



Submission by
Lexus
to the
Fuel Efficiency Standard
Consultation Paper
May 2023

Lexus Australia (Lexus) thanks the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA) for the opportunity to respond to the 'Fuel Efficiency Standard – Cleaner and Cheaper-to-run Cars for Australia' consultation paper (FES).

Lexus is a luxury-focused brand that has been in the Australian market since 1990 with a national network comprising 22 dealers across 29 sites delivering a range of premium light vehicles.

We are committed to the goal of 100% electrification by 2030 with our vehicle line up comprising hybrid (HEV), plug-in hybrid (PHEV) and battery electric (BEV) and by 2035, Lexus globally is seeking to shift to 100% zero emissions vehicles (ZEV).

Overall, Lexus supports the introduction of a national Fuel Efficiency Standard for light vehicles which sets challenging but achievable targets working towards the primary goal of emissions reduction.

Lexus is a member of the Federal Chamber of Automotive Industries (FCAI), and broadly endorses their submission to the 'Fuel Efficiency Standard – Cleaner and Cheaper-to-run Cars for Australia' consultation paper (FES).

International benchmarks show that a holistic package of arrangements are needed including: targets, support towards infrastructure, consumer incentives, credits, and other complimentary policy measures. Without this holistic approach there is a risk of driving vehicle prices up and/or restricting or eliminating availability of some makes and models.

The Australian market is multi-faceted and requires a considered approach to implementing a FES and the FCAI current industry code provides a logical baseline.

Key points

- Principles: Lexus agrees with the principles set out in the Consultation Paper.
- Targets: Targets need to be established and be appropriate to the Australian context. A target number is really only one element of a broader package of arrangements that need to be viewed holistically.
- Timeframe: Lexus believes that a cautious start – finish strong is the appropriate approach, incorporating a long-term visionary target (10 years) with built-in periodical reviews every 3 years.
- Penalties: Lexus acknowledges that penalties are logical in the context of a mandated scheme as they send a signal to suppliers but should be considered as a last resort.
- Credits & Multipliers: Lexus sees these as being an important function of a robust FES scheme. Super credits, off-cycle credits, air conditioning refrigerant gas credits, etc. are important mechanisms to encourage supply to market.

The industry voluntary scheme, as managed by S&P Global, provides a readily available and robust source of data and reporting tool suitable for a mandated Australian FES.

In conclusion, Lexus welcomes the policy certainty that an Australian FES will deliver, and we look forward to continuing to work with government.