

Submission to the Consultation on the Proposed New Vehicle Efficiency Standard (Exempt Vehicles) Determination 2024

8 October 2024

About Greenpeace

Greenpeace is a global environmental network dedicated to the mission of securing a world capable of nurturing life in all of its magnificent diversity. We are fully independent, accepting no funding from any government, business or political party anywhere in the world. Greenpeace Australia Pacific is an autonomous entity headquartered in Sydney. More than 1.2 million people participate within the Greenpeace Australia Pacific network across all platforms, showing their support for ambitious climate action. Greenpeace considers the current trajectory of global warming to be the single greatest threat to human health, security, and well-being, as well as to global biodiversity. For these reasons we urge the Federal Government to take the strongest possible action on climate change, in line with credible pathways to limiting global heating to 1.5 degrees.

Greenpeace has engaged with the government throughout the development and passing of the New Vehicle Efficiency Standard Act 2024 and now welcomes the opportunity to further comment on implementation matters, such as the Proposed Exempt Vehicles Determination.

Summary of recommendations

The now legislated New Vehicle Efficiency Standard (NVES) will deliver cost savings for Australian households, healthier communities, quieter streets, new economic opportunities, and a critical reduction in harmful carbon emissions. For all of these reasons, Greenpeace applauds the government's efforts to introduce this critical and much overdue legislation from January 2025.

In reviewing the proposed exemptions to the Standard, Greenpeace urges the Government to remain steadfast in its commitment to reaching net zero emissions by 2050, which according to the International Energy Agency requires all new vehicle sales to be electric by 2035.¹ However that target is the bare minimum and takes a conservative approach. Research from Greenpeace

¹ International Energy Agency, *An updated roadmap to Net Zero Emissions by 2050*, 2022, <https://www.iea.org/reports/world-energy-outlook-2022/an-updated-roadmap-to-net-zero-emissions-by-2050>

Germany and the Institute for Sustainable Futures shows that in order to decarbonise road transport and limit global warming to 1.5 degrees with a 67% likelihood of success, no new ICE light duty vehicles can be sold globally beyond 2030.² It will also require significant investment in mode shift away from passenger vehicles altogether and towards public and active transport, and from road to rail.

Without a rapid change in course, the transport sector could soon be Australia's largest source of emissions³. We have no time to lose and no reason to delay the transition further.

We broadly endorse the submission to this consultation made by the Electric Vehicle Council, and would like to further emphasise the following recommendations.

To protect the effectiveness of the policy, the proposed exemptions must be limited in scope and length of time.

We support the government's consideration of environmental parameters for any possible exemptions from the NVES, emphasising that any exemptions must minimise the number of vehicles affected and the length of time of any exemption.

We also support the Proposed Amendments to ADR 81/02 so as to include CO2 testing for vehicles over 3.5 tonnes that have a US or UN specified light vehicle test. We understand that there are practical compliance reasons for the exemption being proposed for light NB1 vehicles until the start of 2026, but there is no justification for excluding them from the NVES beyond this adjustment period. These vehicles are some of the least efficient in Australia's car market and excluding them from the NVES for any longer counteracts the intended purpose of the policy.

In previous consultations, Greenpeace has emphasised the urgency of implementing the NVES to begin rapid emissions cuts. By not starting until 1 January 2025, and with penalties not coming into effect until 1 July 2025, the NVES is already significantly delayed. We therefore urge the government to end light NB1 exemptions no later than January 2026 as proposed.

We are deeply concerned by the language in the government's recent industry presentation, inviting vehicle suppliers to use this consultation to "make their case" for further exemptions to be made⁴. As we have emphasised throughout

² Teske, S; Bratzel, S; Tellermann, R; Stephan, B & Vargas, M (forthcoming), The Internal Combustion Engine Bubble. https://www.greenpeace.de/publikationen/ICE-Bubble_2.pdf

³ Department of Climate Change, Energy, the Environment and Water, Reducing transport emissions. <https://www.dcceew.gov.au/energy/transport>

⁴ Department of Infrastructure, Transport, Regional Development and the Arts <https://www.infrastructure.gov.au/sites/default/files/documents/nves-proposed-exemption-determination-presentation.pdf>

this process, it is important to prioritise the interests of ordinary Australians above car industry attempts to continuously weaken the standards and maintain the status quo. No further delays or exemptions should be considered, as 99% of the market is ready to integrate the NVES and significant concessions have already been made to the auto-industry.

Recommendation 1: Prioritise your climate commitments and entertain no further push for exemptions or delays from the car industry.

Recommendation 2: End the light NB1 vehicle exemption no later than January 2026, as any further delays will seriously undermine the effectiveness of the policy.

Move swiftly to tackle loopholes that could incentivise the purchase of more polluting, heavier vehicles

In addition to the exemptions being covered in this consultation, it is critical that the government act quickly to remove other loopholes that could incentivise the purchase of inefficient, polluting, and overly large vehicles during the first year of policy implementation.

We are concerned that car manufacturers already have plans to use every loophole available to them to maximise profits, including importing their highest polluting cars in the first six months of the NVES and then selling them over the following year without them counting against their emissions totals. Cars imported into Australia are registered at the port, rather than the point of sale, so the most polluting models can be brought in and registered before the NVES begins and then sold later, making it easier for manufacturers to meet the requirements on paper without cutting emissions in the real world. Car companies have openly stated their intent to take advantage of this system, with attendees at a recent industry conference being advised that “higher-emitting vehicles should potentially be purchased in the next 12 months”⁵.

This behaviour is a threat to our federal climate targets and the intended impact of the NVES. Minister Catherine King has acknowledged this loophole but indicated the government would only seek to address it during the review period in 2026. This is far too late, and we urge the government to act *before* 2026 to protect the abatement potential of the NVES scheme by moving compliance to the point of sale.

⁵ ABC News, *Car makers could use New Vehicle Efficiency Standard loophole to rush higher-polluting cars into Australia, undermining EV push*, 2 July 2024.
<https://www.abc.net.au/news/2024-07-02/nves-loophole-car-makers-rush-polluting-cars-into-country/104046976>

Recommendation 3: Prioritise the shift away from heavier, more polluting vehicles with urgency and immediately **remove any loopholes that could incentivise the purchase of these more inefficient and overly large vehicles** in the first 12 months of the scheme, such as moving compliance to the point of sale.

Develop a clear plan to tackle the emissions of heavy vehicles that are exempt from the NVES

Heavy vehicle emissions account for 23% of all transport emissions and after light vehicles, provide the most significant opportunity for cutting transport pollution.⁶

While we understand the current CO2 testing barrier to including heavy NB1 vehicles in the NVES, there still needs to be a federal plan to cut pollution from heavy vehicles in Australia.

In the Transport and Infrastructure Net Zero Consultation Roadmap, we note the department's own acknowledgement that "the pathway for heavy vehicles is not as clear as it is for light vehicles." This does not give us confidence that there is a plan to tackle this significant source of transport pollution outside of the NVES, and urge that it be prioritised as a matter of urgency. Heavy vehicles are also not sufficiently covered in the National Electric Vehicle Strategy, which focuses specifically on light passenger and light commercial vehicles.

Recommendation 4: If exempt from the NVES, there must be **a separate strong plan to regulate the pollution of heavy NB1 vehicles (light duty rigid trucks)**.

This must be developed with urgency, given the rising share of transport sector emissions and the government's existing commitment to reaching net zero by 2050.

Transparency and data management

As we've previously stated in NVES consultations, accurate data is essential to the success of the standard. The Australian automotive import industry currently controls data about vehicle sales and emissions as proprietary

⁶ Department of Infrastructure, Transport, Regional Development, *Communications and the Arts, Transport and Infrastructure Net Zero Consultation Roadmap*, https://storage.googleapis.com/files-au-climate/climate-au/p/prj2d0f1d7114c0b73b51ce2/page/Transport_and_Infrastructure_Net_Zero_Consultation_Roadmap_Executive_Summary.pdf

information, which it sells to the Government regulators and other stakeholders as a revenue generating measure.⁷ All relevant data regarding vehicle emissions, sales and registrations should be managed and published by Government bodies. This data should be made publicly available, to allow for scrutiny of progress being made on the reduction in emissions from cars - similar to the model used in New Zealand.⁸

This is particularly relevant regarding the development of the WLTP conversion protocol. Australia should learn from the issues of overdeclaration that arose when converting NEDC to WLTP in the EU⁹, as a result of car manufacturers inflating their emissions at the point of initial testing. Car manufacturers like Toyota¹⁰, VW¹¹, and many others have historically lied about their emissions repeatedly, and the Government needs to be confident that the figures it is using can be trusted.

Recommendation 5: Regarding the WLTP conversion protocol, we urge the government to develop a process that closes any loopholes around overdeclaration and that all data provided by car manufacturers be publicly available so it can be independently verified and audited by the department.

Please find the full list of recommendations from Greenpeace Australia Pacific below.

- Recommendation 1: Prioritise your climate commitments and entertain no further push for exemptions or delays from the car industry.
- Recommendation 2: End the light NB1 vehicle exemption no later than January 2026, as any further delays will seriously undermine the effectiveness of the policy.
- Recommendation 3: Prioritise the shift away from heavier, more polluting vehicles with urgency and immediately remove any loopholes that could incentivise the purchase of these more inefficient and overly large vehicles in the first 12 months of the scheme, such as moving compliance to the point of sale.
- Recommendation 4: If exempt from the NVES, there must be a separate strong plan to regulate the pollution of heavy NB1 vehicles (light duty rigid trucks). This must be developed with urgency, given the rising share of

⁷ Climate Works, *National Electric Vehicle Strategy: Climate Works' Submission*, 2022, <https://consult.dcceew.gov.au/national-electric-vehicle-strategy/submission/view/389>

⁸ Government of New Zealand,

<https://www.transport.govt.nz/statistics-and-insights/fleet-statistics/light-motor-vehicle-registrations-2/>

⁹ Suarez, J., Komnos, D., Ktistakis, M.A., Fontaras, G., 2025 and 2030 CO2 emission targets for Light Duty Vehicles, Publications Office of the European Union, Luxembourg, 2023, doi:10.2760/901734, JRC133502.

¹⁰ AP News, *Toyota chief apologizes for cheating on testing at group company — again*, January 2024,

<https://apnews.com/article/toyota-cheating-tests-diesel-daihatsu-apology-02680eb9bab1a555ea43208d69a0c86e>

¹¹ BBC News, Volkswagen: The scandal explained, December 2015 <https://www.bbc.com/news/business-34324772>

transport sector emissions and the government's existing commitment to reaching net zero by 2050.

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