Australian Government
Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts

Cleaner, Cheaper to Run Cars: The Australian New Vehicle Efficiency Standard - Addendum to Impact analysis

Addendum on the application of the NVES to vehicles with a gross vehicle mass (GVM) over 3.5 tonnes

August 2026

1. Purpose

This addendum to the 2024 *Cleaner, Cheaper to Run Cars: The Australian New Vehicle Efficiency Standard - Impact Analysis* provides information on the Australian Government's adjusted implementation strategy for vehicles with a GVM over 3.5 tonnes.

2. Background

2.1 Why we regulate new vehicle efficiency

Until the New Vehicle Efficiency Standard Act 2024 (the NVES Act) was adopted, Australia was one of the few advanced economies without a new vehicle efficiency standard (NVES). This resulted in Australians spending more on fuel and having fewer choices of cleaner, cheaper-to-run cars.

The primary problems the government is trying to solve by introducing the NVES is to:

- save Australians money on fuel;
- reduce carbon-dioxide (CO_2) emissions from new cars; and
- stimulate the supply of more fuel-efficient, low and zero emission vehicles into the Australian market.

Cleaner, cheaper-to-run cars will support achievement of the emissions reduction targets established under the Climate Change Act 2022 and Australia's updated Nationally Determined Contribution (NDC) under Article 4 of the Paris Agreement. A NVES works by imposing an average limit on CO_2 (measured in grams per kilometre or gCO_2/km) each year across the fleet of vehicles that a supplier brings into the country. Each year the limit is reduced, so the standard becomes more stringent.

2.2 The Impact Analysis

Compared to the status quo (no policy change), the Impact Analysis considered three broad options for a NVES and a 'Best Option' informed by these options.

Option A – Slow Start. An NVES starting slow and with a broadly equivalent rate of decline as the United States (US) standards in force at the time.[1]

Option B – Strong, ambitious and achievable. An NVES that seeks to catch up with the US standards proposed at the time[2] in 2028 and then match the stringency of these standards.

Option C – Aggressive. An NVES that catches up with the US around 2026 and then brings forward the US targets proposed at the time for 2029-2031 to the Australian NVES in 2028 and 2029.

The best option, which was adopted in the NVES Act passed by the Parliament in May 2024 retained key design elements of Option B while substantively aligning with the US standards proposed at the time. This adopted two CO_2 targets, one for passenger vehicles and sports utility vehicles (SUVs) and a higher target for utes, vans and some[3] 4WD vehicles.

2.3 Technical issues that currently affect the application of the NVES to vehicles over 3.5t GVM

The NVES Act, which commenced on 1 January 2025, is intended to apply to vehicles with a GVM between 3.5 and 4.5 tonnes that are marketed as substitutes for vehicles with a GVM under 3.5 tonnes (such as large sport utility vehicles and pickups). This is intended to ensure all vehicles competing in the same segments are regulated consistently and manufacturers cannot circumvent the NVES by increasing a vehicle's GVM rating.

The NVES relies on data submitted by suppliers to the Register of Approved Vehicles (RAV) to determine the supplier's 'interim emissions value' under the Act. The RAV requires the supplier to report a CO_2 emissions value based on the national road vehicle standard that applies to the vehicle (also known as an Australian Design Rule or ADR).

As the ADRs in force at the time the NVES Act commenced only mandated a CO_2 emissions testing requirement for vehicles with a GVM up to 3.5 tonnes, it was not possible for vehicles with a GVM over 3.5 tonnes to report a valid and verifiable CO_2 number to comply with the NVES Act.

To enable the ADRs to be updated to specify a CO_2 emissions testing requirements for vehicles with a GVM over 3.5 tonnes, the Minister for Infrastructure, Transport, Regional Development and Local Government made the New Vehicle Efficiency Standard Determination 2024 (Exemption Determination) on 27 November 2024. The determination grants exempt vehicle status to vehicles that are not required to undergo a CO_2 emissions test until an ADR mandates a CO_2 test for that vehicle type.

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[1] The US standards in force at that time were repealed on 12 February 2026, see Final Rule: Rescission of the Greenhouse Gas Endangerment Finding and Motor Vehicle Greenhouse Gas Emission Standards Under the Clean Air Act | US EPA, accessed 23 April 2026

[2] Proposed Rule: Multi-Pollutant Emissions Standards for Model Years 2027 and Later Light-Duty and Medium-Duty Vehicles | US EPA, accessed 23 April 2026

[3] Off-road capable (MC category) vehicles with a body on frame chassis (also known as a ladder frame chassis) and a maximum towing capacity over 3 tonnes.

3. What is changing?

To enable vehicles with a GVM over 3.5 tonnes that are marketed as substitutes for vehicles with a GVM under 3.5 tonnes to provide the CO_2 emissions data required by the NVES Act, the Minister for Infrastructure, Transport, Regional Development and Local Government adopted a new ADR 114/00 (Carbon Dioxide Emissions Measurement) on 20 April 2026.

ADR 114/00 will require vehicles supplied from 30 June 2027 with a GVM between 3.5 and 3.855 tonnes (other than 'work' trucks and vans)[4] to have their CO_2 emissions tested in accordance with an approved test procedure called the New European Driving Cycle or NEDC. This is the test procedure that underpins the current headline limits for 2025 to 2029 under section 22 of the NVES Act. Since Australia is transitioning to the Worldwide harmonised Light vehicle Test Procedure (WLTP) adopted in the EU, China and Japan during this period, ADR 114 also specifies a procedure that will enable vehicles tested to the WLTP to calculate an NEDC equivalent CO_2 number without further testing.

ADR 114 will align the scope of Australia's CO_2 testing requirements, with the CO2 testing requirements in the United States, which apply to vehicles with a GVM up to 8,500 pounds (3.855 tonnes). This is also broadly consistent with the current UN vehicle regulations for light vehicle emissions, which apply to vehicles with a reference (unladen) mass[5] up to 2,840kg.

Under the current Exemption Determination, vehicles required to comply with ADR 114/00 would automatically lose their exempt vehicle status under the NVES Act from 1 January 2028. However, as ADR 114/00 will apply to these vehicles from 30 June 2027, the Government intends to amend the amend the Exemption Determination to end the exemption currently applicable at the end of the day on 30 June 2027. This will mean vehicles that are required to comply with ADR 114/00 will need to report data required to comply with the NVES Act, if they are entered onto the RAV on or after 1 July 2027 and will be counted in the calculation of the regulated entity's 'interim emissions values'.

As the UN Regulations adopted by Australia do not currently specify a CO_2 emissions testing requirement for vehicles with a GVM over 3.855t, these vehicles will remain exempt from the NVES until an appropriate test procedure has been resolved for these vehicles. UN Regulations for light vehicle emissions are expected to extend tests for vehicles up to 4.5 tonnes in the next few years[6]. Further consultation is proposed in 2027 to consider what CO_2 testing requirements should be adopted for vehicles with a GVM over 3.855t to enable their inclusion in the NVES by 2030.

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[4] Clause 3.3 of ADR 114/00 specifies the vehicle types over 3.5t GVM that are not required to comply with CO_2 testing requirements. These criteria exempt medium goods vehicles over 3.5t GVM if the length of the area not designed for the transport of passengers exceeds 50% of the vehicle's length (if the vehicle has 2 or more rows of seats) or 60% of the vehicle's length, if the vehicle has one row of seats.

[5] "Reference mass" means the vehicle's mass in running order less the uniform mass of the driver of 75 kg and increased by a uniform mass of 100 kg.

"Mass in running order" means the mass of the vehicle, with its fuel tank(s) filled to at least 90 per cent of its or their capacity/capacities, including the mass of the driver, fuel and liquids, fitted with the standard equipment in accordance with the manufacturer's specifications and, when they are fitted, the mass of the bodywork, the cabin, the coupling and the spare wheel(s) as well as the tools.

[6] The '04' series of amendments to UN Regulation No. 154 (which adopts the WLTP), was adopted by the Administrative Committee for the United Nations 1958 Agreement Concerning the Adoption of Harmonized Technical United Nations Regulations for Wheeled Vehicles, Equipment and Parts which can be Fitted and/or be Used on Wheeled Vehicles and the Conditions for Reciprocal Recognition of Approvals Granted on the Basis of these United Nations Regulations (the UN 1958 Agreement) on 11 March 2026. This series will enable vehicles with a GVM up to 5t to be tested in accordance with the WLTP.

4. What consultation has been undertaken?

The department consulted extensively in 2023 and 2024 to develop the NVES policy settings (which proposed to apply the NVES Act to vehicles with a GVM up to 4.5 tonnes that marketed as substitutes for passenger or light commercial vehicles with a GVM under 3.5 tonnes). In February 2024, the department published its Consultation Impact Analysis and opened public consultation, which received around 9,000 submissions. Following analysis of submissions to the public consultation, the department delivered its Final Impact Analysis revealing the government's preferred settings for the NVES.

In August 2024, the department established an Emissions Testing Technical Working Group to consult on the legislative instruments required to support the implementation of the NVES Act. This working group, which was open to participation by all stakeholders, involved 50 members representing vehicle manufacturers, technical experts and peak bodies representing dealers and motoring groups. The group met 20 times between August 2024 and August 2025.

A public consultation on the proposed testing requirements for cars, SUVs and utes with a GVM up to 4.5 tonnes was also undertaken by publishing a notice on the 'Have your say' page of the department's website from December 2024 to February 2025. During this consultation, climate groups and electric vehicle advocates supported extending the proposed testing requirements to cars, SUVs and utes with a GVM up to 4.5 tonnes as soon as possible. However, vehicle manufacturers raised concerns that this would impose a unique testing requirement that has not be adopted in other countries and would not allow sufficient time for affected manufacturers to comply without stopping the sale of affected models.

To address these concerns, the scope of the proposed ADR 114/00 was revised to only require cars, SUVs and utes that would be regarded as light duty vehicles in the United States (vehicles with a GVM up to 8,500 pounds or 3.855 tonnes) to comply with a CO_2 emissions testing requirement from 30 June 2027, to enable their inclusion in the NVES from 1 July 2027.

This revised proposal was released for further consultation with international stakeholders through a 'Technical Barriers to Trade' notification to the World Trade Organisation from 3 December 2025 to 12 January 2026. Further changes to the draft ADR were made in response to comments received from stakeholders representing US and Chinese vehicle manufacturers, to clarify which vehicle types are exempt from the proposed testing requirements.

After ADR 114/00 was adopted, the department undertook further public consultation from 21 May to 20 July 2026 on proposed amendments to the Exemption Determination to remove the exemption currently applicable to these vehicles with a GVM up to 3.855 tonnes at the end of the day on 30 June 2027. Five submissions were received in response to this consultation from vehicle manufacturers, peak bodies representing vehicle manufacturers and the freight and logistics sector and environmental advocates.

Further consultation is also planned in 2027 to consider what CO_2 testing requirements should apply to vehicles with a GVM between 3.855 and 4.5 tonnes to enable their inclusion in the NVES Act from 2030.

5. What are the regulatory impact of this change?

The costs and benefits of applying the NVES to vehicles with a GVM over 3.5 tonnes were considered in the NVES Impact Analysis.

If the current exemption for vehicles with a GVM over 3.5 tonnes is removed for vehicles are required to comply with ADR 114/00 or ADR 81/03 from 1 July 2027 instead of 1 January 2028, as specified under the current Exemption Determination, the department anticipates 7 vehicle models that were exempt during the 2025 NVES reporting period (1 July 2025 to 31 December 2026) will lose their exemption six months earlier. The department is aware of one additional model that had a GVM rating under 3.5 tonnes in 2025 that will also be affected by this amendment, as it will have a GVM rating between 3.5 and 3.855 tonnes when this amendment commences on 1 July 2027.

These models are the Denza B8 (a plug-in hybrid large SUV), Ineos Grenadier (a large diesel SUV), Nissan Patrol (a large petrol SUV), RAM 1500 (a large petrol ute), Chevrolet Silverado (a large petrol ute), Toyota Landcruiser 70 series (a large diesel ute), Toyota Tundra (a large petrol hybrid ute) and the Mercedes-Benz EQS (a large electric SUV).

These vehicles accounted for 10,838 or 1.7% of the 643,138 vehicles under 4.5 tonnes supplied during the 2025 NVES reporting period. All these vehicles directly compete with and are direct substitutes for models that have a GVM under 3.5 tonnes are currently subject to the NVES.

Four of these models previously had a GVM rating under 3.5 tonnes.

Impacts on compliance costs, emissions and fuel use

Impacts on compliance costs

Affected manufacturers will be strongly incentivised to improve the efficiency of the vehicles affected by this amendment by adopting more efficient engines and powertrains. They will also be able to offset the excess emissions produced by vehicles that exceed the relevant target by selling vehicles that are below the relevant emission targets or by purchasing excess units from another manufacturer that sells more efficient vehicles. Based on international experience, the department anticipates vehicle manufacturers will take all reasonable steps to avoid incurring a penalty for breaching their obligations under the NVES Act, due the substantial reputational damage this would cause.

Impacts on greenhouse gas emissions

Assuming these vehicles are on the road for an average life of 300,000km (approximately 15-20 years), the department estimates the excess greenhouse gas emissions avoided by this change would be 306,000 tonnes over the life of vehicles sold in 2027.

As the impact analysis anticipated these vehicles would be included in the NVES from 1 July 2025, these amounts are not additional to the abatement estimated in the Impact Analysis. The department estimates 861,000 tonnes of abatement will be foregone from cars, SUVs and utes between 3.5 and 3.855t being exempt from the NVES in 2025, 2026 and the first half of 2027.

Impacts on fuel consumption costs

As the inclusion of these vehicles in the NVES from 1 July 2027 will incentivise affected manufacturers to sell more fuel-efficient vehicles or buy units from manufacturers that do so, the department estimates the proposed amendment will reduce the amount of petrol consumed over the next 20 years by 33.9 million litres and amount of diesel consumed over the next 20 years by 27.5 million litres. At a retail fuel price of $2 per litre, this would save the Australian community approximately $122.7 million in fuel costs over that next 20 years.

As the NVES Impact Analysis anticipated these vehicles would be included in the NVES, this means an equivalent amount of fuel savings would be foregone if this amendment was not adopted.

6. Next steps

The Minister for Infrastructure, Transport, Regional Development and Local Government will seek to implement the proposed amendments to the Exemption Determination to remove the exemption for vehicles that are required to comply with ADR 114/00 or ADR 81/03 from 1 July 2027 by making a determination under paragraph 29(1)(c) of the NVES Act.