



Submission by
Lexus Australia
to the
**Cleaner, Cheaper to Run Cars:
The Australian New Vehicle Efficiency
Standard**
Consultation Impact Analysis
March 2024

Lexus Australia (Lexus) supports the introduction of an ambitious mandatory fuel-efficiency standard that is calibrated to the Australian market. Lexus is a luxury-focused brand that has been in the Australian market since 1990. Lexus currently has a franchise with 22 Dealers operating over 29 Sites, employing over 900 people.

Similar to many brands in the market, Lexus has been on its electrification journey for many years, launching the world's first hybrid luxury SUV in 2006. Lexus is committed to a multi-pathway approach, which focuses on developing a range of solutions and technologies that meet the diverse needs of our customers, that includes Hybrid (HEV), Plug-in-Hybrid (PHEV), Battery Electric (BEV) and Fuel Cell Electric Vehicles (FCEV).

Lexus recently introduced its first full BEV, the UX 300e to the market in November 2021. In February 2022, Lexus launched its first PHEV, the NX 450h+ into the Australian market, followed by its second full BEV, the RZ 450e in May 2023.

Lexus is committed to its electrification journey while also maintaining its customer centric strategy, which prioritises delivering a consistent experience to all customers. Lexus is working towards the goal of 100% electrification by 2030 with its vehicle line up comprising of HEVs, PHEVs and BEVs. By 2035, Lexus globally is seeking to shift to 100% BEVs.

While Lexus acknowledges the growing popularity of BEVs, we note there have been slower adoption rates among potential customers than expected. Similar to the experience with hybrid vehicles in the mid-2000s, Lexus recognises that customers need time to understand the technology and adapt their behaviours to build confidence in this new technology. Based on our current experience, key customer concerns to be addressed include range anxiety, battery life and charging experiences.

Lexus places a strong emphasis on customer service and provides comprehensive support for BEV Owners, such as home charging installation, free public charging, and loan vehicles for longer drives.

Please see Lexus' responses to the Consultation Impact Analysis questionnaire below.

Please rank the proposed options in order of preference.

- None of the three options as presented are suitable for the Australian market. Consideration should be given to revisiting Option B with understanding of the potential directional change in the USA (easing of rates of CO₂ reduction targets year on year) and with the inclusion of holistic measures (which include technology credits, consumer support mechanisms, banking, trading and pooling) as is standard international practice.

Briefly, what are your reasons for your choice?

- Option B in its current form narrowly focuses on setting an emissions target without the holistic arrangements that are in place in international markets.

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

- Lexus welcomes a mandated fuel efficiency standard, however as noted above, Option B needs to include holistic arrangements that are in place in international markets.

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

- Lexus has reviewed the document as made available within the time constraint of one month and without access to the detailed modelling.

Briefly, describe how the NVES might impact your organisation.

- While we acknowledge the need to deliver CO₂ tailpipe emission reductions, the rate of reduction and speed of change as proposed in Option B has negative implications on the economy, Lexus and its customers, dealers and the broader supply chain.



Organisation questionnaire response

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

What organisation do you represent? (required)	Lexus Australia
What is your name? (required)	Nam Luong
What is your position at the organisation? (required)	Manager - Strategy, Finance & Business Development
Please rank the proposed options in order of preference. (optional)	Option A - 0th, Option B - 0th, Option C - 0th
Briefly, what are your reasons for your choice? (optional, 3000 character limit)	NULL
Do you support the Government's preferred option (Option B)? (optional)	NULL
Do you have any feedback on the analysis approach and key assumptions used? (optional, 3000 character limit)	NULL
Briefly, describe how the NVES might impact your organisation (optional, 3000 character limit)	NULL
Who should the regulated entity be? (optional, 3000 character limit)	NULL