



Zali Steggall MP

FEDERAL MEMBER FOR WARRINGAH

12 March 2024

Department of Infrastructure, Transport
Regional Development, Communications and the Arts
GPO Box 594
Canberra ACT 2601
Via email: CleanerCars@infrastructure.gov.au

Thank you for the opportunity to respond to Treasury's consultation on the *Cleaner, Cheaper to Run Cars: The Australian New Vehicle Efficiency Standard (NVES), Consultation Impact Analysis, 2024 (Impact Analysis)*.

As the Federal Member for Warringah, I represent the constituents of Warringah but also have a strong national engagement on climate issues through my Climate Act Now campaign in support of my *Climate Act Bill 2022*.

Australians want the government to take strong climate action

There is strong support both in my electorate and nationally for the government to implement significant climate action, including taking a more ambitious interim 2035 target of 75% emissions reduction.

To achieve this, it is essential that Australia has clear sectoral targets and accelerate its emissions reduction efforts across all sectors, in particular transport. With over 18% of our national emissions and transport being the fastest growing sectors of emissions, the government needs to implement ambitious policies to tackle the problem of rising transport emissions. This will only increase as Australia's population grows. Cars and light commercial vehicles are responsible for two-thirds of those transport emissions.

The introduction of NVES must be implemented as soon as possible

The introduction of the NVES is long overdue. Fuel efficiency standards cover 85% of the global market and have been used for decades to cut transport pollution and

improve the efficiency of new cars. It is unacceptable that Australia, together with Russia, remains the only country to have not yet implemented vehicle efficiency standards.

Having considered the consultation Impact Analysis, and with specific regard to the cost benefit ratio and analysis outlined within it, I am supportive of both:

- Option C – operating as the ceiling. If the government makes any variations, it should be from an Option C start.
- Option B – providing it is fully implemented and is the floor for the standards.

Option C will deliver 20% more emissions reduction in the order of over 70 MTonnes of CO₂-e. When Australia is needed to accelerate emissions reduction to meet our 43% reduction target this option should be the preferred starting point.

Both Option B and C will deliver vehicle efficiency standards that:

- Are effective and deliver emissions reductions to contribute to Australia's target achievement.
- Are efficient so that there is minimal market disruption and responsibility is placed on importers.
- Are equitable and affordable to ensure that all Australians have better access to more affordable electric vehicles, a greater range of vehicles as is offered in other jurisdictions. Currently the electric vehicles are cost prohibitive to many people, including people in my electorate.
- Will ensure Australia gets the newest, best and biggest range of cars which we are currently missing out on. For instance, the European Union has more than doubled the number of electric vehicle models available in Australia.
- Will provide cost-of-living relief by cutting fuel bills, reducing the cost of running a vehicle significantly, allowing Australians to move away from fossil fuels.
- Will improve safety, particularly as 2023 was one of the most deadly years on our roads since 2018 indicating a need for safer and smarter vehicles.

No variations are required

There are no variations required for both Option B and Option C as outlined in the Impact Analysis. Should Option C be implemented, it should be implemented in full with the opportunity for revision if adverse or unintended consequences become apparent.

I support the NVES being simple and transparent and agree with the exclusion of too many opportunities to avoid delivering electric vehicles into Australia. I support the exclusion of off-cycle credits, super-credits and air conditioning credits, which have the potential to undermine the rapid deployment of electric vehicles (with the exception for potential super credits for electric vehicles only). This allows the scheme to operate on the trading of certificates only, the details of which are outlined in the Impact Analysis are reasonable.

I urge the government to resist the lobbying efforts of those that seek to undermine the full implementation of at least Option B (floor). Since the release of this Impact Analysis, we have seen scare tactics being used by vested interests, lobby groups and the Coalition, who themselves have had a fuel efficiency policy in the past. Often the claims made are false or based on unrealistic assumptions such as ultra conservative assumptions on the uptake of electric vehicles or vehicle availability or the over inflation of the frequency and application of penalties.

In particular, there has been focus on the possibility of penalties and those penalties being passed on to dealers and consumers, which has been mischaracterised in misleading communication to the public as a tax. There is no evidence from overseas, including studies in the EU and US that there is any negative price impact to consumers due to the effective operation of certificate trading.

It's time to deliver affordable electric vehicles to Australians

The vehicle efficiency standards puts responsibility and accountability on vehicle importers, setting an emissions target for the fleet of vehicles they import and sell to the Australian market. For too long, suppliers have been using Australia as a dumping ground for inefficient vehicles, ultimately locking Australians into higher weekly fuel costs as well as contributing to higher emissions from our transport sector.

Many in my electorate of Warringah and around Australia have wanted to buy an electric vehicle but have found it cost prohibitive and not enough choice of lower cost cars. Many have been holding off purchasing an electric vehicle until a NVES is implemented and starts to have the desired impact on the market.

It is however important that the government takes additional action to fully support:

- The demand side for electric vehicles, beyond those that have been waiting to buy one. It is critical that demand is high, spurred on by education and community awareness and confidence. This will also protect against targets not being met.

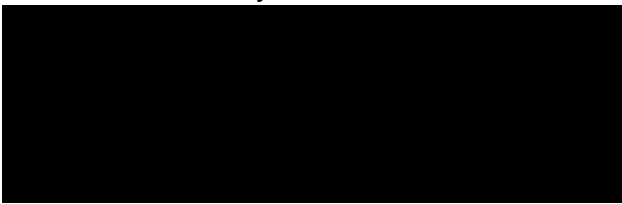
- Roll out of sufficient infrastructure actively backed by government.
- Skilling up a workforce to support the industry including mechanics and electricians (to support home electrification).
- Ensure a circular economy, including improving the recycling rates for all electric batteries to reach the same level as lead batteries.
- Provide the necessary policy reform to maximise the benefits to households using their electric vehicles to support the grid through Consumer Energy Resources (CER).
- Implement policies to support any Australian green advanced manufacturing, that may link to the electric vehicle market.

The NVES Regulator should be appointed based on merit

The NVES should be regulated by an independent body with regular reporting periods and reports must be made public.

Additionally, the body should have a transparent appointment process based on merit and free from conflicts of interest.

Your sincerely



Zali Steggall OAM, MP
Federal Member for Warringah