

31 May 2023

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

Dear Sir or Madam

Re: Uber submission to *Fuel Efficiency Standard – Cleaner and Cheaper-to-run Cars for Australia*

The transport sector accounts for around a quarter of global emissions and is the only sector with growing emissions in OECD countries. Electric vehicles (EVs) will play a critical role in addressing this, especially as our energy mix continues to evolve and decarbonise. EV technology also provides additional benefits including improving health outcomes by reducing pollution and harmful noxious gases in our communities, reducing Australia's reliance on foreign fuel and supporting the local economy by creating new technology and manufacturing jobs.

However, one of the biggest barriers to EV uptake amongst rideshare drivers is the lack of affordable EV models in the Australian market. As such, Uber congratulates the Federal Government's announcement to introduce a Fuel Efficiency Standard (FES) and welcomes the opportunity to contribute to this consultation. Uber operates across 10,000 cities in 71 countries and globally we have seen that there is no better way to drive volume and variety of Low and Zero Emission Vehicles (LZEV) to a market than an ambitious and robust CO₂/FES on automakers. It will be critical to align our FES with Europe, the United States and New Zealand by the end of the decade to attract more affordable LZEVs to Australia.

Uber is supporting Australian driver-partners to transition to EVs

Uber has a global ambition to eliminate tailpipe emissions and become a zero-emissions platform by 2040. Promoting transition for high kilometre users, like rideshare drivers, can have an outsized impact in accelerating emission reduction and the transition to sustainable transport.

One EV on Uber goes a long way, with EV drivers on the platform realising four times the emissions reduction benefits when compared to average car owners¹. In addition, EV rideshare supports community education on zero emissions transport. It provides an opportunity for drivers to talk to riders about what it's like to own an EV and how they deal with issues such as range anxiety.

With this high kilometre use case in mind, Uber Australia wanted to understand the barriers that currently face rideshare drivers making the switch to an EV. In 2021 we built a rideshare-specific Total Cost of Ownership (TCO)

¹Jenn, A. 2020, Emissions benefits of electric vehicles in Uber and Lyft ride-hailing services. *Nat Energy* 5, 520–525 (2020).
<https://doi.org/10.1038/s41560-020-0632-7>

model to better understand what measures could help the high kilometre use case thrive. Our TCO analysis identified four key barriers for the EV rideshare use case:

1. The interim cost gap makes EVs less economical for drivers
2. Lack of at / near home charging infrastructure increases ‘opportunity cost’ of charging time
3. State-based EV road user charges exacerbate the interim cost gap, adding \$8,000 over five years
4. The high upfront cost of EVs is the major barrier to uptake

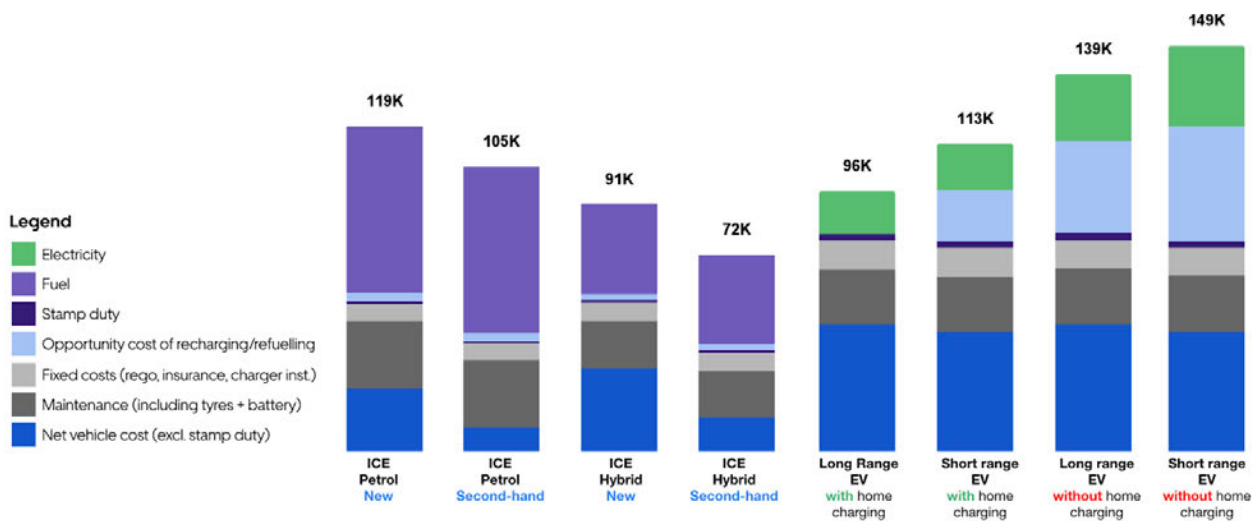
More information on the TCO model and 2021 research can be found in our policy paper, [Electrifying Rideshare](#).

To reduce the interim cost gap, in April 2021 we launched a new subsidy program for EV drivers. Drivers with fully-electric vehicles were eligible for a 50% service fee discount up to a value of AUD \$3,500 per year. Since launching this program we have seen strong EV growth on our platform and we are working to launch an EV-only product in some Australian markets later this year. However, purchasing an EV is still out of reach for most driver-partners and this is primarily because of the lack of affordable models available.

The high upfront cost of EVs, particularly for long range vehicles, is the biggest barrier to EV rideshare uptake in Australia

Driver partners have a high desirability to switch to EVs. In a recent survey two thirds of Non-EV Uber drivers are open to or considering a switch to an EV, primarily due to lower running costs (electricity and maintenance) and reduced environmental impact. That said, what’s standing in their way is first and foremost the upfront cost. 66% of non-EV Uber drivers state the high upfront cost is the main barrier for making the switch.

Figure 1: Five year total cost of operation (NPV) - full-time equivalent driver (2023)



For this submission, Uber updated our TCO model to reflect recent changes including the cost of vehicles and fuel (see figure 1). The most economical EV scenario is a long range EV but only if you have access to at home charging. However, there is still an interim cost gap when you compare this with a petrol hybrid. Drivers considering switching to EVs need to consider the upfront costs associated with purchasing the vehicle: not only the sticker price, but also the cost of financing it. Lack of affordable EV models, especially affordable long range

models, is a global challenge but is particularly acute in Australia. We need to ensure as more affordable models become available in the coming years, we are prioritised as a market.

An ambitious and robust fuel efficiency standard is critical

Research has found that fuel efficiency standards (FES) are one of the most effective climate change mitigation measures to have been implemented over the past decade². These standards have been in place for years in Europe and North America meaning global OEMs prioritise their best LZEV models for these markets with Australia only getting whatever is leftover. This means we have fewer lower cost LZEV models to choose from and the ones we do have do not arrive here in large volumes.

In addition, many governments globally compliment their FES equivalents with supporting policies like ambitious phase out dates, such as the United Kingdom's ban on petrol and diesel vehicle sales by 2030, and zero emission vehicles sales mandates, such as California's ZEV mandate on vehicle manufacturers, give manufacturers additional policy direction and help increase EV supply in those markets. Researchers around the world are trying to predict when EVs will reach cost parity with internal combustion engines, with some saying it could be as soon as the mid-2020s³. However, we can expect that whatever this global date may be, cost parity in Australia will almost certainly be later unless more is done to encourage vehicle manufacturers to prioritise their greener technologies for our market.

Our FES needs to be in line with global counterparts by 2030

Uber welcomes the Federal Government's commitment to introduce a FES and the opportunity to contribute to this consultation. We note the government has outlined a set of guiding principles to help design a FES in its Consultation paper. In terms of the outcomes Uber believes a new standard should aim to:

- **Increase model choice** - Australians have less choice when it comes to choosing EVs, particularly lower cost models, than people in countries with a strong FES in place. As we look to support an equitable and just transition to electric transport, ensuring Australians have access to more affordable models, particularly long range models for the high kilometre use case, will be critical.
- **Substantially increase volume** - one of the current challenges with EVs in Australia is the low supply. A new FES should encourage significantly larger volumes of BEVs by firstly setting a robust and effective standard but also ensuring no loopholes exist that could inadvertently dampen supply. We also need to act with some urgency. Increasing supply as soon as possible is important to start feeding the EV second hand car market. In future decades this market will be essential to ensuring everyone, no matter their income, can afford clean transportation.

As the second last country in the OECD to introduce a FES, Australia has catching up to do. While we understand there needs to be a reasonable transition period, if our standard continues to be weaker than the US, EU and NZ, we will continue to be put at the back of the queue. We can't run parallel to these countries but should work to align our FES over the coming years. Researchers suggest that to be net zero by 2050, 100% EV

² The International Council on Clean Transportation, *Passenger Vehicle Greenhouse Gas Emissions and Fuel Consumption*, viewed 24 May 2023, <https://theicct.org/pv-fuel-economy/>

³ The International Council on Clean Transportation 2019, *Why aren't Uber and Lyft electric already*, The International Council on Clean Transportation, viewed 24 May 2023, <https://theicct.org/blog/staff/why-arent-uber-and-lyft-all-electric-already>


sales need to be ZEV by 2035⁴. Uber recommends a standard which puts us in line with the EU, US and NZ by the end of the decade. This balances what is both reasonable and necessary to meet our emissions reduction commitments, and New Zealand's recent example demonstrates this can be done.

Global counterparts are creating tighter standards and we need to catch up

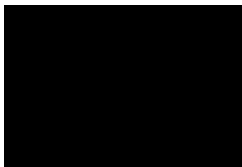
The International Energy Agency (IEA), in its Global EV Outlook 2023 referenced the significant impact of tightening emission standards on the pathway to zero-emission road transport⁵. In March 2023, the European Union adopted new CO2 standards for cars and vans requiring a 55% and 50% reduction in emissions of new cars and vans by 2030 (compared to 2021), and 100% for both by 2035⁶. In April 2023, the United States Environmental Protection Agency proposed new emissions standards to accelerate the ongoing transition to clean vehicles. Described as the "strongest-ever pollution standards" by the Biden administration⁷, the EPA estimates that EVs will account for 67% of all new light-duty vehicle sales by model year 2032, an increase from the Biden administration's goal of 50% EV sales by 2030. Finally, Uber has been encouraged by the New Zealand Government's CO2 emission standard which will come into effect on 1 June 2023. The ambitious path they have set to be amongst the strongest CO2 targets set globally by 2027 is expected to make a real difference to vehicle supply⁸.

A FES is also important to reduce costs for ICE and hybrid drivers

This submission has focussed on the positive impact a robust FES would have on BEVs as Uber has a global target to be a zero emissions platform by 2040. However, it is important to note the broader benefits from attracting more high efficiency internal combustion engine technology and hybrids. Fuel is one of the main operating costs for Uber driver-partners, as demonstrated in our five year TCO model (see figure 1). More fuel efficient vehicles are particularly important to high kilometre drivers reducing their costs over the lifetime of the vehicle and lost time from needing to refuel as they can go further.

If you require any further information about this submission or have any questions about Uber's sustainability program please do not hesitate to contact 

Yours sincerely,



Dom Taylor

General Manager, Mobility ANZ

⁴ Electric Vehicle Council Australia, *Briefing: Increasing the supply of EVs to Australia*, viewed 24 May 2023, www.electricvehiclecouncil.com.au/wp-content/uploads/2022/09/EVC-Briefing_Increasing-the-supply-of-EVs-to-Australia.pdf

⁵ International Energy Agency, *Global EV Outlook 2023 - Policy Developments*, viewed 23 May 2023, www.iea.org/reports/global-ev-outlook-2023/policy-developments

⁶ International Energy Agency, *Global EV Outlook 2023 - Policy Developments*, viewed 23 May 2023, www.iea.org/reports/global-ev-outlook-2023/policy-developments

⁷ United States Environmental Protection Agency, *Biden-Harris Administration Proposes Strongest-Ever Pollution Standards for Cars and Trucks to Accelerate Transition to a Clean-Transportation Future*, viewed 23 May 2023,

www.epa.gov/newsreleases/biden-harris-administration-proposes-strongest-ever-pollution-standards-cars-and

⁸ Wood, M *State of EVs in New Zealand Address*, speech, National Electric Vehicle Summit 2022, 28 November 2022 available via: www.electricvehiclecouncil.com.au/ev-summit/hon-michael-wood-new-zealand-minister-for-transport-ev-summit-2022/