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## **COMMONWEALTH GOVERNMENT'S CONSULTATION PAPER: THE FUEL EFFICIENCY STANDARD - CLEANER, CHEAPER TO RUN CARS FOR AUSTRALIA**

The Victorian Government welcomes the Commonwealth Government's impact analysis "Cleaner, Cheaper to Run Cars: The Australian New Vehicle Efficiency Standard". The public release of this document represents another important step by the Commonwealth in delivering on its commitment to introduce Australia's New Vehicle Efficiency Standard (NVES).

The NVES is a critical component in Australia's transition to zero emission vehicles and meeting national emissions targets. A strong NVES is vital to supporting the achievement of Victoria's own emission reduction targets of 45-50 per cent by 2030 and 75-80 per cent by 2035. Without a robust and internationally competitive standard, Australia will not reduce emissions from internal combustion engine vehicles or receive the supply of zero emissions vehicles required to meet targets, and which are essential to ensure the continued economic vitality of the nation.

Victoria has consistently advocated for the introduction of strong national standards since the Commonwealth released a Regulatory Impact Statement on the issue in 2016. The importance of strong national standards also featured in Victoria's 2021 Climate Change Strategy and Zero Emissions Vehicle Roadmap. This is a priority reform which needs to start as soon as practicable. Victoria supports the Commonwealth's intention to legislate and implement an effective NVES scheme commencing in 2025.

Victoria is already doing its part to encourage the transition to zero emissions vehicles. Victoria launched Australia's first public zero emissions vehicle subsidy program in 2021, which helped accelerate local ZEV uptake before the program's conclusion in 2023. Victoria has set targets to help guide the transition towards zero emissions transport, including a target for 50 per cent of new light vehicle sales to be zero emissions by 2030; committing to 100 per cent zero emissions vehicles in the government fleet by 2035 and transitioning to 100 per cent zero emissions new public bus purchases from 2025. These ambitious targets are backed up by significant investments to help drive the change. Victoria is making significant investments in rolling out charging infrastructure across the state, upgrading lower emissions public transport options and is participating with the Commonwealth and other jurisdictions on strategic transport infrastructure projects such as the Hume Hydrogen Highway initiative.

On the basis of the impact analysis provided, Victoria supports Option B – Fast but Flexible as a minimum. This option includes design features that are consistent with best practice.

Policies to meet Australia's 2030 emissions reduction target must be considered in the context of the action required to achieve the goal of net zero. Victoria notes that more zero emissions vehicles must enter the fleet as soon as possible, noting that new internal combustion engine vehicles entering service now have the potential to stay on the road for decades to come. To ensure a timely enough transition of the vehicle fleet to support the achievement of net zero ambitions for transport and the economy more broadly, Victoria supports the Commonwealth's proposed regular review of the NVES effectiveness. Victoria requests that the impact evaluation includes consultation with key stakeholders including State governments.

While efficiency standards are a key measure for driving change in Australia's vehicle fleet, most research and international experience suggests there will still be a need for other complementary policy measures to ensure we can achieve our targets and appropriately support industry and vehicle owners in the transition. The Commonwealth, in partnership with jurisdictions, should consider what



other policy tools are available to governments to further promote ZEV uptake. This may involve further financial incentives through the tax system, industry support and infrastructure development.

The Commonwealth's National Electrical Vehicle Strategy (NEVS), with its focus on zero emissions vehicle incentives, charging infrastructure, industry standards, training and information is an important component of Australia's emerging policy response. Victoria will continue to work with the Commonwealth Government, other States and Territories on the implementation of the NEVS reforms.

Victoria looks forward to working with the Commonwealth and other jurisdictions on ways of further advancing this broader transport policy reform agenda as part of the Roadmap process during the coming year, as well as continuing to actively contribute to relevant policymaking forums such as the Environment and Climate Change Ministers' Council (ECMC) and the national Transport and Infrastructure Ministers' Meeting.

Yours sincerely,

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# Organisation questionnaire response

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

<b>What organisation do you represent?</b>  (required)	Department of Transport and Planning Victoria
<b>Please rank the proposed options in order of preference.</b>  (optional)	Option A - 0th, Option B - 0th, Option C - 0th
<b>Briefly, what are your reasons for your choice?</b>  (optional, 3000 character limit)	NULL
<b>Do you support the Government's preferred option (Option B)?</b>  (optional)	Yes
<b>Do you have any feedback on the analysis approach and key assumptions used?</b>  (optional, 3000 character limit)	NULL
<b>Briefly, describe how the NVES might impact your organisation</b>  (optional, 3000 character limit)	NULL
<b>Who should the regulated entity be?</b>  (optional, 3000 character limit)	NULL