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Director, Fuel Efficiency Standards
Surface Transport Emissions and Policy Division
Department of Infrastructure, Transport, Regional Development, Communications & the Arts
GPO Box 2154
CANBERRA ACT 2601

Submitted online via [Have You Say](https://www.infrastructure.gov.au/infrastructure-transport-vehicles/vehicles/fuel-efficiency-standards/new-vehicle-efficiency-standard-cleaner-cheaper-run-cars-australia-have-your-say)
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Dear Director

Re: New Vehicle Efficiency Standard – Cleaner, Cheaper to run Cars for Australia

The Southern Sydney Regional Organisation of Councils (SSROC) is an association of twelve local and municipal councils in the area south of Sydney harbour. SSROC provides a forum for the exchange of ideas between our member councils, and an interface between governments, other councils and key bodies on issues of common interest. The SSROC area covers central, inner west, eastern and southern Sydney, an area with a population of over 1.8 million and contributes much of Sydney's gross domestic product.

SSROC welcomes the opportunity provided by the Australian Government for comments on the final design of a New Vehicle Efficiency Standards that would see Australia join the other members of the OECD in having standards in place and promoting more environment-friendly and fuel efficient cars.

We understand that feedback on the consultation paper will inform development and implementation of the New Vehicle Efficiency Standard and attract global cleaner vehicle manufacturers to Australia. This is a welcome development.

Our comments are offered below.

Government commitment to cut CO₂ emissions

SSROC welcomes Australia Government commitment to cut CO₂ emissions to zero by 2050. Though arguably, 2050 target is not soon enough. A pathway for attaining zero emissions for new car sales earlier could be modelled and encouraged.

New Vehicle Efficiency Standards will set Australia on a clear pathway to reducing emissions of all new cars. It aligns Australia with other markets like New Zealand, the United States and United Kingdom. The eventual legislating of the efficiency standards as identified in the timeline is supported.

Several council members of SSROC have set targets to reach net zero before or by 2050 and the proposed efficiency standards will further assist councils and the community to achieve or exceed the targets.

SSROC also supports the Government's objectives to pursue emissions reductions in every sector including light passenger and light commercial vehicles. Many SSROC member

councils have already started the process of fleet transition to EV. Good understanding of the challenges councils face in various states and jurisdictions to inform targeting of incentives for smoother, quicker and wide council fleets' transition is necessary.

Principles and factors for New Vehicle Efficiency Standard

SSROC supports the guiding principles outlined in the National Vehicle Efficiency Standards such as effectiveness in reducing CO₂, equitable access, simplicity and transparency.

It would be helpful to incorporate an enabling framework for fleet owners to fast-track transition to EV options, and to embed this through principles crafted for the new standards.

The factors that can hinder achieving the objectives of the New Vehicle Efficiency Standards are all relevant. Consumer awareness and education is particularly important for sections of our community, including the culturally and linguistically diverse communities. Councils are in a position to contribute to messaging for local communities to understand new emissions standard and new EV technology.

Fuel Efficiency Standards are good for community

The New Vehicle Efficiency Standards will have many benefits for community, including improved fuel efficiency reducing vehicle running cost and for public health through improved air quality. Efficiency in fuel consumption can lower community's greenhouse gas emissions and enhance cleaner environment. It also benefits public transport and lowers operational costs for council and others' vehicle fleets. The Climate Council has estimated that fuel efficiency standard could save consumers up to \$10,000 over the lifetime of a car, and bring up to \$13.6 billion in benefits to the country.

The New Vehicle Efficiency Standards will cap pollution from new cars. Reduced pollution levels lead to cleaner air and improves overall community health and wellbeing.

The new standards will promote fuel-efficient and zero tail-pipe emission vehicles, contributing to community, national and global efforts to combat climate change.

Emission credits and super-credits

SSROC supports the introduction of credits and super-credits, an approach where vehicle suppliers that beat the target get credits and suppliers that do not meet targets get emission debits and both credits and debits can be banked and traded.

Emissions credits will, overall, encourage vehicle suppliers to sell cars with emissions levels below the target, and incentivise them to bring their cleanest and cheapest cars to the Australian market, providing more options for consumers. (Australia currently has only 50 models of EV available, compared with 200 in Europe.) It is important that the trading of credits and debits is not misused and hence slow the momentum towards the national net zero target. Use of debits and swapping with credits has expiration timelines after which penalty is paid. These need to be reviewed with time towards fast tracking the attaining and surpassing the emissions target.

The New Vehicle Efficiency Standards make provision for the use of super-credits which apply to certain types of vehicles. For example, Option A proposed in the standard has super-credit for every electric vehicle supplied (3 x multiplier) and plug in hybrid (2 x multiplier) and an efficient internal combustion engine (1.5 x multiplier).

The multipliers would need to be tracked and reviewed for effectiveness, always with the goal of fast tracking net zero emission, particularly to facilitate the nation reaching the target much earlier than 2050.

Recommendations

Recommendation 1:

SSROC member councils would be broadly supportive of the Australian Government legislating Option B to take effect by 1 January 2025. The proposed annual review cycle should incrementally increase the rate of emissions reductions.

Option B will achieve a 61 per cent reduction in average new car emissions from 2024 to 2029 and reach alignment with the USA around 2028. It is an ambitious standard that returns a high net benefit and a strong positive benefit-cost ratio.

Option B is also likely to ensure that Australia's fuel efficiency standards are mandatory and legislated, and set to position Australia to attain zero emissions for all new car sales by 2035. It will also limit or avoid excess credits that undermine the effectiveness of fuel efficiency standards.

The New Vehicle Efficiency Standard will assist with the delivery of aims and actions of EV and emissions-related strategies such as the City of Sydney's Electrification of Transport in the City Strategy and Action Plan and the City of Canada Bay's Electric Vehicles Charging Strategy and Policy.

Recommendation 2:

Local Councils largely operate fleets of light vehicles and heavy vehicles. The New Vehicle Efficiency Standard needs to set emissions limits for heavy vehicles as well.

Heavy vehicles are major contributors to emissions. Presently, there are no cost-effective heavy fleet electric options available to councils or other heavy vehicle fleet owners. It is unfortunate that the proposed Standards do not apply to heavy vehicles, and this should be reviewed as low- and no-emission heavy vehicle become available. Even if not through the proposed Standards, the Australia Government should devise mechanism for heavy vehicle retailers to prioritise low- or zero-emissions heavy vehicles.

It is welcome that the Australian Government is developing national transport sector decarbonisation plan. SSROC suggests that the plan cover emissions targets for heavy vehicles and explore possible pathways for existing cars and light commercial vehicles.

SSROC is facilitating member councils' Fleet Managers work to ensure a regional approach to electrification of light and heavy vehicles. Setting emission standards for heavy vehicles will assist the managers in their forward planning for fuel efficient and low emissions fleet options for our 12 member councils.

Recommendation 3:

The Australian Government must develop and legislate the New Vehicle Efficiency Standards taking into account the need for EV charging

infrastructure to service the anticipated increase in EV and low emissions vehicle options that the Standard is likely to boost.

As EV take-up gathers momentum in the Australian community, councils are trying to respond to present and future EV infrastructure needs. While the Australian Government has limited grants open to councils for EV infrastructure, a better approach would be to engage councils for their specific approaches and response. SSROC has a regional approach to EV infrastructure and would welcome opportunity to partner with State and national agencies.

For example, SSROC's EV Working Group is working towards developing EV Development Control Plan for residential and commercial developments. EV funding and enablement grants need to recognise regional differences and priorities. A bottom-up rather than top-down approach in this regard will be mutually beneficial for government, community and industry.

Recommendation 4:

The emissions credit multipliers need to be tracked and reviewed for effectiveness, always with the goal of fast-tracking net zero emissions, particularly to facilitate reaching the target much earlier than 2050.

The use of emissions credit, while a good approach overall, should be tracked and reviewed over time. For example, the swapping of credits and debits should be calibrated in a way to avoid unintended effects such as misuse of the scheme to and slowing the attainment of national net zero emission target.

Recommendation 5:

Co-created and innovative approach to fast-track smooth transition and broad take-up of the new efficiency standards by fleet owners such as councils.

An enablement framework for local government and non-government fleet owners to fast-track transition to EV options would help, and should incorporate principles crafted for the new standards.

Conclusion

Thank you for the opportunity to contribute this submission on the New Vehicle Efficiency Standards. Australia adopting a standard is most welcome. It will enable Australia to join the other OECD countries that already have standards. It has potential to enable the Australia to attain net zero emissions more quickly since cars contribute 13 per cent of the nation's greenhouse emissions, particularly CO₂.

In order to make this submission within the timeframe for receiving comments, it has not been possible for it to be formally reviewed by councils or to be endorsed at a formal meeting of SSROC. I will contact you further if any issues arise as it is reviewed.

If you have any queries, please do not hesitate to contact me or Vincent Ogu, SSROC Program Manager on 8396 3800.

Yours faithfully



Helen Sloan
Chief Executive Officer
Southern Sydney Regional Organisation of Councils