



**FEDERAL
CHAMBER OF
AUTOMOTIVE
INDUSTRIES**

FCAI submission in response to:

A Future Made in Australia: Unlocking Australia's low carbon liquid fuel opportunity

18 JULY 2024

FEDERAL CHAMBER OF AUTOMOTIVE INDUSTRIES
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COMMENTS

The Federal Chamber of Automotive Industries (FCAI) welcomes the opportunity to provide our views on A Future Made in Australia: Unlocking Australia's low carbon liquid fuel opportunity.

The FCAI is the peak Australian industry organisation representing over 60 global automotive brands who design, manufacture, import, distribute and sell light duty passenger vehicles, light commercial vehicles, and motorcycles in Australia across more than 380 models supported by almost 4,000 dealers. Our members are listed on our [website](#).

We bring together our members to consider changes to our operating environment, develop industry-wide positions or perspectives, and drive collective initiatives for the benefits of members, consumers and the broader industry.

Australia is steadily on the pathway towards decarbonisation of the light duty transport sector with government policy and consumer purchase patterns seeing the adoption of zero and low emission vehicles grow exponentially in recent years.

As an industry we are committed to decarbonising the light duty transport sector and the liquid fuels that enable internal combustion engine powered vehicles to remain a part of the fleet in to the future.

Over the past decade we have seen the growth in technologies such as Hybrid EV's (HEV), Plug-In Hybrid EV's (PHEV), Battery EV's (BEV) and Fuel Cell EV's (FCEV) increase from 1.17 per cent of new vehicles sold in 2014 to 18.57 per cent of all new vehicles in 2023¹.

With future policies, such as the New Vehicle Efficiency Standard (NVES) due to come into effect in 2025, this growth is continuing to accelerate in advance of policy, with zero and low emissions vehicles accounting for 24.88 per cent of new vehicles sold year-to-date in 2024² (to end June).

However, we recognise that while the pace of change is accelerating, Australia is still a market with a large car parc of more than 21 million registered vehicles³ which will take time to transition.

The transition will also occur at different paces within market segments as advancements in technology across electrification, battery chemistry and other powertrains continue to develop.

Data gathered through the Department of Climate Change, Energy, the Environment and Water (DCCEEW), reflects that the light duty transport sector contributes ~60% of all transport related emissions, and ~12% of Australia's overall emissions.

Low Carbon Liquid Fuel (LCLF) solutions can play a role in reducing economy wide emissions, benefiting the existing car parc, if policy is designed effectively to ensure that it can benefit harder to abate uses, such as Aviation and Heavy Transport, as well as the light duty fleet.

As the designers, manufacturers and suppliers of technologies which would potentially be consumers of LCLF, we support the objectives of seeking to develop policies regarding LCLF which deliver emission reduction across the economy.

Furthermore, we support objectives which seek to develop local production, and supply, of product which can ensure the sustainable supply of LCLF, acknowledging the current difference in price between fossil fuels and LCLF alternatives.

While we do not provide specific feedback on the necessary mechanisms required/proposed to develop an LCLF sector, we recommend that policy decisions by the Government seek to abide by key principles.

- **Maximise the manufacture, and availability, of LCLF products to best facilitate economy wide emission reductions in all transport sectors.**

We recognise that electrification is broadly seen as the most efficient pathway for decarbonisation across a number of segments of the light duty transport fleet, however there will remain strong demand for petroleum-based products, and sustainable alternatives, as the transition occurs.

There are currently more than 21 million registered vehicles in Australia, with some segments easier to transition towards electrification than others in the current market.

Policy should seek to maximise production opportunities to allow for the broad adoption and utilisation of LCLF across the entire transport fleet benefiting both hard to abate sectors as well as the light duty transport fleet.

This should include providing long term certainty across policy decisions to facilitate actions across industries.

- **Comply with Australian Fuel Quality Standards to support operations within existing heavy and light duty fleets.**

Ensuring compliance with existing Fuel Quality Standards will provide for maximised potential benefits across existing fleet and support future supply and advancements in internal combustion engine technology.

- **Future design of demand side mechanisms, be they mandates or incentives, should recognise the opportunity for LCLF to support existing car parc.**

Currently the NVES establishes a framework for reducing emissions across the light duty transport fleet.

While electrification is seen as the predominant technology solution in this space, LCLF can have a role to play in certain segments, such as light commercial vehicles.

The interaction between policy related to the production and supply of LCLF and the NVES should be considered given the size of the current car parc and the time it will take to transition.

While the development of policy to support demand, and the broader LCLF industry, is still in its early stages future consideration should be given to how



economy wide emission reduction can be assessed across schemes to support the Governments objectives.

We look forward to continuing to work with Government on future policy to support the decarbonisation of the transport sector and would be happy to engage further.

REFERENCES

1. © 2024 Federal Chamber of Automotive Industries, VFACTS
2. © 2024 Federal Chamber of Automotive Industries, VFACTS
3. BITRE, Road Vehicles, Australia, January 2023, BITRE, 2023
4. DITRDCA, Transport and Infrastructure Net Zero Consultation Roadmap, 2024



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