

Submission on the Exposure Draft: NVES Amendment (NVES Integration Date) Determination 2026

Watershed Foundation

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This submission may be published.

To Whom it May Concern,

Watershed Foundation welcomes the Department's proposed amendment to the New Vehicle Efficiency Standard Determination 2024. We urge the Minister to accept these proposed amendments in their final determination and implement the change without delay.

Watershed Foundation supports action and strategic decisions that build a fairer and more resilient Australia, including through climate action and the energy transition. Taking efficient action, to reduce emissions and costs associated with running our light vehicle fleet, is a critical part of this change.

The NVES is most effective if the fleet it measures is the fleet Australians actually buy. This sensible amendment closes an unintended loophole, restores like-for-like treatment between competing vehicles, and respects industry lead times.

Recommendations on the amendment

1. **Make the determination promptly and hold the 1 July 2027 integration date.** Suppliers have known since 2024 that these vehicles were intended to be covered. ADR 114/00 has been public since May 2026, and ADR 81/03 has required CO₂ testing for newly introduced labelled models over 3.5 tonnes since 1 July 2026. A full year between this consultation and the integration date is generous lead time; any slippage extends the distortion for every month it persists.
2. **Publish quarterly supply volumes for vehicles in the 3.5 to 3.855 tonne band between now and 1 July 2027, so any stockpiling under the life-of-vehicle exemption is visible.** Under the proposed subsection 6(1), a vehicle supplied before 1 July 2027 keeps its exempt status for the life of the vehicle, even if it complies with ADR 81/03 or ADR 114/00 early. Watershed accepts the case against retrospectivity, but notes that this creates an incentive to pull forward supply of exempt stock ahead of the date. To help discourage this, the Department should publish quarterly supply volumes for the affected band through to integration, and state now that evidence of stockpiling will inform the forthcoming consultation on the Standard's post-2029 settings and future decisions by the regulator.

In communicating this change, the Department should be unambiguous about the presumed intention for this to apply upon entry to the Register of Approved Vehicles (rather than point of sale/lease/hire to the customer).

3. **Seek to accelerate the timeline for vehicles over 3.855 tonnes: consult when the UN CO2 test procedures land in late 2026 and integrate them by 1 January 2030 at the latest.** Though this vehicle cohort represents only a small share of light vehicle sales, an open-ended or long-lived exemption above 3.855t is an incentive to migrate specifications upward; this pattern is well-documented in the United States under its class-based vehicle regulations. We urge the Department to consult immediately after test procedures are specified, and to integrate this vehicle class as soon as is operationally possible, ideally before January 2030.
4. **Define the ADR 114/00 "work van" and "work truck" exclusions tightly, so the exclusion does not become the next exemption.** Under the amendment, a vehicle in the band is captured only if it is required to comply with ADR 114/00 or ADR 81/03, and ADR 114/00 excludes work vans and work trucks. The final determination and explanatory materials should make the boundaries of the exclusions explicit, and the Department should publish which vehicle types are certified under which ADR, so the Standard's coverage is readily understood and confirmed from the outside.

Watershed strongly supports the NVES; it provides clear market signals and quantifiable outcomes: real fuel savings, measurable emissions cuts, tangible health gains. We encourage the government to explore the inclusion of commercial-use goods vehicles, to extend the benefits of lower running costs and reduced emissions in Australia's transport fleet, and to communicate proactively with the market on a timetable to do this.

Benefits of the amendment

The amendment will correct a distortion, by closing a regulatory gap, in the market it regulates. Direct competitors in the full-size pickup segment currently sit on opposite sides of the 3.5 tonne line. The Ford F-150 (GVM up to 3.360 t) and Chevrolet Silverado 1500 (3.300 t) are counted in their suppliers' NVES obligations today. The Ram 1500 (3.505 t) and Toyota Tundra (3.536 t) are not, along with variants of the Toyota LandCruiser 70 Series. These vehicles compete for the same

buyers at comparable six-figure prices. In 2025, Australians bought 2,674 Ram 1500s and 837 Tundras: roughly 3,500 exempt vehicles from two model lines, against 3,001 F-150s and Silverado 1500s that counted toward the Standard.¹ A standard that binds one competitor and exempts its rival is not neutral regulation; it is a subsidy for the exempt.

The current threshold rewards the wrong engineering. With the threshold at 3.5 tonnes, a supplier can lift a model's rated GVM a small margin over the line and step outside the Standard entirely; the Ram 1500's rated GVM of 3.505t sits 5 kg above it. Moving the boundary to 3.855t (8,500 pounds), the definition under which these same vehicles are regulated as light-duty in the United States, puts the line beyond the reach of specification tuning. A vehicle regulated as light-duty in the country that builds it should be regulated as light-duty in the country that imports it.

The amendment delivers what Parliament intended and on the broader policy outcomes. The exemption for vehicles over 3.5 tonnes was a technical outcome, due to a lack of CO2 test procedure, not a policy choice. When the NVES Act passed in 2024, the Government stated the Standard would apply to vehicles between 3.5 and 4.5 tonnes GVM where they are designed as substitutes for passenger vehicles: utes and pickup trucks. The only barrier was that the Australian Design Rules contained no CO2 test procedure for vehicles over 3.5 tonnes. ADR 114/00 (Carbon Dioxide Emissions Measurement), adopted in May 2026, removes that barrier for vehicles up to 3.855 t. The amendment sensibly connects the new test procedure to the Standard.

¹ GVM figures for the Ford F-150, Chevrolet Silverado 1500, Ram 1500 and Toyota Tundra: CarExpert, "Toyota LandCruiser 70 Series, Ram 1500 among models facing emissions regulations deadline," 6 July 2026