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**Submission to the Australian Government's Consultation
on a Fuel Efficiency Standard**

WSP welcomes the opportunity to provide input into the development of the Federal Government's Fuel Efficiency Standard for new light vehicles, which will be critical to reducing emissions and providing fuel savings by increasing the supply of low and zero-emissions vehicles in Australia.

As part of WSP's [Future Ready™](#) approach, we recognise the crucial role that all industries must play in achieving Australia's emissions reduction targets. We acknowledge the necessity of adopting a comprehensive approach to address the transport sector's significant contribution to emissions. With transport sector emissions already accounting for over 18% of the nation's total emissions and projected to significantly exceed 2005 levels by 2030 under business as usual, prompt action is needed to avoid further departure from our national targets. As a firm, WSP has committed to halving the carbon footprint of our designs and advice to our clients by 2030. As part of this commitment, we are supporting organisations on their decarbonisation journey including the transition to low, and zero emission vehicles. WSP supports the Federal Government's development of an ambitious Fuel Efficiency Standard (FES) as a prerequisite for ensuring Australia's transport sector does its fair share in achieving an economy wide 43% reduction in emissions by 2030, and net zero emissions by 2050.

In alignment with recommendations by the Electric Vehicle Council (EVC) - which we are active members of - WSP agrees that this regulation should be called the New Vehicle Efficiency Standard (NVES). This more accurately reflects the intention of the policy and provide clarity that it does not apply to existing vehicles and/or fuel. *Please note the remainder of our submission adopts the term: New Vehicle Efficiency Standard rather than Fuel Efficiency Standard.*

Key recommendations for an Australian New Vehicle Efficiency Standard:

A central measure of the recently released [National Electric Vehicle Strategy](#) is a commitment to the introduction of a NVES for light vehicles which is consistent with standards in advanced markets and makes a strong contribution to meeting Australia's emission reduction targets.¹

An ambitious NVES would encourage manufacturers to introduce more fuel-efficient vehicles into the Australian market, including a greater number of EV models. This measure is an essential requirement for expanding the availability of fuel efficient and Electric Vehicle (EV) models for Australian businesses and households, in both our regions and urban settings.

This would also provide increased certainty to governments, businesses, and industry for investing in the infrastructure and systems required to facilitate the uptake of EV's and other future mobility solutions that contribute to the decarbonisation of the transport industry.

¹ <https://www.dcceew.gov.au/sites/default/files/documents/national-electric-vehicle-strategy.pdf>

In developing a NVES, we propose the following measures be considered:

1. Improve competitiveness:

- Develop a globally competitive standard for Australia which aims to catch up with global markets such as the EU, US and New Zealand, to ensure that Australia is not left behind in the supply of low and zero-emissions vehicles.
- Align standards with the government's emissions reduction targets by reducing transport emissions approximately equal with, but preferably lower than 2005-levels by 2030.
- Align standards with the achievement of EV targets in Australian states and territories, including at least 50% EV sales by 2030, which were recently endorsed in the National Electric Vehicle Strategy.
- Ensure that the transport sector plays an equitable role in emissions reduction, rather than shifting the burden onto other sectors, local businesses, and households.
- Include a penalty rate consistent with other major countries, based on the standard's design, the stringency of targets, and any concessions/bonus credits included.

2. Introduce mandatory standards:

- The Department of Transport should introduce a mandatory NVES in 2024.
- The standard should have targets set until at least 2030 and be subject to two reviews before 2030 – nominally in 2026 and 2029.
- Targets for the standard should only be varied three years ahead of the standard review year to provide market certainty.
- The government should provide clear guidance on projected EV sales under the proposed NVES to inform broader EV policy and secure further private investment in the EV industry.

3. Focus on simplicity and transparency:

- A simple and transparent standard for new vehicles is preferred with fewer concessions/ bonus credits.
- This will provide better visibility of emissions rates for car makers and consumers, reduce the administrative burden and speed up the introduction of the standard.
- Provide the ability for car makers to bank, trade and pool credits with a carry-back period of two years, and a carry-forward period of three years – in line with a review of the standard taking place every three years.
- Off-cycle or air-conditioning credits should not be included, and technology super-credits should only be used when necessary.
- Any concessions/bonus credits should be minimal, temporary, capped, and have a clear phase-out timeline – in line with global best practice.

4. Consider industry, economic and social implications:

- Many new car makers have entered the market to meet the increasing demand for low and zero-emission vehicles, and we expect this trend to accelerate in future.
- Regulations should balance the need for urgent decarbonisation action with the need to facilitate innovation and fair competition among new and existing organisations, to support a strong, and sustainable automotive industry.

5. Acknowledge different segments of the new vehicle market are likely to transition at different rates but should aim to reach the same end goal by:

- Setting one set of targets for passenger cars (MA) and another set for off-road SUVs (MC) and light commercial vehicles (NA).
- Setting different targets for different size vehicles via a mass limit curve.
- Ensuring the use of a mass limit curve does not incentivise supply of heavier vehicles or disincentivise the supply of light vehicles by setting relatively flat slopes.
- Minimising the difference between the two sets of targets to prevent a shift towards larger, less efficient, and generally less safe vehicles.

- Ensuring that both sets of targets adopt an overall trajectory consistent with the same end goal of over 95% of new vehicles sold being EVs by the mid-2030's to support the achievement of the government's net zero target by 2050 – in line with recommendations by the International Energy Agency², Energy Transitions Commission³, International Council on Clean Transportation, and other experts⁴.

6. Reduce administrative burden:

- Establish an independent source of new vehicle sales data that is managed by the government, as this is critical to the integrity and auditability of an Australian NVES.
- This database could be used by government to provide transparent, publicly available new vehicle sales data, to enable emissions tracking, and to inform broader EV policy.
- Providing car makers with real-time clarity on their progress against targets, similar to New Zealand's Clean Car Standard System.⁵

7. Be complemented by other policy measures that:

- Harmonise Australian vehicle standards with international standards to facilitate the importing of new vehicles at a lower cost. This includes updating Vehicle Type Approval requirements in Australia to allow direct acceptance of type-approved vehicles from global major markets in full volume supply under the Road Vehicle Standards Act (RVSA).
- Accelerate the adoption of low and zero-emission vehicles in fleets to create a strong, second-hand market of affordable options.
- Increase the number of new vehicles sold in Australia to accelerate fleet turnover, further reduce transport emissions, and lead to a greater number of models for all Australians.
- Consider targeted incentives for farmers, tradies, remote communities and other groups with specific transport requirements to support and facilitate the adoption of low and zero-emission vehicles nationally.
- Consider ways to further reduce emissions by avoiding a 1-1 replacement of ICE vehicles with EVs and reducing overall road vehicle kilometres travelled. This could include additional investment support for public and active travel, as well as demand management measures (e.g. pricing reform).

The establishment of a robust, credible and globally-competitive NVES will play a crucial role in facilitating the transition to electric vehicles (EVs) and ultimately helping to achieve the decarbonisation of Australia's transport sector.

We look forward to the Australian Government working towards the introduction of this critical standard by 2024.

If you have any questions on this submission, please do not hesitate to contact [REDACTED].

Yours sincerely,

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² <https://iea.blob.core.windows.net/assets/dacf14d2-eabc-498a-8263-9f97fd5dc327/GEVO2023.pdf>

³ <https://www.energy-transitions.org/wp-content/uploads/2020/09/Making-Mission-Possible-Full-Report.pdf>

⁴ <https://transportfacts.org/>

⁵ <https://www.nzta.govt.nz/assets/resources/clean-car-standard-ccs-user-guides/Clean-Car-Standard-system-Vehicle-management-guide.pdf>

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