



Peoples Climate Assembly Submission on New Vehicle Efficiency Standard

The Peoples Climate Assembly (PCA) welcomes the opportunity to make a submission on the proposed New Vehicle Efficiency Standard (NVES). We applaud the Australian Government for recognising that Australia needs to show leadership to close the gap in current vehicle efficiency standards. We know that we need to have strong vehicle efficiency standards to drastically cut transport emissions, a vital step in the midst of a climate emergency.

PCA's Strong Support for Option C

The Peoples Climate Assembly strongly support **Option C** as the strongest standard that would greatly reduce vehicle emissions, have the greatest environmental impact and benefit Australians' health and financial savings. The Australian Government opting for the strongest option would position Australia as a global leader at the front of the race, having previously been left far behind.

Reducing Emissions is Critical

The transport sector in Australia accounted for 19% of Australia's emissions in 2022. Passenger cars and light commercial vehicles contribute 60% of our transport emissions and over 10% of Australia's total emissions. Australia has some catching up to do to compensate for an automotive industry that has largely failed to implement necessary changes and improvements in vehicle efficiency. Australia needs to accelerate rapidly to make up for its lack of progress. Transport emissions must rapidly reduce this decade for Australia to meet its international commitments. The impact analysis estimates that by 2050 Option C will reduce CO2 emissions by an additional 74 million tonnes, which will help the Government meet its climate targets in a sector which is more easily addressed, having well-established pathways internationally.

As the NRMA point out:

"Australia has one of the world's highest emissions per kilometre travelled for passenger and light commercial vehicles, and is now one of the last developed nations to introduce compulsory standards.

*Australia's aggregate 170 grams of carbon dioxide per kilometre travelled is 20 per cent higher than the United States and 40 per cent higher than the European Union. In addition to the environmental impact this has also left Australian drivers over exposed to less fuel efficiency and therefore a greater fuel cost burden."*¹

Positive Impacts on Health

Transport is a major source of air pollution, which negatively impacts on health. Research shows that vehicle emissions in Australia are responsible for:

- 11,105 premature deaths in adults per year

¹ <https://www.mynrma.com.au/media/press-releases/2024/nrma-welcomes-new-vehicle-efficiency-standard>

- 12,210 cardiovascular hospitalisations per year
- 6,840 respiratory hospitalisations per year
- 66,000 active asthma cases per year in the 0-18 age group²

A New Vehicle Efficiency Standard will improve air quality, reduce the air pollution death rate and save the healthcare system billions. The New Vehicle Efficiency Standards make good health and climate policy and will have huge health benefits, especially for children.

Cost Savings

The New Vehicle Efficiency Standard is estimated to lower fuel bills by \$1000 for each new vehicle by 2028, and will provide a greater choice of more efficient lower emissions vehicles. As the Smart Energy Council point out in their submission:

“Fuel efficiency standards will reduce cost of living pressures by saving drivers money, increase the uptake and availability of electric vehicles, lower fuel use and carbon emissions and drive efficiency improvements in the vehicle fleet. “

Sufficient notice has been given to manufacturers

The Government has been clear about its intention for a New Vehicle Efficiency Standard since 2022, and Australia is one of the last developed countries to implement one. There has been ample time for a transition by the car manufacturing industry, who are seeking to further delay changes that are vitally important for the environment and mean cost savings for Australians who are living in a cost of living crisis. The net benefits of Option C are far greater (18% difference). A 2025 target that is no more ambitious than 2023 (Option A) means making no progress for two years. Australia cannot afford this on many levels if it wants to be a global leader on climate action and to deliver cost savings to Australians.

Making Up For Lost Time

The Australia Institute highlights that if the Government had introduced fuel efficiency standards in 2016, Australia would have saved more than \$6 billion in fuel costs, and avoided 4000 megalitres of imported fuel and nine million tonnes of greenhouse gas emissions – similar to the emissions footprint from domestic aviation.

We agree with the Conservation Council of the ACT’s recommendation for a more ambitious target date: *“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.”*³

The Smart Energy Council highlight in their submission:

“The impacts of having the emissions limits stronger, sooner, will result in far greater economic and environmental impacts as the cars from 2025 will be expected to have a 20+ year lifespan.”

² <https://dea.org.au/doctors-new-vehicle-efficiency-standard-will-save-lives-on-our-roads/>

³ https://conservationcouncil.org.au/wp-content/uploads/SUBMISSION_NewVehicleEfficiencyStandard-CCACTR-Mar2024.pdf, p.4

Financial Penalties Are Necessary

We know, based on past behaviour and misleading promotion of vehicle efficiency by car manufacturers, that it is necessary to give strong financial penalties to car manufacturers who do not fulfil their responsibility of developing and bringing to market more efficient vehicles. The penalty price of Option C is more comparable to the European Union and will force manufacturers to comply and prioritise the Australian market.

Removing loopholes for mainstream technology

Excluding technology credits would create transparency and simplicity in the scheme, and be better for the environment and consumer. Multiplier credits in particular should be ruled out entirely.

SUVs should be classified as passenger vehicles

Including SUVs in the “Passenger Vehicle” category makes the Australian NVES stronger, particularly given the trend of consumers choosing larger vehicles. The Light Commercial Vehicle category should exist for genuine utility and commercial vehicles, not for bigger cars. It is necessary to actively discourage larger vehicles for their negative impact on the safety and accessibility of the urban environment.

Independent Fuel Efficiency Testing Necessary

There must be real-world testing of cars and expansion of the program underway with the Australian Automobile Association, which has already identified that only 10% of cars tested achieved similar fuel consumption results to their lab tests.⁴

Equity: Subsidies, buy-back scheme, concessional finance

There are equity issues and just-transition issues for people on lower incomes, particularly as this applies to new vehicles. Assistance schemes similar to the ACT’s \$15K interest free loans should be considered at a national level. Other subsidies, rebate, buy-back schemes or concessional finance or or purchase incentives for low-income people must be considered. Assistance for replacing petrol cars for low income earners should be prioritised.

Benefits of EVs as Batteries

IEEFA (Institute for Energy Economics and Financial Analysis) highlights that the benefit analysis completed by the Department does not consider the benefits of electric vehicles to the electricity grid, including via vehicle-to-grid or vehicle-to-home. *“Electric vehicles are not only private assets as cars but also public assets as batteries on wheels and this should be recognised more strongly by the Australian Government.”*

“EVs are not only lower pollution, quieter, more efficient vehicles with benefits to health. They are also batteries on wheels which can be used to provide a range of benefits to electricity markets and networks and resilience benefits as remote, transportable power supplies.”⁵

Stewardship

⁴ Smart Energy Council Submission

⁵ See attachment to Smart Energy Council Submission

We also support the Conservation Council's call for a "mandatory vehicle stewardship scheme to compel investment by manufacturers."⁶

We urge you to prioritise the environment and interests of Australian communities and rapidly legislate and deliver this fundamental reform.

Yours sincerely



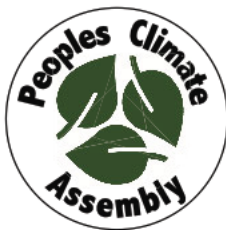
Amy Blain

Chair of the Peoples Climate Assembly

4 March 2024

Peoples Climate Assembly

The Peoples Climate Action Coalition T/A Peoples Climate Assembly (PCA) is a coalition of various climate groups including Australian Parents for Climate Action Canberra, 350/Move Beyond Coal Canberra, the ACF Community Canberra, Climate Action Canberra, Conservation Council ACT Region, and Extinction Rebellion ACT. The PCA is an organisation that believes we need to Act Now to reach zero emissions at emergency speed.



The Peoples Climate Assembly acknowledges that we live on the stolen land of the Indigenous people of Australia. We acknowledge the Ngunawal and Ngambri people, the traditional custodians of the land on which Canberra is situated. Their sovereignty was never ceded. We pay our deepest respects to our nation's First Peoples and to Elders, past and present.

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https://conservationcouncil.org.au/wp-content/uploads/SUBMISSION_NewVehicleEfficiencyStandard-CCACTR-Mar2024.pdf, p.6



Organisation questionnaire response

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

What organisation do you represent? (required)	Peoples Climate Assembly
What is your name? (required)	Amy Blain
What is your position at the organisation? (required)	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)	Please see attached submission
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)	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