



## **SUBMISSION:**

### **Australian Government's Consultation on a Fuel Efficiency Standard**

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Western Sydney Regional Organisation of Councils Limited.

**31 May 2023**

# 1. About WSROC

The Western Sydney Regional Organisation of Councils (WSROC) represents local Councils in the Greater Western Sydney region. With a reputation for considered policy analysis and bipartisan advocacy, the Western Sydney Regional organisation of Councils (WSROC) Limited brings a collective voice to those issues which are crucial for Greater Western Sydney's growing population.

WSROC welcomes the opportunity to provide input into the development of the Australian Government's Fuel Efficiency Standard for new light vehicles.

This submission is prepared on behalf of WSROC member councils, and councils participating in the Western Sydney Energy Program: Blacktown City Council, Blue Mountains City Council, Camden Council, Cumberland City Council, Hawkesbury City Council, the Hills Shire Council, Liverpool City Council and City of Parramatta Council.

Some of our councils may make their own submissions. This document should be viewed in addition, and complimentary to those responses.

Please note that this submission focuses mainly on issues of greatest concern to our member councils and is not a comprehensive review of all elements of the proposed Australian New Vehicle Efficiency Standard.

WSROC would welcome an opportunity to further discuss this submission. Should there be any questions, please do not hesitate to contact Mr Nic Pasternatsky, Manager, Governance & Procurement on the below contact details.

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## 2. Introduction

The Western Sydney Regional Organisation of Councils Ltd (WSROC) welcomes the opportunity to provide input into the development of the Australian Government's Fuel Efficiency Standard for new light vehicles.

We strongly support a robust, ambitious, and globally competitive standard, and believe this is critical for reducing transport emissions and providing fuel savings to Australian households and businesses by increasing the local supply of low and zero-emissions vehicles.

We acknowledge that all industries have a critical role to play in achieving Australia's emissions reduction targets of 43% by 2030, and net zero by 2050. Thereby, we must adopt a comprehensive approach to addressing the transport sector's significant contribution to emissions.

Light vehicle emissions currently account for over 18% of the nation's total emissions, and this is projected to significantly exceed 2005 levels by 2030 under business as usual. As such, prompt action is needed to avoid further departure from our national emission reduction targets.

To ensure Australia is on track to achieve net zero emissions by 2050, Australia must significantly increase the supply of low and zero-emission vehicle models and ensure more households and businesses can start to benefit from the fuel and pollution savings. We welcome the Australian Government's development of a Fuel Efficiency Standard to achieve this outcome.

## 3. Recommendations: Australian New Vehicle Efficiency Standard

### 1. Deliver a globally competitive standard for Australia that:

- Demonstrates clear links to the Government's legislated emissions reduction targets, and supports delivery of total transport emissions reductions to 2005-levels by 2030<sup>1</sup> at minimum (but preferably lower than 2005-levels).

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<sup>1</sup> [https://theicct.org/wp-content/uploads/2022/12/Australia-FE-standards\\_final.pdf](https://theicct.org/wp-content/uploads/2022/12/Australia-FE-standards_final.pdf)

- Ensures the transport sector makes an equitable contribution to emissions reduction and blocks sector efforts to actively shift the burden of emissions reduction from global car makers onto Australian farmers, manufacturers, energy suppliers, households and other local businesses.
- Enables the achievement of electric vehicle (EV) targets adopted in most Australian states and territories (i.e., at least 50% EV sales by 2030) which were recently endorsed by the Australian Government via inclusion in its National Electric Vehicle Strategy<sup>2</sup>.
- Catches up to major global markets like the US and EU by (and ideally before) 2030. Recognising that if Australia remains behind, other countries will continue to be prioritised for the supply of low and zero-emissions vehicles.
- Recognises much of the technology already exists overseas but we need a standard that brings it to Australia, and therefore there is no excuse to follow a proportional reduction in emissions targets. We must aim to catchup this decade.
- Includes a penalty rate consistent with other major countries, after accounting for the broader design of the standard, including the overall stringency of targets and inclusion of any concessions/bonus credits.

## **2. Introduce a mandatory standard regulated by the Department of Transport:**

- Commence during 2024 with targets set until at least 2030 to provide a clear signal to the new vehicle market.
- Allow for two reviews of the standard before 2030 in 2026 and 2029 to consider future targets, concessions/bonus credits, the penalty rate and other design features in response to emerging market conditions as well as progress against Australia's emissions reduction and Evades targets.
- Provide certainty to the market by only varying targets three years ahead of the standard review year e.g., only targets for 2029 onwards would be reviewed in 2026; targets for 2032

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<sup>2</sup> <https://www.dcceew.gov.au/sites/default/files/documents/national-electric-vehicle-strategy.pdf>

onwards would be reviewed in 2029. See example outlined in the table below:

Review Year	NVES Target Period	Fixed targets (do not change)	Flexible targets (can be amended / must be set)
2023	2024-2030	2024, 2025, 2026, 2027, 2028	2029, 2030
2026	2026-2033	2026, 2027, 2028	2029, 2030, 2031, 2032, 2033
2029	2029-2036	2029, 2030, 2031	2032, 2033, 2034, 2035, 2036

- Include clear guidance on projected EV sales under the standard to inform the government's broader EV policy and confidence to secure further private investment in the EV industry.

### 3. Preference for a simpler, transparent standard:

- Fewer concessions/bonus credits will provide greater visibility of the true emissions rates of new vehicles for both car makers and consumers.
- A simpler design will also reduce the administrative burden for Government and car makers while accelerating the introduction of the standard.
- Car makers should be provided with the flexibility to bank, trade and pool credits with a carry-back period of two years, and a carry-forward period of three years – in line with a review of the standard taking place every three years.
- Off-cycle or air-conditioning credits should not be included. These concessions/bonus credits are largely being phased out overseas and provide free credits for features that are generally already included and/or will soon be required in Australian vehicles.
- Only consider technology super-credits where there is a clear need and justification for their inclusion to further encourage supply of low and zero-emission vehicle models in specific vehicle segments or price brackets. These credits must be minimal, temporary, capped and have a clear phase-out timeline - in line with global best practices.

### 4. Recognise Australia is a dynamic and attractive new vehicle market:

- Many new car makers have entered the Australian market in recent years to fill gaps left by those exiting our market, and this pattern will continue, particularly as consumer demand for low and zero-emission vehicles of all shapes and sizes rapidly increases.

- In the coming decades, the Australian market will look significantly different in terms of the car makes and models on offer irrespective of how fuel efficiency standards are implemented.
- The standard must be designed around the ability for the market as a whole to meet the Government's annual targets, not the needs of individual car makers.
- Ultimately the Australian Government should aim for the new vehicle market to be shaped by an ambitious NVES that reduces fuel costs for Australian households and businesses, as well as increasing national security by minimising dependency on foreign fuel for transport.

**5. Acknowledge different segments of the new vehicle market are likely to transition at different rates but should aim towards the same end goal by:**

- Setting one set of targets for passenger cars (MA) and another set for off-road SUVs (MC) and light commercial vehicles (NA).
- Consider setting different targets for different sized vehicles via a mass limit curve.
- Ensuring that the use of a mass limit curve does not incentivise the supply of heavier vehicles or disincentivise the supply of lighter vehicles by either setting relatively flat slopes or flattening the curves above 2,000 kg for MA and 2,200 kg for MC/NA and flattening the curves below 1,400 kg for MA/MC/NA - similar to New Zealand.
- Recognising the difference between these two sets of targets should be minimised to reduce the risk of a shift in the new vehicle market towards larger, less efficient and generally less safe vehicles.
- Ensuring that both sets of targets adopt an overall trajectory consistent with the end goal of EV's representing over 95% of new vehicle sales by the mid-2030's. This is essential to support the achievement of the Government's net zero target by 2050 – in line with recommendations by the International Energy Agency<sup>3</sup>, Energy Transitions Commission<sup>4</sup>, International Council on Clean Transportation, and other experts<sup>5</sup>.

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<sup>3</sup> <https://iea.blob.core.windows.net/assets/dacf14d2-eabc-498a-8263-9f97fd5dc327/GEVO2023.pdf>

<sup>4</sup> <https://www.energy-transitions.org/wp-content/uploads/2020/09/Making-Mission-Possible-Full-Report.pdf>

<sup>5</sup> <https://transportfacts.org/>

## **6. Government should establish a reporting framework that reduces administrative burden:**

- An independent source of new vehicle sales data that is managed by the Government is critical to the integrity and auditability of an Australian NVES.
- This database could be used by Government to provide transparent, publicly available new vehicle sales data. This would provide insight into how the nation is tracking in terms of the adoption of low and zero emission vehicles, in line with what New Zealand and other markets already have.
- This database will also be important for tracking transport emissions in line with emission reduction targets, and informing broader policy at local, state/territory and federal levels.
- Car maker-reported sales could be verified against other data sources, such as vehicle registration databases.
- Car makers should also be provided with tools that clearly identify how they are tracking against targets in real-time – as is the case with New Zealand’s Clean Car Standard System<sup>6</sup>.

## **7. Be complemented by other policy measures that:**

- Harmonise Australian vehicle standards with international standards to reduce the cost and burden of importing new vehicles to Australia. This includes updating the Vehicle Type Approval requirements in Australia to allow direct acceptance of type-approved electric vehicles from major global markets in full volume supply under the Road Vehicle Standards Act (RVSA).
- Accelerate the adoption of low and zero-emission vehicles in fleets to create a strong, second-hand market of affordable options.

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<sup>6</sup> <https://www.nzta.govt.nz/assets/resources/clean-car-standard-ccs-user-guides/Clean-Car-Standard-system-Vehicle-management-guide.pdf>

- Increase the number of new vehicles sold in Australia to accelerate fleet turnover, further reduce transport emissions, and lead to a greater number of low and zero-emission vehicles for all Australians.
- Consider targeted incentives for farmers, tradies, remote communities and other groups with specific transport requirements to support and facilitate the adoption of low and zero-emission vehicles nationally.

## **8. All stakeholders have a role to play.**

A robust, ambitious, and globally competitive standard is critical for reducing transport emissions and providing fuel savings to Australian households and businesses by increasing the local supply of low and zero-emissions vehicles.

Western Sydney councils have already set 2030 targets for transitioning the region to electric transport under the [Western Sydney EV Roadmap](#) including:

- At least 50% of council fleets transitioned to EV.
- 100% buses to be zero emissions.
- 50% of all taxis, car shares and ferries to be zero emissions.

If the Australian Government puts the right policy settings in place, WSROC commits to support Australia's transition to an electric vehicle future and will welcome all opportunities to work with the Australian Government on policy measures specific to local councils.

Australia is presented with a once in a lifetime opportunity to benefit from the transition to electric vehicles, but it is critical the Australian Government acts quickly to ensure we capture these opportunities.

Accordingly, the points raised in this submission, WSROC would like to be considered as part of the Australian Government's consultation on a Fuel Efficiency Standard.