Sustainable Business Australia Limited trading as
Business Council for Sustainable
Development Australia
ABN 48 052 135 609
Level 27
20 Bond Street
SYDNEY NSW 2000
+ 61 2 8005 0780
bcsda@bcsda.org.au
www.bcsd.org.au

bcsd australia

Department of Infrastructure, Transport, Regional Development, Communications and the Arts
GPO Box 2154
Canberra ACT 2601
Attention: Director, Fuel Efficiency Standards—Surface Transport Emissions and Policy Division

By email: cleanercars@infrastructure.gov.au

9 June 2023

Dear Director,

Subject: Submission in Response to Consultation Paper on Australia's Fuel Efficiency Standard

I am writing to submit BCSD Australia's response to the Consultation Paper on Australia's Fuel Efficiency Standard.
As the CEO of BCSD Australia, an organization dedicated to promoting sustainable business practices.

The Standard and the Sustainable Development Goals

The issue of Australia implementing a fuel efficiency standard aligns with several United Nations Sustainable Development Goals (SDGs) (which Australia has adopted), including:

- **SDG 7: Affordable and Clean Energy**: Improving fuel efficiency in vehicles contributes to SDG 7 by promoting cleaner energy use and reducing greenhouse gas emissions. This goal aims to ensure universal access to affordable, reliable, sustainable, and modern energy.
- **SDG 9: Industry, Innovation, and Infrastructure**: Implementing a fuel efficiency standard encourages innovation in the automotive industry and promotes the development of sustainable infrastructure. SDG 9 aims to build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.
- **SDG 11: Sustainable Cities and Communities**: Enhancing fuel efficiency in vehicles supports SDG 11 by reducing air pollution and greenhouse gas emissions in urban areas. This goal focuses on creating sustainable cities and communities that are inclusive, safe, resilient, and sustainable.
- **SDG 12: Responsible Consumption and Production**: Improving fuel efficiency aligns with SDG 12, which promotes sustainable consumption and production patterns. By reducing fuel consumption and emissions, the standard contributes to more sustainable and responsible resource use.
- **SDG 13: Climate Action**: Enhancing fuel efficiency directly supports SDG 13 by mitigating climate change impacts. It aims to strengthen resilience and adaptive capacity to climate-related hazards and foster low-carbon development pathways.

These SDGs demonstrate the broader sustainable development context within which implementing a fuel efficiency standard fall.

Implementing fuel efficiency standards and supporting sustainable business practices in the automotive sector can bring several benefits and contribute to the achievement of the Sustainable Development Goals (SDGs). The business case for such actions includes:

- **Cost Savings**: Adopting fuel efficiency measures can lead to significant cost savings for businesses and consumers. Fuel-efficient vehicles reduce fuel consumption, resulting in lower operational costs and increased competitiveness. This can enhance profitability and improve the overall financial performance of businesses.
- **Market Opportunities**: Consumer demand for sustainable and fuel-efficient vehicles is growing. By aligning with sustainable business practices and offering fuel-efficient options, companies can tap into a rapidly expanding market segment. This can lead to increased market share, customer loyalty, and new business opportunities.

- **Regulatory Compliance**: Fuel efficiency standards are increasingly being mandated by governments worldwide to address climate change and reduce emissions. By proactively supporting and complying with these standards, businesses can avoid penalties, reputational risks, and legal issues. This helps ensure regulatory compliance and fosters a positive public image.
- **Enhanced Reputation and Brand Value**: Embracing sustainable practices, including fuel efficiency, can enhance a company's reputation as an environmentally responsible and socially conscious organization. This can attract socially aware customers, investors, and partners, and enhance brand value in the long term.
- **Mitigating Climate Change**: Promoting fuel efficiency and reducing greenhouse gas emissions aligns with global efforts to combat climate change. By contributing to SDG 13 (Climate Action), businesses can demonstrate their commitment to environmental sustainability and participate in collective efforts to achieve Australia's ambition of a decarbonized economy by no later than 2050.
- **Long-Term Resilience**: Investing in sustainable practices and fuel-efficient technologies positions businesses for long-term resilience. As energy costs rise and environmental regulations tighten, companies that have already adopted sustainable practices and fuel-efficient technologies will be better prepared to navigate future challenges and changes in the business landscape.

Overall, supporting sustainable business practices and fuel efficiency contributes to the achievement of the SDGs, provides cost savings, opens up new market opportunities, ensures compliance with regulations, enhances reputation, and fosters long-term resilience. It aligns business objectives with societal and environmental goals, leading to a more sustainable and prosperous future.

I would now like to address the issues raised in the paper and advocate for a progressive leading business position that aligns with the work of the World Business Council for Sustainable Development (WBCSD) and the Climate Group's EV100 initiative.

The Work of WBCSD

The World Business Council for Sustainable Development (WBCSD) has a strong presence in the mobility sector, particularly in the automotive industry.

We work alongside various stakeholders, including leading automobile manufacturers, suppliers, and service providers, to foster the development of sustainable mobility solutions. Under their "Transforming Mobility" project, they focus on areas such as low-carbon fuels, electric mobility, efficient engines, and advanced materials. We also explore innovations in transport systems design and management, promoting car-sharing and public transport.

WBCSD also acts as a catalyst for cooperation and innovation, assisting businesses in aligning their strategies with the global sustainability goals, thus driving forward a greener, more sustainable automotive sector.

BCSD Australia recognizes the importance of aligning with international best practices, and we encourage the Australian government to leverage the insights and expertise offered by WBCSD's global network. By collaborating with WBCSD, Australia can tap into a wealth of knowledge, innovative solutions, and business-driven approaches to fuel efficiency, ensuring that the proposed standard aligns with global sustainability goals.

The Relevance of EV100

The Climate Group's EV100 initiative is also a powerful international driver of the electric vehicle transition.

The commitment of leading businesses to electrify their fleets demonstrates the economic and environmental benefits of embracing electric mobility.

BCSD Australia recognizes the relevance of EV100's work to the fuel efficiency standard consultation, as both initiatives share the common objective of reducing greenhouse gas emissions in the transportation sector.

General Response to the FES

Fuel efficiency standards have been adopted in approximately 80% of the light-vehicle market across the globe, including the United States, China, European Union, Japan, South Korea, Canada, and India. These standards have demonstrated their effectiveness in reducing vehicle emissions and promoting the adoption of more fuel-efficient technologies.
BCSD Australia advocates for a comprehensive approach that integrates the goals of the fuel efficiency standard, the adoption of electric vehicles, and the development of charging infrastructure. This approach aligns with international trends towards sustainable mobility and provides significant environmental and economic benefits.

To address vehicle transport emissions effectively, Australia should adopt a comprehensive strategy that focuses on implementing emissions standards for imported vehicles. This strategy should include the following detailed elements:

1. Setting Stringent Emissions Standards: Australia should set stringent emissions standards that align with international best practices, such as the standards implemented by major vehicle-producing regions. These standards should cover air pollutants like carbon dioxide (CO2), nitrogen oxides (NOx), particulate matter (PM), and other harmful emissions.
2. Gradual Implementation Phases: The emissions standards should be implemented in gradual phases to provide manufacturers and importers with sufficient time to adapt their products and technologies. The phased approach allows for a smooth transition towards cleaner vehicles while considering market readiness and technological advancements. Several countries have implemented gradual implementation phases when adopting emissions standards for vehicles. For example, the European Union has introduced Euro emission standards in stages, with each stage introducing stricter limits for various pollutants. The United States has established Corporate Average Fuel Economy (CAFE) standards that mandate gradual improvements in fuel efficiency over specific periods.
3. Harmonization with Global Standards: Australia should aim to harmonize its emissions standards with international regulations, particularly those adopted by leading vehicle-producing regions. This alignment facilitates global trade, encourages the availability of cleaner vehicles in the Australian market, and ensures consistency with global emission reduction efforts.
4. Regular Review and Stringency Updates: A systematic review process should be established to periodically assess the effectiveness of the emissions standards. Regular updates should be made to align with technological advancements, scientific findings, and evolving international standards. This process enables continuous improvement and ensures that the standards remain ambitious and effective in reducing vehicle emissions.
5. Robust Testing and Certification Mechanisms: Australia should develop rigorous testing and certification protocols to verify compliance with emissions standards. This includes establishing accredited testing facilities and procedures to accurately measure and verify vehicle emissions. Strict enforcement of these mechanisms is crucial to maintain the integrity of the standards and ensure compliance by importers.
6. Collaboration and Information Sharing: Australia should actively collaborate with international organizations, neighbouring countries, and industry stakeholders to share knowledge, best practices, and experiences in implementing emissions standards. This collaboration facilitates the exchange of information on testing methodologies, enforcement practices, and technological advancements, leading to continuous improvement and harmonization.
7. Public Awareness and Education: A comprehensive public awareness campaign should be conducted to educate consumers, businesses, and the general public about the benefits of low-emission vehicles and the importance of emissions standards. This campaign can emphasize the environmental and health advantages, cost savings, and the role of individuals in contributing to a cleaner transportation system.
8. Incentives and Supportive Policies: To encourage the adoption of low-emission vehicles, Australia should implement targeted incentives and supportive policies. This can include financial incentives such as tax rebates, subsidies, or grants for purchasing low-emission vehicles. Additionally, supportive policies can promote the development of charging infrastructure and create preferential access to certain areas or benefits for low-emission vehicles.

By adopting these strategies, Australia can align itself with global best practices and accelerate the transition to a sustainable and low-carbon transportation system.

The phased implementation approach allows for a smooth transition, giving manufacturers and importers time to adapt their technologies, while harmonization with global standards ensures consistency and facilitates global trade. Robust testing and certification mechanisms ensure the integrity of emissions standards, and collaboration and information sharing enable continuous improvement.

It is also crucial to address equity concerns and ensure that the fuel efficiency standard encourages the supply of appropriate vehicles for all motorists, including low-income individuals and families.

The government should explore additional measures such as targeted incentives, subsidies, or financing options to make low-emission vehicles accessible to a wider demographic.

Furthermore, investing in charging infrastructure development is essential to support the widespread adoption of electric vehicles and ensure convenient access to charging facilities across the country.

BCSD Australia strongly advocates for the implementation of the Fuel Efficiency Standard and the adoption of the strategies outlined above. These measures will not only contribute to reducing transport sector emissions but also drive innovation, create economic opportunities, and position Australia as a leader in sustainable transportation.

We urge the Australian government to consider these recommendations and work collaboratively with businesses, industry stakeholders, and international organizations to achieve a sustainable and low-carbon future for the transportation sector.

Thank you for the opportunity to provide input on this important consultation. We look forward to further engagement and collaboration on this crucial issue.

Yours faithfully,

Yours faithfully,

Andrew Petersen
CEO I **Business Council for Sustainable Development Australia**
World Business Council for Sustainable Development Australian Partner
0412 545 994 I andrew.petersen@bcsda.org.au