30 May 2023

For the better

The Department of Infrastructure, Transport, Regional Development,
Communications and the Arts
Via email: cleanercars@infrastructure.gov.au

RAC Response to the Department of Infrastructure, Transport, Regional Development, Communications and the Arts' *The Fuel Efficiency Standard – Cleaner, Cheaper to Run Cars for Australia: Consultation Paper*

We thank the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (the Department) for the opportunity to provide feedback on *The Fuel Efficiency Standard – Cleaner, Cheaper to Run Cars for Australia: Consultation Paper* (the Paper). Introducing an impactful mandatory fuel efficiency standard (FES) has been a long-standing priority for RAC and will be instrumental in accelerating the supply and uptake of low and zero emission vehicles, thereby reducing harmful vehicle emissions.

About RAC

RAC is a purpose-led member organisation. Since our foundation in 1905, RAC has existed to be a driving force for a Better WA – this is our purpose. We act as a voice for more than 1.2 million members in more than 60 per cent of Western Australian households. We work collaboratively with government, industry, our members and all Western Australians to champion change that will deliver safer, sustainable and connected communities – this is our 2030 vision.

RAC's social and community impact activities seek to:

- reduce the number of people being killed or seriously injured on our roads;
- lower vehicle emissions for cleaner, healthier air; and
- ensure well-planned communities and transport that better connect people and places.

The transition to low and zero emission vehicles will greatly benefit Australians by improving air quality and reducing adverse impacts on health and the environment. As part of our own commitment to the reduction of vehicle emissions, in 2012 RAC launched the Less Emissions Mission to reward owners of qualifying lower CO_2 emissions vehicles with access to discounted finance, lower insurance premiums, free membership upgrades and discounted vehicle servicing. In 2015, we funded, designed, and constructed the RAC Electric Highway®, the first of its kind in Australia. The RAC Electric Highway® now features 16 locations in Western Australia which includes 12 ultra-rapid or fast charging options, located between Perth and Augusta. In late 2022, RAC launched the RAC Air Health Monitor, the most comprehensive air quality monitoring network in Australia.

Introduction

We welcome the Australian Government's step towards introducing a FES, which has the potential to both guide and shape the decarbonisation of transport and reduce harmful vehicle emissions for cleaner air. It is pleasing to see the Paper recognises the impact that implementing a FES would have on electric vehicle (EV) supply and notes the release of a proposed FES and implementation by the end of 2023. However, this will not be the first time the Australian public has been consulted on a FES. For more than a decade, there have been consultations, inquiries and reports recommending a FES, as well as a commitment by multiple governments – and yet we remain without one[1]. Given this history, along with the time passed since the current Australian Government first announced it would develop a standard, we note the Paper does not include options, supported by detailed scenario analysis and potential design features. The *National Electric Vehicle Strategy*[2] has acknowledged that **"Introducing a Fuel Efficiency Standard that is both internationally comparable and appropriate for Australian conditions is an immediate action for the Government."** It will be important that following the consultation immediate and impactful action is taken, and a well-designed FES is introduced as a priority.

Many countries have already announced plans to ban the sale of new internal combustion engine (ICE) vehicles. A FES will only target new vehicles, therefore only affect the emissions from a small share of the fleet, and in isolation will be totally inadequate to meet transport's contribution towards Australia's emissions reduction commitments. Modelling by the Institute for Sensible Transport[3] (IST) suggests that there were 20 million vehicles in Australia in 2021, 74 per cent of which were passenger vehicles. Vehicles on average stay in the fleet for 25 years and the IST estimates that approximately 45 per cent of the 2030 fleet will be sold between now and then. The IST notes that even in the most stringent scenario, where all passenger and light commercial vehicles sold between now and 2030 are EVs, and all buses are EVs, it would still not be possible to meet the necessary transport contribution towards Australian Government's 2030 emissions target, based on current vehicle kilometres travelled. While a well-designed FES will help increase the supply of low and zero emissions vehicles, Australia's transport system must shift from being car and fossil fuel dependent to one that prioritises public transport, cycling and walking as well as the electrification of vehicles (including, for example, trucks and buses). Currently, Australia does not have an overarching national strategy to decarbonise transport emissions. The inaugural *National Electric Vehicle Strategy* is a positive step towards reducing vehicle emissions, however does not cover the entire transport sector. The Australia Institute's *Climate of the Nation 2022*[4] shows that more than two-thirds of Australians (69 per cent) support the introduction of a transport decarbonisation strategy.

Robust transport emission reduction strategies and action plans are important to drive action towards the decarbonisation of the sector and should be developed in context of those from other sectors. An effective and transparent governance structure is essential to ensure increased collaboration across government agencies where it is needed. This should be supported by appropriate accountability and reporting mechanisms/measures, such as shared and measurable key performance indicators (including around CO_2 and noxious vehicle emissions).

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[1] The Australia Institute, 2022, Fuelling efficiency: discussion paper. Accessed at: https://australiainstitute.org.au/report/fuelling-efficiency/

[2] Australian Government – Department of Climate Change, Energy, the Environment and Water, 2023, The National Electric Vehicle Strategy. Accessed at: https://www.dcceew.gov.au/energy/transport/national-electric-vehicle-strategy

[3] Institute for Sensible Transport, 2022, Transport Emissions in Australia: The Challenges and Opportunities. Accessed at: https://sensibletransport.org.au/wp-content/uploads/2023/04/Transport-Emissions-in-Australia-2023-04-27.pdf

[4] The Australia Institute, 2022, Climate of the Nation 2022. Accessed at: https://australiainstitute.org.au/report/climate-of-the-nation-2022. The report summarises the results of a nation-wide survey which tracks the attitude of Australians to climate change.

Vehicle emissions and actions to reduce them

According to the Intergovernmental Panel on Climate Change, "Human activities, principally through emissions of greenhouse gases, have unequivocally caused global warming, with global surface temperature reaching 1.1°C above [what it was in] 1850–1900 in 2011–2020."[5]. In 2021, road transport contributed to more than 25 per cent of Australia's total CO_2 emissions, with cars alone making up more than half of CO_2 emissions from road transport (almost 13 per cent of Australia's total CO_2 emissions)[6].

Australia's international commitments are to reduce greenhouse gas emissions (GHGs) to 43 per cent below 2005 levels by 2030 and achieve net zero GHGs by 2050. While directly reducing vehicle emissions, effective emissions standards would encourage manufacturers to import a greater range of low and zero emissions vehicles and so increase access to, and choice for, consumers. **The introduction of a mandatory impactful national FES for new light vehicles is supported, aligning Australia with the rest of the developed world.**

The *Carbon Dioxide Emissions Intensity for New Australian Light Vehicles Report for 2021*[7] shows Australia is falling behind other countries when it comes to driving down vehicle emissions. Of all new passenger cars sold in Australia last year around 45 per cent had an emissions intensity of 160g/km or less, compared with Europe where almost 90 per cent of cars sold did. Currently only five of the top 20 selling vehicles Australia fall within the National Transport Commission's Green Vehicle definition (emitting a max 120g/km[8,9]) - we love our SUVs and utes. The AAA's EV Index[10] shows that medium SUVs made up 22.83 per cent of new light vehicles sold between 1 January 2023 and 31 March 2023; followed by small SUVs (19.22 per cent); 4WD utes (18.19 per cent); and large SUVs (15.57 per cent). **EV policy, including the FES should ensure there is sufficient opportunities and encouragement for manufacturers to supply Australians with safer and lower emissions variants of the types of vehicles they love/need.**

Western Australians recognise the negative impact vehicle emissions have on our society, with an RAC survey on sustainability[11] in 2022 finding that 96 per cent of members believe vehicle emissions negatively impact climate change and human health. There is strong support for government action, with 67 per cent believing the government should be doing more to reduce vehicle emissions, but only 30 per cent have confidence in government to do so. **According to members, the top two actions government should take to reduce vehicle emissions are providing incentives for purchasing low emissions vehicles; and regulating emissions through national standards for new vehicles**. Specific to introduction of a FES, the Australia Institute's *Climate of the Nation 2022* report shows that 68 per cent of Australians support the introduction of a national FES in line with those in Europe[12].

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[5] Intergovernmental Panel on Climate Change, 2023, AR6 Synthesis Report of the IPCC Sixth Assessment Report (AR6). Accessed at: https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_SPM.pdf

[6] Australian Greenhouse Gas Emissions Information System, 2021, National Greenhouse Gas Inventory – UNFCCC classifications. Accessed at https://ageis.climatechange.gov.au/

[7] National Transport Commission, 2022, Carbon Dioxide Emissions Intensity for New Australian Light Vehicles 2021. Accessed at https://www.ntc.gov.au/light-vehicle-emissions-intensity-australia

[8] National Transport Commission, 2022, Carbon Dioxide Emissions Intensity for New Australian Light Vehicles 2021. Accessed at: https://www.ntc.gov.au/light-vehicle-emissions-intensity-australia

[9] Australian Government - Department of Infrastructure, Transport, Regional Development, Communications and the Arts, 2022, Green Vehicle Guide (as at 22 May 2023). Accessed at: https://www.greenvehicleguide.gov.au/

[10] Australian Automobile Association, 2023, Electric Vehicle Index. Accessed at: https://data.aaa.asn.au/ev-index/

[11] RAC, 2022, RAC Member Priorities Tracker – Sustainability. Accessed at: https://rac.com.au/about-rac/advocating-change/reports/member-priorities-tracker

[12] The Australia Institute, 2022, Climate of the Nation 2022. Accessed at: https://australiainstitute.org.au/report/climate-of-the-nation-2022. The report summarises the results of a nation-wide survey which tracks the attitude of Australians to climate change.

RAC's 2022 sustainability survey has also shown consistently that while one in two members would consider buying an electric or hybrid for their next vehicle purchase, there are still key barriers preventing greater uptake. Of the one in two who said they wouldn't consider an EV or hybrid, the cost being too high was overwhelmingly cited as a barrier (68 per cent), followed by access to charging infrastructure (10 per cent); being worried about range anxiety (6 per cent); not knowing enough about them (5 per cent); and uncertainty about running costs/maintenance (3 per cent). Key actions to encourage cleaner vehicle choices outside of this FES include: setting and working towards targets for Australia's low and zero emissions vehicle fleet, uptake and charging infrastructure delivery; improving consumer access to EV information covering topics such as ownership, charging and energy consumption, and the impact of vehicle emissions on health and the environment; and scaling up tax and other financial incentives and subsidies that are informed by willingness-to-pay and choice modelling and target those that drive the most. In addition, a FES should complement a tightening of Australia's fuel and noxious emissions standards. The Paper notes that "If and when the Government adopts Euro 6 noxious emissions standards, this would also require the adoption of the Worldwide Harmonised Light Vehicle Test Procedure (WLTP)". Australia's current fuel quality standards for petrol do not support the operation of engines compliant with Euro 6d standards, with the tightening of Euro standards being inhibited by sulfur and aromatics content. While the Australian Government has brought forward the reduction in allowable sulfur content in petrol to the end of 2024[13], a decision is yet to be announced regarding the recent consultation on reducing aromatics and it is unclear whether the current government will be acting on the previous government's Euro 6 consultation outcomes from 2021. **RAC submits that these standards must be addressed as soon as possible.**

Now, more than ever, is an opportune time to support moves to increase uptake of low and zero emission vehicles, particularly when consumer awareness and interest in environmental issues is growing and choice within the new vehicle sales market is increasing.

Activities that both increase the use of public transport and encourage active travel while reducing reliance on private car trips, presents perhaps the most significant opportunity in transitioning to a cleaner transport sector. Planning and designing cities and communities which provide opportunities for people to integrate physical activity as part of their daily routines will provide environmental and health benefits. **In support of this, government should commit funding towards an ongoing program of safe and connected active transport infrastructure and enhanced streets and places for cycling, micro-mobility, and walking.** While much of the public transport system also generates emissions, higher occupancy levels imply that the associated CO_2 emissions per passenger kilometre are lower compared to cars[14]. The public transport system should be convenient, efficient, reliable and affordable - **sustained and widespread investment in improving the quality and coverage of the public transport system in WA will increase patronage.** Furthermore, ongoing investigation, trialling and implementation of refuelling infrastructure to support a public transport fleet that uses the most environmentally sustainable energy sources is essential.

Increasing the supply of low and zero emission vehicles through a FES

Australia is one of only a few developed countries which do not have a mandatory CO_2 standard in place for new light vehicles. In addition, our noxious emission standards for these vehicles are less stringent than other countries. The Australian Government's announcement to accelerate the

[13] Australian Government – Department of Climate Change, Energy, the Environment and Water, 2022, Australia's fuel security. Accessed at: https://www.energy.gov.au/government-priorities/energy-security/australias-fuel-security

[14] Federal Ministry for Economic Cooperation and Development, 2019, Sustainable Urban Transport: Avoid-Shift-Improve (A-S-I). Accessed at: https://www.transformative-mobility.org/wp-content/uploads/2023/03/ASI_TUMI_SUTP_iNUA_No-9_April-2019-Mykme0.pdf

introduction of better fuel quality standards[15] will help remove a technical barrier to the introduction of the latest ICE technologies, however without corresponding changes to emissions standards, manufacturers will likely continue to supply less efficient vehicles.

A 2022 RAC member survey[16] has shown that while 47 per cent of new car owners considered vehicle exhaust emissions very or extremely important when considering purchase of a new vehicle, when ranked against other factors, vehicle emissions was not a top priority (coming in at 10th place). At the same time, one in two members would be likely to consider a hybrid (31 per cent) or EV (19 per cent) the next time they were in the market for a new vehicle. While there is growing demand for low emissions vehicles, some manufacturers have said they do not prioritise EVs for the Australian market due to the lack of standards and, instead, send their EVs to countries with strong standards. The former Managing Director of Volkswagen Group Australia Michael Bartsch commented that, despite Australian demand for electric Volkswagens, 'So long as [...] there's no legislative environment that makes it imperative to bring the vehicles to Australia, the prioritisation will always be to sell those cars in Europe or America or China'[17].

In 2022, EV sales represented only 5.1 per cent of new vehicle sales in Australia, and while this is a sizeable increase of over 180 per cent from the previous year, it still lags far behind global leaders such as Norway (88 per cent); Iceland (70 per cent); and Sweden (25 per cent). When compared to other right-hand drive (RHD) markets, Australia still falls behind the United Kingdom (UK) (23 per cent) and New Zealand (NZ) (13 per cent) and falls far short of where we need to be to achieve emissions targets. **Coordinated and sustained policy and investment is needed here in Australia and will help the EV market transition through its emergent stages into a well-established marketplace**[18].

It is widely understood and accepted that the introduction of a FES for new light vehicles is essential to improve the range of EV types and models available in Australia. International markets with a FES have seen the effect of increasing the supply of these cleaner and more efficient vehicles, while driving down their price[19]. According to the International Energy Agency (IEA), "Gradual tightening of fuel economy and tailpipe CO_2 standards has augmented the role of EVs to meet the standards."[20] And "The key driver underpinning EV growth in Europe is the tightening CO_2 emissions standards that occurred in 2020 and 2021"[21]. Notwithstanding, any cap on vehicle emissions must consider the impacts on the economy, environment, and consumers. Beyond just emissions, RAC acknowledges that the introduction of a FES can have adverse implications on consumer affordability and road safety. For example, unrealistically stringent targets may result in emissions targets being missed and fines being passed on to consumers, or alternatively, fewer new vehicle sales and prolonged use of older vehicles with less safety features.

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[15] Australian Government - Department of Climate Change, Energy, and the Environment and Water, 2022, Australia's fuel security. Accessed at: https://www.energy.gov.au/government-priorities/energy-security/australias-fuel-security.

[16] RAC, 2022, RAC Member Priorities Tracker – Vehicle Safety. Accessed at: https://rac.com.au/about-rac/advocating-change/reports/member-priorities-tracker

[17] ABC, 2021, Car makers say lack of emissions regulations putting handbrake on electric vehicles in Australia (10 November 2021). Accessed at: https://www.abc.net.au/news/2021-11-10/car-brands-call-for-emissions-regulation-electric-vehicles/100608000

[18] Climateworks Centre, 2022, Accelerating EV uptake: Policies to realise Australia's electric vehicle potential. Accessed at: https://www.climateworkscentre.org/resource/accelerating-ev-uptake-policies-to-realise-australias-electric-vehicle-potential/

[19] Climate Council, 2023, Fuel efficiency standards – benefits everyone will share: briefing paper. Accessed at: https://www.climatecouncil.org.au/resources/briefing-paper-fuel-efficiency-standards-benefits-everyone-will-share/

[20] International Energy Agency, 2021, Policies to promote electric vehicle deployment. Accessed at: https://www.iea.org/reports/global-ev-outlook-2021/policies-to-promote-electric-vehicle-deployment

[21] International Energy Agency, 2022, Trends in electric light duty vehicles. Accessed at: https://www.iea.org/reports/global-ev-outlook-2022/trends-in-electric-light-duty-vehicles

Guiding principles for a fuel efficiency standard

RAC supports the guiding principles outlined in the Paper, however believes **affordability should be emphasised and recognised as a principle**, rather than solely considered under equity. The cost of living is rapidly increasing and transport in particular has seen significant increases in recent times, with the Australian Bureau of Statistics reporting far greater increases in the transport component of the consumer price index relative to all groups (e.g. 13 versus 6 per cent) for quarterly releases between June 2021 and June 2022[22]. Affordable transport is key in better connecting people and places. It is important that our communities can access a range of transport modes to get them where they need to go and ensuring that transport remains affordable is a high priority for RAC members. More than seven in ten say it is very or extremely important for the government to take action to keep the cost of motoring down[23].

Design and implementation

In this year's budget, the Australian Government committed $7.4 million over four years from 2023–24 to develop a FES to "ensure vehicle manufacturers prioritise Australia's market for electric vehicles and other fuel-efficient technologies"[24]. While this funding is welcomed, it is unclear exactly what is to be delivered at the end of this four years, and to what extent the FES will have been introduced and implemented. The discussion of introducing a FES is not new, and there is a real risk that if Australia waits an additional four years to introduce an impactful mandatory standard, targets set now will be ineffective.

As noted above, it is disappointing that the Australian Government did not release an options paper to comment on, and RAC looks forward to the release of the Australian Government's proposed FES and implementation later in 2023. It is unclear to what extent feedback will be sought and it is RAC's view that **a FES should be subject to consultation via a Policy Impact Analysis.** This must, at minimum, include scenario modelling and options analysis; transparent methodology; what the likely benefits and costs are; and how vehicle emissions, industry/manufacturers, and consumers will be impacted. Furthermore, this should be informed by a range of factors, including the outcomes of this consultation, expected implications on vehicle kilometres travelled due to the effective reduction in the cost of travel brought about by increased fuel efficiency (the 'rebound effect'); congestion; possible change in fuel prices; and potential impacts on fuel excise revenue.

RAC recognises the challenge faced by Australia, in that many larger markets (for example the EU and United States), which have already mandated CO_2 targets and/or plans to ban ICE vehicle sales, are left-hand drive (LHD). As Australian regulations require RHD vehicle, the additional costs to meet this specification (to service a smaller market) may further impact their supply. Not only does this impact availability, but affordability should costs be passed on to consumers. However, as noted in the Paper, NZ's FES is "aiming to achieve a 62-65% reduction (on 2021 levels) in CO_2 emissions from new passenger and light commercial vehicle by 2027". This equates to an average annual rate of reduction of 14-16 per cent per annum, targeting 63g/km and 58g/km for passenger vehicles and commercial vehicles, respectively[25]. The UK, also a RHD market, has set fuel efficiency standards to align with the EU and so **manufacturers would already be accustomed to developing more efficient vehicles to meet the requirements of these markets**.

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[22] ABS, 2022, Consumer Price Index, Australia – Transport component of CPI for Perth June 2022. Accessed at: https://www.abs.gov.au/statistics.
[23] RAC Member Priorities Tracker – Transport choices and priorities. Accessed at: https://rac.com.au/about-rac/advocating-change/reports/member-priorities-tracker
[24] Australian Government – The Treasury, 2023, Budget Paper No. 1: Budget Strategy and Outlook. Accessed at: https://budget.gov.au/content/bp1/index.htm
[25] In 2021, the Australian average emissions intensity of passenger cars and light SUVs was 146.5g/km and heavy SUVs and light commercial vehicles was 212.5g/km , compared to NZ's 159g/km for passenger vehicles and 243g/km for light commercial vehicles.

As noted in the Paper, "Because Australia is starting late, our rate of improvement would need to be relatively aggressive to catch up to our international peers." The policy context in other (particularly RHD) jurisdictions is certainly an important factor and to the extent possible, Australia should try where practicable to harmonise with the FES design already introduced in other jurisdictions and so reduce the administrative/other barriers for suppliers. **RAC agrees that failing to set a globally competitive FES risks providing insufficient incentive for manufacturers to supply a broader range of low and zero emissions vehicles to Australia, however overly ambitious standards and penalties may disincentivise manufacturers from the Australian market and/or potentially pass the costs incurred to meet the FES on to consumers.** Without scenario analysis and advice from manufacturers to consider however, it is difficult to provide well-considered feedback on the design questions, particularly those relating to the commencement date and emissions level limits.

Flexibility mechanisms

Flexibility mechanisms (e.g. averaging, banking, trading, and advanced technology credits) can assist with ambitious standards while reducing the cost on manufacturers. Most major markets have at least some flexibility mechanisms that lower the costs to manufacturers of meeting targets[26]. With this in mind, flexibility mechanisms should be regularly reviewed so that that manufacturers continue to provide the newest, safest, and most fuel-efficient vehicles to Australia. It is also important that the fundamental design of the FES aims to reduce actual vehicle emissions, rather than offsetting them. **A FES needs to be carefully designed and reviewed to ensure all manufacturers can meet it through real fleet emissions reductions without overly relying on flexibility mechanisms, so as not to erode the environmental benefits.**

Penalties

As the Paper states, penalties can provide a strong financial disincentive for suppliers to supply Australia with higher emitting vehicles and consideration should be given to international experience which suggests that the penalties per gram should be set between AUD$90 – AUD$150 per gram per kilometre. Given many markets (including NZ, a RHD market like Australia) enforce penalties, if Australia sets a significantly weaker standard than these (or has no penalty at all), it may not provide sufficient incentive for manufacturers to supply EVs to Australia[27]. **A penalty system must incentivise manufacturers to comply and continue to provide vehicles to the Australian market, and not only prioritise larger markets or markets with lower penalties.**

Evaluation and adjustments

As acknowledged in the Paper, setting emissions standards requires a trade-off between certainty and flexibility and it is necessary to determine how frequently and how many years into the future the CO2 target should be adjusted. Without review mechanisms built into the design of the FES, there is a risk that it will not achieve its intended goals. The IEA's Electric Vehicle Tracking – September 2022 report[28] states that around the world "Governments announced more ambitious zero-emission vehicle targets and policies in 2021 than ever before. New zero-emission vehicle (ZEV) sales targets were announced in several markets and existing targets were intensified as governments demonstrated a strong

[26] Climate Change Authority, n.d., International implementation of vehicle emissions standards, Accessed at: https://www.climatechangeauthority.gov.au/reviews/light-vehicle-emissions-standards-australia/international-implementation-vehicle-emissions
[27] Climateworks Centre, 2022, Accelerating EV uptake: Policies to realise Australia's electric vehicle potential. Accessed at: https://www.climateworkscentre.org/resource/accelerating-ev-uptake-policies-to-realise-australias-electric-vehicle-potential/c
[28] International Energy Agency, 2022, Electric Vehicles. Accessed at: https://www.iea.org/reports/electric-vehicles#tracking-progress

commitment to incorporating the electrification of cars as a key component of strategies to meet net zero targets and nationally determined contributions."

Once a FES has been introduced, regular reviews, of the targets flexibility mechanisms, and penalties should be undertaken to ensure any adjustments can be made. The timing for these reviews should consider the progress of international markets, in addition to technological developments.

Governance and reporting obligations

Recent changes to the way that Australian passenger vehicle emissions are reported have raised concerns about the independence and accuracy of Australian data on vehicle emissions, including suggestions that the new reporting framework is skewed to favour particular car makers through the application of super credits[29]. As the Paper notes, a FES requires an efficient data collection procedure between the Government entity (most commonly the regulator) and manufacturers. **As the Department already has a range of regulatory functions across the transport sector, it appears logical for it to be the regulator.**

RAC agrees that at minimum manufacturers should be required to report on: the average emissions of the vehicles they sold over the last year with and without the use of flexibility mechanisms (e.g. super-credits); number of vehicles sold; CO_2 emissions per kilometre for each vehicle; and the specifications/technologies of each vehicle. To minimise any administrative burden, consideration should be given to what reporting obligations and record keeping requirements are already in place for manufacturers, for example the template the Federal Chamber of Automotive Industries is currently using for their voluntary reporting.

Regular auditing by the regulator will also be important. For example, it was only in 2014 when the United States Environmental Protection Agency (EPA) and the California Air Resources Board were first tipped off by researchers that that there may be inaccuracies with Volkswagen's reporting of emissions. Investigations found that (amongst other vehicles), the 2009–2016 Volkswagen Touareg 3.0L V-6 TDI was cited by EPA for emissions violations[30]. This demonstrates the importance of manufacturers and regulators having access to accurate, long-term, consistent, and timely data to accurately track and audit performance. Further, this information will be vital during FES reviews, as it will allow for evidence-based evaluation and decision making, to address the issue of the standard being too weak or too strong and enable timely responses.

Publication of brand and vehicle performance will ensure the public has access to the performance information of their current and/or future vehicle. To ensure the information is easily consumable, it may only be necessary for a subset of the above information to be published (e.g. CO_2 emissions per kilometre of each vehicle model with and without the use of flexibility mechanisms). This will hopefully encourage cleaner vehicle choices.

Conclusion

There is a need for urgent action and strong leadership to drive larger-scale change and ensure Australians can both access low and zero emissions vehicles and breathe cleaner, healthier air now and into the future.

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[29] The Australia Institute, 2022, Fuelling efficiency: discussion paper. Accessed at: https://australiainstitute.org.au/report/fuelling-efficiency/

[30] Car and Driver, 2019, Everything you need to know about the VW diesel-emissions scandal (5 December 2019. Accessed at: https://www.caranddriver.com/news/a15339250/everything-you-need-to-know-about-the-vw-diesel-emissions-scandal/

A FES has promoted EV adoption in most leading EV markets and is key in decarbonising the future fleet and transitioning to electromobility[31]. However a FES alone will not be sufficient in reducing emissions from the transport sector at the scale needed. The Australian Government should develop a robust emissions reduction strategy for transport, in the context of those from other sectors. Collaboration across government agencies is essential to reduce the impact of vehicle emissions on health and the environment.

RAC has welcomed the opportunity to provide a response to the Paper. We trust RAC's submission, which is based on providing Australians with higher levels of access to cleaner and lower cost vehicles, is useful in forming a much-needed FES to progress low and zero emission road transport in Australia.

In support of our submission we enclose RAC's previous responses to the:

- Department of Climate Change, Energy, the Environment and Water *National Electric Vehicle Strategy – consultation paper*;
- Department of Industry, Science, Energy and Resources' *Future Fuels Strategy – discussion paper;*
- Department of Infrastructure, Transport, Regional Development and Communications' *Light vehicle emissions standards for cleaner air – draft regulation impact statement*; and
- Senate Standing Committee on Economics' COAG *Reform Fund Amendment (No Electric Vehicle Taxes) Bill 2020 Inquiry; and*
- Department of Environment and Energy *Better fuel for cleaner air – draft regulation impact statement*.

We also enclose our Federal Budget Submission 2022-23, which outlines RAC's key priorities for safe, sustainable and connected communities. A complete list of RAC's previous submissions and publications are available for viewing and download via https://rac.com.au/about-rac/advocating-change/reports/public-policy.

Should you require further information, please do not hesitate to contact Marion Morton, A/General Manager Social Impact on advocacy@rac.com.au.

Yours sincerely,

[redacted]

[31] International Energy Agency, 2022, Global EV Outlook 2022. Accessed at: https://www.iea.org/reports/global-ev-outlook-2022