



31 May 2023

## FORD AUSTRALIA COMMENTS ON THE COMMONWEALTH GOVERNMENT'S CONSULTATION ON A FUEL EFFICIENCY STANDARD FOR AUSTRALIA

Ford Australia welcomes the opportunity to provide input to the Australian Government's consultation which considers a national fuel efficiency standard (FES) for the new vehicle fleet. As a member of the Federal Chamber of Automotive Industries (FCAI), Ford Australia has also engaged constructively in providing its perspective to the submission made to this consultation by the FCAI on behalf of its membership.

### Ford's Viewpoint

Ford Australia's parent company, Ford Motor Company, aspires to carbon neutrality globally by 2050 and is investing significantly and deeply in its supply chain, products and facilities to transform its business.

Ford Australia supports the introduction of a national, technology-neutral fleet FES, one which is designed to lower greenhouse gas emissions from vehicles whilst enabling the availability of affordable vehicles which Australian motorists choose and need for their mobility requirements.

Ford Australia views the introduction of a fleet FES as part of the comprehensive, national strategic framework to decarbonise the vehicle fleet, underpinned by measures contained in the Australian Government's 'National Electric Vehicle Strategy', and facilitated by planned improvements to the fuel quality standard and the introduction of Euro-6 emissions standards for new light vehicles.

Ford Australia considers these measures as necessary for providing the certainty for vehicle suppliers to the Australian market, given the automotive industry's relatively long time horizons for planning and delivering investments in new vehicle programs.

### Ford Motor Company as a Leading Global Investor in Electrically Powered Vehicle Technologies

As this transformation in personal mobility gathers in both pace and scale, Ford Motor Company's operations and its customers around the world will benefit from its commitment and drive to create a better, more sustainable mobility future.

### What is Ford Motor Company Doing Globally?

As a leading global investor in electric vehicles, Ford Motor Company is delivering on its stated goal of a low-emissions future by:

1. Joining the ambitious 'RouteZero' initiative, a global coalition working towards all sales of new passenger cars and vans being zero emission vehicles by 2035 in leading markets and by 2040 in all markets
2. Progressing plans to reach a targeted annual run rate of 600,000 electric vehicles by the end of 2023 and more than 2 million by the end of 2026, with more than half its global production to be EVs by 2030
3. Committing more than US\$50 billion globally from now until 2026 to the development of its electric vehicle product plan, including investments in new and refurbished manufacturing facilities, and battery technologies
4. Electrifying Ford's iconic nameplates such as F-Series pickup truck (the F-150 Lightning) and Transit Van (E-Transit and E-Transit Custom), making an immediate and significant impact in these high-volume, global market segments



5. Scaling production to meet increased demand for the Ford Mustang Mach-E – a fully electric compact SUV Crossover – designed to reach a new type of customer to demonstrate the capabilities of this emerging technology
6. Collaborating with other industry participants across the supply chain such as SK Innovation to accelerate technological developments and bring to market its electric vehicle products
7. Striking arrangements across the globe for the sustainable and ethical sourcing of the critical minerals and rare earths required in the production of electric vehicle components and batteries
8. Establishing 'Ford Model e' as the company's centre of innovation and growth for electric vehicles
9. Continuing to offer a full range of propulsion technologies to meet the mobility requirements of consumers for a variety of uses and in a variety of operating environments.

### **What is Ford Australia Doing Locally?**

Ford Australia is working to implement many of the benefits that flow from the above commitments and actions at a local level, and where it makes sense to do so, by:

1. Introducing the E-Transit commercial van as its first fully electric vehicle (now on sale) to support local businesses in reducing their fleets' emissions, with the E-Transit Custom arriving in 2024
2. Offering the fully electric Mustang Mach-E BEV (on sale during 2023), and the Puma BEV (on sale during 2024) to Australian consumers who are considering electrified mobility for their next vehicle
3. Working with fleet partners across Australia to understand their mobility requirements – from city driving and goods delivery through to heavy towing and haulage in some of the most remote locations in the world – as they look to decarbonise their fleets as part of their own carbon neutrality commitments
4. Collaborating with Ford counterparts around the world to ensure Australian consumer preferences are considered in planning for the company's programs and technologies of the future that will best meet their diverse requirements
5. Working with Ford dealers as they invest in the skills, tooling and facilities that will be needed to sell and service Ford's next generation of vehicles.

### **Comments on Specific Aspects of the Consultation Paper**

#### **A National Fleet FES for the Australian Market**

Ford is committed to expanding its line-up of electrically powered vehicles in Australia, noting that Australia is a market with a broad and diverse mix of product types. While certain electrified passenger vehicles are available to be launched in the near term, other product types are still being developed to meet Australian consumers' demands. Pickup trucks such as the Ford Ranger and offroad SUVs such as Ford Everest, for example, offer a unique combination of towing capacity, payload carrying capability, and off-roading performance all within a relatively compact package. This makes them extremely attractive propositions for Australians looking to have one vehicle for both work and play, that can be at home in both the bush and in urban areas. Ranger, in particular, is designed for both personal and commercial use and is a critical business enabler that supports primary producers, tradespeople, and other small businesses.

Engineering and manufacturing products in these segments in electrified form and delivering these at scale, while maintaining their affordability and capability, is a challenge facing all markets as they transition to lower emitting fleets. A fleet FES that incentivises the rapid deployment of the electrified passenger and commercial vehicles available today in other global markets, while recognising that technologies to deliver electrified pickups and offroad SUVs are still emerging, will be key for the successful achievement of the policy objectives of reducing greenhouse gas (GHG) emissions and supplying Australian motorists with the types of vehicles they require. To further complement such a fleet FES design and accelerate uptake of the technology, Ford recommends the



broadening of the 0% import duty scheme applicable to BEV and PHEV passenger vehicles to include PHEV and BEV light commercial vehicles.

#### **Considerations for Fleet FES Administration**

Ford Motor Company operates in many jurisdictions around the world that have enacted fleet FES legislation. Experience shows that consideration needs to be given upfront to the methods and supporting systems used in the administration of such a scheme. Prioritising the development and testing of software tools is paramount to launching a reliable and robust fleet FES as early as possible. Correctly accounting for vehicle sales that are attributable to a supplier, accurately applying the GHG output of these vehicles, accounting for relevant credits, and tracking prior credits that can be applied or traded is a task of significant complexity and administrative effort.

Accurate Sales Tracking, CO2 Accounting, and Credit Banking systems will be needed, whether administered by a regulatory authority or each supplier separately – or a combination of both. As in all other fleet FES systems around the globe, including mature systems such as those of Europe, there will need to be a process of data verification / correction for each individual supplier. Many months of development and testing is needed to ensure the system and processes are fit for purpose prior to being deployed for use. Ford Australia recommends that the Government prioritises developing the administration mechanisms (systems and processes) while legislative activities are in progress to ensure robustness of systems prior to enactment of the fleet FES. Alternatively, consideration should be given to commencing the fleet FES with a monitoring-only phase to allow all parties to use and test tools and processes prior to the commencement of any penalty. Furthermore, attention needs to be given to addressing user feedback regarding the administration tools and processes in a timely manner.

#### **Equitable Access to Charging Infrastructure**

Uptake of electrified vehicles will accelerate globally in the coming years which will require governments to incentivise, promote, and invest in the installation of electrified vehicle charging infrastructure. In Australia, the car parc is projected to have around 1.3 million vehicles requiring chargers by 2030 even without a legislated fleet FES. The National Electric Vehicle Strategy issued in April 2023 targets having chargers 'on average every 150 kilometres' on major highways.

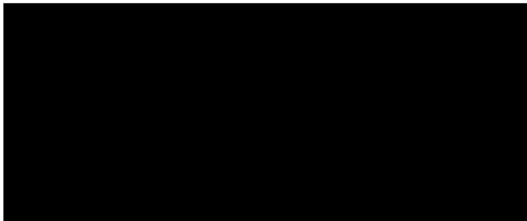
The US Federal Government by comparison, is providing incentives for States to install charging stations only 50 miles (80km) apart, is mandating that these be fast chargers, and ensuring that stations have capacity to charge at least four vehicles simultaneously. Australian governments should plan for increased investment in charging infrastructure and take steps now to ensure that these critical technology enablers are in place before the electric vehicles that will come to Australia are in the hands of consumers.

In urban areas, Ford Australia encourages the Government to consider incentives to provide charging solutions for apartment dwellers and those who live in areas with on-street parking only, to ensure equal access to charging stations and enable an equitable uptake of electrically powered vehicles for all Australians. Similarly, charger availability in office buildings and shopping centres, both new and existing, must be key considerations in planning for future charging infrastructure. Private and government charging networks need to operate in full cooperation, sharing information on their status, capacity, and availability publicly. In this way electrified vehicle users can find and employ the fastest, most cost-effective means to power their vehicles and enable Australia's GHG reduction ambitions.



### **Conclusion**

Globally, Ford Motor Company is making substantial investments in developing the technologies and scaling the capacity that will be needed to better align supply with growing demand for electrically powered vehicles in advanced and emerging markets. As the vehicles from these investments become available more widely during the second half of this decade, Ford's customers including those in Australia will benefit from the ability to select from a range of electrically powered vehicles for their mobility requirements. A well-designed, technology-neutral fleet FES supported by matched charging infrastructure will encourage fleet renewal while encouraging automotive manufacturers to supply the diverse types of accessible vehicles that Australians want and need for their work and leisure.



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