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Submission to: House of Representatives Standing Committee on Climate Change, Energy, Environment and Water

INQUIRY INTO THE TRANSITION TO ELECTRIC VEHICLES

The ITE-ANZ is part of an international organisation representing a community of transport professionals including transport engineers, transport planners, urban planners, consultants, educators and researchers. Globally, the ITE works to improve mobility and safety for all transport system users and helps build smart and liveable communities. Founded in 1930, the ITE community has over 18,000 members working in more than 75 countries. Our activities cover all transport modes, transport advocacy and professional development. ITE-ANZ has very strong links with the North American transport profession.

Our Institute has no vested interest, except a desire to see the transport system be as safe, efficient and sustainable as possible for the sake of future generations.

A Rapid Transition to EVs is Essential

The arguments for an accelerated transition to EVs are overwhelming. They have been covered in many studies, Departmental documents and previous submissions. The transition to EVs will:

- Reduce CO_2 emissions in the transport sector, which is essential to combat climate change and meet Australia's emissions target
- Reduce noxious emissions and therefore improve the health of our population
- Reduce our reliance on fuel imports, which helps strengthen our national energy security
- Encourage more safety technology in vehicles, which will help reduce lives lost and injuries on our roads
- Reduce running costs for vehicle owners.

Hydrogen technology may become viable in the future but, for now, a transition to EVs is the clear path to improving our transport sector.

Government intervention and incentives are necessary. The transition will not be fast enough if just left to market forces.

New Vehicle Efficiency Standard

Our policy position on vehicle emissions is as follows:

> "ITE-ANZ firmly supports the adoption of a mandatory vehicle emission standard to control vehicle CO_2 emissions in Australia. This reform is long overdue and should be implemented with the greatest urgency. The standard should be ambitious and should be progressively tightened over time to align with those adopted by comparable countries around the world."

The ITE-ANZ welcomes the proposed New Vehicle Efficiency Standard (NVES).

Our Institute supports Option B or Option C but fully rejects Option A as being far too weak.

We are disappointed that it has taken so long to introduce effective incentives to reduce CO_2 emissions in the transport sector and that the start date has been extended to 1 January 2025. However, we are confident that industry has started to adapt in the knowledge that this new standard is coming.

We support the headline emission target levels from 2025 to 2029 in Option B or Option C.

We are pleased that the proposed scheme has deliberately omitted super credits (multipliers for ZLEVs), off-cycle credits and air conditioning credits.

We strongly advocate for the design of the NVES and other policies to reverse the trend towards large SUVs and utes being used as passenger vehicles. It is alarming that over 80% of light vehicles sold in 2023 were SUVs or light commercial vehicles. Of course, tradies need to use utes and they can claim the purchase and running costs as a business expense. But the NVES should discourage utes and large SUVs (whether electric, petrol or diesel) for private travel. A trend towards smaller vehicles would have a greater effect in achieving the following outcomes:

- reducing CO_2 emissions
- reducing other noxious emissions
- saving energy – both petrol and electricity
- reducing damage to road surfaces
- reducing the trauma from road crashes
- increasing the traffic capacity of urban intersections
- minimising problems with the size of parking bays.

To this end, we fully support the proposal to include MA, MB and MC vehicles in the "passenger vehicle" category. Vehicles designed to primarily carry passengers should be placed in the same category. This should not be changed.

Furthermore, we advocate for no fleet limit curves. The emissions target should be the same for all vehicles within the passenger vehicle category, regardless of size or mass. Each gram of CO_2 saved should be equally valuable in the scheme, regardless of the size of vehicle from which it is emitted. A sloped limit curve gives distorted incentives. A supplier is helped to meet their emissions target more if they sell heavier zero- or low-emissions vehicles, but heavier EVs will use more electricity, some of which will be generated from fossil fuel sources for the next two decades or more.

The concept of a limit curve is complex and difficult for the community to understand. It goes against the principle of transparency. An emission standard that applies to all passenger vehicles, regardless of size or mass, is much simpler and gives the right incentives.

Our position on this has been somewhat mitigated by the proposed break points in the limit curves. Even so, in our view, including limit curves will continue the trend to larger, heavier vehicles with all their associated adverse effects.

We urge all politicians to support the legislation to enact the NVES, as proposed. There are many scare campaigns from vested interests running through the media, which should be ignored. Any changes to the proposed design which dilute its effectiveness, or any delay in its introduction, will be strongly criticised.

Loss of Fuel Excise

During the transition to EVs and lower-emission vehicles, fuel excise income for the Australian government will reduce. This is an ideal opportunity to introduce road pricing, as recommended by many in our profession, including Infrastructure Australia in the *2021 Australian Infrastructure Plan* (recommendation 4.4). Planning for this should start now with a view to implementation by 2027.

Road pricing is fairer because users pay according to the amount they use the road network. It also provides an incentive for drivers to reduce the distance travelled and use the road network in the most cost-effective way.

Vehicle registration and third-party insurance fees should be replaced with a distance-based fee in all jurisdictions. This could start off as revenue neutral, so that an owner who drives the average distance per year will pay the same as the current fee. This will need to be imposed by (or at least coordinated by) the federal government to ensure all jurisdictions implement the same scheme at the same time.

The distance-based fee should apply to all light vehicles – EV, hybrid, petrol and diesel alike. Freight vehicles should be charged a different rate.

The owner would report the odometer reading at each anniversary of the vehicle registration renewal. Checks would be made at the time of selling or writing-off the vehicle.

As fuel excise starts to fall, the government could increase the road pricing fees.

In future, the road pricing system should be enhanced to charge more when and where drivers are adding to traffic congestion. While the technology to do this on a network-wide level is not yet well developed, it will not take long for it to become viable.

In the meantime, as a surrogate for a congestion charge, to overcome perceived equity issues, the road pricing fee per kilometre travelled could be varied by postcode, so that the rate is less for vehicles with a home base in rural areas.

The reduction in fuel excise could be replaced with other forms of taxation, but a road pricing scheme is the fairest and most direct replacement. While fuel excise is not hypothecated to road funding, it is important that funding for road maintenance and operations is increased, as this is seriously under-funded at present.

Charging Infrastructure

The lack of charging infrastructure is a major deterrent to the purchase of EVs.

The great majority of passenger vehicle trips are short – well within the range of an EV without needing to recharge. However, many people still have range anxiety for the occasional long trips that they make. State and Federal governments should increase their support for expanding public charging stations across the network of regional roads.

Another aspect is the difficulty of charging at home for people who live in apartments or houses without off-street parking, and at workplaces. This is even more important than range anxiety, because without an EV charger at home or work, most people would not even consider buying an EV. Trickle charging via a power cord across the footpath is not an option. And Owners Corporations/Body Corporates will generally not allow residents to plug their EV into a general power outlet which is part of common property.

The recent changes to the National Construction Code (Part J9D4) make it mandatory to provide sufficient electrical capacity for EV charging in new apartment buildings. This is very welcome, although a long time overdue. However, subsidies and incentives are needed for existing apartment buildings to become EV-ready.

By "EV-ready", we mean that electrical capacity and wiring is sufficient to support 7.4kW EV charging and a 32A power outlet for every parking space. Where appropriate for larger multi-unit premises, a management system should be provided to share the power, avoiding the situation where all EVs in the building are trying to recharge at the same time. There should also be systems to assign the cost of electricity to each user.

It is recommended that legislation be introduced (at State or Federal level, as appropriate) to:

- Permit Owners Corporations/Body Corporates to use their sinking fund/maintenance fund to finance retrofitting EV-ready infrastructure.
- Establish subsidies and loans so that Owners Corporations/Body Corporates and workplaces receive financial support for retrofitting EV-ready infrastructure. The subsidies could be similar to the program of grants recently introduced in the UK.
- Make it illegal for an Owners Corporation/Body Corporate to ban EVs from their building.
- Provide guidance to Owners Corporations/Body Corporates on how to go about making their car parking areas EV-ready.

Conclusion

Thank you for the opportunity to contribute to this Inquiry.