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The Special Interest Vehicle Association of New Zealand (SIVANZ) Submission.

Moving the light vehicle fleet to low emissions: discussion paper on a Clean Car Standard and Clean Car Discount

Via email: cleancars@transport.govt.nz

Size and Scope of the Special Interest Vehicle Fraternity.

The Special Interest Vehicle Association of New Zealand (Ltd) (**SIVANZ**) is the only special interest vehicle organisation in NZ that represents individual owners of special interest vehicles (**SIV**'s). SIVANZ, through members, represents all categories of SIV's as opposed to a specific heritage or collector class of vehicle.

The SIVANZ structure also includes the SIV industry group; Special Interest Vehicle Manufacturers and Suppliers (**SIVMAS**).

Depending on sources and including heritage, vintage, racing and collector categories of vehicles, the combined membership of SIV national organisations and individuals is estimated in excess of **200,000**. The combined value of SIV's ownership is estimated to be between **\$4 - \$6 billion dollars**.

There is an accompanying SIVMAS industry that provides manufacturing, repair, parts and other services to restore and maintain these vehicles to a high standard of performance, reliability and safety as is applicable to the class, style, use and year of vehicle. The industry includes the manufacture of new complete SIV's (kit cars, racing vehicles, and other specialty vehicle types).

SIV businesses are estimated to contribute **\$5+ billion dollars** to the NZ economy and employ approximately 15,000-20,000 people.

Indirect business activities and beneficiaries of SIV owners' activities includes magazine publishers, SIV event promoters, apparel, accommodation and other beneficiaries of the domestic travel industry; restaurants etc.

New Zealand has a fledging and growing international SIV tourism industry due to the size, variety and spectacular nature of SIV events.

Of special note is the many charity events and displays organised each year using at their core the full range and types of SIV vehicles as draw cards. It is estimated that \$100,000's is donated to charities each year. This is only possible because of the special nature of SIV's as historic and exotic vehicles and the ability to use them fully on NZ roads.

We understand that the discussion papers refer to the importation of new or used vehicles with an accompanying discussion on vehicle criteria and a Clean Car Discount.

We note that there is no impact of the Clean Car Standard and Clean Car Discount on the existing light vehicle fleet for the time being.

However, we are concerned that this proposal over time is likely to be aligned with other government discussions/ proposals and will transition into impacts on the existing light vehicle fleet and therefore onto the SIV fraternity and SIVMAS industry group.

This submission notes our concerns and occasionally references points that could be considered "out of scope" of the Clean Car Standard discussion. Nevertheless, the thrust and intent of this and other government initiatives is of sufficient concern that we note them.

Submission to the Ministry of Transport.

Key Points and Supporting Dialogue.

1. SIVANZ supports the intent of the Clean Car standard proposed in the discussion paper.
 - We acknowledge the emissions reduction targets as agreed at the Paris Accord and the importance of a global perspective.
 - We support the need to address change in the New Zealand environment.
 - We understand that change will occur in how we move around and conduct our daily lives in the transport perspective.
2. SIVANZ does not support the Clean Car Discount proposal set out in the discussion paper. We find it inequitable that those that have a particular vehicle preference are penalised in order to influence the uptake of EV's or more efficient vehicles.

More efficient vehicles and EV's will play a part in achieving emissions targets for NZ. However, we note a heavy EV influence through the discussion papers.

A silver bullet (EV uptake) approach will not deliver results over time. The Clean Car and Clean car Discount discussion papers make frequent reference to a lack of solid supporting data with which to make long term decisions with.

The single solution mindset is driving policy development and strategy to justify the solution. Every other vehicle type (and vehicle owners) become unintended collateral damage. SIV's fall into this scenario.

3. Using NZTA vehicle data (passenger cars, vans, light trucks, goods vans and utes), it is estimated that the current NZ fleet numbers are 4,300,000.

SIV numbers are estimated at 350,000 of the 4,300,000 fleet (8.12%).

While the “Light Fleet” term is used throughout the two discussion papers, currently SIV’s are also included in the “Aged Fleet” category. We believe that the SIV type is unique and should not be included in a catch all category.

4. SIV’s should have a separate categorisation to differentiate them from the rest of the aged fleet. SIVANZ would welcome to opportunity to discuss with the Ministry of Transport how a SIV may be easily differentiated from the rest of the Light/ Aged fleet.
5. SIV’s should be fully exempt from any current or future Clean Car based proposal, or other initiatives aimed at the bulk fleet to reduce CO2 emissions. The list includes, but is not exhaustive, reducing emissions at the exhaust pipe, gCO2/Km or other fuel efficiency standard. EG; the Fuel Consumption Information Rule or restrictive access to fuels.
6. People who import 3 vehicles or less per year, for private use, should be exempt from the Clean Car Standard criteria of importation.

The SIV category could include race cars, exotic and rare automobiles, classics and performance vehicles. They could be destined for museums, private collections, race meetings or daily use.

SIV owners have the right to make personal vehicle purchasing decisions free from government-imposed rules designed to achieve one thing, but consequentially, have an unintended impact on the SIV user group.

7. At 8.12% of the current vehicle fleet, the total number of SIV’s on the road at any one time is low. SIV’s are also relatively low use vehicles and on average travel 6000 - 8000 km’s per year. Dependant on some vehicle insurance policy terms, this distance can further reduce to 5000 Km’s per year.

SIV’s are generally highly maintained and are operated at the highest level of manufacturers recommendations dependant on the prevailing technology at time of manufacture. These vehicles travel low Km’s per year. This makes them a low emissions contributor compared to some of the aged daily use vehicles.

8. SIV businesses provide an estimated \$5Bn+ to the NZ economy. They employ 15,000 – 20,000 people. Any policy that restricts the use of SIV’s will have a negative flow on effect on the SIVMAS industry groups.

Furthermore, the current value of the SIV fleet is estimated at \$5Bn (midpoint between \$4Bn and \$6Bn). Restrictions on vehicle use (through imposed unachievable emissions reduction targets) may have an unintended consequence of devaluing the SIV fleet.

SIV owners will justifiably seek recompense for lost value due to the Clean Car proposal, or other aligned government policies.

9. SIV owners are generally in full time work, earn above average incomes and do not ask for or rely on any government support or subsidy to maintain SIV operational standards or SIV ownership.
10. SIVANZ understands that NZ has a daily use fleet that is aged and not always in an optimal state of condition and operation. We would support a measured approach to rationalisation of daily use vehicles. The caveat would be that the costs were not imposed on other motorist groups as a further financial penalty based on vehicle category.
11. SIVANZ is committed to working with government to identify a system that differentiates SIV's from the rest of the Light or Aged fleet and policies that are effective, fair and robust over time that enable continued use of SIV's without restriction.

Discussion.

12. SIVANZ supports the intent of the Clean Car Standard. Of concern is the workability and durability of the proposed scheme.

It must be structured so that it can endure more than one election cycle. It must also have the full commitment of overseas vehicle manufacturers and suppliers to NZ of the "Fit For Purpose" vehicle types that will assist in attaining the target emissions goals. Commitment to supply needs to be through to 2050.

Neither paper demonstrates any statement or commitment from government or overseas vehicle manufacturers that NZ will in fact be supplied with the right vehicles continuously. In fact reference is made in the ministries supporting documents to the degree of difficulty likely to be encountered in getting manufacturers to supply such a small market.

In the absence of some certainty and long-term commitment, we suspect that the success or failure of any Clean Car or emission scheme will be determined by the NZ 3-year election cycle.

The issue is that if the Clean Car Standard is introduced as proposed, or other aligned policies, the collateral damage on SIV owners will be difficult to undo. It is a moot point if it failed because of a change in government or the government of the day fails to influence the right supply of vehicles or fails to deliver on the feebate cost neutral calculations.

SIV owners, along with other motorists that purchase less efficient vehicles through choice or necessity, are likely to be required to further support the scheme through tax (fuel or other) and increasing Feebate penalties to justify that the policy is cost neutral, even if it isn't.

It is inequitable that a small group of motorists would be required to fund the scheme as proposed or in the future because of a lack of forethought and durability.

We believe the proposals have the potential to disproportionately affect SIV owners.

13. There are numerous references in the two documents to the low-income groups that may not be able to transition into an EV (the single solution silver bullet approach).

We understand that difficulty but fail to see how penalising other motorists financially for their vehicle purchase is fair and sustainable.

We applaud the drive to increase the EV fleet. EV's will, and do, play an important part in the strategy to reduce vehicle emissions.

The supporting documents to the discussion papers are scant on certainty that the Clean Car proposal will actually deliver what the Ministry of Transport is proposing.

For example;

- low income groups are mentioned as likely to need additional support, over and above what the proposal discusses in Feebate calculations, to ease them out of an inefficient vehicle into an EV or more efficient vehicle.
- The discussion papers are silent on the social and economic impact on 200,000 SIV owners and the SIV industry; \$10Bn value and 20,000 full time jobs at risk

How to transition low income and the more vulnerable groups into a more fuel-efficient vehicle will be challenging from a cost and geographic perspective. Not all low-income groups are in cities where a public transport system and other transport modes are being talked about. Not all EV's or more efficient vehicles are big enough for all family groups.

What is the plan for those vulnerable groups outside of the main centres?

The Clean Car Discount proposes to penalise less efficient vehicle owners to fund all other motorists. The proposal ignores the possibility that those people outside of the main centres have to make their purchase decision based on where they live. That is, they have no other choice but to buy a less efficient vehicle because no other option exists for them. Why penalise them?

The assumption throughout the two documents is that because a less than efficient vehicle can be purchased, the purchaser must be wealthy and can afford the Feebate penalty. This is a disrespectful assumption to make about hardworking average NZ's who are making significant contributions to the NZ economy.

14. The government has invested approx. \$30m (and increasing) into promoting the uptake of EV's and supporting emerging EV business groups.

The storyline from EV supporters and government is that the EV is the single solution NZ needs to achieve its emission targets. The discussion papers reflect this single solution view.

The emergence of potential EV cartels is becoming apparent where banks, large corporates and self-serving interest groups are formed and are influencing government direction and investment.

The public campaigns are well targeted to influence public perception about the benefits of EV's at the expense of ICE (Internal Combustion Engine) vehicles. This creates an intended psychological weighting against the fossil fuel transport fraternity.

Almost every other opportunity to reduce emissions through new technologies is being ignored by the Clean Car proposal and industry groups structured and influenced to focus on EV's only.

15. In addition, the references to the "Cleanness" of an EV is often inaccurately reported and that creates a further unfair weighting against the ICE vehicle type or other potential solutions. In our view these are intended important information omissions.

- The amount of CO2 emissions at the point of manufacture is never reported by government. (approx. 7.5 tons more than an ICE vehicle)
- NZ faces a looming issue of non-existent or poor electricity distribution infrastructure required for charging networks. (noted in the discussion papers)
- NZ has not addressed what the disposal process is of a spent EV battery. The Clean Car discussion papers remain silent on this problem.

To repeat the SIVANZ position on EV's; We support the introduction of EV's as a part of a long-term strategy to help NZ'ers reach emissions targets.

We add that the EV cannot be a silver bullet solution. We need more solutions given low income groups may not be able to afford an EV or other efficient vehicle option even with the subsidy penalty imposed on other motorists or additional financial support.

Parallel investment into R&D for more efficient fossil fuel or bio-fuel technology and infrastructure is equally as important as the investment being made into EV technologies. A suite of solutions is likely to deliver the desired outcomes the whole country needs.

The NZ geographic spread and lack of public transport in places outside of the main centres are predicted to be significant barriers to the uptake of efficient or "Fit For Purpose" vehicles. These areas of our society do not need to be punished financially because of where they live and governments failure to deliver meaningful transport alternatives.

16. SIVANZ acknowledges the challenge that this government faces with delivering on the Paris Accord targets and maintaining economic stability for NZ'ers.

The SIVMAS and SIVANZ members are seeking a clear understanding of what the targets are accompanied by transition policies and initiatives that are robust enough to provide a high level of certainty and also that they do not impinge on the current freedom of use of SIV's.

17. The Clean Car Standard and Clean Car Discount supporting documents do not provide certainty of proposal delivery over time.

Until manufacturers commit to supply of Fit For Purpose vehicle types, and, we have alignment with other political parties to maintain the strategy through successive general cycles, any government initiative has a three year life.

It is preposterous that any government would knowingly remove \$10Bn of economic wealth from hard working NZ'ers;

- By staying silent on the societal and economic benefits generated by SIV owners and the SIVMAS industry group.
- By focussing on a single (silver bullet) solution to low emissions reduction
- By submitting to influences and direction provided by self-serving (EV) interest groups

SIVANZ commits to working with government to identify how to implement exemption policies that enable SIV businesses and SIV owners to continue to be substantial contributors to society and economic wealth generators.

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