

New Vehicle Efficiency Standard Amendment (NVES Integration Date) Determination 2026

A submission to the Australian Department of Infrastructure, Transport, Regional Development, Communications, Sports and the Arts

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Introduction

The Australian Logistics Council supports the objective of reducing transport emissions and improving the efficiency of Australia's vehicle fleet. ALC's position is that freight decarbonisation must be approached as a system-wide task. Vehicle standards, energy supply, charging and refuelling infrastructure, road access, payload, fleet economics and operational requirements must

be considered together. Emissions reduction should strengthen freight productivity and reliability, not compromise them.¹

The proposed Determination would remove exempt-vehicle status from 1 July 2027 for vehicles over 3.5 tonnes gross vehicle mass that are required to comply with ADR 81/03 or ADR 114/00. Its principal effect would be to bring certain cars, SUVs and utility or pickup vehicles between 3.5 and 3.855 tonnes into the calculation of a supplier's interim emissions value under section 19 of the New Vehicle Efficiency Standard Act 2024.²

The policy intent is understood. The evidence needed to assess the proposal is not available. The consultation material does not identify the vehicle models and variants likely to be affected, the number used commercially, the tasks they perform, the availability of equivalent lower-emissions vehicles, the likely effect on vehicle prices and supply, or the emissions reduction expected from this amendment.

This is not a minor information gap. The proposal changes the regulatory treatment of a vehicle segment used across freight, utilities, infrastructure, construction, regional services and other commercial operations. Although the NVES obligation rests with vehicle suppliers, its effects may be passed through to fleet purchasers through changes in price, product availability, specification or model allocation.

ALC does not oppose the proposed inclusion of passenger-substitute vehicles above 3.5 tonnes. However, the Determination should not be finalised until the Government has established that it will capture the intended vehicles without imposing avoidable costs on genuine commercial operations.

ALC recommends that the Government publish a vehicle-level impact assessment, quantify the expected benefits, confirm the treatment of work vehicles and provide a clear process for resolving disputed or specialised classifications before the Determination is made.

Australian Logistics Council

ALC is the peak national body representing Australia's end-to-end supply chains. Our membership spans major retailers, manufacturers, freight owners, road and freight rail operators, ports, intermodal terminals, infrastructure providers, warehouses and distribution businesses.

Woolworths and Coles are ALC members. ALC supports this application on its merits and from the broader perspective of the businesses responsible for moving, storing and distributing essential goods across Australia.

Recommendations

ALC recommends that the Australian Government:

1. Complete and publish a regulatory and commercial impact assessment before finalising the Determination;

¹ ALC Pre Budget Submission 2026-2027

² Exposure Draft – NVES Amendment (NVES Integration Date) Determination 2026 <https://www.infrastructure.gov.au/have-your-say/exposure-draft-new-vehicle-efficiency-standard-amendment-nves-integration-date-determination-2026>

2. publish a definitive list of the makes, models and variants expected to lose exempt-vehicle status from 1 July 2027;
3. Quantify the emissions and fuel savings expected from this amendment, separately from the benefits attributed to the broader NVES;
4. assess the likely effect on vehicle price, supply, model availability, fleet replacement cycles and whole-of-life operating costs;
5. Confirm that genuine work trucks, work vans and specialised commercial vehicles will remain outside the measure;
6. Establish a binding classification process for vehicles whose commercial function is not adequately reflected by body dimensions or sales category;
7. Assess the impact on payload, towing capacity, operating range, body conversion and task suitability before assuming that lower-emissions substitutes are commercially equivalent;
8. protect vehicles already ordered, contracted or committed for Australian supply before commencement;
9. Establish a post-implementation review within 12 months, supported by public reporting on prices, vehicle availability, fleet turnover and emissions outcomes; and
10. Align the amendment with wider freight decarbonisation measures, including charging infrastructure, grid capacity, access reform and targeted fleet-transition support.

1. ALC's position

ALC supports practical measures to reduce the emissions intensity of freight transport. The case for more efficient vehicles is strong, particularly where they reduce fuel use, operating costs and exposure to volatile liquid-fuel markets.

The transition must, however, be commercially and operationally workable.

ALC's 2026–27 Pre-Budget Submission identified high vehicle costs, limited charging and refuelling infrastructure, grid-connection constraints, battery-related payload penalties and regulatory uncertainty as barriers to the uptake of lower-emissions freight vehicles. It called for nationally consistent standards, corridor-based infrastructure planning, targeted incentives and access settings that recognise the characteristics of alternative-fuel vehicles.³

Those principles apply equally to the proposed Determination. A standard that changes vehicle availability without addressing infrastructure, cost and operational capability will not deliver an orderly transition.

2. What the Determination would change

Vehicles over 3.5 tonnes are currently exempt from the NVES because Australia did not previously have a prescribed carbon dioxide testing procedure for that segment.

ADR 114/00 now requires certain vehicles supplied from 30 June 2027 with a GVM between 3.5 and 3.855 tonnes to undergo carbon dioxide testing. Work trucks and work vans are excluded. The

³ ALC Pre Budget Submission 2026-2027

proposed Determination would use compliance with ADR 81/03 or ADR 114/00 as the basis for ending NVES exempt-vehicle status from 1 July 2027.

The Department states that the affected segment represents more than 70 per cent of cars, SUVs and utilities above 3.5 tonnes and that these vehicles compete with similar vehicles below the current NVES threshold.⁴

That provides a rationale for addressing an inconsistency at the regulatory boundary. It does not establish the effect of doing so.

The consultation documents do not state:

- how many vehicles would be captured each year;
- which models and variants would be affected;
- what proportion is used for commercial work;
- how suppliers are expected to respond;
- whether equivalent vehicles are available at comparable cost and capability; or
- the emissions reduction attributable to the amendment.

Without this information, industry cannot assess whether the proposed commencement date, classification approach and regulatory scope are proportionate.

3. The affected market has not been defined

The Government should publish a model-by-model assessment of the vehicles likely to lose exempt status.

GVM alone does not establish how a vehicle is used. Vehicles in this segment may operate as passenger substitutes, but they may also be deployed for field services, infrastructure maintenance, time-sensitive delivery, regional operations, towing, equipment carriage and other commercial tasks.

The practical effect will depend on the precise variants captured. Relevant differences may include:

- single-cab, extra-cab and dual-cab configuration;
- factory body, cab-chassis or second-stage manufacture;
- tray and cargo-area dimensions;
- payload and towing ratings;
- installed service equipment;
- fuel type and drivetrain;
- regional servicing support; and
- vehicle availability in Australian volumes.

⁴ Fact sheet—Proposed changes to exemptions from the New Vehicle Efficiency Standard (NVES)
www.infrastructure.gov.au/sites/default/files/documents/fact-sheet-proposed-changes-to-exemptions-from-the-new-vehicle-efficiency-standard-nves-may-2026.pdf

The Department should not rely on broad descriptions such as “ute”, “pickup” or “SUV”. Those terms do not provide the certainty required for procurement, fleet planning or regulatory compliance.

A published list of affected vehicles should be issued before the Determination is finalised and updated when new models or variants enter the market.

4. The work-vehicle exclusion requires closer examination

The Department’s fact sheet states that ADR 114/00 excludes work trucks and work vans. Those categories are determined by the length of the cargo area or body behind the seats. A work van must have a goods area exceeding 50 per cent of total vehicle length. A work truck must have a body exceeding 60 per cent of total length for a single-row vehicle or 50 per cent where it has two or more rows of seats.⁵

These definitions are clear in form, but their effect across the Australian commercial market has not been demonstrated.

A dimensional test may not capture every vehicle that performs a genuine work function. A dual-cab vehicle may fail the work-truck test because of cabin length while still being selected primarily for towing, carrying equipment, accessing remote sites or transporting a work crew. The vehicle’s function may also depend on equipment fitted after first supply.

The Government should test the definitions against representative commercial configurations and publish the result. This should include:

- dual-cab commercial vehicles;
- cab-chassis vehicles;
- second-stage-manufactured vehicles;
- vehicles fitted with permanent service bodies;
- utility, emergency and infrastructure-support vehicles;
- regional and remote fleet configurations; and
- vehicles used for mixed crew and equipment transport.

Where a vehicle has a demonstrable commercial function but falls outside the dimensional definition, there should be a binding classification or exemption process. Industry should not have to rely on informal guidance after procurement decisions have been made.

5. The benefits have not been quantified

The consultation material does not quantify the expected reduction in carbon dioxide emissions or fuel use.

This should be addressed before the Determination is made. At a minimum, the Government should publish:

- annual sales volumes for the affected segment;

⁵ Fact sheet—Proposed changes to exemptions from the New Vehicle Efficiency Standard (NVES)
www.infrastructure.gov.au/sites/default/files/documents/fact-sheet-proposed-changes-to-exemptions-from-the-new-vehicle-efficiency-standard-nves-may-2026.pdf

- baseline carbon dioxide emissions;
- the assumed response by vehicle suppliers;
- projected changes in the model mix;
- forecast fuel savings;
- forecast emissions reductions;
- the timing of those benefits; and
- the estimated cost per tonne of emissions avoided.

The Department explains that the proposal will allow affected vehicles to be included in suppliers' NVES calculations. It does not show how that inclusion is expected to change supply decisions or produce an identifiable emissions benefit.

The broader NVES may have an established benefits case. That does not remove the need to assess the incremental effect of this amendment.

The Government should also distinguish between laboratory-test performance and operational performance. The NVES is based on prescribed laboratory testing rather than in-service fuel use. Departmental evidence to Senate Estimates confirms that NVES performance is calculated from laboratory results and that real-world testing is a separate program.⁶

Laboratory testing is necessary for a consistent regulatory standard. For commercially operated vehicles, however, payload, towing, route conditions, temperature, auxiliary equipment and duty cycle materially affect fuel use. Those factors should be considered when estimating the practical benefit.

6. Commercial effects may extend beyond regulated suppliers

The NVES regulates vehicle suppliers, not fleet operators. That does not mean operators will be unaffected.

Suppliers may respond to the inclusion of higher-emitting vehicles by:

- changing prices;
- reducing the supply of some variants;
- prioritising lower-emitting models;
- altering Australian product allocations;
- withdrawing models with poor compliance outcomes; or
- changing the timing of vehicle introduction.

The consultation material provides no assessment of these responses.

For commercial fleets, a vehicle is purchased to perform a task. The relevant comparison is not simply between the emissions rating of two vehicles. It includes:

- purchase and financing cost;
- payload;
- towing capability;
- range under load;
- durability;

⁶ Rural and Regional Affairs and Transport Legislation Committee Hansard Transcript – Monday 25 May 2026

- downtime;
- servicing and parts;
- body conversion;
- energy infrastructure; and
- residual value.

A lower-rated-emissions vehicle that cannot perform the same task is not an equivalent substitute.

The Government should obtain market evidence from vehicle suppliers and fleet purchasers and publish a range of plausible price and supply impacts. Commercial sensitivity is not a reason to avoid the analysis. Results can be presented in aggregated form.

7. Risk of unintended fleet and productivity outcomes

If suitable replacement vehicles are unavailable or materially more expensive, operators may retain existing vehicles for longer.

That would delay fleet renewal and may reduce the intended environmental benefit. ALC has previously noted that the benefits of improved vehicle technology accrue slowly where commercial fleets have long replacement cycles.

Other possible responses include:

- using a heavier vehicle than the task would otherwise require;
- using more vehicles or completing additional trips;
- reducing payload per trip;
- restructuring work around less efficient vehicle combinations; or
- passing higher costs through to customers.

The Government should assess emissions and productivity at the level of the freight or service task, not only the regulated vehicle.

For freight operations, the appropriate question is whether the policy reduces emissions per unit of work completed without increasing cost, vehicle kilometres or operational risk.

8. Alternative vehicles and enabling infrastructure

The proposal appears to assume that affected suppliers will be able to offer lower-emissions alternatives. The consultation material does not test whether those alternatives are available, affordable or operationally equivalent in Australia.

For battery-electric and other alternative-fuel vehicles, the assessment should include:

- depot charging requirements;
- grid-connection lead times and costs;
- charging availability outside metropolitan areas;
- range under payload and towing conditions;
- charging downtime;
- battery-related payload effects;
- local servicing capability; and
- vehicle supply volumes.

ALC supports the electrification of freight vehicles where duty cycles and infrastructure make it practical, particularly in urban and short-haul applications. Its established position is that vehicle uptake must be supported by charging and refuelling standards, grid-aligned corridor planning, access reform and targeted investment support.⁷

The Determination should not proceed on the assumption that vehicle regulation alone can deliver the transition.

9. Commencement and transitional arrangements

The Government proposes to adopt the amendment during the third quarter of 2026, with affected vehicles entering the NVES from 1 July 2027. The Department states that a one-year lead time is required for manufacturers to complete testing and provide information.⁸

That lead time addresses testing. It does not necessarily address commercial procurement.

Fleet orders, body manufacture, equipment installation and delivery can extend over long periods. The Government should clarify the treatment of:

- vehicles ordered before the Determination is made;
- vehicles contracted before 1 July 2027 but supplied later;
- vehicles already committed to Australian allocation;
- second-stage manufacture completed after first supply; and
- vehicle types approved before the commencement date.

The Department confirms that vehicles entered on the Register of Approved Vehicles before 1 July 2027 will retain exempt status. This provides some certainty, but it may not protect orders delayed by production, shipping, body manufacture or other matters outside the purchaser's control.

Transitional protection should extend to binding orders and supply commitments entered into before commencement.

10. Monitoring and review

The Government should establish a formal monitoring framework from commencement.

The framework should report on:

- affected makes and models;
- annual supply volumes;
- changes in purchase prices;
- order and delivery times;
- model withdrawals;
- fleet replacement rates;
- applications for classification or exemption;

⁷ ALC Pre Budget Submission 2026-2027

⁸ Fact sheet—Proposed changes to exemptions from the New Vehicle Efficiency Standard (NVES)
www.infrastructure.gov.au/sites/default/files/documents/fact-sheet-proposed-changes-to-exemptions-from-the-new-vehicle-efficiency-standard-nves-may-2026.pdf

- measured fuel savings; and
- emissions outcomes.

A review should begin no later than 12 months after commencement. The review should determine whether the amendment has:

- captured the vehicles intended by the policy;
- preserved access to genuine work vehicles;
- affected commercial vehicle cost or availability;
- changed fleet replacement behaviour; and
- delivered the forecast emissions benefit.

The findings should inform any later proposal to include vehicles between 3.855 and 4.5 tonnes from 2030. The Government has indicated that this later expansion will be subject to further consultation once suitable international testing requirements are available.

Conclusion

ALC supports the policy objective of improving vehicle efficiency and reducing transport emissions. It also accepts the case for examining vehicles above 3.5 tonnes that compete directly with passenger vehicles already covered by the NVES.

The current consultation material does not provide enough evidence to support a final decision.

The affected market has not been defined. The commercial consequences have not been assessed. The emissions benefit has not been quantified. The work-vehicle exclusion has not been tested against the range of vehicles used in Australian commercial operations.

These issues should be resolved before the Determination is made.

ALC recommends that the Government publish a vehicle-level impact assessment, confirm the treatment of genuine work vehicles, quantify the expected benefit and establish clear transitional, classification and review arrangements.

This would allow the Government to pursue the intended emissions outcome without creating avoidable costs, supply constraints or operational disruption across Australia's freight and logistics system.