

TOYOTA

Submission by
Toyota Motor Corporation Australia
to the
*Proposed New Vehicle Efficiency
Standard (Exempt Vehicles)
Determination 2024*

October 2024

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Executive Summary

Toyota Motor Corporation Australia Limited (Toyota) welcomes the Government's consultation on proposed exemptions to the upcoming New Vehicle Efficiency Standards (NVES). Toyota believes that an appropriate set of exemptions will ensure that the NVES meets its guiding principles including 'effective', 'equitable' and 'enabling'.¹²

Key points

- Toyota's global strategic direction is to decarbonise through a multi-pathway approach, that offers a breadth of low and zero-carbon technologies to allow customers to choose the right option for them, leaving nobody behind.
- Toyota welcomes the introduction of certain NVES exemptions in line with the specific policy considerations that the Government has previously outlined (environmental, market and administrative parameters).³
- Toyota supports exemptions for vehicles with a GVM (gross vehicle mass) between 3.5 tonnes and 4.5 tonnes until appropriate standards can be established.
- Toyota supports the exclusion of Type 2 vehicles provided to emergency services and defence.
- Toyota does not support exemptions for low volume manufacturers and vehicle imports through the Specialist and Enthusiast Vehicle Scheme (SEVS).
- In addition to the proposed vehicle exemptions, Toyota would also like to highlight the need for the Mass In Running Order (MIRO) for cab-chassis models to be adjusted to reflect the inclusion of the bodywork that gets fitted prior to registration.
- Toyota recommends that the Government recognise the vehicles that support transition to carbon neutrality. Vehicles that operate on low carbon liquid fuels (LCLFs) are expected to have significantly lower well to wheel CO₂ emissions than those running on conventional petrol/diesel. Under the current NVES, these vehicles would not be appropriately captured.

¹[NVES—Exemptions Principles—August 2024 \(infrastructure.gov.au\)](#)

²[Cleaner, Cheaper to Run Cars: The Australian New Vehicle Efficiency Standard](#)

³[NVES—Exemptions Principles—August 2024 \(infrastructure.gov.au\)](#)

About Toyota Australia

<p>Facts and Statistics</p>	<ul style="list-style-type: none"> ▪ Presence in Australia since 1959 ▪ 21 consecutive years as Australia’s best-selling automotive brand with 215,240 vehicles delivered in 2023. Additionally, Lexus Australia sold 15,192 vehicles in 2023. ▪ Toyota Australia directly employs 1,500+ staff ▪ Dealer network of approximately 280 Dealers with their own workforce of approximately 15,000 employees ▪ 200+ EV chargers across Toyota Dealers, including 16 that are publicly available. Toyota Australia has over 25 EV charging points across our corporate properties. ▪ While no longer a local manufacturer, Toyota Australia continues to deliver diverse operations above and beyond import/distribution as is evident through our Altona Centre of Excellence (COE). COE functions include: <ul style="list-style-type: none"> - Product Planning & Development, Conversions and Accessories – Design, develop or customise vehicles to meet the needs of the Australian market - Product knowledge centre – Carry out vehicle evaluation on a 1.2km test track purpose built to replicate Australian road conditions - Hydrogen Centre – Victoria’s first integrated hydrogen site including generation of hydrogen and refuelling station - Local assembly of Hydrogen Power Generators intended for both Australian and export markets. - Corporate Social Responsibility (CSR) initiatives - Sharing Toyota Production System knowledge with local industry through our Toyota Production System Support Centre (TSSC) and broader community support through Toyota Community Trust contributions (1% of pre-tax profit to community with a value between \$2.5-\$3.5 million per year). - Sponsorships and grass-roots community contributions such as the AFL ‘Good for Footy’ program, Cricket Australia, National Tree Day, Olympics and Tamworth Country Music Festival.
<p>Product Information</p>	<ul style="list-style-type: none"> ▪ Market leader in hybrid vehicle technology <ul style="list-style-type: none"> - Introduced the first mass produced hybrid vehicle to the Australian market (Toyota Prius) in 2001 ▪ Pioneer in hydrogen fuel cell vehicle (FCEV) technology ▪ Toyota and Lexus hybrid and other zero and low tailpipe emissions vehicle product range: <ul style="list-style-type: none"> - Toyota <ul style="list-style-type: none"> ○ Hybrids <ul style="list-style-type: none"> • Yaris • Corolla Sedan and Hatch • Camry • RAV4 • C-HR • Yaris Cross • Corolla Cross

- Kluger
- Hydrogen Fuel Cell Electric Vehicle
 - Mirai⁴
- Battery Electric Vehicle
 - bZ4X
- Lexus
 - Hybrids
 - LBX SUV
 - UX SUV
 - NX SUV
 - RX SUV
 - ES sedan
 - LS sedan
 - LC coupe
 - LM people mover
 - Battery Electric Vehicle
 - UX SUV
 - RZ SUV

Toyota launched its first hybrid in Australia in October 2001 with the original Prius, and has now sold more than 430,000 hybrid vehicles since then.

⁴Available in limited numbers to select fleet customers only.

Supported NVES exemptions

Vehicles with a Gross Vehicle Mass (GVM) greater than 3.5 tonnes

Toyota supports the proposed exemption determination exempting vehicles that are not subject to a CO₂ test under ADR 81/02 such as vehicles between 3.5 to 4.5 tonne. Toyota does not believe there is a suitable international CO₂ emissions test that could be consistently applied across all vehicles up to 4.5 tonnes.

Vehicles falling into these categories have specific use cases in the Australian context, including various heavy-duty commercial operations and towing. Customers of these vehicles work in industries and regions crucial to the Australian economy, including the mining, agricultural and construction sectors.

To ensure that the NVES achieves its guiding principles including 'effective' and 'equitable', Government should continue to work jointly with industry to develop appropriate conversion factors/protocols (or a bespoke CO₂ standard) and have a phased roll-out with adequate time given for industry to transition. Toyota welcomes the opportunity to work with Government and as part of existing NVES working groups to determine suitable conversion factors for international standards such as WLTP and US EPA standards.

Toyota understands that the Government would like to enact an updated ADR 81 by 1 January 2025. As this change presents an increase in stringency for vehicles >3.5T, Toyota suggests that the Department should consider the longer timeframe needed to secure regulatory approval for Vehicle Types Approvals under Australia's domestic certification process. This standard process should follow a sequential order, starting with validation, testing, and issuing of UN Regulation Approval, which may require more than 18 months from the decision to apply until approval is granted. Toyota recommends Government adopt a 2 year timeframe for new models, and 4 years for existing models.

Emergency Services Vehicles (ESV)

Toyota recommends that the Government review and adopt the emergency services vehicle exemption defined in the Product Emissions Standards Rules 2017⁵ which has general consistency to international practice. Including:

- Police force
- Fire services
- Ambulance services
- Coastguard
- Rescue services
- Surf lifesaving organisations
- Australian defence force

Emergency service organisations have a range of unique, specialised fit for purpose equipment requirements. Toyota proposes that Type 2 vehicles that are sold to emergency services customers should be exempt from the NVES. This exemption would align with the

⁵[Product Emissions Standards Rules 2017 s 30\(4\)](#)

guiding principle of 'equitable' and policy consideration, 'market parameters' as outlined in NVES – Exemptions Principles⁶.

If this proposed exemption is adopted for NVES reporting, in Toyota's case this would represent less than 0.5% of our total vehicles brought to market per year so the exemption would not create a large leakage of vehicles from the scheme. This would allow ESVs to remain affordable and accessible for entities who depend on the capabilities of Type 2 vehicles to deliver important services protecting communities in events such as natural disasters, medical emergencies, and other matters of national interest.

In order to obtain an exemption, the obligation remains with OEMs to monitor vehicle imports and flag each individual vehicle that meets the exemption criteria as well as maintain suitable records. Whilst entry to the RAV is the recognition point, flexibility should be allowed for adjustments up to the end of the interim reporting period and/or adjustment to the registry account.

Please see below for examples of Toyota vehicles being used as ESVs.



⁶ <https://www.infrastructure.gov.au/sites/default/files/documents/nves-exemptions-principles-august2024.pdf>



Other considerations

Specialist and Enthusiast Vehicle Scheme (SEVS) & Low volume manufacturer exemption

Toyota has previously advocated for limitations on the number of vehicles included in SEVS to prevent unintended consequences. Similarly, we see risk with providing exemptions under NVES for SEVS and low-volume manufacturers.

E.g. The exemptions will provide a loophole for high-emitting vehicles to continue to be brought into the Australian market.

Cab-Chassis MIRO Adjustment

As noted in the key points, Toyota would also like to highlight again the need for a MIRO adjustment factor for cab-chassis vehicles. These vehicles arrive in Australia without tub or tray which becomes standard fit before the vehicle is used in market. OEMs each have a range of genuine trays which should be the basis of calculating a vehicles MIRO adjustment. Based on the agreed methodology, OEMs can maintain the adjusted MIRO loaded onto the RAV.



Vehicles that use low carbon liquid fuels

Toyota notes that in the future, vehicles will be available that run on low carbon liquid fuels (such as renewable diesel), and thereby have substantially lower well to wheel CO₂ emissions than when using conventional petrol or diesel.⁷ Toyota advocates for the NVES to include a mechanism to recognise lower emissions of vehicles that run on low-carbon liquid fuels.

Conclusion

Toyota Australia supports the inclusion of exemptions in the NVES for vehicles with a GVM between 3.5–4.5 tonnes, and for Type 2 emergency services vehicles. Toyota believes these exemptions are aligned with the specific policy considerations outlined by the Government and will ensure that the NVES meets its guiding principles. These exemptions will minimise any customer impacts while ensuring the NVES continues to meet its environmental objectives.

We note also the points laid out in the other considerations section. These include:

- No exemptions for low volume manufacturer/SEVS
- Recommendation to include a MIRO adjustment factor for cab-chassis vehicles
- Appropriately considering low-mileage direct fuel

Whilst the process is rapidly evolving, Toyota thanks the Department for the opportunity to provide input into this consultation. We welcome continued engagement via working groups, seminars and direct consultations as required.

⁷See for example the DCCEEW consultation on '[Enabling supply of renewable diesel in Australia - a consultation paper on an Australian paraffinic diesel fuel quality standard](#)'