



**CONSERVATION
COUNCIL** ACT REGION

Submission to the Australian Government
Department of Infrastructure, Transport, Regional
Development, Communications and the Arts

New vehicle efficiency standard

March 2024

The Conservation Council ACT Region is the peak non-government environment organisation for the Canberra region. Since 1981, we have spoken up for a healthy environment and a sustainable future for our region. We harness the collective energy, expertise and experience of our more than 40 member groups to promote sound policy and action on the environment.

We campaign for a safe climate, to protect biodiversity in our urban and natural areas, to protect and enhance our waterways, reduce waste, and promote sustainable transport and planning for our city. Working in the ACT and region to influence governments and build widespread support within the community and business, we put forward evidence-based solutions and innovative ideas for how we can live sustainably.

At a time when we need to reimagine a better future, we understand that the changes we need will only happen with the collective support of our community.

For further information please contact:

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Introduction

The Conservation Council ACT Region appreciates the opportunity to provide comments to the Australian Government regarding the proposed New Vehicle Efficiency Standard.

The Synthesis Report of the IPCC's Sixth Assessment Report (AR6-SYR) released in March 2023 is unequivocal in its statements about the urgency required in global emissions reductions.

“Keeping warming to 1.5°C above pre-industrial levels requires deep, rapid and sustained greenhouse gas emissions reductions in all sectors. Emissions should be decreasing by now and will need to be cut by almost half by 2030, if warming is to be limited to 1.5°C.”¹

Transport is a major source of air and climate pollution in Australia. The ambition and implementation of the Government's proposed vehicle efficiency standard must reflect the urgency of the climate crisis.

The Conservation Council ACT Region supports the “fast start” implementation of a vehicle efficiency standard that is world-leading and effectively prevents the import, sale and use of all fossil fuel vehicles in Australia as rapidly as possible, whilst supporting equitable outcomes for vulnerable and low-income Australians. The accelerating uptake of electric vehicles proves that Australians have an appetite for clean vehicles but have been hampered by lack of policy support and infrastructure development. The global car market has had many years of notice about the need to reduce emissions from vehicles, with most of the world already covered by efficiency standards, so there is no reason to delay or go slow. Set ambitious targets and car manufacturers will supply compliant vehicles, and the transition away from fossil fuels can leap forward.

With so many benefits to be gained from transitioning to clean transport (from public health to cost-of-living savings and so much more), there is no downside to introducing a wide-reaching, ambitious vehicle efficiency standard as soon as possible.

Questionnaire responses

4. Please rank the proposed options in order of preference.

The Conservation Council prefers a hybrid of options B and C that combines key policy settings whilst ensuring equitable outcomes.

Order of preference:

1. C
2. B
3. A

5. What are your reasons for your choice?

Delivering a strong effective vehicle efficiency standard for Australia's light vehicle fleet is an essential step to effectively drive down carbon pollution, while also cutting the cost of living for

¹ IPCC, 2023, 'Urgent climate action can secure a liveable future for all', Press release, 20 March, https://www.ipcc.ch/report/ar6/syr/downloads/press/IPCC_AR6_SYR_PressRelease_en.pdf

Australians, delivering cleaner air for better health, boosting national energy security, and improving vehicle safety. The common features of options B and C are good starting points for achieving this.

However, the Council urges the Australian Government to move more swiftly, commencing this Standard by the beginning of 2025 and rapidly strengthening and expanding it to include all vehicles (see further discussion in question 6).

There is little value in option A which would enable continued pollution and would fail to achieve sufficient progress towards net-zero emissions by 2050.

6. Do you support the Government's preferred option (Option B)?

The Conservation Council supports the key common features outlined in options B and C for Australia's NVES as minimum starting points for unlocking better access to low and zero-emissions vehicles as soon as possible. The Council recommends the following features be incorporated into the Standard:

- the average annual emissions ceiling for fleet efficiency must tighten annually, and by 2030 the Standard must apply to every individual vehicle rather than fleet averages to prevent fleet managers from perpetuating fossil fuel vehicles;
- Do not allow use of 'super credits', 'off-cycle credits', 'technology credits', 'multiplier credits' or other manufacturer flexibility arrangements which can distort and undermine the scheme's real-world outcomes;
- Phase out all existing credits by the end of 2026;
- Appropriate categorisation of vehicle types, categorising SUVs as passenger vehicles;
- Penalties must be substantial, at a sufficiently strong rate to ensure positive compliance;
- Bring the Standard into effect with meaningful emissions reductions (at least 117g/km) from 1 January 2025.

The Council urges the Australian Government to move more swiftly, commencing this Standard by 1 January 2025 and rapidly strengthening and expanding it to include all vehicles, accompanied by other measures (including investment in electric vehicle infrastructure) to strategically phase out all fossil fuel vehicles from Australia by 2035.

The Standard must specifically prevent fossil gas-powered vehicles. The Standard must not leave open loopholes for manufacturers to exploit with continued fossil fuel vehicle sales.

The Standard should favour fully electric vehicles, and not allow the sale of hybrid vehicles beyond 2030 (preferably sooner). Allowing hybrid vehicles indefinitely perpetuates the use of fossil fuels, preventing rapid emissions reductions and the possibility of achieving zero-emissions goals.

The Standard should encourage buyers to choose smaller, lighter vehicles, and include consideration of full lifecycle efficiency (see further discussion below).

The Standard should require real-world, on-road testing of vehicle emissions rather than laboratory testing or theoretical computations.

The Council urges the Australian Government to legislate nothing less than these proposed settings, to ensure the standard achieves its stated objective of delivering cleaner, cheaper-to-run cars for Australians.

7. Do you have any feedback on the analysis approach and key assumptions used?

The analysis appears to assume that we have to proceed cautiously, and that the market (manufacturers, retailers, customers etc) is not ready for this transition. The reality is that a target of zero emissions for (only) new vehicles by 2035 is seriously unambitious. Climate change and the need to reduce emissions have been on the global agenda for more than three decades — that’s plenty of notice. We have been talking about and trialing electric cars and infrastructure for years — the pilots are completed, the technology is proven. What’s needed now is serious policy commitment, significant investment, and equitable assistance for Australian families so that we can move rapidly into the “majority” phase of the technology adoption curve.

The Council believes that it is feasible to apply a zero-emission standard to all new and imported used vehicle sales by 2030 — electric versions already exist for all vehicle types, and five years is plenty of notice to vehicle manufacturers and importers to stop producing fossil fuel and hybrid vehicles by 2030. The manufacturing pipeline is months long, not years — if the Australian Government were to tell manufacturers today that they can sell Australia only ZEVs from, say, 1 July 2025 then that’s what they would produce and import and that’s what Australians would buy.

The market is already moving rapidly in this direction, so a date of 2035 for new vehicles to be zero-emissions would lag rather than lead the market. A date of 2030 would instead achieve substantial emissions reductions far earlier and drive the availability of low-emissions used vehicles for those buyers who cannot afford or prefer not to buy new. The ACT Government already has a target of 80-90% of new vehicle sales as ZEVs by 2030 and the ACT’s EV sales are the highest in the country.²

Let’s prioritise people and planet by demanding today the zero-emissions vehicles we need, and stop accepting the polluting technology that manufacturers fob off on us for their own profit.

8. Describe how the NVES might impact your organisation.

A Vehicle Efficiency Standard that delivers genuine emission reductions this decade is a step in the right direction toward mitigating climate change, and is entirely consistent with the Conservation Council’s mission and values.

More than just a fuel standard

Be world leading and exclude fossil fuels

The vehicle efficiency standard must be world-leading, not merely playing catch-up with a global average. It must explicitly and effectively preclude the use of fossil fuels in vehicles – allowing the continued sale and use of “efficient petrol and diesel engines and hybrids” is not enough and would lock in decades more carbon emissions and demand for fossil fuel mining.

² ACT Government, 2022, ACT’s Zero Emissions Vehicles Strategy 2022–30, <https://www.climatechoices.act.gov.au/policy-programs/acts-zero-emissions-vehicles-strategy>

An outright ban on the sale of new fossil fuel vehicles, as is happening in a growing number of jurisdictions around the world including the Australian Capital Territory³, would give the industry unequivocal guidance. The case for a ban is well established, and the recent accelerating pace of new electric vehicles sales demonstrates public support for and momentum towards the phase-out of fossil fuel vehicles. However, if the Australian Government is unwilling to set such a clear policy, it is even more critical that the vehicle efficiency standard act as an effective and immediate proxy solution.

The standard should cover all passenger and light commercial vehicles, including motorcycles, SUVs and light trucks, to avoid manufacturers exploiting loopholes in vehicle category descriptions. The standard should rapidly be expanded to include all road vehicles, and apply to all individual vehicle purchases, not “fleet average” emissions which would enable the purchase of polluting vehicles.

Electric and clean hydrogen vehicle technologies are viable, economic and available now – there is no justification for continued use of fossil fuels.

The Standard needs to expand to include all existing vehicles

The proposed NVE Standard will only apply to new vehicles, yet there are millions of polluting vehicles on Australian roads.

The Standard must apply to all imported used vehicles with the same start date as for new vehicles. It must be rapidly expanded to include all types of new and imported used vehicles.

The Standard must also be expanded to strategically phase out all existing polluting vehicles by 2035. Electric technologies already exist for every vehicle type. This must be accompanied by other measures, including investment in public and active transport, to ensure that all Australians have equitable access to clean, efficient transport options.

Full lifecycle energy efficiency

The Council notes that the title of the proposed standard changed from “fuel efficiency” in the initial consultation to “vehicle efficiency”. Indeed, the introduction of this vehicle efficiency standard is an opportunity for the Australian Government to go further than simply fuel efficiency. It could (and should) expand the standard to encompass the whole-of-life energy efficiency of vehicles, measuring the quantities and sources of all energy and materials used to manufacture, transport and run a vehicle, like the ACEEE’s “GreenerCars” ratings⁴. This should also include meeting ethical standards for sourcing materials and labour.

This would bring transparency to a vehicle’s total environmental footprint, helping to address and reduce Scope 3 greenhouse gas emissions and enable buyers to make more informed choices. Such a standard would also discourage excessively large vehicles (see more discussion below) and reduce the electricity required to operate a vehicle during its on-road use, in turn minimising the need for the national electricity grid to invest in excess large-scale generation.

³ Wikipedia, 2023, ‘Phase-out of fossil fuel vehicles’, https://en.wikipedia.org/wiki/Phase-out_of_fossil_fuel_vehicles

⁴ American Council for an Energy-Efficient Economy, 2024, ‘Electric vehicles top 2024 GreenerCars rankings as prices drop’, <https://www.aceee.org/press-release/2024/02/electric-vehicles-top-2024-greenercars-rankings-prices-drop>

Drive a circular economy

The Government must also ensure that old vehicles are recycled, with significant investment in recovery and materials processing facilities to ensure that fossil fuel vehicles are not dumped to pollute the environment. New vehicle standards should require the inclusion of recycled materials to drive a circular economy in vehicle manufacturing. This should be accompanied by a mandatory vehicle stewardship scheme to compel investment by manufacturers.

Power vehicles with clean energy

The Australian and State Governments must phase out fossil fuels from the electricity network, rapidly replacing coal and gas generation with solar, wind and hydro electricity so that the new generation of electric vehicles are truly cleaner than what they are replacing.

Do not allow petrol and diesel vehicles to be replaced by fossil gas-powered vehicles.

Vehicles are becoming ridiculously and dangerously large

The size of many new vehicles being sold in Australia is becoming disproportionate to human scale and excessive for the purpose of transporting people. Most people really do not need to drive such enormous, intimidating vehicles, particularly for urban commuting. Proponents of large vehicles may argue that sales prove demand for larger and larger SUVs, but it is now becoming impossible for people to purchase a moderately sized family vehicle as manufacturers increase the wheelbase and mass with each successive model⁵. While electric versions of these large vehicles will be quieter and emit less carbon pollution than fossil fuel versions, they will be faster and even more powerful than current petrol models, increasing the danger to other road users, and delivering fewer benefits to society than smaller vehicles. The functionality of an SUV or tradie's ute could still be delivered in a smaller, safer, more efficient package.

Increasing vehicle size has multiple detrimental impacts:⁶

- Decreased safety of people in other vehicles, pedestrians, cyclists and motorcyclists in the event of a collision with a large vehicle⁷ with increased public health costs;
- Tighter space on roads and in car parks and garages;
- Visibility around large vehicles for other drivers and road users, both when vehicles are in motion and when parked;
- Increasing resource consumption for manufacturing, transport and running power outweigh the benefits from reduced fossil fuel consumption⁸;
- Increasing wear on road surfaces and bridges, requiring more maintenance and infrastructure upgrades.⁹

All vehicle policies should be reviewed and adjusted to limit vehicle size and encourage manufacturers to supply smaller vehicles and buyers to choose the smallest vehicle that meets

⁵ Saxton 4x4, 2021, 'Are cars getting bigger and heavier?', <https://www.saxton4x4.co.uk/news/are-cars-getting-bigger-and-heavier/>

⁶ Amber, 2024, 'The impacts of larger vehicles on Australian roads', <https://amberorg.com.au/the-impacts-of-larger-vehicles-on-australian-roads/>

⁷ Bicycle Network, 2023, 'Big and blunt: the cars that threaten life', <https://bicyclenetwork.com.au/newsroom/2023/12/20/big-and-blunt-the-cars-that-threaten-life/>

⁸ Lauder, J, 'Australia's love of big cars is undoing the benefits of the shift to EVs', ABC News, <https://www.abc.net.au/news/2023-07-15/big-cars-on-aussie-roads/102603092>

⁹ Evans, J, 2024, 'Should government step in to help Australians quit their big car habit?', ABC News, <https://www.abc.net.au/news/2024-01-09/australian-cars-getting-bigger-should-government-intervene/103287604>

their needs.¹⁰ These policies should include the Vehicle Classification system, the new vehicle efficiency standard, registration fees, tax concessions, compulsory third-party insurance, parking space standards, road standards, safety ratings etc.

ANCAP safety ratings should require vehicle manufacturers to elevate the safety of people outside the vehicle.

Tighten the New Vehicle Efficiency Standard to include wheelbase and mass limits.

Remove all tax subsidies for larger vehicles.¹¹

Ban advertising of large vehicles. Huge SUVs have become normalised via advertising. Remove the social licence. Instead, spruik the benefits of small vehicles and other forms of transport, like the Conservation Council's Make the Move project (makethemove.org.au).

Do not increase parking bay or road lane dimensions — this would only encourage more large vehicles, reduce the total number of parking spaces available and/or steal space from other land uses. Instead, regulate to limit the maximum size of vehicles that can be registered in any vehicle class.

In all urban development, prioritise safety and accessibility for pedestrians, and facilitate active and public transport.¹² This could include car-free zones around schools, narrow road lanes around local shopping and business districts, more pedestrian crossings and traffic-calming measures in residential areas.

Invest in active travel infrastructure and integrated (electric) public transportation networks. Support this with incentives to reduce private vehicle ownership. This could include fostering car-sharing networks, subsidising short-term vehicle rentals, subsidising e-bike purchases, providing cycling education programs through businesses and community groups, and so on.

Summary and Recommendations

The Conservation Council recommends introducing the new vehicle efficiency standard effective from 1 January 2024, combining the most ambitious features of options B and C, and strengthening the standard to apply to all new vehicles by 2030.

The Australian Government must collaborate with State and Territory governments to develop:

- electric vehicle infrastructure;
- effective, safe, efficient and convenient public transport and active travel networks; and
- a nationwide strategy to phase out all existing fossil fuel vehicles, including in industry, far earlier than 2050.

¹⁰ Martin, P, 2023, 'Where did the cars go? How heavier, costlier SUVs and utes took over Australia's roads', *The Conversation*, <https://theconversation.com/where-did-the-cars-go-how-heavier-costlier-suvs-and-utes-took-over-australias-roads-215774>

¹¹ Vistonay, E, 2023, 'Tax perks driving surge in number of SUVs and larger vehicles on Australian roads', *The Guardian*, <https://www.theguardian.com/australia-news/2023/mar/23/tax-perks-driving-surge-in-number-of-suvs-and-larger-vehicles-on-australian-roads-experts-say>

¹² Krizek, K, 2023, 'Ever-larger cars and trucks are causing a safety crisis on US streets – here's how communities can fight back', *The Conversation*, <https://theconversation.com/ever-larger-cars-and-trucks-are-causing-a-safety-crisis-on-us-streets-heres-how-communities-can-fight-back-206382>



Organisation questionnaire response

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

What organisation do you represent? (required)	Conservation Council ACT Region
What is your name? (required)	Elle Lawless
What is your position at the organisation? (required)	Executive Director
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)	<p>The Conservation Council supports the key common features outlined in options B and C for Australia’s NVES as minimum starting points for unlocking better access to low and zero-emissions vehicles as soon as possible. The Council recommends the following features be incorporated into the Standard: the average annual emissions ceiling for fleet efficiency must tighten annually, and by 2030 the Standard must apply to every individual vehicle rather than fleet averages to prevent fleet managers from perpetuating fossil fuel vehicles; Do not allow use of ‘super credits’, ‘off-cycle credits’, ‘technology credits’, ‘multiplier credits’ or other manufacturer flexibility arrangements which can distort and undermine the scheme’s real-world outcomes; Phase out all existing credits by the end of 2026; Appropriate categorisation of vehicle types, categorising SUVs as passenger vehicles; Penalties must be substantial, at a sufficiently strong rate to ensure positive compliance; Bring the Standard into effect with meaningful emissions reductions (at least 117g/km) from 1 January 2025.</p> <p>The Council urges the Australian Government to move more swiftly, commencing this Standard by 1 January 2025 and rapidly strengthening and expanding it to include all vehicles, accompanied by other measures (including investment in electric vehicle infrastructure) to strategically phase out all fossil fuel vehicles from Australia by 2035. The Standard must specifically prevent fossil gas-powered vehicles. The Standard must not leave open loopholes for manufacturers to exploit with continued fossil fuel vehicle sales. The Standard should favour fully electric vehicles, and not allow the sale of hybrid vehicles beyond 2030 (preferably sooner). Allowing hybrid vehicles indefinitely perpetuates the use of fossil fuels, preventing rapid emissions reductions and the possibility of achieving zero-</p>



	emissions goals. The Standard should encourage buyers to choose smaller, lighter vehicles, and include consideration of full lifecycle efficiency (see further discussion below). The Standard should require real-world, on-road testing of vehicle emissions rather than laboratory testing or theoretical computations.
<p>Do you support the Government's preferred option (Option B)?</p> <p>(optional)</p>	NULL
<p>Do you have any feedback on the analysis approach and key assumptions used?</p> <p>(optional, 3000 character limit)</p>	<p>The analysis appears to assume that we have to proceed cautiously, and that the market (manufacturers, retailers, customers etc) is not ready for this transition. The reality is that a target of zero emissions for (only) new vehicles by 2035 is seriously unambitious. Climate change and the need to reduce emissions have been on the global agenda for more than three decades — that’s plenty of notice. We have been talking about and trialing electric cars and infrastructure for years — the pilots are completed, the technology is proven. What’s needed now is serious policy commitment, significant investment, and equitable assistance for Australian families so that we can move rapidly into the “majority” phase of the technology adoption curve. The Council believes that it is feasible to apply a zero-emission standard to all new and imported used vehicle sales by 2030 — electric versions already exist for all vehicle types, and five years is plenty of notice to vehicle manufacturers and importers to stop producing fossil fuel and hybrid vehicles by 2030.</p> <p>The manufacturing pipeline is months long, not years — if the Australian Government were to tell manufacturers today that they can sell Australia only ZEVs from, say, 1 July 2025 then that’s what they would produce and import and that’s what Australians would buy. The market is already moving rapidly in this direction, so a date of 2035 for new vehicles to be zero-emissions would lag rather than lead the market. A date of 2030 would instead achieve substantial emissions reductions far earlier and drive the availability of low-emissions used vehicles for those buyers who cannot afford or prefer not to buy new. The ACT Government already has a target of 80-90% of new vehicle sales as ZEVs by 2030 and the ACT’s EV sales are the highest in the country. Let’s prioritise people and planet by demanding today the zero-emissions vehicles we need, and stop accepting the polluting technology that manufacturers fob off on us for their own profit.</p>
<p>Briefly, describe how the NVES might impact your organisation</p> <p>(optional, 3000 character limit)</p>	A Vehicle Efficiency Standard that delivers genuine emission reductions this decade is a step in the right direction toward mitigating climate change, and is entirely consistent with the Conservation Council’s mission and values.
<p>Who should the regulated entity be?</p> <p>(optional, 3000 character limit)</p>	NULL



Australian Government

Department of Infrastructure, Transport,
Regional Development, Communications and the Arts