
3. **Are there any ways in which this could be improved?**

It is envisaged that a mandatory labelling scheme would utilise the data currently collected by Land Transport New Zealand, as this provides significant coverage without the cost of obtaining new information. As discussed above, almost all vehicles entering the country will have fuel consumption information available by around 2012. Data collected by Land Transport New Zealand is currently displayed on the *fuelsaver* website and can be easily applied to fuel consumption labels.

Although this would provide significant coverage, there would continue to be a number of vehicles (such as classic cars and one-off imports) for which information may not be readily available. Attempting to find fuel consumption data for these vehicles may be very expensive or even impossible to obtain, especially for vehicles manufactured pre-2000. In addition, around 3-4% of all new vehicles entering the fleet have fuel consumption information that is based on a test method other than the European test method. These other test methods may not be comparable to the European test method, and it may therefore be appropriate to exempt these vehicles from the scheme.

4. **What should happen with vehicles that do not have fuel consumption data to either the European or Japanese test method?**
5. **Should these vehicles be exempt?**

6. *What should happen to the vehicles that do not have fuel consumption information (such as pre-2000 vehicles)?*
7. *Should there be an exemption to allow the sale of vehicles that do not have fuel consumption information?*
8. *Should pre-2000 vehicles be required to provide fuel consumption information at the point of sale?*
9. *Should fuel consumption information be required for low volume cars (such as classic cars, hotrods etc)?*

To be most effective, a labelling scheme will need to cover as many vehicles as possible. As indicated in Figure 1 above, around 230,000 vehicles enter the fleet every year, but around 580,000 vehicles within the fleet are sold. As discussed above, fuel consumption information is generally only readily available for vehicles manufactured after 2000. This means that there will be some limits to how much of the existing vehicle fleet could be covered by fuel consumption labelling.

Officials will continue to work on issues around the technical limits of a labelling scheme, with the aim of covering as much of the fleet as is possible.

FUEL CONSUMPTION TEST STANDARDS

Most vehicles imported into New Zealand are either new cars or Japanese used cars. Fuel consumption data for new vehicles is obtained using a European test procedure that has also been adopted in Australia. Around 97% of all new vehicles entering the country are tested to this European test method. In 2005, around 80,000 new vehicles were imported. Fuel consumption data for used vehicles is obtained using the Japanese test method. Around 96% of all used vehicles entering the country are tested to this standard (for those vehicles for which information is available). In 2005, around 150,000 used vehicles from Japan were imported, which means used vehicles make up the majority of new entrants to the vehicle fleet.

Both test methods involve a series of test cycles carried out under standard conditions where all outside influences, such as driving style, weather, gradient and road conditions are controlled. There are differences in the methods used in the two tests, such as varying speeds, distance and duration of the test. Further variation comes from the European test method using a cold engine, whereas the Japanese test is based on a warm engine. While test results can be compared to other results obtained from the same test method, results from Japanese tests have not been directly comparable to results from European tests, due to significant differences in the test process.

The *fuelsaver* website does not attempt to reconcile the two test methods, and currently has different rating systems for both the European and Japanese test methods. European data is displayed as a numerical value, while Japanese data is displayed as a star rating. This does not allow a direct comparison between vehicles across the two test methods.

Officials are currently working on possible options to reconcile the differences between these two test methods, and therefore allow comparative fuel consumption labels across all vehicle types.

10. *Should the label reconcile different test Standards?*
11. *Should a similar format be used for new and used vehicles?*

ACCURACY OF FUEL CONSUMPTION INFORMATION

Aside from the vehicle itself, there are a number of other factors which influence fuel economy, such as driving habits and car maintenance. Fuel consumption tests are indicative only, and are not fully representative of real-life driving conditions because it is not practical to test every new car. A typical car, of every model from each production run, is chosen for testing.

Variations in driving styles and in road, car and weather conditions can significantly influence the results achieved on the road compared with standardised laboratory conditions. Used vehicles may not perform at the same level of fuel economy as the original test results.

Vehicle age also has an effect on fuel consumption. Fuel economy deteriorates as a vehicle ages, which means that a used vehicle's current performance is not comparable to its original test data which is based on the performance of the vehicle as new. Other factors, such as vehicle maintenance, also have an impact on this.

Currently, there is no research which conclusively states the rate at which fuel economy worsens over time. Officials are currently undertaking additional analysis on this issue to determine how much fuel economy changes over time, and whether this can be reflected in a fuel economy label for used vehicles.

The *fuelsaver* website takes into account factors such as distance travelled and vehicle maintenance, combined with fuel consumption information to give a total fuel cost per year. It is not possible to convey all these factors on a single label, so it may be useful for a fuel consumption label to provide a reference to the *fuelsaver* website for more information. A disclaimer as to accuracy may also be needed.

12. *Should fuel consumption labels contain a link to the fuelsaver website?*
13. *Should fuel consumption labels have a disclaimer about accuracy?*
14. *Should a fuel economy label indicate that used vehicle may consume fuel at a different rate to when it was first manufactured?*

The proposed scheme would apply to all vehicle sales through motor vehicle traders, which clearly covers vehicles sold at vehicle yards. However, it may be useful to consider applying the scheme to vehicles sold by motor vehicle traders in other ways, such as through auctions or over the internet.

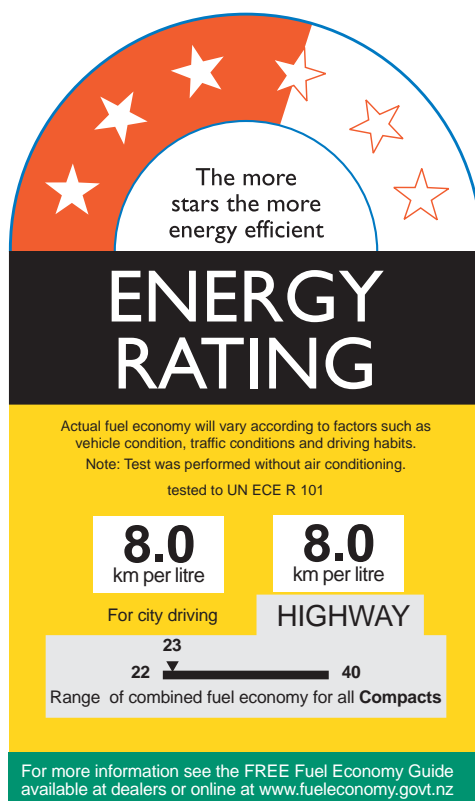
15. *Should a labelling scheme apply to all forms of vehicle sales?*
16. *Should it also apply to vehicle promotion?*

LABEL FORMAT AND INFORMATION

An important consideration is how the information on a label is presented, and there are many ways in which this could be done. Your views on how to present information on a label will be vital to making a decision.

Some examples of labels from other countries are shown in Appendix 2 (more information about international examples is in Appendix 3). Most overseas examples present the information in terms of the cost per year of running the vehicle, based on the average distance travelled and the average price of fuel. This provides an easy to understand figure, but can become out of date when, for example, there are changes to the price of fuel. Given the recent volatility around the price of fuel, this information would need to be updated on a regular basis (perhaps even weekly) to ensure its accuracy.

EECA has conducted preliminary qualitative market research on labelling content and formats for vehicles, based on international examples. This suggests that consumers' preferred label for vehicles could provide information similar to what is on the label shown below (note that this example is indicative only of information that could be on a label and actual label development and design will be completed at a later stage).



Features of this example label are:

- *it is based on the familiar format used for appliances*
- *a star rating for easy reference*
- *a disclaimer about accuracy*
- *kilometres travelled for each litre of fuel consumed, for both city and highway driving*
- *comparison to other vehicles within the same class*
- *reference to the fuelsaver website for more information.*

Other information related to vehicle use, such as carbon dioxide emissions or other pollutants, could also be included on a label.

17. *Would you prefer the information to be displayed numerically, or to be graded by stars, or both?*
18. *What information would you like to see on a label?*
19. *Would you also like to see carbon dioxide emission and exhaust emission information?*
20. *Should labels compare vehicles to other vehicles in the same class, or across the vehicle fleet as a whole, or both?*

EECA is currently conducting more detailed research into consumer attitudes to fuel economy and how this affects purchase decisions. The research will provide guidance on the type of information that consumers are looking for, and the most effective ways to promote vehicle fuel economy. This information, when it is completed, will be available on the EECA website.

SUPPLIER INFORMATION NOTICE

All used cars sold through motor vehicle traders are currently required to display a Supplier Information Notice (SIN). The SIN gives technical information on the vehicle, and could potentially also include fuel economy information.

One possible way of doing this would be to provide an additional section on the SIN. An example of this could be along the following lines:

INDICATIVE FUEL ECONOMY INFORMATION

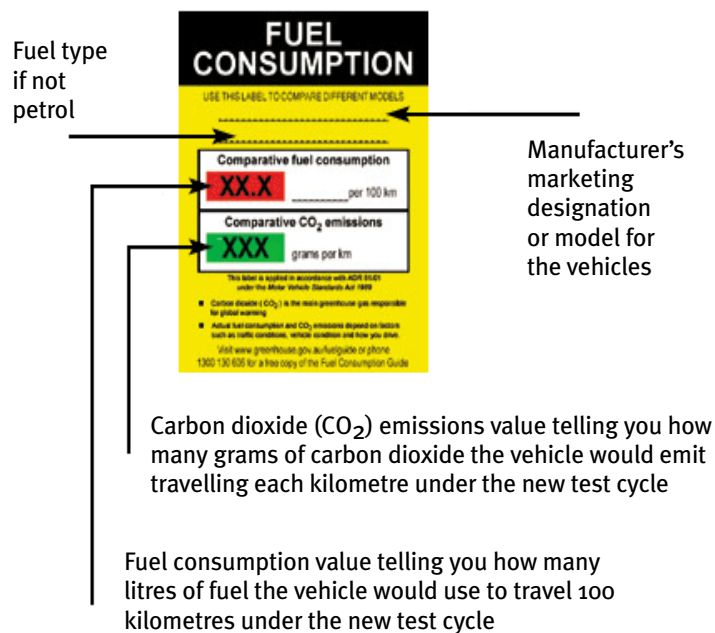
Based on test information from [Japan/Europe/other] when this vehicle was manufactured, this vehicle is estimated to use between [x] and [y] litres per 100km, or to cost approximately [\$x] to [\$y] per annum (based on an average distance of 10,000km travelled per year).

The reverse of the SIN would contain reference to the sources of the information, particularly the *fuelsaver* website and the relevant test method for that vehicle.

The current format of the SIN is provided in Appendix 4.

CONSISTENCY WITH AUSTRALIA

Australia introduced a mandatory labelling scheme for new vehicles in 1999. The Australian label format is shown below.



The Trans Tasman Mutual Recognition Arrangement allows for products that are legal for sale in Australia to be sold in New Zealand, even if they don't meet specific New Zealand regulatory requirements. In practice, this means that any vehicles which display the Australian label format would be able to be sold in New Zealand. Currently, around 8% of new cars come directly from Australia.

21. *In designing a label, should we adopt one of the international formats outlined in Appendix 2?*
22. *Should fuel economy information be included on the Supplier Information Notice?*
23. *Should we adopt the Australian format for consistency?*

There are also a number of physical characteristics of a label that need to be considered. EECA does not have a policy position on these issues, and your input on these aspects will be vital.

24. *How should the labels be produced? What type and size of label?*
25. *How should labels be printed and distributed?*
26. *When, and by whom, should a fuel consumption label be affixed?*
27. *Where should the label be placed on the vehicle? In the windscreen, or somewhere else?*
28. *Should the label be permanent or removable?*

ADMINISTRATION

Any labelling scheme will need to be mandated by legislation. There are a number of ways to do this.

The Energy Efficiency and Conservation Act specifically allows for the creation of regulations to require vehicle labelling. These regulations are currently used for mandatory labelling (and minimum energy performance standards) of a number of products in New Zealand, such as whiteware appliances and lighting. The regulations allow only for the labelling of energy efficiency, therefore inclusion of other information such as exhaust emissions or carbon dioxide would be voluntary. Typically, the regulations refer to standards which set out the detail around how the label should be presented and how information presented on the label is calculated.

Fuel consumption labelling could be required under a Land Transport Rule. Land Transport Rules are a form of delegated legislation similar to regulations. Rules can be made on a wide variety of subjects related to the objectives of the government's New Zealand Transport Strategy. These include safeguarding and improving safety and personal security, improving access and mobility, protecting and promoting public health and helping to ensure environmental sustainability.

Another potential option is to include fuel consumption information on the Supplier Information Notice (SIN) which is required to be attached to all used motor vehicles sold through motor vehicle traders. The Ministry of Consumer Affairs recently released a discussion paper, which asked whether fuel consumption information should be provided on the SIN. The response to this, and other issues, is currently being considered and a final decision has not been reached. The Ministry of Consumer Affairs has noted that it is desirable to convey fuel consumption information to consumers. However, the SIN is currently only required on used vehicles sold by motor vehicle traders, not new vehicles. Legislative amendment would be required if the SIN was to be used to display fuel consumption information on new vehicles.

Alternatively, specific legislation could be created to prescribe vehicle fuel economy labelling, which would not be restricted in its scope and the labels could be required to display any desired information. New legislation would, however, take a lot longer to implement.

There is no preference for any particular legislative mechanism at this stage. A preferred option will be determined following public submissions and research into consumer preferences.

29. *How should the scheme be administered?*
30. *Should labelling be mandated through Energy Efficiency and Conservation Regulations, a Land Transport Rule, via the Supplier Information Notice, or through specialist legislation?*
31. *Are there any other aspects of a label which have not been addressed in this document that you would like to comment on?*

Making a submission

EECA welcomes your views on the development of a vehicle fuel consumption labelling scheme for New Zealand. By taking the time to make a submission, you will be assisting in the design of a scheme that will generate many worthwhile benefits, and help ensure that it is effective and fair.

Submissions will be accepted through the following methods:

By post:

Fuel Economy
EECA
PO Box 388
Wellington

By email: fuel.economy@eeca.govt.nz

Submissions can also be made through EECA's webpage: www.eeca.govt.nz

Submissions will be received until Thursday 21 December 2006. Officials will then consider all submissions, and make a final recommendation on the preferred option in the early part of 2007. It is expected that a final decision about a scheme will be announced by the middle of 2007.

THANK YOU FOR YOUR TIME.

Appendix 1 – Vehicle fuel economy labelling for New Zealand: other options considered

PROMOTION OF FUEL ECONOMY AWARENESS (WITHOUT MANDATORY LABELS)

This option would consist of maintaining the present conditions; therefore labelling would remain at the discretion of the vehicle manufacturer. To date, only two manufacturers (Honda and Kia) have opted to introduce labels. Honda uses its own test method to determine fuel economy, while Kia uses the European standard and Australian designed label. This would mean low compliance costs for industry, as any measures would be undertaken at the discretion of the motor vehicle trader. Accordingly, the main benefit of this option is that it does not involve government regulation.

The government and other organisations would continue some generic promotion of fuel efficiency, and the *fuelsaver* website would be the primary reference for vehicle fuel consumption information. This option would include general awareness campaigns and promotion through further information being reproduced in other formats, such as posters and booklets, and put into vehicle glove boxes, placed on the counter or hung on showroom walls.

This option is not preferred because it currently has a low level of uptake, and there is nothing to suggest that this would improve as long it remains voluntary. The purpose of fuel economy labelling is to improve information disclosure, and a voluntary scheme may not apply to all new fleet entrants, thereby creating information gaps.

There could be a problem if each manufacturer implemented its own style of label, as this could hamper recognition and comparability of the information on the labels. One way to improve this would be to introduce a standard format for the labels but, again, there is nothing to suggest higher uptake than is currently the case. A mandatory scheme would be more effective in providing a broad base of information.

Also, depending on the scope, general awareness campaigns can be expensive, and there would be no guarantee that this awareness would carry over to the time of purchase. Consumers would still be required to find specific information about each vehicle themselves.

GENERIC LABELLING SCHEME

This option would establish a mandatory labelling scheme, but the label would refer the consumer to the *fuelsaver* website for further fuel economy information. This option would be quite simple to operate, as the same label could be applied to all vehicles, without the need to identify data particular to that vehicle. It could therefore be introduced very quickly. However, because it would contain a reference to the *fuelsaver* website, it would only be of use to those consumers with internet access.

Although consumers would be reminded to consider fuel economy, they would still be required to find specific information about each vehicle themselves. This could make it

difficult to make comparisons across a number of vehicles. A generic reminder of fuel economy is unlikely to have an impact on purchase decisions, as international research has shown that non-labelling methods of conveying information to potential buyers are largely ineffective.¹

There would be some cost for designing and implementing a generic scheme, but it may not be as effective as mandatory fuel consumption labels. Given the cost of a generic scheme is likely to be similar to that of implementing a fuel consumption label which is specific to each vehicle, it may be preferable to implement the latter.

MANDATORY LABELLING FOR NEW VEHICLES ONLY

This option is similar to the preferred option discussed earlier in this document, but would only be mandatory for new vehicles. This would be simpler than the preferred option, as 97% of all new vehicles are tested to the same standard, and there is no need to reconcile two different sets of test data. Consumers could therefore easily compare ratings across vehicles. This option is in line with the way that fuel consumption labels have been introduced in other countries. Further, because the vehicles are new, there would be a high degree of accuracy that the tested performance reflects the vehicle's actual performance.

While this option reflects overseas best practice, New Zealand has a major difference in its fleet makeup due to the high numbers of Japanese used vehicles. A scheme that was only applied to new vehicles would therefore only cover a third of all new fleet entrants. Including used vehicles in the labelling scheme would be more effective in improving fuel economy across the entire fleet.

New vehicles are predominantly purchased by fleet buyers, who often research fuel consumption as one of the factors to take into account. Used vehicles are mainly purchased by individuals who may not have the information available to determine the fuel economy of a vehicle. A scheme applying to both new and used vehicles would therefore have more impact on improving fuel economy across the vehicle fleet.

This option would also mean unequal treatment across the industry, as it would create compliance costs for the new vehicle industry but not for used vehicles, and highlight the fuel economy performance of new vehicles only. This could possibly create a competitive advantage for some motor vehicle traders.

¹ *Report: Energy efficiency of passenger cars: labelling and its impact on fuel efficiency and carbon dioxide reduction, Wilfried Raimund and Stephen Fickl, the Austrian Energy Agency.*

Appendix 2 - Examples of international labels

CANADA

ENERGUIDE Ask your dealer for the FUEL CONSUMPTION GUIDE or call 1-800-387-2000.

Premium gasoline recommended
Essence super recommandée

CITY / VILLE
10.1 / 28
L/100 km mi/gal

Estimated annual fuel cost: **\$1,037**
Estimation annuel de coût au carburant

HIGHWAY / ROUTE
6.1 / 46
L/100 km mi/gal

These estimates are based on the Government of Canada's approved criteria and testing methods. The actual fuel consumption of this vehicle may vary. Refer to the Fuel Consumption Guide.

Données obtenues selon les critères et méthodes d'essai approuvés par le Gouvernement du Canada. La consommation réelle de carburant de ce véhicule peut varier. Consultez le Guide de consommation de carburant.

Canada

Demandez le GUIDE DE CONSOMMATION DE CARBURANT à votre concessionnaire ou composez le 1-800-387-2000.

EUROPEAN UNION

Fuel Economy		Ford Fiesta 1.4 TDCI ZETEC												
CO ₂ emission figure (g/km)														
<100	A	B 117 g/km												
101-120	B													
121-140	C													
141-160	D													
161-180	E													
186+	F													
Fuel cost (estimated) for 12,000 miles		£662												
VED for 12 months		£85												
<p>Environmental Information</p> <p>A guide on fuel economy and CO₂ emissions which contains data for all new passenger car models is available at any point of sale free of charge. In addition to the fuel efficiency of a car, driving behaviour as well as other non-technical factors play a role in determining a car's fuel consumption and CO₂ emissions. CO₂ is the main green house gas responsible for global warming.</p>														
Make/Model	Ford Fiesta 1.4 TDCI ZETEC	Engine capacity (cc): 1399												
Fuel type	Diesel	Transmission type: 5 speed manual												
<p>Fuel Consumption:</p> <table border="1"> <thead> <tr> <th>Drive cycle</th> <th>Litres/100km</th> <th>Mpg</th> </tr> </thead> <tbody> <tr> <td>Urban</td> <td>5.4</td> <td>52.3</td> </tr> <tr> <td>Extra-urban</td> <td>3.8</td> <td>74.3</td> </tr> <tr> <td>Combined</td> <td>4.4</td> <td>64.2</td> </tr> </tbody> </table>			Drive cycle	Litres/100km	Mpg	Urban	5.4	52.3	Extra-urban	3.8	74.3	Combined	4.4	64.2
Drive cycle	Litres/100km	Mpg												
Urban	5.4	52.3												
Extra-urban	3.8	74.3												
Combined	4.4	64.2												
<p>Carbon dioxide emissions (g/km): 117g/km</p> <p>Important note: Some specifications of this make/model may have lower CO₂ emissions than this. Check with your dealer.</p>														

CALIFORNIA



Appendix 3 - International fuel economy labelling schemes

A number of countries around the world have introduced vehicle fuel consumption labels. This section summarises the main features of these schemes.

Typically, vehicle labelling is adopted as an initial step in the approach to improving fuel economy, and to complement other targeted measures. Examples of complementary measures include:

- *financial measures such as tax incentives;*
- *fees and rebates on vehicle purchase price; and*
- *minimum performance standards or manufacturer sales-weighted targets.*

Vehicle fuel economy labelling has been adopted in a number of countries, including Australia, Canada, Sweden, Singapore, China, the United Kingdom and the United States (California), along with the European Union. Although labelling has been adopted in many countries, there are a number of common features. These are:

- *Vehicle labelling schemes worldwide are almost exclusively applied to new vehicles only.*
- *All schemes relate to vehicles registered as passenger cars, and a number of schemes also include light trucks below a specified weight limit.*
- *Most schemes apply to petrol and diesel fossil fuel types, with some providing equivalent information on LPG, CNG and other fuel types.*
- *Some also estimate fuel costs or a comparison of CO₂ emissions.*
- *Most countries have started with a voluntary scheme, although most see the need to move towards a mandatory scheme, due to lack of uptake of the voluntary scheme.*

Research has not identified any schemes which also apply to used vehicles as well as new ones.

INFORMATION ON THE LABEL

Although each country has used a different label format (except for a common format within the European Union), there are a number of common features. Focus group and showroom testing of labels in Europe has reported that label design should be:

- *simple and easily understood;*
- *resistant to manipulation;*
- *durable, to ensure that future vehicles can be meaningfully labelled;*
- *workable, to incorporate factors such as engine size, vehicle mass etc.;*
- *conspicuous and appealing;*
- *acceptable to all stakeholders; and*
- *feasible to industry and car dealers.*

Labels generally take one of two formats. The first is a colour-coded and graded label adopted by the European Union, showing CO₂ emissions, fuel consumption and fuel cost estimates (based on a number of drive cycles and annual distance travelled). The

other is a numerically-based label stating fuel consumption with no comparative data, although some of these give estimated fuel costs per annum as well. In addition:

- *All labels contain information on make and model of the vehicle, to reduce the possibility of an incorrect label being applied to a vehicle.*
- *All labels contain a disclaimer stating the difference between tested emissions/CO₂ value and a practical value, taking into account maintenance, terrain, loading and driving style (excluding California's proposed label).*
- *Most, but not all, labels contain the assumptions for the calculations, such as estimated annual mileage, petrol price, whether air conditioning was on or off, etc.*
- *Some labels provide telephone numbers or websites for additional information on comparative data on vehicle fuel consumption.*

A number of countries (such as Japan and China) use a single green label to reward those vehicles that achieve a specified performance rating, similar to New Zealand's 'EnergyStar' system for some appliances. This 'best in class' rating is a complementary initiative, rather than part of the fuel consumption labelling system itself. This is normally to distinguish the most efficient vehicles within a certain class (such as compact, sedan, etc.) and assist buyers who are only looking at purchasing a particular class of vehicle.

PLACEMENT AND TYPE OF LABEL

The placement of the label refers to where on the vehicle the label should be attached; the type of label specifies whether it is temporary or permanent.

Most of the international schemes investigated had the label attached to the windscreen, usually in the bottom corner on the driver's side, and were removable. Some early schemes in the United States consisted of a permanent label affixed within the engine compartment.

Europe also has a permanent label that is applied to the most economic new cars. This label is put on the car after purchase but acts as a 'best in class' designation, and is therefore distinct from a comparative fuel consumption label.

SYSTEMS AND PROCESSES

These include aspects such as the operation of the scheme, the agency responsible for administration of the scheme, and the monitoring/compliance agency that will enforce the scheme. In Australia's case, it is the vehicle manufacturer's responsibility to not only test the vehicle in accordance with their designated standard, but to also produce and attach the label according to the appropriate design rule.

Appendix 4 - Supplier Information Notice

SUPPLIER INFORMATION NOTICE

(YOU MUST FILL IN ALL RELEVANT PARTS OF THIS CARD)

Supplier's or auctioneer's name, address, and contact information:	Registered motor vehicle trader: <input type="checkbox"/> Yes <input type="checkbox"/> No
	Motor vehicle trader registration number: _____

SALE INFORMATION

Cash price: (incl. GST)	Security interest*:
----------------------------	---------------------

WARNING: A security interest means that this vehicle could be a security for a loan and could be repossessed. You should check the back of this card for information about the Personal Property Securities Register.

Make and model:	Vehicle year*:
-----------------	----------------

Engine capacity:	Operating fuel type:	Vehicle identification number or chassis number:
------------------	----------------------	--

Actual distance the vehicle has travelled*:

Registered vehicle: <input type="checkbox"/> Yes <input type="checkbox"/> No	Registration plate number:
--	----------------------------

Vehicle licence (registration) expiry date:	Re-registered vehicle*: <input type="checkbox"/> Yes <input type="checkbox"/> No
---	--

Warrant or Certificate of Fitness: <input type="checkbox"/> Yes <input type="checkbox"/> No	Year first registered in New Zealand:
Expiry date:	

Road user charges apply*: <input type="checkbox"/> Yes <input type="checkbox"/> No	Outstanding road user charges*: <input type="checkbox"/> Yes <input type="checkbox"/> No
--	--

INFORMATION ABOUT USED IMPORTED VEHICLES (Not required for 'New Zealand new' used vehicles)

Year first registered overseas:	Country where last registered:	Imported as damaged vehicle*: <input type="checkbox"/> Yes <input type="checkbox"/> No
---------------------------------	--------------------------------	---

IF YOU BUY THIS MOTOR VEHICLE, THE SUPPLIER MUST GIVE YOU A COPY OF THIS CARD TO KEEP
I _____ [Name of buyer] have received a copy of this card, including a copy of the information on the back of this card.

Signature:	Date:
------------	-------

FOR INFORMATION MARKED * THERE IS FURTHER INFORMATION ON THE BACK OF THIS CARD
Example 'Supplier Information Notice' developed by the Ministry of Consumer Affairs, November 2003.

SUPPLIER INFORMATION NOTICE - IMPORTANT INFORMATION

YOUR RIGHTS

The law offers protection if you buy a motor vehicle from a motor vehicle trader. However, your rights depend on the type of motor vehicle trader from whom you buy. You can get further information about your consumer rights from a Citizens Advice Bureau, a Community Law Centre or from www.consumeraffairs.govt.nz.

Motor Vehicle Sales Act 2003

This law controls who can trade in motor vehicles. Motor vehicle traders include:

- car auctioneers
- car importers
- car wholesalers
- car dealers
- car market operators.

Under the Motor Vehicle Sales Act:

- a motor vehicle trader must be registered
- a motor vehicle trader must attach this card to a vehicle they display for sale
- a supplier at a car market must attach this card to a vehicle offered or displayed for sale by the supplier
- the motor vehicle trader must provide you with a copy of this card if you buy this vehicle.

You can search the Motor Vehicle Traders Register to find out who is responsible for running a particular motor vehicle trading business and how to contact a motor vehicle trader. You can also search for traders who have been banned.

Visit www.motortraders.med.govt.nz, or email info@motortraders.med.govt.nz or freephone 0800 668 678.

*Security interest

If a finance company or other person lends money to someone to buy a motor vehicle, the lender can register a security interest over the vehicle on the Personal Property Securities Register (PPSR). A security interest means that the lender has rights over the vehicle.

If a security interest is recorded on the PPSR, the supplier must state on the front of this card "There is a security interest registered over this motor vehicle". If you buy a vehicle from a registered motor vehicle trader and you were not told on the front of this card that a security interest is registered, then you receive the vehicle free of the security interest.

This protection does not apply to private sales at car markets. You should check the PPSR to ensure that the motor vehicle you intend to buy is free of a registered security interest. Visit www.ppsr.govt.nz, or email info@ppsr.govt.nz or freephone 0508 777 746.

WARNING: If you buy a motor vehicle that has a security interest registered on the PPSR and the motor vehicle trader discloses the security interest on the front of this card, the vehicle could be repossessed!

Consumer Guarantees Act 1993

This law sets out guarantees that apply to new and used motor vehicles of the kind ordinarily bought for personal, domestic or household use from motor vehicle traders (other than vehicles bought at auctions). Under the Consumer Guarantees Act, the vehicle must:

- be of acceptable quality, taking into account its age, price and condition at the time of purchase
- be fit for any particular purpose you make known to the seller
- match its description
- match any demonstration model
- be free of any undisclosed security interest
- not be stolen.

Fair Trading Act 1986

This law makes it unlawful for motor vehicle traders to engage in misleading or deceptive conduct, or make false or misleading representations about vehicles that they are offering for sale.

Under the Fair Trading Act, representations made by a motor vehicle trader about the vehicle you are buying must be true and the information on the front of this card must be correct.

Fair trading complaints can be taken to the Motor Vehicle Disputes Tribunal (see details below) or made to the Commerce Commission. To contact the Commerce Commission, email contact@comcom.govt.nz or freephone 0800 943 688.

Motor Vehicle Disputes Tribunal

The Motor Vehicle Disputes Tribunal can hear and determine applications or claims made against a motor vehicle trader under the Sale of Goods Act 1908, the Fair Trading Act 1986 and the Consumer Guarantees Act 1993. The Tribunal can hear claims of up to \$50,000. Visit www.justice.govt.nz or freephone 0800 FOR MVDT (0800 367 6838).

Checking vehicle details

You can make an application to an authorised agent of the Land Transport Safety Authority to check if a motor vehicle has been reported stolen and to check vehicle registration details. To obtain this information you will have to complete an application, show identification and pay a fee. Visit www.motochek.co.nz or freephone 0800 108 809.

*Vehicle year

The "vehicle year" can be either the calendar year in which the motor vehicle was manufactured or the model year as designated by the manufacturer.

*Actual distance the vehicle has travelled

You should not place too much importance on the odometer reading when buying a used motor vehicle. There is a risk with any used vehicle that the odometer has been wound back. A vehicle's mechanical condition is a better indicator of its quality. You may wish to have a vehicle checked by a person with mechanical knowledge before you buy.

On the front of this card suppliers must state one of the following:

- the odometer reading; or
- "I [name of supplier] cannot accurately determine the actual distance this motor vehicle has travelled because the odometer reading may be inaccurate."; or
- "This motor vehicle's odometer reading is inaccurate."

Stating an incorrect odometer reading is a breach of the Fair Trading Act 1986.

*Re-registered vehicle

Re-registration is necessary if a motor vehicle's registration has been cancelled. Common reasons for cancelling registration include vehicles being "written off" by insurance companies, destroyed or rendered useless, or having been unlicensed for more than one year.

*Outstanding Road User Charges

All diesel powered motor vehicles and vehicles over 3,500 kg are subject to road user charges. To pay the charges you must buy a Road User Charge licence. To find out more from the Land Transport Safety Authority, visit www.ltsa.govt.nz. To find out where to buy a licence, contact the Road User Charge helpdesk on freephone 0800 655 644.

*Imported as a damaged vehicle

The Land Transport Safety Authority records whether or not imported used vehicles had obvious structural damage or deterioration identified at the time of import. However, the extent of the damage is not recorded. Neither is any damage that may have occurred in New Zealand. You may wish to have a vehicle checked by a person with mechanical knowledge before you buy.

YOUR RESPONSIBILITIES

Within seven days of purchasing or obtaining a motor vehicle you must complete a Notice of Change of Ownership and present it, along with the change of ownership fee and the necessary owner identification, to an authorised agent of the Land Transport Safety Authority. To find out more, visit www.ltsa.govt.nz or freephone 0800 108 809.