

Project Manager
NEPC Service Corporation
Level 5/81 Flinders Street
Adelaide SA 5000

26th July, 2010

Subject : Comments on RIS "Reducing Emissions From Non-Road Spark Ignition Engines and Equipment"

To Whom It May Concern:

We are a retail boat dealer located in Burleigh Heads on the Gold Coast and have been in business for 15 years. We are the authorized agents for Yamaha Outboards, Stessco Boats, Yaltacraft fibreglass and Brooker Aluminium.

Marine Tune is Australia's largest dealer for every product we sell and our sales account for hundreds of jobs throughout our country. A decision to propose such regulations on outboard engines and boat evaporative emissions will have a detrimental effect on many jobs in these companies. I respect that in the long term these regulations will be endorsed by us all but we need a certain amount of time to develop our business strategies for our future. This will include the redesigning of boats and outboards. At present the companies pushing the change like Honda, Etec and Suzuki don't manufacture carburetted 2 stroke engines so they will not be affected by these new regulations. They are responsible for less than 30% of sales made in Australia. The other two companies Yamaha and Mercury Marine manufacture over 70% of Australia's outboards.

These two companies need time to introduce a complete 4 stroke range of outboards or fuel injected 2 stroke. We owe them at least that as they have been responsible for the development of the Marine Industry in the past. We should not allow other manufacturers to be able to dictate terms when they are not leaders in the market today. Most of the people who owned a Marine Dealership in the past 2 years have closed due to our economic downfall. On the Coast alone we had 10 dealers and we now have 3 left. I might also add the effects this will have on the Marine Industry as 4 stroke engines over 100hp have a price increase of over \$5000 on the same 2 stroke power. Most families would not be able to afford a boat now in these economic times. Please allow a 5 – 10 year plan so we may get back on our feet during these hard times and let the manufacturers have time to develop the product to meet the new regulations, the 2012 deadline is just too soon.

Summary of issues created by myself and Yamaha are as follows.

- Boat Evaporative Emissions – The proposal is that the boat evaporative emissions requirements go into effect in 2012. First, some of these requirements are not even required in the US EPA rule in 2012. Secondly, the 2012 model year for many boat manufacturers starts in July 2011. Since we have yet to see the actual regulation, and would expect it to take at least the rest of the year to finalize it, this is only giving boat builders and dealers 6 months to completely re-engineer the boat fuel system. This will also require components (low permeation hoses, anti-spitback deck fill, carbon canisters, grade valves, low permeation fuel tanks, etc.) that are not currently available in Australia, and in fact are just being developed in the US. US EPA has

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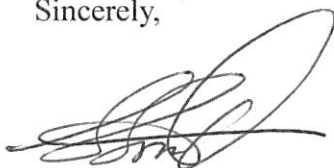
- given the US boat builders several years to comply with this regulation and we understand it is still a challenge. We suggest that these requirements be pushed out to at least 2015 to give a reasonable time to develop compliant systems.
- Engine Requirements – The proposal discusses engines meeting the EPA 2010 rule in 2012. This is very unclear as there are engine requirements in the EPA rule that are not effective until 2013 – 2105.
- Conventional 2 Stroke Outboards – We have boats and transoms that will need to be redesigned to accommodate 4 Stroke or Direct Injected 2 Stroke Outboards. These engines are generally heavier than conventional 2 Stroke engines. We need additional time and a phase-out period. Also, there are markets where a very lightweight engine is required by the users.
- The cost/benefit analysis shows almost the same results for full implementation in 2012 vs. a phased-in approach.
- This proposal may remove several very clean engines from the market because they are slightly above the standard. These engines averaged in for the EPA rule. These engines are 90% cleaner than the 2 Stroke engines they may replace. Losing these engines from the market will reduce consumer choice and discourage some people from replacing a high emitting engine with a low emitting engine.

Our industry has been hit very hard by the recent economic recession as our products are mostly discretionary purchases. All of these requirements are adding cost to our products, in many cases thousands of dollars. We urge you to consider the above issues, and business consequences, if you go forward with a regulation.

I believe that I would be forced to evaluate the number of my employees under your proposed implementation date of 2012 with a view to reducing the number of staff I have by anywhere up to 10. This would have a profound affect on these families especially in today's market place and economic outlook.

The Manufacturers I deal with in Australia who employ hundreds of personel, I suspect will also suffer and have to reduce their staff as it will have a domino affect on all of us.

Sincerely,



Steve Smith



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