



**10.1 EMISSION REQUIREMENTS FOR CAR SHARE VEHICLES**

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**1. PURPOSE**

1.1 This report seeks to clarify and amend the tailpipe emission requirements placed on Car Share Providers under Council's Car Share Policy 2016-2021.

**2. EXECUTIVE SUMMARY**

- 2.1 Council's endorsed Car Share Policy 2016-2021 (Car Share Policy) currently includes a 2017 baseline tailpipe emissions level of 175 grams of carbon dioxide equivalent emissions per kilometre (gCO<sub>2</sub>e/km) and an annual progressive tailpipe emission reduction target of 15 gCO<sub>2</sub>e/km.
- 2.2 Council's policy can be interpreted as a per-vehicle requirement or an averaged requirement across a fleet and car share providers are seeking clarification of this element.
- 2.3 Car Share Providers have communicated to Council that it will be difficult for them to provide the range of vehicles demanded by the market if each vehicle is required to meet the future emission reduction targets included in the Car Share Policy and seek clarification that a fleet-wide emission target is appropriate.
- 2.4 The fleet renewal cycle of approximately three years means that improvements in emissions take time to flow through as cars are progressively replaced. Car share providers are seeking that Council review the annual progressive tailpipe emission reduction target to a more achievable level to ensure the ongoing viability of their fleets.
- 2.5 Council officers recommend Council respond to these concerns by clarifying fleet-wide emission targets for passenger vehicles as opposed to per vehicle targets, and to relax the progressive improvement requirement to a more manageable level of 5 gCO<sub>2</sub>e/km for the remainder of the policy period.
- 2.6 Fleet-wide emission requirements and lower reductions in annual emissions will allow providers to offer a range of vehicle types, increasing the attractiveness of Car Share as a travel choice and alternative to car ownership.
- 2.7 Council will be able to again revise targets as the policy period approaches closure in 2021



### 3. RECOMMENDATION

That Council:

- 3.1 Endorses the approach of average fleet-wide tailpipe carbon dioxide equivalent emission targets for car share passenger vehicles.
- 3.2 Endorses the progressive improvement of tailpipe carbon dioxide equivalent emissions in its Car Share Policy 2016 – 2021, be amended from 15 grams of carbon dioxide equivalent emissions per kilometre to 5 grams of carbon dioxide equivalent emissions per kilometre, using a 2018 baseline of 160 grams of carbon dioxide equivalent emissions per kilometre
- 3.3 Amend the wording of the relevant passage in the Car Share Policy 2016-2021 to read: “Average emissions for passenger vehicle fleets of 160 grams of carbon dioxide equivalent emissions per kilometre in 2018, reducing by 5 grams per kilometre annually until 2021.”

### 4. KEY POINTS/ISSUES

- 4.1 Council’s endorsed Car Share Policy 2016-2021 currently includes a baseline tailpipe carbon dioxide equivalent (CO<sub>2</sub>e) emissions level and annual progressive tailpipe carbon dioxide equivalent emission reduction targets as an initiative to improve the emissions profile of all car share providers’ fleets.
- 4.2 In 2018, many the Car Share Providers have indicated that this target may not be practically achievable during the later years of the policy due to the vehicle technology on offer and Council officer’s investigation supports this concern.
- 4.3 Operators require time for planning for fleet management (cars are typically in fleets for three years) and have requested that Council considers a review of the current tailpipe emission targets to facilitate fleet planning.
- 4.4 Tailpipe carbon dioxide equivalent emission levels were set at 175 gCO<sub>2</sub>e/km in the Car Share Policy 2016- 2021 and are intended to become progressively more stringent year by year, with the following included in the policy:  
*“Average emissions for passenger vehicles of 175 grams per kilometre in 2017 reducing by 15 grams per kilometre annually to 115 in 2021.”*
- 4.5 The current performance is averaged at 160 gCO<sub>2</sub>e/km for passenger vehicles, indicating that the policy has been effective in reducing fleet emissions.
- 4.6 The current wording of the policy can be interpreted as a per-vehicle requirement or an averaged requirement across a fleet and car share providers are seeking clarification of this element.
- 4.7 Clarifying that fleet-wide average emissions are appropriate and would allow operators to offer its members a degree of choice by providing a range of vehicles including larger vehicles with higher emissions, balancing impact with lower emission vehicles.
- 4.8 In Australia no low CO<sub>2</sub> emission standards or targets have been prescribed by state or federal governments, and fleet composition has been influenced by local car production historically – typically higher-emission vehicles. Car share providers tell us that the



emission requirements in Council's Policy may not be feasible for car share providers and impact on commercial viability and service offering as a result.

- 4.9 In addition, operators report waiting times of up to nine months for delivery of hybrid vehicles which would be needed to achieve targets while maintaining a diverse fleet without providers including diesel cars into fleets.
- 4.10 The emission reduction requirement included in our policy was based on 2021 emission targets for passenger vehicles from Europe (95 gCO<sub>2</sub>e per kilometre – where diesel vehicles are common) and USA (107 gCO<sub>2</sub>e per kilometre) with annual incremental requirements chosen to approach these targets.
- 4.11 Overseas emission standards and reduction targets for passenger vehicles set at state and federal government levels have resulted in better access in the European Union and the United States of America to lower emission vehicles than currently exists in Australia.
- 4.12 The City of Sydney, has a car share emission requirement of less than 175 gCO<sub>2</sub>e/km (with no reduction in emissions over subsequent years).
- 4.13 Independent research commissioned by Council found that encouraging membership in car share schemes (and the accompanying halving in kilometres travelled) has greater benefits than reducing emissions for specific vehicles. Research shows that inner city car owners drive 5,000km per year. If a Port Phillip resident who was driving 5,000km using a vehicle that emits 175 gCO<sub>2</sub>e/km producing 875kg of CO<sub>2</sub>e annually joins car share and halves the distance they drive (even with the same emissions) they would save 437.5kg CO<sub>2</sub>e through changes to driver behaviour. This is more than 10 times the saving from improving vehicle emissions performance each year.
- 4.14 It is proposed that the progressive tailpipe emission target in Council's Car Share Policy continue from a baseline level of 160 gCO<sub>2</sub>e/km (achieved in 2018), and reduce by 5 gCO<sub>2</sub>e/km (rather than 15 gCO<sub>2</sub>e/km) annually across the fleet.
- 4.15 By reviewing and clarifying the emissions requirements, Council will be responding to both the feedback of existing Car Share Providers and the preferential needs of users.
- 4.16 It's likely that lower emission cars will become more widely available in Australia, as electric and hybrid vehicles become mainstream, Council will be able to again revise targets as the policy period approaches closure in 2021.

## 5. CONSULTATION AND STAKEHOLDERS

- 5.1 Council officers wrote to the five qualified Car Share Providers for feedback on both applying average fleet-wide emission targets and a progressive improvement of 5 gCO<sub>2</sub>e/km each year from 2018.
- 5.2 Three of the five Car Share Providers responded, with all three providers indicated that their members want a range of vehicle types including larger passenger vehicles and supported a cleaner environment including lower emissions.
- 5.3 All three providers supported average fleet emissions that would allow some higher emission vehicles if their impact was moderated by more efficient vehicles.
- 5.4 Providers have indicated that their fleet renewal cycle is up to three years in length.
- 5.5 All three providers supported a progressive improvement of 5 gCO<sub>2</sub>e/km each year from 2018 and combining this with fleet-wide averages.



## 6. LEGAL AND RISK IMPLICATIONS

- 6.1 Advice from Council's contracts area is that a new contract with car share providers is not required and a change to emission requirements could be made using a variation.
- 6.2 There is little risk that car share providers will contest these changes and that the progressive improvement of 5 grams carbon dioxide per kilometre each year from 2018 emission can be achieved. Three of the five qualified car share providers have already provided written support for the updated requirements.
- 6.3 The reputational risk associated with reducing the progressive tailpipe emissions target is offset by the increasing uptake of car share across the municipality.

## 7. FINANCIAL IMPACT

- 7.1 Low emission hybrid vehicles have higher purchase or lease costs than conventional petroleum fuelled counterparts. Car share vehicles tend to be driven short distances so that fuel savings don't compensate for the additional upfront costs of low emission vehicles.
- 7.2 Choosing to maintain existing emission requirements is likely to result in car share providers passing along additional costs to their members which is likely to slow the expansion of car share services in our city. This may result in higher levels of car ownership and local parking pressures.

## 8. ENVIRONMENTAL IMPACT

- 8.1 Research completed on behalf of Council by Phillip Boyle and Associates found that encouraging membership in car share schemes (and the accompanying reduction in kilometres travelled) was more important than reducing emissions for specific vehicles.

## 9. COMMUNITY IMPACT

- 9.1 Car share benefits everyone – not just members – by reducing car ownership and car travel resulting in less competition for car parking spaces, improved amenity and less local traffic.
- 9.2 Choosing to maintain existing emission requirements is likely to slow the growth of car share in our city and reduce community benefits.

## 10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

- 10.1 Policy priorities and settings for managing car share align with the Council Plan:
- 10.2 Demand for parking and car travel is moderated as our city grows.
- 10.3 Expand the on-street network of car share vehicles. It will assist Council to respond to parking pressures and encourage travel mode shift by supporting more options about how to travel.
- 10.4 Expanding car share helps facilitate travel choices contributes to the delivery of "Action 34: Continue to deliver more convenient car share locations with providers and encourage car share provision in new developments" contained in Council's draft MOVE, CONNECT, LIVE: Integrated Transport Strategy 2018 – 2028.



## **11. IMPLEMENTATION STRATEGY**

### **11.1 TIMELINE**

- 11.1.1 Officers to update the wording of the Car Share Policy to implement Council's resolution on this Council Report.
- 11.1.2 Officers to notify Car Share Providers in September of Council's position regarding emission requirements for car share vehicles.

### **11.2 COMMUNICATION**

- 11.2.1 Port Phillip is the only city in Australia that has set ambitious expansion and membership targets which will drive more significant emission reductions than requiring improved vehicle performance.
- 11.2.2 Port Phillip is also the only city in Australia that requires annual improvements in performance standards. Revised emission requirements for car share passenger vehicles are practical and achievable while encouraging car share providers to improve vehicle emissions.
- 11.2.3 Council will be able to again revise targets as the policy period approaches closure in 2021.

## **12. OFFICER DIRECT OR INDIRECT INTEREST**

- 12.1 No officers involved in the preparation of this report have any direct or indirect interest in the matter.

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**ATTACHMENTS** 1. Average Car Share Utilisation