



Submission to: Cleaner, Cheaper-to-Run Cars: An Australian New Vehicle Efficiency Standard Consultation Impact Analysis

Addressed to: Cleaner Cars team, Department of Infrastructure, Transport, Regional Development, Communications and the Arts.

Submission from: Citizens' Climate Lobby Australia

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About Citizens' Climate Lobby Australia

Citizens' Climate Lobby Australia (CCLA) is a non-profit, non-partisan, grassroots advocacy and education organisation focused on accelerating solutions to climate change through democracy.

CCL started in the USA in 2007. Since then it has expanded and is now located in 30+ countries across Africa, Europe, UK, Asia and Central America.

CCL Australia was started in 2014.

In order to generate the political will necessary for effective action on climate change we train, support and provide the tools for our volunteers to engage with leaders, the media and the public.

To find out more about Citizens' Climate Lobby, visit <https://ccl.org.au/>

1. Introduction

CCLA welcomes the Australian Government's intention to establish a New Vehicle Efficiency Standard (NVES).

This long overdue policy is consistent with CCLA's objective to address global warming by rapidly reducing greenhouse gas (GHG) emissions, including in the transport sector. We applaud the many co-benefits from this policy: reduced cost of vehicle ownership, reduced spending on imported fuels, substantially reduced mortality and morbidity rates from air pollution and less pressure on the national health budget.

It is evident that the NVES report is the outcome of meticulous work over some considerable time. However, Section 2 below explains why CCLA considers that inaccurate historical data, compounded by a linear mind-set in business as usual (BAU) projections of EV uptake at the heart of the study, compromise the validity of the final NVES options.

In Section 3, CCLA predicts a disruption of the new car market by 2030, even without NVES, to the detriment of the sector that has traditionally opposed the adoption of efficiency standards while failing to recognise the transition that is now gaining momentum.

CCLA accepts that there is no time to rework the NVES study. As an expedient measure, NVES Option C will achieve the deepest financial, health and environmental benefits in the shortest possible time.

Section 4, offers two additional options for government to consider, that would help achieve NVES objectives to incentivise the sale of low and zero emissions vehicles to reduce transport GHG emissions, and to help Australia achieve its NDC¹ commitments:

- Amend Australia’s existing parallel import restrictions to increase the availability of used EVs from overseas.
- Impose a fee on the GHG content of fossil fuels where they are extracted, or at the port of entry, and return the revenue to households in periodic dividends.

2. Analysis of EV sales under Business as Usual conditions

After languishing well below 1% for a decade before 2020, EV sales, as a percentage of new car sales, have increased by a factor of at least 1.8x each year from 2020 to 2023, as shown in Figure 1.

	2020	2021	2022	2023
EV sales as percentage of new car sales	0.78% ²	2.05% ²	3.81% ²	7.2% ³
Sales increment over previous year		2.63x	1.86x	1.89x

Figure 1: Actual EV sales as a percentage of new car sales have increased by at least 1.8x each year from 2020-2023

We believe the NVES projections of future EV uptake significantly underestimate the likely rate of growth. Figure 2 shows the NVES estimates of future EV and ICE sales alongside our own projections. The NVES graph⁴ in the red circle in Figure 2 flatlines in 2024, despite growth >180% per year for the three years to end 2023. This distorts the subsequent projection which indicates much slower growth than is likely. Our projection (the blue line) includes the actual EV sales growth to 2023 and results in a steeper projected curve and a faster phase down of ICE sales than predicted in the NVES report.

Another concern is that the NVES projection is mostly linear from 2027. This is very unlikely given the nature of technological disruption which usually shows exponential growth. See Section 3 below for more detail on the likelihood of serious market disruption by EVs.

¹ NDC – Nationally Determined Contributions to the Paris accord to keep global warming to below 2C (preferably 1.5C) above pre-industrial levels

² EVC, *State of Electric Vehicles Report 2023*, <https://electricvehiclecouncil.com.au/reports/soevs-report-2023/>

³ AFR, Jan 4, 2024, *EV sales double in 2023 but utes still reign supreme*, <https://www.afr.com/companies/transport/ev-sales-double-but-utes-reign-supreme-20231206-p5epkb>

⁴ taken from Figure 10 on page 30 of *Cleaner, Cheaper to Run Cars: The Australian New Vehicle Efficiency Standard*

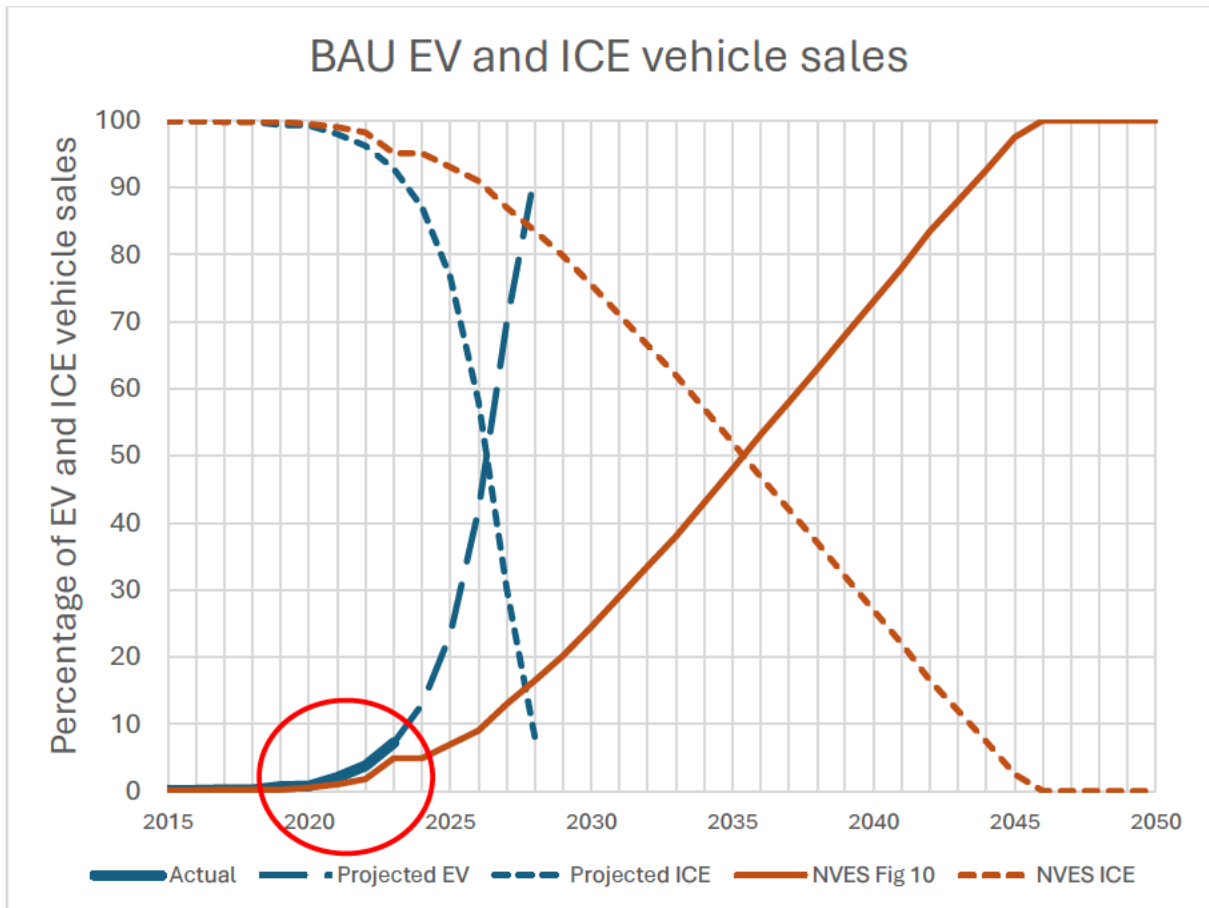


Figure 2: A recreation of Figure 10 – BAU EV uptake⁵ with complementary decline of ICE sales. Also shown are published (actual) EV sales as a percentage of total new car sales up to end 2023, projected for annual growth of 1.8x year on year, together with complementary decline in ICE sales.

3. Disruption in the car sales market

3.1. Policies that inhibited EV uptake in Australia

The absence of any fuel or vehicle efficiency standards in Australia has contributed to legacy car makers sending their most polluting vehicles to Australia and the majority of their zero emissions EV's to markets with strict emissions standards in order to maintain their overall market share.

Policies that heavily subsidise fossil fuels and offer incentives to so-called tradie utes has led to large, usually diesel-powered, dual-cab, 4x4 vehicles occupying the top spots in sales statistics.

Perceptions of EVs as unsuitable to Australian conditions and distances have been fed by widespread political and media misinformation and a lack of public charging infrastructure – now being built.

3.2. More options for increasing EV uptake in Australia

For those reasons, EV sales in Australia have been well below 1% of new car sales until about 2019, when the Tesla Model 3 started to arrive in Australia in significant volumes, with orders being placed months ahead of delivery. The arrival of the Tesla Model Y in 2022 and BYD's, challenge for market

⁵ DITRDCA, *Cleaner, Cheaper to Run Cars: The Australian New Vehicle Efficiency Standard*, February 2024, page 30

share, has prompted other EV manufacturers to increase the number and range of models of EVs coming to Australia.

As shown in Figure 1, EV sales jumped 2.63x between 2020 and 2021, growing more than 1.8x each year to the latest sales figures for calendar year 2023. That's a growth rate of more than 180% per annum.

In 2019, only about 12 EV models were available in Australia out of more than 400 models worldwide. In 2024, the number of models available in Australia is expected to rise from 60 to more than 100⁶, still a long way short of the range of models available overseas.

3.3. Charging infrastructure

In 2015, RACWA built Australia's first 'Electric Highway' with public 50kW DC chargers at eleven locations in WA's south-west.

In 2023, public fast and ultra-fast charging points grew by 90% to reach 2,000 at 800 locations around Australia⁷.

State and national charging infrastructure will be rolling out rapidly through 2024 and beyond.

Petroleum retailers such as Ampol and BP are building public fast chargers at their service stations around Australia.

Australian start-up NewVolt has revealed plans to build an electric truck charging network along the east coast of Australia, enabling the decarbonisation of the country's major road freight routes and potentially saving billions of dollars spent on imported diesel each year.⁸

This increasing access to public fast and ultra-fast charging will dispel 'range anxiety' and open up EV ownership and travel throughout Australia and, particularly, in regional and remote areas.

3.4. EV prices are falling

BYD has launched the Qin EV in China which, at the equivalent of AU\$29,700, is being described as the "Corolla killer"⁹. When introduced into Australia, this will be the start of EV price parity with ICE vehicles – perhaps the last nail in the ICE coffin.

⁶ The Driven, *The new EVs on the way to Australia as model numbers leap to more than 100*, February 29, 2024, <https://thedriven.io/2024/02/29/the-new-evs-on-the-way-to-australia-as-model-numbers-leap-to-more-than-100/>

⁷ The Driven, *Most Australians think there are too few charging stations to support EVs*, February 23, 2024, <https://thedriven.io/2024/02/23/most-australians-think-there-are-too-few-public-charging-stations-to-support-evs/>

⁸ The Driven, *Revolutionising the truck stop:*, February 21, 2024, <https://thedriven.io/2024/02/21/revolutionising-the-truck-stop-newvolt-unveils-plans-for-charging-network-to-electrify-australias-road-freight/>

⁹ The Driven, *"Corolla killer:" BYD launches \$US15,000 EV in direct attack on legacy makers*, February 22, 2024, <https://thedriven.io/2024/02/22/corolla-killer-byd-launches-us15000-ev-in-direct-attack-on-legacy-makers/>

3.5. Steps towards disruption

These are some of the factors, along with the Australian government's now clear intention to introduce NVES, that will ensure that the EV sales growth pattern established through 2020 to 2023 will be sustained, as described in Figure 2.

Figure 2 describes a classic "S" curve for EV sales which, with declining ICE vehicle sales, represents an "X" curve, characteristic of a major disruption in the industry. This is eloquently described by Tony Seba¹⁰ in a recent address to Arab petroleum moguls in Saudi Arabia in October 2023.

The significance of this is that, despite natural reservations by governments, government departments, industry and the public, there is now a clearly defined disruption of the new car sales business that would, even without NVES, see EV sales approach 100% much sooner than predicted in the NVES report.

A corollary of this rapid increase in EV sales is the rapid decline in ICE vehicle sales. Legacy car makers have dominated the discourse around vehicle efficiency standards in Australia, delaying any action until now. They have created an environment that leaves them little time to adjust to the inevitable decline in their traditional business.

The message for government is that opposition to efficiency standards will diminish rapidly as EV prices fall and parity is achieved and passed. Government should now have the confidence to proceed as fast as possible to deliver the benefits for Australia, and for all Australians, described in the NVES report and, in so doing, help the industry to finally take whatever steps remain to salvage their new car business.

For those reasons, CCLA agrees with the report's recommendation that Option A is unacceptable as it *"Provides the slowest start, does not seek to catch up to other jurisdictions but looks to keep pace"*.

CCLA also considers both Option B, which *"provides a strong, ambitious and achievable policy"*, and Option C to be inadequate, though either will suffice in the face of the unfolding disruption.

Whilst it is clear that the market disruption will occur irrespective of NVES, CCLA believes Option C, which *"provides the fastest transition, with an accelerated trajectory to catch up to the US in 2027 and then pulls forward CO2 targets for 2030-32 in US into Australia in 2028-29"*, would be the best expedient measure for government to adopt under the circumstances.

4. Complementary strategies to support the NVES

4.1. Parallel import restrictions

Parallel import restrictions, on EV models currently on sale domestically, deprives Australians access to cheaper second-hand EVs that are available in New Zealand where, in December 2023, EV penetration (including plug-in hybrids) exceeded 50%¹¹.

Amendment to the parallel import regime can have immediate effect on the uptake of EVs in Australia and is strongly recommended.

¹⁰ Tony Seba, *"The Great Transformation"* – TAQA 20th Anniversary Celebration / Dhahran, Saudi Arabia, 16 October 2023, https://www.youtube.com/watch?app=desktop&v=7eJKTYc_v-l (first 15 minutes)

¹¹ Clean Technica, <https://cleantechnica.com/2024/01/07/new-zealand-exceeds-50-electric-vehicle-penetration-in-december-2023/>

4.2. Price Pollution, Pay People

Sector-by-sector climate policies are significantly less efficient than economy-wide measures. CCLA recommends a non-inflationary, cost neutral, equitable, ethical and simple means **to drive down transport – and most other GHG – emissions**, by putting a levy – equivalent to Woodside Energy’s internal price of US\$80 – on every tonne of carbon equivalent extracted from below the ground or imported into Australia. Returning the net revenue equally to all residents in periodic dividends to offset the resultant rise in cost of living ensures that this highly efficient policy is also affordable and therefore acceptable to electors. It follows the principle, “Price Pollution – Pay People”.

For these reasons, CCLA advocates the adoption of the **Australian Climate Dividend (ACD)**¹² similar to the **Climate Solutions Levy (CSL)**¹³ recently proposed by Professors Garnaut and Sims, with the addition of a dividend to citizens.

5. Conclusion

In the absence of an economy-wide price on pollution, CCLA supports the adoption of Option C to help accelerate the transition towards zero-pollution transport options in the Australian economy.

¹² <https://ccl.org.au/dividend>

¹³ <https://iview.abc.net.au/show/national-press-club-address/series/0/video/NC2411C003S00>



Organisation questionnaire response

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

What organisation do you represent? (required)	Citizens' Climate Lobby
What is your name? (required)	Rod Mitchell
What is your position at the organisation? (required)	National Chair
Please rank the proposed options in order of preference. (optional)	Option A - 3rd, Option B - 2nd, Option C - 1st
Briefly, what are your reasons for your choice? (optional, 3000 character limit)	Emissions must fall rapidly.
Do you support the Government's preferred option (Option B)? (optional)	No
Do you have any feedback on the analysis approach and key assumptions used? (optional, 3000 character limit)	See attachment
Briefly, describe how the NVES might impact your organisation (optional, 3000 character limit)	See attachment
Who should the regulated entity be? (optional, 3000 character limit)	NULL