



# Light vehicle emissions standards

Australians would benefit if light vehicles used less fuel and emitted fewer greenhouse gases. A light vehicle emissions standard (covering both passenger and light commercial vehicles) is the best way to achieve this.

The Climate Change Authority's report *Light vehicle emissions standards for Australia* found that:

- light vehicles account for 10 per cent of Australia's greenhouse gas emissions
- Australia has improved over time but still lags behind many other countries in light vehicle efficiency
- technologies to reduce fuel use and associated emissions are readily available and are relatively inexpensive
- improving light vehicle efficiency is one of the lowest cost emissions reduction opportunities in Australia.

The benefits of the proposed emissions standard would substantially outweigh the costs. Between 2018 and 2030 it could prevent as many greenhouse gas emissions as taking all Australia's cars off the road for a year.

## Benefits of a light vehicle emissions standard



Source: Climate Change Authority Light vehicle emissions standards for Australia Figure 1.

An emissions standard would require suppliers to improve the average emissions intensity of the vehicles they offered to the Australian market over time. The Authority proposed a standard designed to promote environmental goals, policy stability and equity, and minimize regulatory burden. The proposed scheme would:

- address market failures and behavioural barriers to more fuel-efficient and low emissions vehicles
- preserve consumer choice, as the target would relate to the average of all new vehicles, not to specific models
- allow flexibility in compliance, helping suppliers to minimise their regulatory burden
- broadly align with the targets introduced in the United States and trail the stronger European Union targets
- commence as early as possible while still giving suppliers time to prepare for the change, because it takes time for changes to new vehicles to improve the fleet as a whole.

Of the standards examined by the Authority, a standard starting in 2018 and reaching 105 g CO<sub>2</sub>/km by 2025 generates the greatest emissions reductions and financial benefits for Australian motorists. The standard could increase the average cost of a new car in 2025 by about \$1,500, but this would be more than offset by fuel savings of \$8,500 over the life of the vehicle, leaving motorists better off. The Authority believes it is a sensible first step in improving Australia's light vehicle fleet.