

Aussies would pay less at the petrol pump with clean, efficient cars like those sold overseas

As Australians face a cost of living crisis, petrol is one of the top household expenses causing the most financial stress. A majority of Australians (71%) say they've changed their driving habits to manage the high cost of fuel, with more than half (56%) trying to drive less day to day. On average Australians spent almost \$5,300 on petrol last year, and often more in regional areas.

Our reliance on fossil-fuelled vehicles is not only hurting our hip-pockets, but also harming our health and the environment. Vehicle pollution in Australia may cause more than 11,100 premature deaths per year. Cars, vans and utes contribute just under two-thirds of Australia's harmful pollution from transport.

An effective New Vehicle Efficiency Standard (NVES) will tackle these cost of living and pollution challenges together in a great two-for-one deal for Australians.

Background: What is the New Vehicle Efficiency Standard?

The New Vehicle Efficiency Standard aims to limit the pollution Australia's cars release by setting a limit on the average annual emissions across a manufacturer's new car sales. Over time, the maximum amount of pollution allowed is reduced, which means car makers must offer Australians a wider range and more choice of new low and zero emissions vehicles. Fuel efficiency standards like this already cover over 85% of the world's car markets.

New cars are much cheaper and cleaner to run in countries with fuel efficiency standards

Countries like the United States, Europe, China and the United Kingdom have had fuel efficiency standards in place for decades. Today, the success of these standards can be seen in their cleaner, cheaper to run new cars. Climate Council's analysis shows improvements in the efficiency of new vehicles leads directly to shrinking fuel bills.

Passenger vehicles

The average new passenger car sold in Australia today uses 6.9 litres of fuel per 100 kilometres. This amounts to an annual petrol bill of almost \$1,460 for drivers of a new car.¹ Driving the same distance and paying the same amount for petrol, this is almost \$720 more than a European vehicle, and almost \$570 more than an American or Chinese one.

Graph 1 (below) highlights how quickly petrol bills fall as the efficiency of new cars improves.

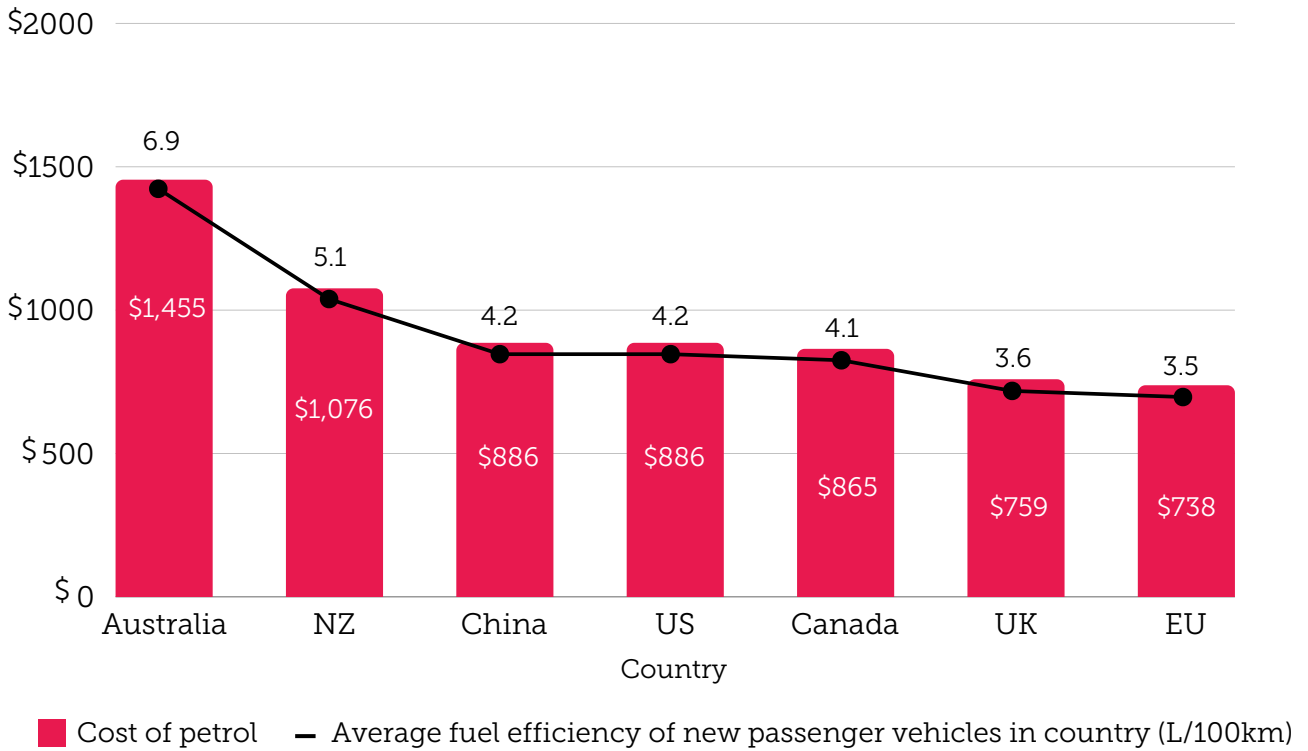
Passenger car case study

The Volkswagen Golf (Life variant) has a fuel efficiency of 3.9L/100km in the UK, while the Australian version uses 33% more fuel at 5.8L/100km. Compared to the UK, Aussie drivers are paying an additional \$401 a year for the same less-fuel efficient vehicle.



¹ Many Australians pay far more for fuel because they are driving older, less efficient cars.

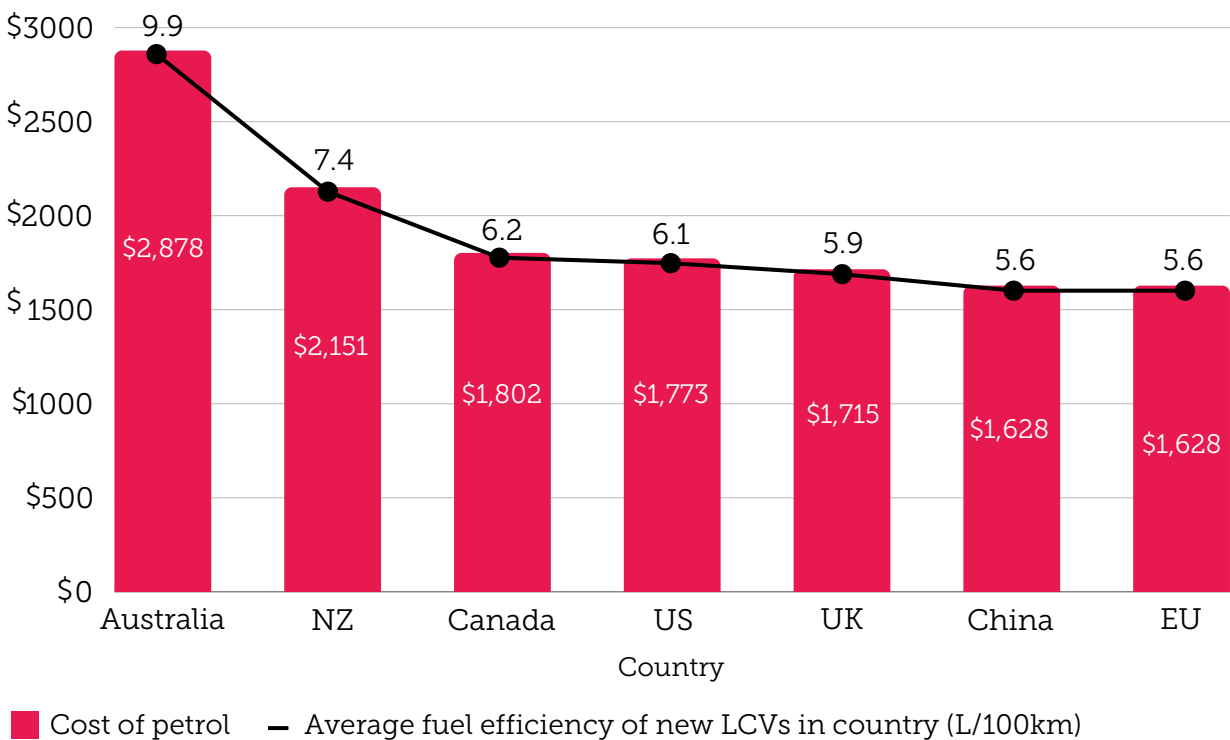
Graph 1: Comparing passenger vehicles' fuel efficiency and petrol costs for Australian driving habits



Light commercial vehicles (LCVs)

Australia's new LCVs also guzzle much more fuel than equivalent cars overseas, using an average of 9.9 litres of fuel per 100 kilometres. This amounts to an annual petrol bill of almost \$2,880 for drivers of a new ute or van. This is \$1,250 more than it would cost with a vehicle as efficient as those in Europe or China, and almost \$1,110 more than with a vehicle as efficient as those in the United States.

Graph 2: Comparing LCVs' fuel efficiency and petrol costs for Australian driving habits



LCV case study

The Isuzu D-Max has a fuel efficiency of 6.4L/100km in the UK, while the Australian version uses 20% more fuel, at up to 8.0L/100km. Compared to the UK, Aussie drivers are paying an additional \$465 a year for the same less fuel efficient vehicle.



The savings analysed in this brief are based on a comparison between buying a brand new car in different markets. Most Australians who buy a brand new car today will make significantly bigger savings because the average fuel efficiency of Australia's fleet is 11.1L/100km for passenger vehicles and 12.8L/100km for LCVs. Many Australians are currently driving cars which are far less efficient, and far more expensive to run.

Australia is lagging behind on vehicle efficiency and Aussies are paying the price in higher petrol bills. Introducing an effective New Vehicle Efficiency Standard will give Australians more choice of efficient lower and zero emissions vehicles, which are cheaper and cleaner to run. It's time for the Federal Government to put the pedal to the metal and deliver this standard, so Australians can start seeing the same benefits already enjoyed by drivers overseas.

Methodology

Fuel efficiency data for 2024 has been obtained from the International Council of Clean Transport's (ICCT) data tables and converted from g CO₂/km to L/100km via ICCT's calculator. Data for China's LCVs and targets are sourced from ICCT (2023). Where no explicit value is listed for 2024, a linear reduction has been assumed (i.e. If China's passenger vehicles' emissions were 117 g CO₂/km in 2020 and they have a target for 93 g CO₂/km in 2025, in 2024 it is estimated to be 98 g CO₂/km). Australia's most recent fuel efficiency data is from 2022 (DITRDCA 2024). Petrol bills are calculated as if all countries paid similar prices and had similar driving habits to Australians. Petrol is priced at AU\$1.90 a litre, the average national retail price for petrol in 2023. Driving distances use the average for passenger vehicles (11,100km) and light commercial vehicles (15,300km). ICCT's calculator was also used for case studies to convert mpg on the WLTP to L/100km on the NEDC cycle.