

ARA SUBMISSION

NEW VEHICLE EFFICIENCY STANDARD

MARCH 2024

The ARA appreciates the opportunity to respond to the Australian Government's discussion paper on the New Vehicle Efficiency Standard (NVES).

The ARA is the oldest, largest and most diverse national retail body, representing a \$420 billion sector that employs 1.4 million Australians – making retail the largest private sector employer in the country. As Australia's peak retail body, representing more than 120,000 retail shop fronts and online stores, the ARA informs, advocates, educates, protects and unifies our independent, national and international retail community. We represent the full spectrum of Australian retail, from our largest national and international retailers to our small and medium sized members, who make up 95% of our membership. Our members operate in all states and across all categories - from food to fashion, hairdressing to hardware, and everything in between.

ARA POSITION

We have reviewed the consultation impact analysis and wish to express our support for Option B, as the preferred approach for the implementation of the NVES.

Option B presents an ambitious yet achievable standard that not only aligns with international best practices but also positions Australia to meet its climate change commitments. The approach taken by the United States, which has a vehicle market and consumer preferences similar to Australia's, serves as a compelling model for Option B. This option facilitates the harmonisation of vehicle standards across the region and globally, reducing the regulatory burden and increasing the availability of fuel-efficient and low-emission vehicles in Australia.

We recognise there is a challenge associated with Option B regarding the availability of a suitable vehicle mix to meet the new standards. Given the significant number of vehicles operated by retailers in Australia, including delivery and service fleets, the transition to more fuel-efficient and low-emission vehicles is not just an environmental necessity but also an economic opportunity. The retail sector has witnessed a substantial increase in online shopping and home deliveries, amplifying the need for efficient and sustainable logistics. A 12-month transition period for Option B would provide our industry with the time to transition, ensuring that we can meet both our environmental goals and the growing demand for delivery services.

The retail industry stands to benefit significantly from improved access to more fuel-efficient and low-emission vehicles. Many of our members have set ambitious net-zero emissions targets, and the implementation of Option B would support these objectives by providing a broader range of environmentally friendly vehicle options as well as reducing operational costs over time.

We look forward to the government's decision and are committed to working collaboratively towards the successful implementation of the New Vehicle Efficiency Standard.

Thank you for the opportunity to provide a submission to this review. Any queries in relation to this submission can be directed to our policy team at [REDACTED]



Organisation questionnaire response

Privacy Setting: I agree for my response to be published with my name and position.

What organisation do you represent? (required)	Australian Retailers Association
What is your name? (required)	Policy Officer
What is your position at the organisation? (required)	Policy Officer
Please rank the proposed options in order of preference. (optional)	Option A - 3rd, Option B - 1st, Option C - 2nd
Briefly, what are your reasons for your choice? (optional, 3000 character limit)	The ARA supports the government's preferred option, Option B, as it provides the highest benefits cost ratio. Option B is the most flexible and allows for different targets for different vehicle sizes, reflecting consumer preferences and market realities. Option B is aligned with international best practice, as it follows the approach of the US, which is the most comparable market to Australia in terms of vehicle mix and consumer preferences. Option B would also facilitate the harmonisation of vehicle standards across the region and the world, reducing the regulatory burden and increasing the availability of fuel-efficient and low-emission vehicles in Australia.
Do you support the Government's preferred option (Option B)? (optional)	Yes
Do you have any feedback on the analysis approach and key assumptions used? (optional, 3000 character limit)	The ARA supports Option B, with a commencement date of 1 January 2025, however, suggest a 12-month transition period, to allow liable parties sufficient time to adapt to the new compliance requirements and mitigate vehicle delivery risks. The ARA also supports the two separate proposed emissions limiting curves, one for passenger vehicles including SUVs and a different target for utes and vans in the light commercial vehicle (LCV) category. The ARA also recommends that super credits only be offered for BEVS (only) to reward/encourage the purchasing of zero emission vehicles in Option B.
Briefly, describe how the NVES might impact your organisation	Under the NVES, ARA members would benefit from improved access to more fuel-efficient and low-emission vehicles. This measure



<p>(optional, 3000 character limit)</p>	<p>supports the efforts of ARA members to achieve their net zero emissions targets, including fleet electrification. By creating market demand and supply for more fuel-efficient and low-emission vehicles, the NVES incentivises vehicle manufacturers to sell more EVs, which would bring more options to market and increase their affordability and availability. Fuel cost savings are expected to accrue to all members irrespective of whether they switch to electric or hybrid vehicles. The ARA also supports the tightening of fuel quality standards so that existing LCVs can operate with cleaner fuel, bringing Australian fuel standards in line with the rest of the world. ARA members with a high proportion of fleet in the LCV category face a risk of reduced vehicle availability in the short term and insufficient access to EV charging infrastructure. We support government initiatives to develop solutions to overcome these constraints.</p>
<p>Who should the regulated entity be? (optional, 3000 character limit)</p>	<p>NULL</p>