MINISTRY OF TRANSPORT
TE MANATŪ WAKA

OC260185

20 May 2026

[redacted]

Tēnā koe [redacted]

I refer to your email dated 13 March 2026, requesting the following under the Official Information Act 1982 (the Act):

> *"Please provide all documents including internal analysis, Ministerial advice, submissions received and correspondence (both within the Ministry of Transport and to other agencies), relating to the review of the Clean Car Standard.*
>
> *In particular, please provide the following:*
>
> 1. *Any materials relating to considerations under s 5ZN of the Climate Change Response Act 2002.*
> 2. *Any cost benefit analysis for any proposed changes.*
> 3. *Any materials comparing potential changes to the Clean Car Standard with tools to increase the uptake of electric vehicles.*
> 4. *Any materials that consider the human health impacts of potential changes to the Clean Car Standard, including rates of asthma and other respiratory conditions."*

On 20 March 2026 you refined the first part of your request to the following:

> *"Please provide all documents including internal analysis, Ministerial advice, submissions received relating to the review of the Clean Car Standard; and correspondence (both within the Ministry of Transport and to other agencies) relating to the review of the Clean Car Standard specific to the topics of climate impacts, both short and long term, and human health impacts of higher levels of air pollutants"*

On 14 April 2026, the timeframe for response was extended by 20 working days to 20 May 2026 under section 15(A)(1)(a) of the OIA.

Forty-six emails and associated attachments are in scope of the request, including submissions and correspondence. The documents are listed in the document schedule attached as Annex 1. Certain information is withheld under the following sections of the Act:

9(2)(a)	to protect the privacy of natural persons
9(2)(f)(iv)	to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials
9(2)(g)(i)	to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty
9(2)(h)	to maintain legal professional privilege
9(2)(i)	to enable a Minister of the Crown or any public service agency or organisation holding the information to carry out, without prejudice or disadvantage, commercial activities

Five emails are withheld in full under section 9(2)(h) of the Act to maintain legal professional privilege.

A further ten emails are refused under section 18(d) of the Act as these emails were published in a previous OIA response OC260098 at: https://www.transport.govt.nz/assets/Uploads/OIA-response/OC260098-Origin-of-the-Clean-Vehicle-Standard-Abolition-Option.pdf

A further 17 documents are in scope of internal analysis or ministerial advice. The document titles for these are provided in Annex 1. These matters are still under consideration, therefore the content of these documents is withheld under section 9(2)(f)(iv) of the Act.

Regarding the information that has been withheld under section 9 of the Act, I am satisfied that the reasons for withholding the information at this time are not outweighed by public interest considerations that would make it desirable to make the information available.

If you would like to discuss this decision with us, please do not hesitate to contact us at OIA@transport.govt.nz.

You have the right to seek an investigation and review of this response by the Ombudsman, in accordance with section 28(3) of the Act. The relevant details can be found on the Ombudsman's website www.ombudsman.parliament.nz.

The Ministry publishes our Official Information Act responses and the information contained in our reply to you may be published on the Ministry's website. Before publishing we will remove any personal or identifiable information.

Nāku noa, nā



Mary Craythorne
Manager, Environment

Annex 1: Document Schedule

Doc #	Date	Title of Document	Decision on request
1	17/12/2025	Email from Ainsley Smith to Gayelene Wright, Jayden Mudge, Joanne Leung, Roselle Thoreau and Amber Dickson (the Ministry). Subject: RE_Modelling and data to support the review of the Clean Vehicle Standard Attachment: OC251038 Proposed approach to the 2026 review of the Clean Vehicle Standard-Briefing-Policy	Released with some information withheld under sections 9(2)(a) and section 9(2)(f)(iv). Annex 1 of the attachment is refused under section 18(d). It is publicly available at: https://pce.parliament.nz/media/fbmbkmtx/pce-letter-to-minister-bishop-re-clean-car-standard.pdf
2	13/01/2026	Email from Gayelene Wright to Ainsley Smith Subject: FW Approving the commissioning variation for the modelling for the Clean Vehicle Standard review Attachment: Modelling for the 2026 review of the Clean Vehicle Standard	Released with some information withheld from the attachment under section 9(2)(f)(iv).
3	27/01/2026	Email between Gayelene Wright, Danny Eyre and Amber Dickson Subject: FW Why complementary measures to the ETS are needed	Released with some information withheld under sections 9(2)(a) and 9(2)(g)(i).
4	27/02/2026	Email from Gayelene Wright (the Ministry) to Freddie Holmes (Climate Change Commission) Subject: RE: Climate Change Commission Note on Review of the Clean Vehicle Standard. Attachment: 20260226 Information for MoT on the Review of the Clean Vehicle Standard – Climate Change Commission	Released email with some information withheld under section 9(2)(a). Released attachment in full.
5	27/02/2026	Email from the Motor Industry Association to Ruth Fairhall (the Ministry). Subject: MIA Submission on Stage 1 Review of the Clean Car Standard. Attachments: • MIA Submission - CVS - Stage 1 Review.pdf • NZIER Report CVS analysis, Stage 1 Report.pdf	Released email and attachments with some information withheld under 9(2)(a).
6	02/03/2026	Email from Geoff Simmons (Parliamentary Commissioner for the Environment) to Freddie Holmes (Climate Change Commission), Amber Dickson and Gayelene Wright (the Ministry). Subject: Re: Climate Change Commission note on review of the Clean Vehicle Standard.	Released email with some information withheld under 9(2)(a). Attachment is refused under section 18(d) as is already publicly available here: https://pce.parliament.nz/publications/submission-on-the-clean-vehicle-standard-review/

Doc #	Date	Title of Document	Decision on request
		Attachment: PCE Submission on the Clean Vehicle Standard Review 27 Feb 2026	
7	06/03/2026	Email between Ainsley Smith, Gayelene Wright and Joanne Leung Subject: Re: Draft Clean Vehicle Standard Briefing Attachment: DRAFT OC260063 Outcome of the Stage 1 review of the Clean Vehicle Standard – Briefing	Released email. Attachment withheld under section 9(2)(f)(iv).
8	11/03/2026	Email from Ainsley Smith to Gayelene Wright Subject: Supplementary information Attachment: Emissions_fuel_use_output_year	Released email with some information withheld under sections 9(2)(a) and 9(2)(f)(iv). Attachment withheld under section 9(2)(f)(iv).
9	12/03/2026	Email from Jessie Algar (Climate IEB Unit) and Gayelene Wright (the Ministry). Subject: Re: Draft CVS briefing Attachment: DRAFT OC260063 Outcome of the Stage 1 review of the Clean Vehicle Standard - Briefing	Released email with some information withheld under sections 9(2)(a) and 9(2)(f)(iv). Attachment withheld under section 9(2)(f)(iv).
10	12/03/2026	Email from Ainsley Smith to Gayelene Wright, Joanne Leung and Mary Craythorne Subject: RE: RE: Who should we contact about assessing sufficiency for the review of the Clean Vehicle Standard? Attachment: Emissions_fuel_use_output_year	Released email with some information withheld under section 9(2)(a). Attachment withheld under section 9(2)(f)(iv).
11	17/03/2026	Email from Ainsley Smith to Gayelene Wright Subject: High oil price scenario Attachment: 2026 – Clean vehicle standard review – Cost benefit analysis.	Released with some information withheld under section 9(2)(a). Attachment withheld under section 9(2)(f)(iv).
12	17/03/2026	Email between Gayelene Wright and Tanzila Khan (International Council on Clean Transportation) Subject: RE: ICCT response attached to CVS 2026 review (Stage 1) Attachments: • ICCT_ memo_CVS_2026 review Stage 1 • CVS_2026 Stage 1 review_ICCT calculations.xlsl	Released email with some information withheld under section 9(2)(a). Released attachment in full.
13	18/03/2026	Email from John Roy (Ministry for Regulation) to Amber Dickson Subject: RE: RIS requirements for upcoming Clean Vehicle Standard papers	Released email with some information withheld under section 9(2)(f)(iv). Attachment withheld under section 9(2)(f)(iv).

Doc #	Date	Title of Document	Decision on request
		Attachment: Draft OC260063 Outcome of the Stage 1 review of the Clean Vehicle Standard – Briefing JR comments	
14	19/03/2026	Email between Gayelene Wright (the Ministry) and Climate IEB Unit and the Ministry fo the Environment Subject: RE: Updated emissions_fuel_use_output_year Attachments: • emissions_fuel_use_output_year.csv • MoT CVS key points for sufficiency	Released email with some information withheld under section 9(2)(a) and 9(2)(f)(iv). Both attachments withheld under section 9(2)(f)(iv).
15	23/03/2026 02/03/2026 09/03/2026 16/03/2026	Transport Weekly Report Extracts	Released with some information withheld under section 9(2)(f)(iv).
16	28/01/2026 05/02/2026 12/02/2026 19/02/2026	Transport Weekly Report Extracts	Refuse under section 18(d), as already publicly available (OC260098).
The titles only are provided for the following internal analysis/ministerial advice. All content is withheld under section 9(2)(f)(iv) or refused under section 18(d)			
	N/A	Objectives for CVS review	Withhold in full under section 9(2)(f)(iv).
	N/A	Output project plan for Stage 1 of the CVS review	Withhold in full under section 9(2)(f)(iv).
	25/03/2026	Cover sheet for Policy Strategy Sub-committee meeting 25 March	Withhold in full under section 9(2)(f)(iv).
	N/A	Summary text for documents	Withhold in full under section 9(2)(f)(iv).
	N/A	Market failures inhibiting fuel efficiency/move to low emission vehicles	Withhold in full under section 9(2)(f)(iv).
	N/A	Project plan for 1st phase of the CVS review	Withhold in full under section 9(2)(f)(iv).
	11/08/2025	Modelling for the 2026 review of the Clean Vehicle Standard	Withhold in full under section 9(2)(f)(iv).
	7/04/2026	Clean Vehicle Standard review 2026 Cost benefit analysis	Withhold in full under section 9(2)(f)(iv).
	22/04/2026	Outcome of the Stage 1 review of the Clean Vehicle Standard - Briefing - Policy	Withhold in full under section 9(2)(f)(iv).
	N/A	CVS RIS regulatory-impact-statement draft	Withhold in full under section 9(2)(f)(iv).
	N/A	Draft criteria analysis - alternative policy options	Withhold in full under section 9(2)(f)(iv).
	N/A	Criteria analysis - summary	Withhold in full under section 9(2)(f)(iv).

Doc #	Date	Title of Document	Decision on request
	N/A	Draft summary - international evidence on success of fuel efficiency standards	Withhold in full under section 9(2)(f)(iv).
	N/A	International evidence/research on alternative policy options	Withhold in full under section 9(2)(f)(iv).
	N/A	International – short summary	Withhold in full under section 9(2)(f)(iv).
	N/A	Clean Vehicle Standards – Outcomes of the Review	Withhold in full under section 9(2)(f)(iv).
	N/A	Questions for the MIA	Refused under section 18(d) (OC260098 https://www.transport.govt.nz/assets/Uploads/OIA-response/OC260098-Origin-of-the-Clean-Vehicle-Standard-Abolition-Option.pdf).

Out of Scope



From: Ainsley Smith <A.Smith2@transport.govt.nz>
Sent: Wednesday, 17 December 2025 6:25 pm
To: Gayelene Wright <g.wright@transport.govt.nz>; Jayden Mudge <J.Mudge@transport.govt.nz>; Joanne Leung <j.leung@transport.govt.nz>; Roselle Thoreau <R.Thoreau@transport.govt.nz>; Amber Dickson <A.Dickson@transport.govt.nz>
Subject: RE: Modelling and data to support the review of the Clean Vehicle Standard

Hi all,

Nearly forgot about this so jotting down some notes while I remember.

These notes will inform a commissioning document and relate to point (a) below:

- Policy are interested in updated CBA modelling of the CVS
- Policy is interested in the extent of the potential benefits from the CVS, this however would be difficult to achieve with the new model as it is not set up as an optimisation model (to maximise net benefit by automatically adjusting CVS settings)
- The VFM model has been redeveloped and is nearly ready to produce outputs for this work, it should be able to meet the needs of this request and deliver a range of outputs some in addition to past analysis. Some additional work will be required to add in some additional effects like NOx, and perhaps other. Other previously estimated effects may not be quantified like welfare effect or industry impact, this will need to be assessed.
- The initial scenarios will be 1. Status quo policy and 2. No standard, a third scenario may be a $45 charge perhaps with changes to the targets. This will be worked through as the work is developed and potentially other scenarios added s 9(2)(f)(iv) Policy has not asked us to look at excluding LCV from the policy.

Out of Scope



Ainsley

From: Gayelene Wright <g.wright@transport.govt.nz>
Sent: Tuesday, 16 December 2025 8:39 am
To: Ainsley Smith <A.Smith2@transport.govt.nz>; Jayden Mudge <J.Mudge@transport.govt.nz>; Joanne Leung <j.leung@transport.govt.nz>; Roselle Thoreau <R.Thoreau@transport.govt.nz>; Amber Dickson <A.Dickson@transport.govt.nz>
Subject: Modelling and data to support the review of the Clean Vehicle Standard

Released under the Official Information Act 1982

Hi there

Thanks for setting up the meeting tomorrow Ainsley for the modelling and data for the review of the CVS. Ahead of our meeting tomorrow I'm resending what we (policy) are seeking and the timeframes.

Cabinet has directed officials to do a first principles review of the Clean Vehicle Standard to enable it to decide whether or not to continue with the Standard. Attached is the briefing on the scope and timeline for the review that has been sent to the Minister.

As we have discussed, we will need modelling and data analysis work to support the review, and this work replaces the modelling that we commissioned in August. What we need is:

a. Estimates of the magnitude of the economic and environmental benefits (ie fuel cost savings, CO2 reductions, noxious emission reductions and increased fuel security) that New Zealand could gain from improving vehicle fuel efficiency and adopting low/zero emission vehicles at a faster rate than business as usual (ie BAU without regulation)

b. Data that helps assess whether the Clean Vehicle Standard has been effective in increasing fuel efficiency and speeding the adoption of low/zero emission vehicles.

Our overall deadline is to have Cabinet decisions s 9(2)(f)(iv). To meet this deadline, we need the estimates and data over Feb-early March.

Out of Scope

Thanks

Gayelene

Gayelene Wright
Principal Adviser, Environment
Te Manatū Waka - Ministry of Transport
M: s 9(2)(a) g.wright@transport.govt.nz
TE MANATŪ WAKA MINISTRY OF TRANSPORT
Hāpaitia ana ngā tāngata o Aotearoa kia eke
Enabling New Zealanders to flourish

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MINISTRY OF TRANSPORT
TE MANATŪ WAKA

3 December 2025 OC251038

Hon Chris Bishop **Action required by:**

Minister of Transport Monday, 15 December 2025

PROPOSED APPROACH TO 2026 REVIEW OF THE CLEAN VEHICLE STANDARD

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Purpose

Seek your feedback on our proposed scope and timeline for the 2026 review of the Clean Vehicle Standard.

Key points

- A review of the Clean Vehicle Standard (the Standard) is required to be reported back to the Cabinet Economic Policy Committee by 30 June 2026. Cabinet has noted that officials will consider abolishing the Standard is part of the review [CAB-25-MIN-0409 refers].
- We recommend conducting the review in two stages:
    - **Stage One:** a first principles review of the Standard. The outcome of Stage One will be a recommendation for Cabinet to either agree to retain the Standard or, in-principle, to abolish it. If the recommendation is to retain the Standard, our advice on Stage One will also include our recommended key characteristics/features for the scheme.
    - **Stage Two**: either detailed policy design work to review the Standard's settings (if Cabinet agrees to retain the Standard) or work to abolish it. Final Cabinet decisions will be made at the conclusion of Stage Two.
- With your agreement, we will engage with the motor vehicle industry, international bodies, other government agencies, key advocacy groups (e.g., Drive Electric) and subject matter experts (as appropriate) as this work is progressed. s 9(2)(f)(iv)
- You have received a letter from the Rt Hon Simon Upton, Parliamentary Commissioner for the Environment (PCE), requesting that his office be included in any consultations on the review. We recommend engaging with PCE as it will be beneficial to engage a broad range of perspectives.

Recommendations

We recommend you:

1 **agree** that officials will conduct the 2026 review of the Clean Vehicle Standard in two stages:

- **Stage One:** a first principles review of the Standard. The outcome of Stage One will be a recommendation for Cabinet to either agree to retain the Standard or, in-principle, to abolish it. If the recommendation is to retain the Standard, our advice on Stage One will also include our recommended key characteristics/features for the scheme.
- **Stage Two:** either detailed policy design work to review the Standard's settings (if the Standard is retained) or work to abolish the Standard. Final Cabinet decisions will be made at the conclusion of Stage Two. Yes / No

2 **agree** that officials will engage with the motor vehicle industry, international bodies, other government agencies, key advocacy groups (e.g., Drive Electric) and subject matter experts (as appropriate) to progress Stage One of the review Yes / No

3 **note** that you have received a letter from the Rt Hon Simon Upton, Parliamentary Commissioner for the Environment, requesting that his office be included in any consultations on the review.

4 **agree** that officials will engage with the office of the Parliamentary Commissioner for the Environment and to send the attached Ministerial response to Mr Upton noting this. Yes / No

5 **agree** that Cabinet decisions on Stage One will be made s 9(2)(f)(iv) with the timeline for Stage Two to be determined at this time. Yes / No

Siobhan Routledge
Acting Deputy Chief Executive, Policy Group
3 / December / 2025

Hon Chris Bishop
Minister of Transport
..... / ..... / .....

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Minister's office to complete: ☐ Approved ☐ Declined

☐ Seen by Minister ☐ Not seen by Minister

☐ Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Gayelene Wright, Principal Advisor, Environment	s 9(2)(a)	
Siobhan Routledge, Acting Deputy Chief Executive, Policy Group		✓

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PROPOSED APPROACH TO 2026 REVIEW OF THE CLEAN VEHICLE STANDARD

We propose a broad review of the Clean Vehicle Standard

1 A review of the Clean Vehicle Standard (the Standard) is required to be reported back to the Cabinet Economic Policy Committee by 30 June 2026. We recommend undertaking the review in two stages.

Stage One: First Principles Review

2 Stage One will consist of a broad, first principles, review of the Standard. It will conclude with a recommendation for Cabinet to either agree to retain the Standard or, in-principle, to abolish it. We intend to provide you with a briefing on the outcomes of Stage One, including a draft Cabinet paper s 9(2)(f)(iv)

3 We recommend that Stage One is focused on the following questions:

Focus questions for Stage One of review
• What is the policy rationale for improving vehicle fuel efficiency and what are the market failures/barriers we are looking to address through a fuel efficiency standard? • Are the potential benefits that could be gained from addressing these market failures/barriers significant enough to justify intervention? • What should the objectives of a policy to address these market failures/barriers be? • Internationally, how successful are regulated fuel efficiency standards in addressing the market failures/barriers? • Are there alternative policy options to having a regulated fuel efficiency standard that would meet the same objectives? • Are the conclusions the same for new vehicles imports and used-vehicle imports, or is there a case to treat them differently? • What are the issues that need to be addressed in moving forward, i.e. with either retaining or abolishing the Standard?

4 If the recommendation is to retain the Standard, our advice on Stage One will also include our recommended key characteristics/features for the scheme. For example, if advice is that new and used-vehicle imports should be subject to different standards, the key features for each. Detailed policy work would then be undertaken as part of Stage Two.

5 With your agreement, we will engage with the motor vehicle industry, international bodies, other government agencies, key advocacy groups (e.g., Drive Electric) and subject matter experts (as appropriate) as this work is progressed. This will include the Motor Industry Association (MIA) and Imported Motor Vehicle Industry Association (VIA).

6 Additionally, you have received a letter from the Rt Hon Simon Upton, Parliamentary Commissioner for the Environment (PCE), noting that he would like to contribute to the review of the Standard. Mr Upton has requested that we include his office in future consultations. We recommend engaging with PCE, as it will be beneficial to engage a broad range of perspectives, and have attached a draft response letter in **Annex One** for your consideration.

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Stage Two: Detailed Design Work

7 Stage Two will consist of detailed policy design work to review the Standard's settings (if Cabinet agrees that the Standard should be retained) or work to abolish the Standard (if Cabinet agrees, in-principle, to do so).

8 We will provide you with a recommended scope, objectives and timeline (including approach to further consultation, if required) for Stage Two as part of our advice on Stage One. However, it is likely to include the following questions:

If advice is to retain the Standard...	If advice is to abolish the Standard...
• What should the Standard's targets be? • Should the Standard's settings be completely aligned with Australia's, e.g., rate of charges. • Are there aspects of the current scheme that need to be reviewed/redesigned? • What can we learn from overseas experience?	• Would it be desirable to phase the Standard out rather than immediately cease it? • Would there be any legal obligation for the Government to repay outstanding credits? • How can any costs/risks associated with abolishing the Standard be mitigated?

9 Final Cabinet decisions on the Standard's settings, or to abolish the Standard, will be made at the conclusion of Stage Two.

Proposed timeline

10 As this is a first principles review of the Standard, more work will be required than if the review was limited to the Standard's targets. We are proposing that Cabinet decisions on Stage One be made in May 2026, with the timeline for Stage Two to be determined at that point.

Date	Actions
December 2025 – April 2026	• Officials review rationale for the Standard. • Ongoing consultation with the motor vehicle industry and others.
s 9(2)(f)(iv)	• Briefing on outcomes from Stage One of the review, including draft Cabinet paper for departmental and Ministerial consultation.
	• Cabinet paper on outcomes from Stage One of the review – seeking: o agreement to either retain the Standard or, in principle, to abolish it o agreement to the timeline for progressing Stage Two.

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Annex One: Draft Response to Rt Hon Simon Upton

Refused under section 18(d) of the Act as is publicly available on the Parliamentary Commissioner for the Environment's website here: https://pce.parliament.nz/publications/letter-to-minister-bishop-on-changes-to-the-clean-car-standard/

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Document 2

Outlook

FW: Approving the commissioning variation for the modelling for the Clean Vehicle Standard review

From Gayelene Wright <g.wright@transport.govt.nz>
Date Tue 1/13/2026 10:15 AM
To Ainsley Smith <A.Smith2@transport.govt.nz>

1 attachment (101 KB)
Modelling for the 2026 review of the Clean Vehicle Standard .docx;

Hi Ainsley

The variation has been approved by Ruth. Attached is the final

Thanks

Gayelene

Out of Scope

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Modelling Request Support Template

Administrative Information	
Date of request	11 August 2025
Commissioning team	Environment
Policy Lead	Gayelene Wright
Manager Approval (manager name and date of approval)	Nick Paterson
DCE approval (DCE name and date of approval)	Siobhan Routledge 11 August 2025
Priority of work (please check the Ministry quarterly work programme)	High The Minister has requested advice on options that would assist vehicle suppliers comply with the Clean Vehicle Standard's targets given the challenging conditions they are currently facing.
What are your key policy questions?	s 9(2)(f)(iv)
What are the policy interventions and their options?	s 9(2)(f)(iv)
Please provide a tardis link to your Intervention Logic Mapping (Note: all requests must be accompanied by an ILM assessment)	Not needed. The Ministry's existing models that estimate vehicle fuel use and GHG emissions already have an underlining intervention logic.

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Administrative Information	
Degree to which related policy details are known: • Please attach project plan if available • Please indicate what are in-scope and out of scope	The project plan is detailed below. This plan shows the steps involved if all options are progressed, including the resetting of target levels. However, whether they are or not depends on the outcome of further analysis and modelling, public consultation and the decisions the Minister and Cabinet takes. Early October 2025 • Initial briefing to the Minister seeking agreement to the policy options to progress, consultation approach and timeline (this will reflect a mid-March delivery date for the modelling requested in this template). s 9(2)(f)(iv)

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Administrative Information	
Level of risk policy details could change	The exact target levels could change following public consultation in 2026. However, the initial set to be modelled is less subject to change.
Other Agencies involvement	
Have you obtained support from other agencies that implement the policy or provide related background information or costing estimates?	We have informed the NZ Transport Agency (NZTA) of the policy options and it is joining us with industry discussions on them. NZTA administers the Clean Vehicle Standard.
When do we expect to receive such information?	s 9(2)(f)(iv)
Do you have a governance structure in place to oversee related work across agencies? If so, would the analytical work be part of the required sign off process?	The Ministry's existing governance structure applies. Under this structure the DCE Policy signs off all policy advice on the options. The DCE Sector Strategy signs off the modelling.
Analytical support requirements and timeframe	
Type of analysis required	Modelling the fuel savings, GHG emissions, and noxious emissions impacts of certain changes to the Clean Vehicle Standard.
Report back, Cabinet or Briefings due dates	See the project plan outlined above
When would the analysis be needed:	By 10 March 2026
Draft results	28 February 2026 if possible
Draft report or documentation	To be decided by Economics and Insights and Analytics. However, the documentation should include a Climate Implications of Policy Assessment.
Final results	10 March 2026
Final report or documentation	To be decided by Economics and Insights and Analytics. However, the documentation should include a Climate Implications of Policy Assessment.
Other support requirements (e.g. check RIS, briefing etc)	Check of briefings, RIS, consultation document and Cabinet papers
Other Information	
Have you done any literature review? If so, please provide related documentation (links to Tardis).	Not needed.
Other useful context	Haobo and Ainsley were involved in the 2024 review of the Clean Vehicle Standard's annual targets. Similar modelling was done for this review.

Released under the Official Information Act 1982

Commissioning confirmation

To be filled in post commissioning conversation.

Commissioning confirmation	Economics and I & A team	Policy team
Commissioning conversation attendees	Haobo Wang Ainsley Smith	Gayelene Wright Amber Dickson

Commissioning confirmation	Economics and I & A team	Policy team
Commissioning conversation date	8 August 2025	
Has the scope been agreed?	Yes	
Has the time frame been agreed?	Yes	
Has the governance and sign off process been agreed?	Yes	
Has the work been signed off by Director/DCE?	Yes	

Commissioning variation

To be filled in if scope of work changes

Commissioning Variation	I & A team and Economics	Policy team
Commissioning conversation attendees	Ainsley Smith Joanne Leung Jayden Mudge Roselle Thoreau	Gayelene Wright Amber Dickson
Has the scope changed? Please provide details.	Since the modelling was commissioned, Cabinet directed officials to undertake a first principles review of the Clean Vehicle Standard. This review will provide Cabinet with the necessary information to determine whether to retain or abolish the Standard [CAB-25-MIN-0409 refers]. It will also cover whether new vehicle imports and used-vehicle imports should be treated differently. The review is to be completed to support Cabinet decisions s 9(2)(f)(iv) Should Cabinet decide to retain the Standard, further advice will be provided on the Standard's settings, including its targets and charges (penalties). This advice will support Cabinet decisions s 9(2)(f)(iv) To inform the Ministry's advice to the Minister and Cabinet we require two sets of modelled estimates: • The first set would update the CBA modelling of the Clean Vehicle Standard to provide estimates of the fuel cost savings, CO2 reductions, noxious emission reductions that could be expected from retaining the Clean Vehicle Standard. As well as the impact on vehicle purchase costs, repair/maintenance costs and electricity costs. This update would include a scenario of having no Standard. These estimates would inform Cabinet's s decisions on whether to retain or abolish the Standard. • The second set would model how the BAU (with the Clean Vehicle Standard) estimates of the fuel cost savings, CO2 reductions, noxious emission reductions, vehicle purchase costs, repair/maintenance costs and electricity costs would be impacted by specific setting changes to the Standard's targets and charges s 9(2)(f)(iv)	

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Commissioning Variation	I & A team and Economics	Policy team
	s 9(2)(f)(iv)	
Has the time frame been changed? Please provide details and a brief explanation.	The time frame remains the same for the first set of estimates. Interim delivery of preliminary results is expected by 28 February 2026, and final estimates are due by 6 March 2026. s 9(2)(f)(iv)	
Has the variation been agreed by both parties (including necessary internal sign off or approval)? Please provide details.	The Environment, Economics, and Insights and Analytics Teams have met to discuss and agree the variation.	
Has the variation been signed off by Director/DCE?		

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Document 3

Outlook

FW: Why complementary measures to the ETS are needed

From Gayelene Wright <g.wright@transport.govt.nz>
Date Tue 1/27/2026 10:43 AM
To Amber Dickson <A.Dickson@transport.govt.nz>

Have you already looked at this piece by Joanne? https://www.transport.govt.nz/about-us/news/opinion-complementary-measures-needed-for-emissions-trading-scheme

Danny Eyre
M: s 9(2)(a) | E: d.eyre@transport.govt.nz | transport.govt.nz
TE MANATŪ WAKA MINISTRY OF TRANSPORT
Hāpaitia ana ngā tāngata o Aotearoa kia eke
Enabling New Zealanders to flourish

From: Danny Eyre <D.Eyre@transport.govt.nz>
Sent: Tuesday, January 27, 2026 10:26 AM
To: Gayelene Wright <g.wright@transport.govt.nz>
Subject: Re: Why complementary measures to the ETS are needed

Hi Gayelene, I can hopefully fund some things, although not necessarily specific to the CVS. When do you need to do the 1-pager by?

Danny Eyre

M: s 9(2)(a) | E: d.eyre@transport.govt.nz | transport.govt.nz

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From: Gayelene Wright <g.wright@transport.govt.nz>
Sent: Tuesday, 27 January 2026 10:16 am
To: Danny Eyre <D.Eyre@transport.govt.nz>
Subject: Why complementary measures to the ETS are needed

Hi there Danny

Hey I need to do a one pager on why the Clean Vehicle Standard is a necessary complementary measure to the ETS given some s 9(2)(g)(i)

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I see on the CCC website that Catherine Leining in https://www.climatecommission.govt.nz/news/insight-ets says: (The ETS as a single tool) “leaves us vulnerable to becoming the dumping ground for the world’s remaining petrol cars” ….but there’s no explanation for why that is.

Do you have any information/articles that would help full in the gap?

Thanks

Gayelene

Gayelene Wright

Kaitohutohu Mātāmua, Hoahoa Kaupapa Here Taiao | Principal Adviser, Environment

Te Manatū Waka - Ministry of Transport

M: s 9(2)(a) g.wright@transport.govt.nz

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Document 4

Outlook

RE: Climate Change Commission note on review of the Clean Vehicle Standard

From Gayelene Wright <g.wright@transport.govt.nz>
Date Fri 2/27/2026 7:30 AM
To Freddie Holmes <Freddie.Holmes@climatecommission.govt.nz>; Amber Dickson <A.Dickson@transport.govt.nz>
Cc Alexandra Aimer-Seton <Alexandra.Seton@climatecommission.govt.nz>; Matt Grant <Matt.Grant@climatecommission.govt.nz>; Geoff Simmons <geoff.simmons@pce.parliament.nz>; Mary Craythorne <M.Craythorne@transport.govt.nz>

Kia ora Freddie

Thanks very much for sending through written answers to our questions. We really appreciate the time the Commission has taken to contribute the review. The extra commentary you provide on the limitations of the ETS in shifting the composition of the vehicle fleet is particularly helpful.

Ngā mihi nui

Gayelene

Gayelene Wright
Principal Adviser, Environment
Te Manatū Waka - Ministry of Transport
M: s 9(2)(a) g.wright@transport.govt.nz
TE MANATŪ WAKA MINISTRY OF TRANSPORT | Hāpaitia ana ngā tāngata o Aotearoa kia eke
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From: Freddie Holmes <Freddie.Holmes@climatecommission.govt.nz>
Sent: Thursday, 26 February 2026 4:14 pm
To: Gayelene Wright <g.wright@transport.govt.nz>; Amber Dickson <A.Dickson@transport.govt.nz>
Cc: Alexandra Aimer-Seton <Alexandra.Seton@climatecommission.govt.nz>; Matt Grant <Matt.Grant@climatecommission.govt.nz>; Geoff Simmons <geoff.simmons@pce.parliament.nz>; Mary Craythorne <M.Craythorne@transport.govt.nz>
Subject: Climate Change Commission note on review of the Clean Vehicle Standard

Kia ora Gayelene, Amber,

Please find attached information from the Commission for the review of the Clean Vehicle Standard. Apologies for the delay, I hope it is useful.

Please let me know if you have any questions.

Ngā mihi nui,

He Pou a Rangi Climate Change Commission
Freddie Holmes
Senior Analyst | Kaitātari Matua
M s 9(2)(a)
E Freddie.Holmes@climatecommision.govt.nz
W climatecommission.govt.nz

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Climate Change Commission note for MoT on the Review of the Clean Vehicle Standard

Ministry of Transport consultation questions

1. *Do you support New Zealand continuing to have a regulated fuel efficiency standard/CO2 standard (i.e., the Clean Vehicle Standard)? What are the key reasons for this view?*

The Climate Change Commission (the Commission) strongly supports the continuation of the Clean Vehicle Standard (the Standard). It is currently the only policy that targets emissions reductions from private vehicles. With the removal of the Clean Car Discount and exemption from road user charges (RUC) for electric vehicles (EVs), there are no other policies that support the uptake of low-emissions vehicles.

The Standard helps Aotearoa New Zealand avoid becoming a 'dumping ground' for higher emitting and higher cost vehicles, which will help save households money in the long term. While some households may hold on to vehicles for longer in the short term, removing the Standard – and leaving Aotearoa New Zealand as one of the very few countries without a regulated fuel efficiency standard – would see us receive the oldest, highest emitting vehicles. This would limit future choices, locking households into vehicles that cost more to run.

The Commission understands that the targets set by the Standard are not being met for two broad reasons:

- for new vehicles, EV sales have fallen since 2024 and not recovered, and the Japanese market is not shifting to EVs quickly enough
- for used vehicles, as other markets tend to receive newer used vehicles (from having age limits, for example), New Zealand importers tend to look for vehicles 10+ years old and there is a lack of high-quality EVs and low-emission vehicles in this bracket.

The Commission would question the rationale for reviewing the Standard on the basis that the targets are not being met and therefore importers are facing charges. While the Commission agrees that we do not want costs to be unnecessarily passed on to consumers, we should also recognise that the charges (and credits) are the mechanism to encourage importers to provide low emitting vehicles.

A large part of the reason why EV sales have stalled, after strong growth in 2022-2023, is the removal of the Clean Car Discount. This addressed the upfront price barrier of EVs and encouraged significant increases in EV sales. The Motor Industry Association expects EV sales in Aotearoa New Zealand will not return to their previous highs until around 2027.[1]

Removing the Standard also goes against the direction being set in Australia (with the New Vehicle Efficiency Standard), which was part of the rationale for the Standard's introduction in the first place, to ensure consistency between the markets.

2. *Are there any alternatives to a regulated fuel efficiency standard (e.g., a voluntary industry standard) that you consider would work better for New Zealand? If so, what measure(s) would you recommend and why?*

International research suggests that a package of measures that regulate vehicle efficiency at import, incentivise EV uptake, and support EV charging infrastructure is most effective. To

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identify reasonable alternatives, it is first important to consider the outcomes sought, whether that be emissions reductions, costs for consumers, or other.

s 9(2)(f)(iv) , which some overseas jurisdictions have introduced.

3. *If the Clean Vehicle Standard were abolished, what would the key risks/impacts be?*

The Commission agrees with the comments made by the Parliamentary Commissioner for the Environment that wider environmental impacts are important (e.g. improvements in fuel efficiency are being offset by people driving more, which increases impacts and risk from microplastics, tyre wear, particulate emissions, etc.).

EV manufacturers are not incentivised to prioritise the Aotearoa New Zealand market. This limits the choice of EVs available, which would be exacerbated with removal of the Standard as we would be one of the very few countries in the OECD without a standard.

Transport is expected to contribute about 10% of the net emissions reduction the Government is seeking in the second emissions budget period (2026–2030). Most of this needs to come from reducing emissions of private vehicles. Slow EV uptake will make it more difficult to meet the emissions budget and greater reductions will be needed elsewhere, either in other parts of the transport sector or in other sectors. This will put further strain on meeting the third emissions budget in particular. In our advice on ETS settings, we have cautioned that by the third emissions budget period the ETS will unlikely be able to be relied upon to drive gross emissions reductions in its current form:

> *The ability of the NZ ETS to continue to contribute to achieving emissions reduction targets in the 2030s will also be called into question if the design of the NZ ETS remains largely unchanged. For example, if industrial free allocation continues in line with current policy and forecasts, it is likely to exceed the NZ ETS emissions cap during the 2030s – which would increase costs to the Government of achieving targets.*
>
> *Furthermore, auction volumes will decrease as the emissions cap reduces towards zero, and unit supply from forestry is expected to start dominating the scheme. The influence and relevance of the price control settings will diminish, and the NZ ETS price would likely tend towards the relatively low marginal cost of forestry. If in the 2030s Aotearoa New Zealand needs to further decarbonise to meets its targets, other tools or policies may need to be used – as the NZ ETS may not be capable of driving material gross emissions reductions.*
>
> (See part 2: CCC-NZ-ETS-advice-2025_WEB.pdf)

Without any policy that encourages greater demand for EVs, New Zealand may struggle to find private sector investment in charging infrastructure to help meet the target of 10,000 charging points by 2030 – the key Government policy for transport in ERP2.

A slowdown in EV sales could have significant impacts on EV businesses. For example, businesses investing or specialising in charging infrastructure, battery recycling, or EV servicing may lose confidence in the market having previously experienced growth through 2022-2024 from increasing EV sales.[2]

The risks of removing the Standard should be considered within the context of the transport system as a whole. For example, the importance of the Standard is heightened considering the

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lack of policies to encourage EV uptake as well as the absence of policies to reduce emissions by encouraging shifts towards walking, cycling and public transport.

Comment on the Clean Vehicle Standard and ETS

[MoT sought further information regarding a comment in this piece from the Commission that *(the ETS as a single tool) "leaves us vulnerable to becoming the dumping ground for the world's remaining petrol cars"*. Why is the Clean Vehicle Standard a necessary complement to the ETS?]

Aotearoa New Zealand becomes increasingly exposed to an influx of the world's remaining petrol-powered vehicles when the Emissions Trading Scheme (ETS) is used as the sole mechanism for reducing transport emissions. While the ETS places a price on emissions, it does not regulate the types of vehicles that may be imported.[3]

As other jurisdictions strengthen fuel efficiency requirements, mandate EV sales, and establish phaseout dates for internal combustion engines, global exporters seek markets with fewer restrictions.[4]

In the absence of vehicle emissions standards or a clear phase-out timeline, Aotearoa New Zealand presents an attractive destination for these residual petrol and diesel vehicles, particularly given the country's reliance on imported vehicles.[5]

Because the ETS adds only a modest cost to petrol, it does not significantly influence consumer or importer behaviour toward lower emission alternatives. When combined with Aotearoa New Zealand's heavy dependence on imported used vehicles, this dynamic creates a substantial risk that the country becomes a repository for high emitting vehicles that are no longer permitted in more regulated markets.[6]

Further research

Auto industry wants Australia to keep demand-side incentives: "The Federal Chamber of Automotive Industries (FCAI) has urged the Australian Government to retain targeted demand-side incentives for battery electric vehicles (BEVs) to support the country's transition to lower transport emissions... The FCAI submission highlights international experience showing that abrupt removal of incentives can lead to declines in electric vehicle uptake. New Zealand provides a particularly relevant example... after the Clean Car Discount was repealed in December 2023 and road user charge exemptions removed in April 2024, BEV sales declined sharply."[7]

Coverage in NZ: https://autofile.co.nz/industry-plea-over-ev-incentives-

Australian New Vehicle Efficiency Standard targets being met without increasing vehicle prices: "Car makers are smashing Australia's new emissions targets — and drivers aren't paying more for it... despite the belief among some that the changes would result in motorists paying more, as a result of manufacturers hiking prices to meet the new standards... Fresh results from the federal government's New Vehicle Efficiency Standard (NVES) show about two-thirds of car brands beat their pollution caps in the scheme's first year, as cleaner models flood the market and competition keeps prices in check. In a statement from Federal Infrastructure, Transport, Regional Development and Local Government Minister, Catherine King, said vehicles became cheaper in real terms last year, after adjusting for inflation... The data reveals average emissions

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from new light passenger vehicles came in 21 per cent below the official target, while manufacturers racked up a surplus of 15.9 million tradable NVES credits..."[8]

Coverage in NZ: https://evsandbeyond.co.nz/australian-industry-meets-first-emissions-targets-as-evs-generate-millions-in-credits/

https://autotalk.co.nz/australian-industry-meets-first-emissions-targets/

EV price premiums: Affordability has improved over the last 10 years due to falling battery prices, intensifying market competition and manufacturers reaching economies of scale, but this trend is uneven across markets. For example, the average purchase price of small BEVs in China was half that of the average small ICE vehicle, but the price premium for small BEVs in European markets has either plateaued or shows only minimal improvement, while battery SUVs are becoming more expensive.[9]

Meeting notes from 09/02/2026

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https://www.comparethemarket.com.au/car-insurance/features/electric-car-targets-compared-2025/

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https://driveelectric.org.nz/policy-government-announces-major-changes-to-the-clean-car-standard/

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[7] https://autotalk.co.nz/australia-balanced-incentives-essential-for-ev-transition/

[8] https://nz.news.yahoo.com/controversial-new-road-rule-brings-unexpected-result-for-aussie-drivers-042906352.html?guccounter=1

https://nz.news.yahoo.com/claims-of-new-car-and-ute-tax-fall-flat-as-aussies-win-big-042906562.html?guccounter=1

[9] International Energy Agency, 2025, *Global EV Outlook 2025: Trends in electric car affordability*, https://www.iea.org/reports/global-ev-outlook-2025/trends-in-electric-car-affordability

Meeting notes from 09/02/2026

Document 5

Outlook

FW: MIA Submission on Stage 1 Review of the Clean Car Standard

From Gayelene Wright <g.wright@transport.govt.nz>
Date Fri 2/27/2026 8:28 AM
To Amber Dickson <A.Dickson@transport.govt.nz>

2 attachments (1 MB)
MIA Submission CVS Stage 1 Review.pdf; NZIER Report CVS analysis, Stage 1 Report.pdf;

From: s 9(2)(a)
Sent: Friday, 27 February 2026 8:01 am
To: Ruth Fairhall <R.Fairhall@transport.govt.nz>
Cc: Gayelene Wright <g.wright@transport.govt.nz>; Mary Craythorne <M.Craythorne@transport.govt.nz>; s 9(2)(a)
Subject: MIA Submission on Stage 1 Review of the Clean Car Standard

Kia ora koutou,

We look forward to meeting with you at 10 am today to give our presentation and present our CVS submission for consideration.

In advance of our meeting, please find attached the MIA's submission on Stage 1 of the CVS Review. This submission also includes an accompanying independent report by NZIER that was commissioned by the MIA as independent expert economic advice related to the CVS, and particularly the stage 1 review, please treat this as part of our submission.

I also have a presentation to share with you today, if you would like a copy of this, please let me know before the end of the meeting and I will arrange for a copy to be immediately sent through.

Thank you in advance.

Kind regards,

Aimee Wiley | Chief Executive Officer

MIA Motor Industry Association

From: Ruth Fairhall <R.Fairhall@transport.govt.nz>
Sent: Thursday, 8 January 2026 7:48 am
To: s 9(2)(a)
Cc: Gayelene Wright <g.wright@transport.govt.nz>
Subject: Review of the Clean Car Standard

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Kia ora Aimee

In December 2025 my staff met with you about the review of the Clean Vehicle Standard (the Standard) and undertook to update you on the scope and timeline once we have received direction from the Minister of Transport.

I can now confirm that the Minister of Transport has directed officials to undertake the review in two stages:

- Stage 1: a first principles review of the Standard will be done to enable Cabinet to decide, in the second quarter of 2026, to either retain the Standard or to abolish it. If the recommendation is to retain the Standard, advice will also include recommended key characteristics for the scheme, in particular, whether used-vehicle imports should be subject to a different standard than new vehicles and, if so, the key ways the standards would differ.

- Stage 2: either detailed policy design work to review the Standard's settings (if Cabinet agrees to retain the Standard) or work to abolish it. The timeline for Stage 2 will be determined in the Cabinet decisions on Stage 1.

In conducting the review, the Minister has agreed that officials will engage the motor vehicle industry, international bodies, other government agencies including the Parliamentary Commissioner for the Environment, key advocacy groups and subject matter experts.

Finally, I am very pleased to announce that Mary Craythorne has been appointed Manager, Environment. She will be responsible for the review of the Standard and will be in touch to set up a meeting with you. This meeting will discuss any questions you have about the scope and timeline for the review. It will also provide an opportunity to discuss any early feedback that you have received from your members on the questions that we sent to you in December. I have attached these questions for completeness.

We appreciate the collaboration to date and look forward to working with you again.

Ngā mihi

Ruth Fairhall
Acting Secretary for Transport & Acting Chief Executive
Hēkeretari o te Manatū Waka – Tumu Whakarae
Ministry of Transport | Te Manatū Waka
M: s 9(2)(a) | E: r.fairhall@transport.govt.nz | transport.govt.nz
Executive Assistant: Sharyn Forty | M: s 9(2)(a) | E: s.forty@transport.govt.nz
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Motor Industry Association

Clean Vehicle Standard Stage 1 First Principles Review Submission

FEBRUARY 2026

Submitted to:

Ministry of Transport (Te Manatū Waka)

Prepared by:

Aimee Wiley, Chief Executive Officer
Motor Industry Association

Executive Summary

Stage 1 of the Clean Vehicle Standard review requires a clear policy choice about how fleet decarbonisation will be governed in New Zealand.

The decision is not whether transport emissions should decline. It is whether emissions reduction in a small, import-dependent market will continue to be supported by a calibrated domestic regulatory framework, or whether it will be left primarily to external supply dynamics and fuel price signals.

The Motor Industry Association supports retention of a regulated Clean Vehicle Standard, with recalibration and structured reform.

The Motor Industry Association recommends that Stage 1 conclude that:

1. The Clean Vehicle Standard should be retained as a regulated framework for managing fleet emissions.
2. The emissions trajectory should be recalibrated to reflect domestic market conditions, consumer affordability and realistic product availability.
3. Used vehicle imports should remain within scope under fair and equivalent obligations.
4. Certification architecture should align with Australia and recognised international standards, while emissions pathways are calibrated to New Zealand's market conditions.
5. A structured Stage 2 reform programme should be initiated to strengthen transparency, evidence-based target setting and long-term regulatory stability.

Independent economic analysis confirms that policy clarity, transparency and predictable forward signals are foundational in a small, import-dependent market. Consumer research confirms that upfront purchase price remains the dominant barrier to EV adoption among internal combustion engine owners, cited by 44 percent of respondents.

Since 2019, the availability of battery electric, plug-in hybrid and hybrid passenger vehicle models in New Zealand has expanded several-fold, while internal combustion model availability has declined materially, indicating significant structural change in fleet supply over the period in which the CVS has operated.

The appropriate response is recalibration and structural refinement, not policy withdrawal.

A well-designed CVS provides regulatory certainty, supports orderly fleet renewal and preserves competitive neutrality.

Removal would reduce New Zealand's structured regulatory presence within global allocation planning, increase exposure to external compliance settings, and heighten allocation uncertainty in an

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already supply-constrained environment. It would also increase reliance on fuel price mechanisms that evidence suggests are unlikely, in isolation, to materially shift purchasing behaviour.

Retention with calibrated reform provides the most credible and durable pathway to reducing fleet emissions while preserving market stability and competitive neutrality.

2. Structural Characteristics of the New Zealand Market

2.1 A Supply-Taking Economy

New Zealand does not manufacture vehicles. All supply is sourced from international production systems designed for significantly larger markets.

New Zealand accounts for approximately 0.1 to 0.14 percent of global OEM vehicle sales. At this scale, domestic regulation does not materially influence upstream production decisions. Vehicle platforms, powertrains and emissions configurations are determined years in advance, primarily in response to regulatory exposure and commercial scale in major jurisdictions.

Allocation decisions are shaped by compliance obligations and production priorities in significantly larger markets. Within right-hand-drive supply systems, for some brands Australia functions as the anchor market due to its scale and regulatory weight.

NZIER confirms that New Zealand operates as a price- and product-taker within global supply chains. Domestic policy must therefore operate within structural constraints rather than assume leverage over production outcomes.

Importer planning cycles typically extend six to twelve months or more in advance, with model lifecycles spanning multiple years. In this context, regulatory instability carries disproportionate commercial consequences.

2.2 Portfolio Diversity and Competitive Neutrality

The market comprises both OEM affiliated subsidiaries and privately owned authorised distributors. Fleet composition differs materially across brands, including segment mix, vehicle weight and timing of electrified platform availability.

As new market entrants (marques) increase and market fragmentation deepens, a regulatory floor supports competitive neutrality. Without it, uneven exposure to emissions obligations across jurisdictions risks distorting competition and weakening environmental coherence.

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3. Economic Drivers and Evidence

Independent analysis of the Clean Vehicle Standard highlights several structural considerations that are central to this review.

3.1 Clarity of Policy Role

NZIER identifies the importance of clearly defining whether the CVS operates solely as a supply-side compliance mechanism or is also expected to function as a demand-side incentive through retail price pass-through.

If the Standard is expected to influence demand in the absence of direct consumer incentives, then price elasticity and behavioural responsiveness become critical.

The extent of price pass-through remains uncertain. Retail pricing reflects competitive dynamics, inventory management and brand strategy in addition to compliance exposure.

Target design must therefore be grounded in realistic assumptions about consumer responsiveness.

Price signals alone, particularly where dispersed across segments, are unlikely to drive uniform behavioural change.

3.2 Consumer Behaviour and Affordability

Consumer purchasing decisions are shaped primarily by upfront affordability, perceived suitability for intended use, and confidence in policy stability.

Independent Consumer NZ survey data (2026) provides further insight into current market dynamics (Annex E). Among respondents who do not own an electric vehicle, the principal barriers to adoption are purchase price (44 percent), driving range (37 percent), and access to charging infrastructure (33 percent). These findings indicate that cost and perceived suitability remain binding constraints for a significant portion of households.

At the same time, ownership experience data tells a different story once adoption occurs. Ninety-six percent of current EV owners report that they would purchase another EV. This suggests that satisfaction among existing owners is high, and that experience reduces perceived risk.

Taken together, the evidence points to a transitional dynamic rather than structural resistance. Supply has expanded and ownership satisfaction is strong, but uptake remains sensitive to price signals, infrastructure confidence, and household budget constraints.

Independent Consumer NZ survey data (2026) reinforces that upfront affordability and perceived suitability remain the primary constraints on EV adoption, while satisfaction among existing EV owners remains high (Annex E).

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For policy design purposes, this distinction is important. Trajectory calibration must reflect both the pace at which product availability evolves and the rate at which households are willing and able to adopt new technologies. Overly accelerated compliance settings risk widening the gap between supply ambition and consumer readiness, with potential consequences for fleet renewal and overall system cost.

3.3 Fleet Renewal and System Outcomes

Emissions reduction outcomes are determined not only by the emissions intensity of vehicles entering the fleet, but also by the rate at which older vehicles are replaced.

New vehicles introduce the latest safety, emissions and efficiency technologies into the fleet. Given the long service life of vehicles in New Zealand, standards applied at first registration influence emissions performance across multiple ownership cycles. The durability of those entry settings therefore has cumulative system effects.

Fleet decarbonisation is influenced by two variables:

- The emissions profile of new registrations
- The speed of fleet turnover

If calibration settings materially increase upfront purchase cost without corresponding consumer readiness, replacement cycles may slow. In such circumstances, older and less efficient vehicles remain in service for longer, potentially delaying aggregate emissions improvement.

Conversely, predictable and proportionate trajectory settings support steady renewal, allocation confidence and investment planning. Gradual, durable improvement reduces the risk of short-term volatility while maintaining long-term emissions momentum.

For this reason, the relevant policy question is not whether emissions ambition should exist, but how that ambition is paced. Calibration must sustain both supply evolution and consumer adoption in parallel, so that fleet renewal continues rather than stalls.

A stable and credible framework supports this balance. Instability, abrupt shifts or withdrawal increase the risk of delayed renewal and diminished system efficiency.

Fleet renewal dynamics do not operate in isolation from global supply conditions. In an import-dependent market such as New Zealand, the pace at which newer, lower-emission vehicles enter the fleet is influenced not only by domestic consumer behaviour, but also by allocation decisions made within international production systems. Regulatory stability and clarity therefore interact with both demand-side and supply-side factors.

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3.4 Supply Constraints and Allocation Dynamics

New Zealand's major vehicle sources, including Japan, China and Thailand, structure production around significantly larger domestic and export markets, within which regulatory exposure shapes planning priorities.

Where regulatory exposure is higher elsewhere, manufacturers prioritise those jurisdictions. In a supply-constrained environment, policy durability influences allocation confidence.

Removal of domestic regulatory obligations would not guarantee preferential supply; rather, it would remove one of the planning signals currently incorporated into allocation models.

3.5 Model Availability and Market Response

Within this global allocation context, the composition of vehicle models available in New Zealand has changed materially over recent years.

MIA registration data shows that within the light passenger segment:

- Battery electric vehicle (BEV) models increased from 50 in 2019 to 275 in 2025.
- Plug-in hybrid models (PHEV) increased from 39 to 167.
- Hybrid electric models (HEV) increased from 53 to 303.
- Internal combustion engine model (ICE) availability declined from 1,552 to 831 over the same period.

In proportional terms, electrified variants represented approximately 8 percent of available light passenger models in 2019. By 2025, model availability had shifted materially, with BEVs representing approximately 17 percent of available passenger models and PHEVs approximately 11 percent.

It is important to distinguish model availability from registration outcomes. While electrified model availability has expanded significantly, BEVs currently account for approximately 7 percent of new vehicle registrations. Uptake patterns reflect price, infrastructure availability, vehicle use patterns, including daily driving distances, load-carrying and towing requirements, and broader consumer preferences. These factors underscore the importance of calibrated transition pacing.

Electrified powertrains represent a growing but still partial share of total sales, while internal combustion variants continue to comprise the majority of first registrations across both passenger and light commercial segments. A breakdown of electrified registrations as a proportion of total sales is provided in Annex C.

Within the light commercial segment, electrified options were effectively negligible prior to 2021. By 2025, battery electric and plug-in hybrid variants were available across multiple model lines, although segment uptake continues to be influenced by duty-cycle factors, including vehicle use patterns, payload and towing requirements, and broader product suitability considerations.

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These trends reflect the combined influence of global technological development, regulatory exposure in larger markets, and domestic policy settings. It would not be accurate to attribute portfolio transformation to any single factor. However, the data demonstrates that the New Zealand market has experienced substantial structural change in model availability during the period in which the CVS has been in force.

The relevant policy question is therefore not whether supply is evolving, but how regulatory settings should be calibrated to sustain continued expansion of lower-emission options while preserving fleet renewal, competitive neutrality and allocation stability.

4. Counterfactual: Removal of the CVS

NZIER identifies three principal risks under repeal.

4.1 Allocation Risk

In the absence of a domestic regulatory framework, allocation dynamics would be shaped entirely by regulatory exposure and commercial incentives in other jurisdictions.

Australia's NVES obligations apply only to vehicles supplied into Australia. They do not create compliance obligations for vehicles supplied into New Zealand.

Differences in compliance costs and credit scheme settings across jurisdictions may influence allocation decisions within shared production systems.

In a supply-constrained environment, manufacturers prioritise markets where regulatory exposure is greatest and compliance risk is most material. Without a domestic regulatory floor, New Zealand would continue to operate as a discretionary allocation market within regional production systems.

The issue is not preferential treatment. It is the loss of structured influence and increased exposure to external allocation decisions.

4.2 Policy Signalling

Removal would weaken long-term emissions signalling and introduce uncertainty into importer planning cycles characterised by extended lead times.

4.3 Reliance on ETS Price Signals

Evidence suggests that carbon pricing transmitted through fuel prices is unlikely, in isolation, to materially influence vehicle purchasing decisions.

In the absence of a sector-specific mechanism, emissions outcomes would depend largely on external trends beyond domestic influence.

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5. International Context

Across advanced vehicle-importing economies, fleet emissions standards are being recalibrated and refined rather than withdrawn.

The European Union continues to adjust its CO_2 standards. The United Kingdom maintains its Zero Emission Vehicle mandate trajectory. Australia has introduced the New Vehicle Efficiency Standard, establishing a regulatory framework that will materially shape right-hand-drive vehicle supply in the region.

Recent changes to United States federal vehicle greenhouse-gas standards reflect a different policy direction taken within a distinct constitutional and regulatory framework. To date, no other advanced vehicle-importing economy has adopted a comparable approach of federal-level repeal. Moreover, vehicle supply into New Zealand is not materially influenced by United States regulatory settings, as the majority of New Zealand's fleet is sourced from Japan, Thailand, China, Europe and other right-hand-drive production systems.

The United States policy position therefore does not provide a directly transferable model for New Zealand from either a regulatory design or vehicle sourcing perspective.

For New Zealand, the more relevant comparators are other small, open economies operating within global supply chains and dependent on external production decisions. Among those jurisdictions, calibration and structural refinement have been the prevailing responses to implementation challenges.

Alignment with Australia in certification architecture reduces regulatory friction and supports supply continuity within shared right-hand-drive production pipelines. However, full replication of emissions trajectory settings is neither required nor optimal. Australia operates at greater scale and within a different fiscal and consumer environment. New Zealand's trajectory must reflect domestic affordability constraints, infrastructure readiness and market composition.

This approach preserves interoperability without importing regulatory assumptions that do not reflect New Zealand's market scale or consumer context.

6. Used and Parallel Imported Vehicles

Used vehicle imports represent a significant share of first registrations in New Zealand and form an important component of overall fleet composition.

New and used vehicles generally serve different consumer segments and price points. They do not compete directly on like-for-like terms. What remains consistent across both channels, however, is that emissions performance is determined at the point of entry into the fleet and influences emissions outcomes over multiple ownership cycles.

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New vehicle supply introduces the latest emissions, safety and efficiency technologies into the fleet. These vehicles typically remain in service for many years, meaning standards applied at first registration shape fleet performance over a prolonged period. The long service life of vehicles underscores the importance of coherent entry settings across all supply channels.

Excluding used imports from the framework would introduce structural asymmetry. New vehicle distributors would remain subject to compliance obligations and associated costs, while vehicles entering through the used import channel would not. Over time, such asymmetry would weaken environmental integrity and distort competitive settings while shifting compliance burdens unevenly across the market.

A whole-of-market approach ensures that emissions standards applied at entry are coherent, proportionate and technology-neutral. Targets and associated penalty settings should reflect the structural composition of the New Zealand fleet and the affordability realities faced by consumers.

Competitive neutrality, emissions integrity and long-term household cost resilience are best preserved through a balanced, system-wide framework.

7. Stage 2 Reform Framework

Stage 2 should transition the CVS from a transitional instrument to durable regulatory architecture.

7.1 Credit Market Transparency

NZIER identifies information asymmetry within current credit arrangements.

Enhanced registry visibility, aggregated reporting and structured price discovery would support least-cost compliance and reduce competitive distortion.

7.2 Evidence-Based Target Setting

Trajectory design should be grounded in transparent, evidence-led methodology. This should integrate:

- Fleet profile and turnover modelling
- Consumer affordability evidence
- Segment-specific demand and supply analysis, including assessment of:
    - Technical and economic readiness for electrification; and
    - Product availability and suitability within individual vehicle segments
- Ongoing benchmarking against major vehicle-producing markets' CO_2 and efficiency standards.

New Zealand is an entirely import-dependent market, representing a very small proportion of global OEM sales. As such, it does not influence the sequencing of global platform development or powertrain

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deployment. Manufacturers prioritise compliance and production allocation in larger markets where regulatory exposure and scale are greatest.

Emissions ambition should therefore be framed within these structural realities. Targets must be credible, deliverable and durable within the context of global production cycles and regional regulatory alignment. Ambition that exceeds feasible supply and demand conditions risks undermining both environmental integrity and commercial sustainability.

A transparent and evidence-based methodology will strengthen the legitimacy, predictability and long-term effectiveness of the CVS.

7.3 Stability Mechanisms

Defined review intervals and adequate notice periods are essential to orderly planning in a long-lead-time import market.

Importer volume commitments, model mix decisions and pricing strategies are set well in advance. Structured and predictable adjustment processes reduce distortion and enable efficient compliance planning.

Policy durability also underpins private and public confidence in complementary investments, including charging infrastructure, where long-term utilisation expectations depend on credible and consistent transition signals.

Stability strengthens allocation confidence, infrastructure investment alignment and consumer expectations simultaneously.

7.4 Technology Neutrality

The objective is emissions reduction.

Battery electric vehicles will play a central role. The framework should also recognise advanced hybrids, plug-in hybrids with realistic utility assumptions, fuel cell technologies and emerging platforms where they deliver measurable emissions improvements.

Technology neutrality does not imply reduced ambition; rather, it ensures that ambition is delivered through pathways that are technologically feasible and economically sustainable within New Zealand's market structure.

7.5 Certification Modernisation

Structured recognition of credible international standards by source jurisdiction and production year would expand supply optionality, support competition and moderate pricing pressure.

Supply optionality influences price. Price influences turnover. Turnover determines emissions trajectory.

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8. Responses to the Ministry's Questions

The Association's position is summarised as follows:

- A regulated framework provides certainty, competitive neutrality and credible long-term signals.
- The CVS strengthens regulatory context but does not materially alter New Zealand's structural leverage in global supply chains.
- Improved access to lower-emission variants has occurred, but launch timing remains shaped by global production cycles.
- Better calibration would reduce financial volatility and improve equity across brands.
- Australia's NVES cannot guarantee New Zealand supply in the absence of a domestic framework.
- Alignment in certification architecture is important; trajectory must reflect domestic conditions.
- Excluding used imports would materially distort competition and weaken emissions integrity.

Detailed responses are provided in Annex A.

9. Conclusion

The Motor Industry Association supports continued and measurable reduction in fleet emissions.

The evidence indicates that repeal would introduce allocation and signalling risk, while poor calibration risks slowing fleet renewal and increasing economic distortion. Stability, by contrast, strengthens both supply participation and consumer confidence.

Retention and recalibration of the Clean Vehicle Standard, combined with structured Stage 2 reform, provides the most credible pathway to steady emissions reduction, competitive neutrality and regulatory durability.

The industry stands ready to work constructively with Government to ensure the framework is proportionate, evidence-based and stable over the long term.

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Annex A – Detailed Industry Responses to Consultation Questions

The following responses reflect structured engagement conducted with MIA members, OEM subsidiaries, and authorised importers and distributors over the past six months. Feedback was

consolidated through formal MIA consultation processes and reflects operational, commercial and forward-planning realities across the sector.

Question 1: Why support a regulatory approach rather than voluntary or alternative measures?

Industry participants are clear that a regulated framework provides the certainty required in an import-dependent market operating within global production systems.

Members operate within allocation cycles extending six to eighteen months in advance. Model lifecycles span multiple years. At 0.1 to 0.14 percent of global OEM sales, New Zealand does not influence upstream manufacturing decisions. Regulatory clarity therefore matters more than regulatory aspiration.

A mandatory framework provides:

- Credible long-term policy signalling
- Structured compliance mechanisms, including fleet averaging and credit trading
- Competitive neutrality across participants
- Integration into regional compliance planning assumptions

Voluntary arrangements would not provide equivalent enforceability or predictability and would risk uneven participation.

Industry supports retention of a regulated CVS, provided it is evidence-based and calibrated to domestic supply and demand conditions.

Question 2: Has the CVS materially affected distributors' negotiating leverage?

Industry engagement confirms that while the CVS forms part of the regulatory context, it does not materially alter New Zealand's structural negotiating position.

Allocation decisions are driven primarily by:

- Regulatory exposure in major jurisdictions
- Production capacity
- Market scale

Within right-hand-drive production systems, Australia's NVES exerts greater allocation influence due to scale.

Where New Zealand aligns architecturally with Australia, distributors report smoother integration into regional production pipelines. Where settings diverge materially without corresponding demand support, compliance exposure increases without increasing leverage.

Industry consensus is that alignment in architecture reduces friction. Calibration in trajectory protects domestic commercial viability.

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Question 3: Has the CVS improved access to lower-emission models?

Members report that the CVS has reinforced the expectation that lower-emission variants form part of national portfolios.

However, global launch sequencing remains driven by:

- Production stabilisation in major markets
- Regional allocation priorities
- Demonstrated commercial demand

Distributors consistently report that early access correlates most strongly with Australian regulatory alignment rather than domestic regulatory stringency alone.

The CVS has influenced portfolio composition. It has not altered New Zealand's structural position within global production hierarchies.

Question 4: Would better calibration have reduced financial and competitive risk?

Industry participants report that volatility in compliance exposure increases commercial uncertainty and can distort product planning.

Brands with higher exposure to utility vehicles, vans and larger SUVs face disproportionate pressure where global availability of zero- or very-low-emission alternatives remains limited.

Members identify three commercial risks under misaligned calibration:

1. Portfolio distortion driven by compliance pressure rather than consumer demand
2. Uneven compliance cost exposure across importer types
3. Reduced confidence in sequencing advanced low-emission technology rollout

Greater credit market transparency and evidence-based slope design would materially reduce volatility while preserving emissions ambition.

Industry support is for calibrated ambition, not reduced ambition.

Question 5: Could New Zealand rely on Australia's NVES if the CVS were removed?

Industry engagement is consistent: Australia's NVES does not guarantee supply security for New Zealand.

NVES obligations apply only to vehicles supplied into Australia. They do not create compliance obligations for supply into New Zealand.

Differences in regulatory cost exposure and credit scheme settings across jurisdictions can influence allocation outcomes within right-hand-drive production systems.

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In a constrained supply environment, manufacturers prioritise markets where compliance exposure is most material. Without a domestic regulatory framework, New Zealand would remain a discretionary allocation market within regional production planning.

Retention of a calibrated CVS strengthens integration into regional compliance assumptions and reduces allocation uncertainty.

Question 6: How important is alignment with Australia?

Industry strongly supports alignment in certification and structural design.

Shared right-hand-drive production pipelines make regulatory interoperability strategically important.

However, full replication of trajectory settings is not required to preserve supply continuity.

Members emphasise that:

- Australia operates at greater scale
- Fiscal settings differ
- Consumer demand elasticity differs

The preferred approach is calibrated alignment: shared structural architecture with domestically calibrated pacing.

Question 7: What would be the impact of excluding used imports?

The MIA does not support excluding used imports from the Clean Vehicle Standard.

Used imports have historically represented a substantial share of first registrations in New Zealand and form an important component of overall fleet inflow. In 2019, used vehicles accounted for 151,871 of a total 306,364 first-time registrations - approximately half of all vehicles entering the fleet that year. In 2025, used imports accounted for 89,254 of 227,157 first registrations, representing a significant proportion of new additions to the fleet.

Annex D provides a ten-year historical overview of new and used vehicle registrations. Over that period, used imports have frequently equalled or exceeded new vehicle registrations, underscoring their structural role within New Zealand's vehicle market.

As outlined in Section 6, emissions performance is determined at the point of entry into the fleet and influences outcomes across multiple ownership cycles. Entry standards applied consistently across both new and used vehicles shape fleet performance over many years. A split framework would therefore introduce structural asymmetry, weaken environmental coherence, and shift compliance obligations unevenly across the market.

Excluding used imports would be unlikely to reduce overall vehicle demand but would instead concentrate regulatory exposure on a narrower segment of participants. Over time, such asymmetry risks distorting competitive settings and undermining the integrity of the Standard.

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A whole-of-market approach preserves competitive neutrality, strengthens environmental credibility, and supports durable emissions outcomes. There is broad industry consensus that continued inclusion of used imports is essential to maintaining a fair, stable and effective regulatory framework.

Annex Closing Statement

The positions set out above reflect consolidated engagement with industry participants over the past six months.

The MIA's light vehicle membership undertook a formal vote on support for this submission as drafted. The result demonstrated strong industry backing, with 88.6 percent of light vehicle members either supporting or strongly supporting the MIA's proposed position on the future of the Clean Vehicle Standard.

There is strong and consistent support across the industry for:

- Retention of a regulated framework
- Evidence-based recalibration
- Architectural alignment with Australia
- Enhanced credit market transparency
- Whole-of-market inclusion

While commercial exposure differs across portfolios, the clear majority view is that a workable, right-sized Standard is preferable to repeal.

The consistent position is that stability, domestic calibration and transparency present lower systemic and implementation risk over the medium to long term than policy withdrawal.

Annex B – Model Availability Data Table (2019–2025)

Methodology

The figures below are sourced from InfoTools, Sattus and are determined by:

- A model is defined as a unique model code as entered in the MIAMI system.
- Model year changes and facelifts are not necessarily accounted for.
- A model is considered available within a calendar year if one or more vehicles were registered within that calendar year.

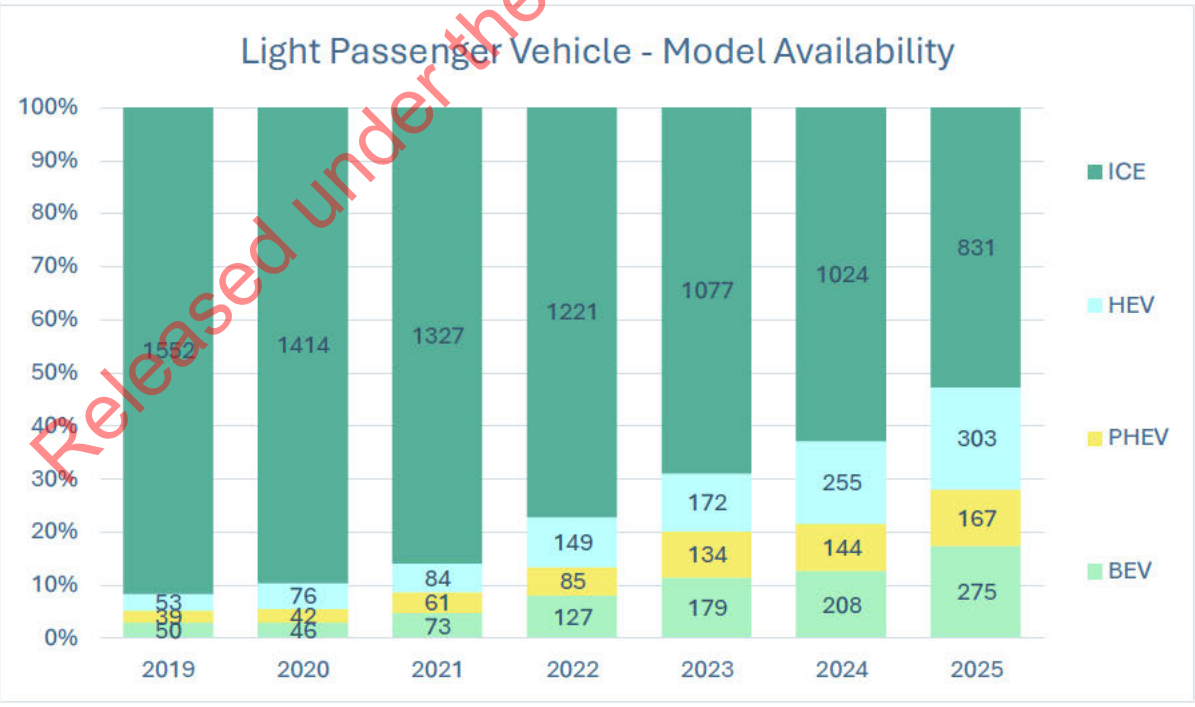
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Light Passenger Vehicles

Model availability displayed in table form

Motive Power	2019	2020	2021	2022	2023	2024	2025
BEV	50 (3%)	46 (3%)	73 (5%)	127 (8%)	179 (11%)	208 (13%)	275 (17%)
PHEV	39 (2%)	42 (3%)	61 (4%)	85 (5%)	134 (9%)	144 (9%)	167 (11%)
HEV	53 (3%)	46 (5%)	84 (5%)	149 (9%)	172 (11%)	255 (16%)	303 (19%)
ICE	1552 (92%)	1414 (90%)	1327 (86%)	1221 (77%)	1077 (69%)	1024 (63%)	831 (53%)
TOTAL	1694 (100%)	1578 (100%)	1545 (100%)	1582 (100%)	1562 (100%)	1631 (100%)	1576 (100%)

Model availability displayed by graph



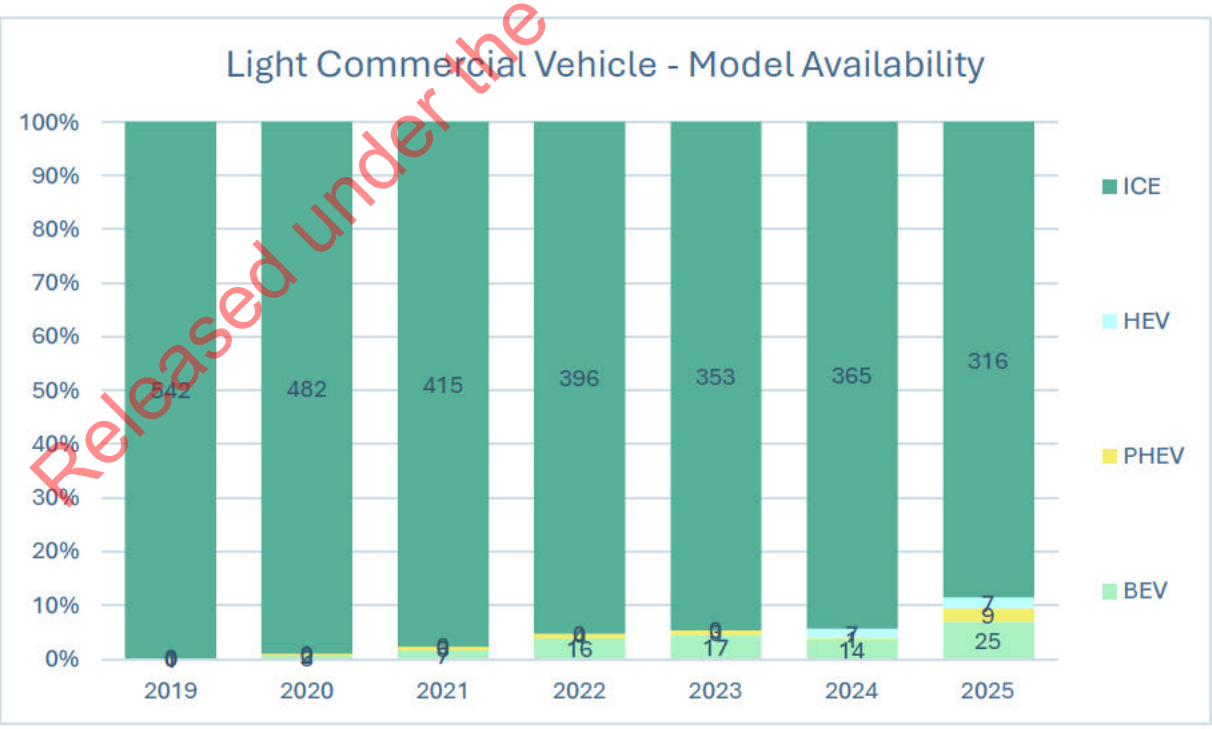
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Light Commercial Vehicles

Model availability displayed in table form

Motive Power	2019	2020	2021	2022	2023	2024	2025
BEV	1 (0%)	3 (1%)	7 (2%)	16 (4%)	17 (5%)	14 (4%)	25 (7%)
PHEV	0 (0%)	2 (0%)	3 (1%)	4 (1%)	3 (1%)	1 (0%)	9 (3%)
HEV	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	7 (2%)	7 (2%)
ICE	542 (100%)	482 (99%)	415 (97%)	396 (95%)	353 (94%)	365 (94%)	316 (88%)
TOTAL	543 (100%)	487 (100%)	425 (100%)	416 (100%)	373 (100%)	387 (100%)	357 (100%)

Model availability displayed by graph



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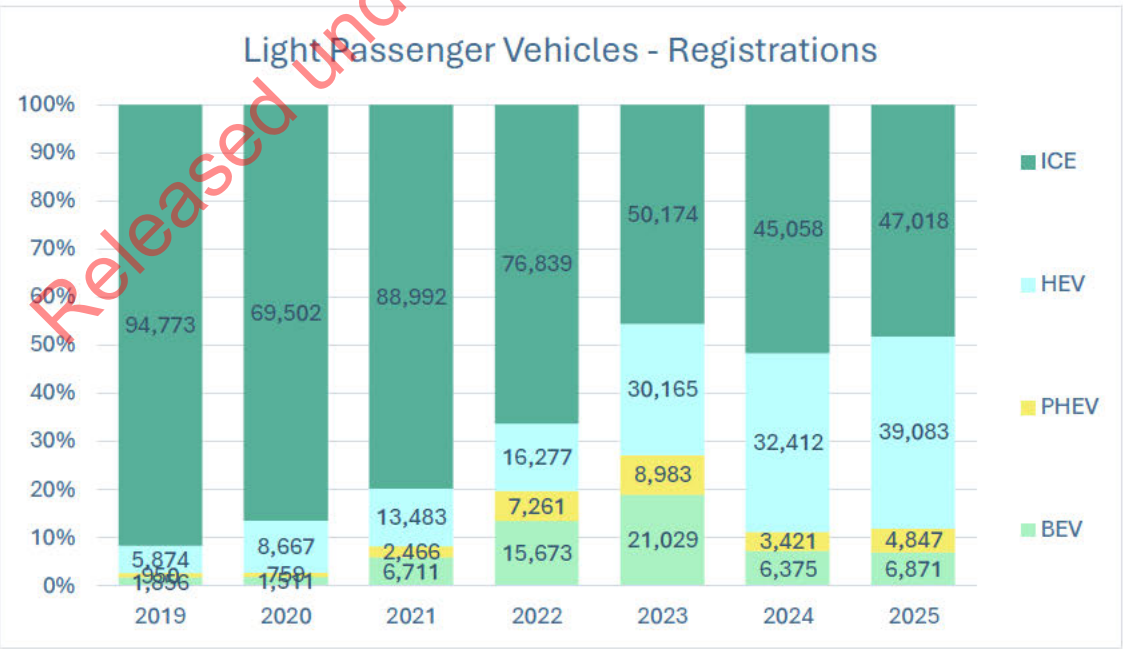
Annex C – Vehicle Registrations by Motive Power

Light Passenger Vehicles - Registrations

Displayed in table form

Motive Power	2019	2020	2021	2022	2023	2024	2025
BEV	1,856 (1.8%)	1,511 (1.9%)	6,711 (6.0%)	15,673 (13.5%)	21,029 (19.1%)	6,375 (7.3%)	6,871 (7.0%)
PHEV	950 (0.9%)	759 (0.9%)	2,466 (2.2%)	7,261 (6.3%)	8,983 (8.1%)	3,421 (3.9%)	4,847 (5.0%)
HEV	5,874 (5.7%)	8,667 (10.8%)	13,483 (12.1%)	16,277 (14.0%)	30,165 (27.3%)	32,412 (37.1%)	39,083 (40.0%)
ICE	94,773 (91.6%)	69,502 (86.4%)	88,992 (79.7%)	76,839 (66.2%)	50,174 (45.5%)	45,058 (51.63%)	47,018 (48.1%)
TOTAL	103,453 (100%)	80,439 (100%)	111,652 (100%)	116,050 (100%)	110,351 (100%)	87,266 (100%)	97,819 (100%)

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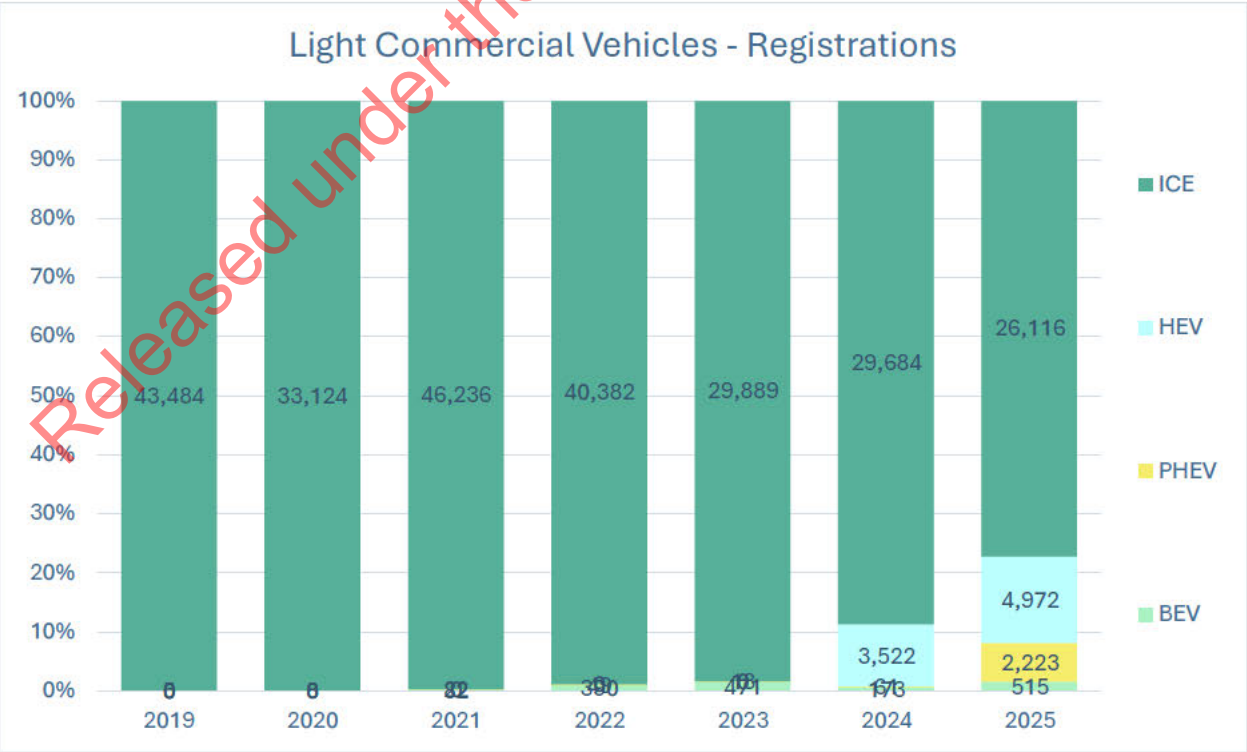
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Light Commercial Vehicles - Registrations

Displayed in table form

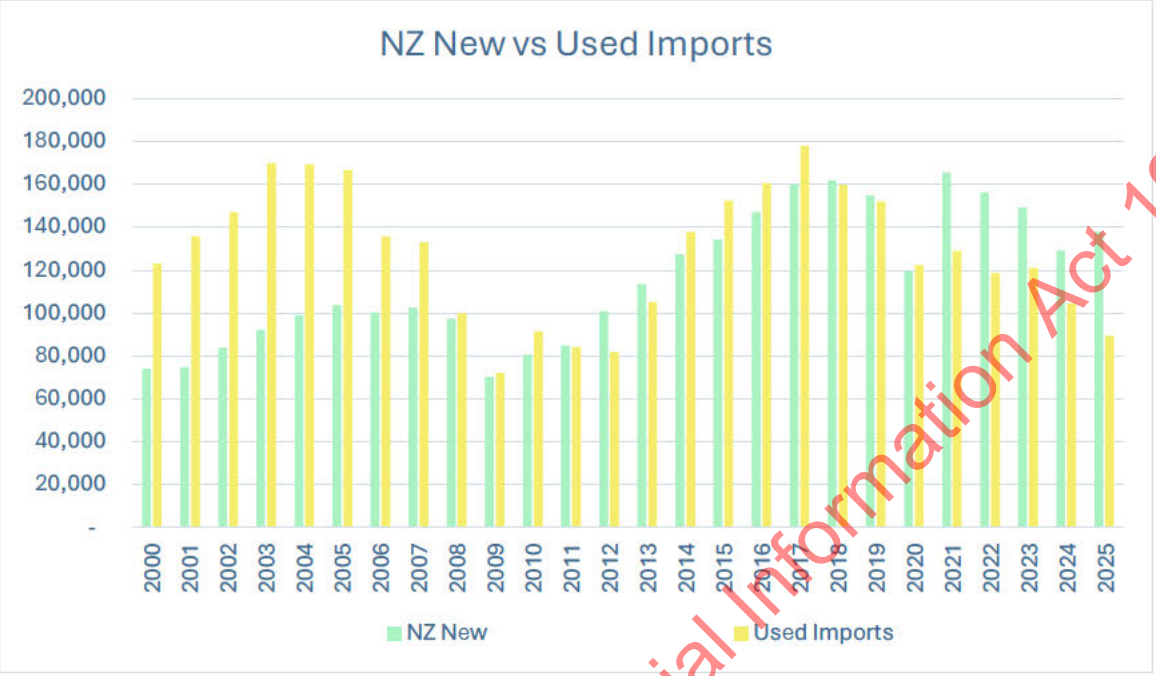
Motive Power	2019	2020	2021	2022	2023	2024	2025
BEV	5 (0.01%)	8 (0.02%)	82 (0.2%)	390 (1.0%)	471 (1.6%)	173 (0.5%)	515 (1.5%)
PHEV	0	3 (0.01%)	22 (0.05%)	49 (0.1%)	18 (0.1%)	61 (0.2%)	2,223 (6.6%)
HEV	0	0	0	0	0	3,522 (10.5%)	4,972 (14.7%)
ICE	43,484 (99.99%)	33,124 (99.97%)	46,236 (99.78%)	40,382 (98.9%)	29,889 (98.3%)	29,684 (88.8%)	26,116 (77.2%)
TOTAL	43,489 (100%)	33,135 (100%)	46,340 (100%)	40,821 (100%)	30,378 (100%)	33,440 (100%)	33,826 (100%)

Displayed in graph form



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Annex D – NZ New vs Used Imports (Registrations)



Annex E – Consumer NZ 2026 Car Ownership Survey Data

(Independent Consumer Insights)

1. Survey Overview

- Independent survey of approximately 5,700 New Zealand car owners
- Includes both NZ new and used vehicle owners
- 12 percent report primary work use; 27 percent mixed personal and work use

2. Key Findings Relevant to CVS Calibration

Purchase Barriers Among Non-EV Owners:

- 44 percent cite purchase price
- 37 percent cite driving range
- 33 percent cite charging infrastructure

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Ownership Experience:

96 percent of EV owners report that they are likely to purchase another EV

Current Fleet Composition:

- Internal combustion engine vehicles remain dominant in current ownership
- Electrified vehicles remain a minority share of total vehicles in use

3. Policy-Relevant Interpretation

The survey evidence indicates two principal constraints influencing adoption:

1. Upfront affordability
2. Perceived suitability for daily use

At the same time, satisfaction among existing EV owners is high, suggesting that ownership experience reduces perceived transition risk once adoption occurs.

The policy implication is that trajectory pacing must reflect affordability constraints and consumer readiness while maintaining long-term transition confidence.

4. Observed Behavioural Trends and Design Implications

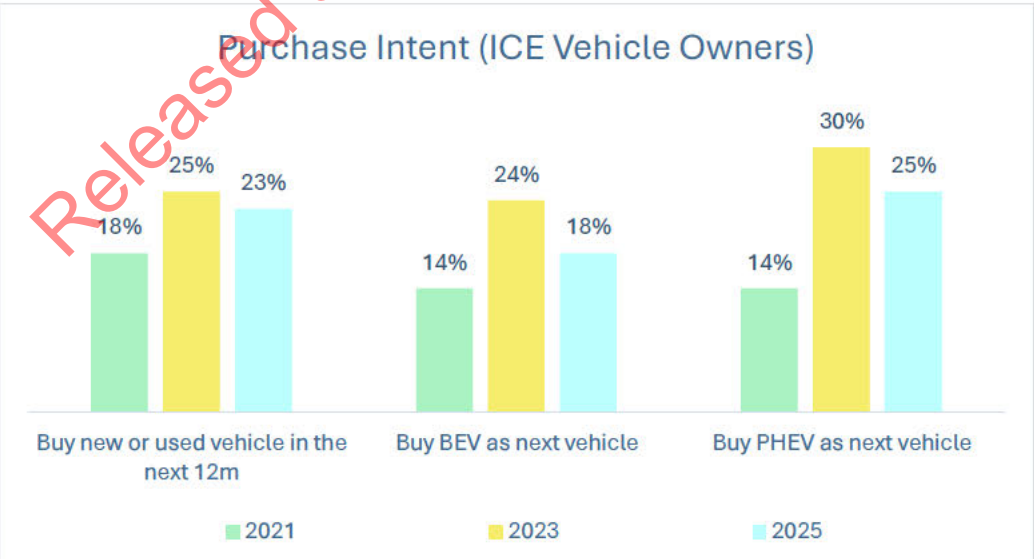
Recent survey data suggests:

- A decline in switching intent among ICE vehicle owners compared with 2021
- Continued strong repurchase intention among existing EV owners
- Adoption barriers clustering around cost and suitability considerations

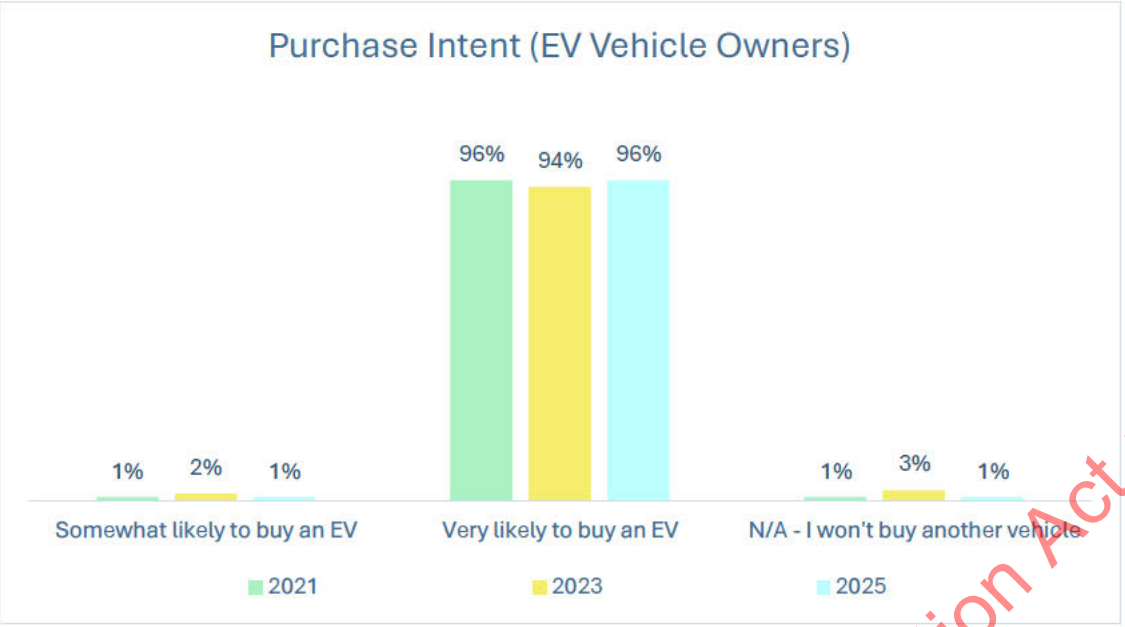
Implications for Policy Design

- Affordability remains a binding constraint
- Confidence and regulatory stability influence purchasing decisions
- Supply expansion alone does not guarantee uptake
- Policy credibility interacts with consumer sentiment

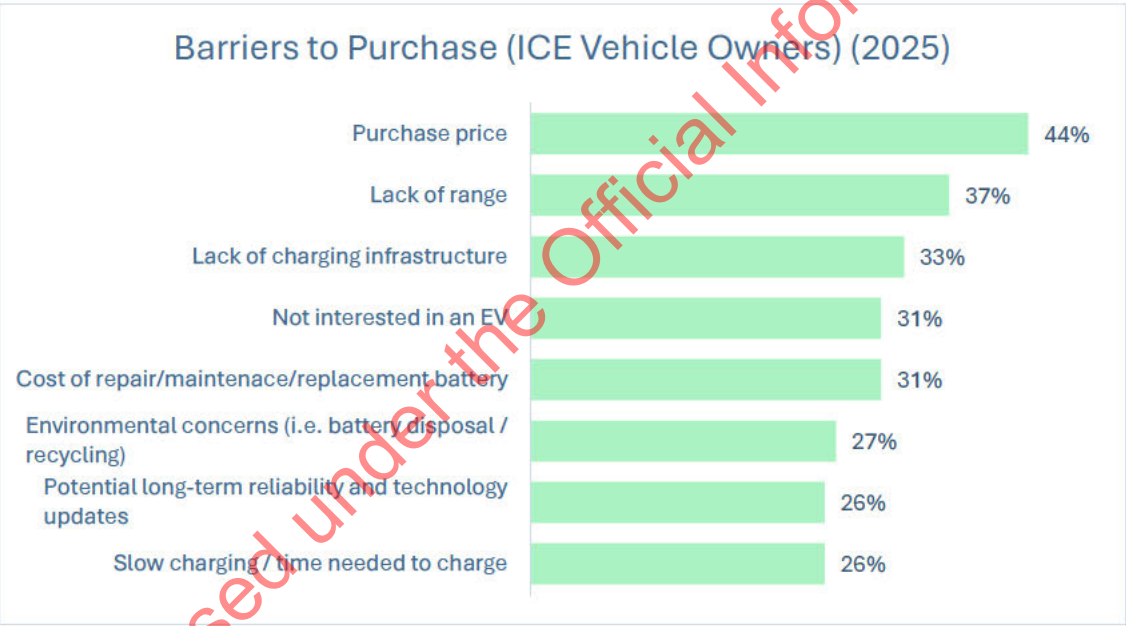
5. Purchase Intent



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6. Barriers to Making the Switch to an EV



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These findings reinforce the importance of proportionate, evidence-based calibration within the Clean Vehicle Standard framework.

In a small, import-dependent market operating within global production systems, calibrated regulatory stability provides the most credible foundation for sustained emissions reduction and long-term market resilience.

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Clean vehicle standards

Stage one report

NZIER report to Motor Industry Association

20 February 2026

About NZIER

New Zealand Institute of Economic Research (NZIER) is an independent, not-for-profit economic consultancy that has been informing and encouraging debate on issues affecting Aotearoa New Zealand, for more than 65 years.

Our core values of independence and promoting better outcomes for all New Zealanders are the driving force behind why we exist and how we work today. Our purpose is to help our clients and members make better business and policy decisions and to provide valuable insights and leadership on important public issues affecting our future.

We are unique in that we reinvest our returns into public good research for the betterment of Aotearoa New Zealand.

Our expert team are based in Auckland and Wellington and operates across all sectors of the New Zealand economy, combining their sector knowledge with robust economic logic, models and data, and an understanding of the linkages between Government and business to help our clients and tackle complex issues.

Authorship

This report was prepared at NZIER by Megan Fitzpatrick and Jason Shoebridge.

It was quality approved by Bill Kaye-Blake.

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Key points

The long-term effectiveness of the Clean Vehicle Standard (CVS) depends on the credibility, clarity, and coherence of its overall design. The following report summarises the core economic drivers, structural constraints, and research gaps, underscoring the importance of a stable, well-articulated policy framework.

A workable CVS requires **a clear policy purpose**. There must be explicit agreement on whether the scheme is intended to operate primarily as a supply-side compliance mechanism or also to function as a de facto demand-side incentive through retail price pass-through. This clarity is essential to assessing performance and designing complementary measures.

The scheme must be grounded in a **robust evidence base**. Improved understanding of price pass-through, consumer responsiveness to price differentials, vehicle-class constraints, and importer supply dynamics is necessary to ensure targets and penalty settings align with real-world market behaviour.

Given New Zealand's reliance on imported vehicles and long supply lead times, a durable CVS must provide **long-term policy certainty**. Predictable charges, structured adjustment processes, and credible forward signals are critical to enabling orderly importer planning and reducing market distortions arising from uncertainty.

The CVS should operate as part of a **coherent policy package,** with clear alignment between decisions on supply incentives, infrastructure investment, and measures addressing non-price barriers to EV uptake. Without coordination, individual policy settings risk operating at cross-purposes or delivering weaker-than-anticipated outcomes.

A well-functioning CVS requires a **transparent and efficient credit market**. Improved visibility of credit transfer arrangements would reduce information asymmetries, support least-cost compliance across participants, and ensure that incentives translate into system-wide emissions reductions rather than uneven competitive outcomes.

Ultimately, a 'good' CVS is stable, transparent, and evidence-informed – capable of balancing flexibility with certainty, supporting efficient market adjustment, and providing credible, long-term signals that contribute meaningfully to transport emissions reduction.

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1 Context setting

The Clean Vehicle Standard (CVS) has evolved rapidly since its introduction. Initially, the CVS operated alongside the Clean Car Discount (CCD), forming a complementary policy package that combined:

1 supply-side incentives (through the importer-level CO_2 performance requirements and tradable credits) with

2 demand-side rebates and fees designed to be visible to consumers and influence purchasing behaviour.

Together, these instruments created a coordinated policy signal: importers were incentivised to increase the supply of low-emission vehicles, while consumers were simultaneously encouraged to purchase them.

The subsequent removal of the CCD placed the burden of incentives for both supply and demand on a single policy instrument, the CVS. While in theory lower comparative pricing of EV alternatives takes place as a result of the single lever, the sharp drop off in consumer demand in 2024 – despite lower retail purchase prices – highlighted the Clean Vehicle Standard alone was less effective at incentivising consumer demand to the same extent.

The Climate Change Commission's policy scorecard identifies reducing vehicle emissions intensities of passenger transport as a **critical lever for achieving emissions budgets and the 2050 net-zero target**. A core risk identified by the Commission is the 'Supercharging EV infrastructure work programme' in addressing the lack of charging infrastructure and consequent 'range anxiety', and comparatively high price of EVs in providing affordable consumer alternatives.

> *"There is also a risk that the review and easing of the standards and not addressing the upfront cost of EVs could create an inconsistent policy environment that slows the shift to fuel-efficient vehicles or causes EV growth to stall or decline"* (The Climate Change Commission 2025).

A sustainable balance needs to be struck – a long-term, evidence-based and transparent system that provides well-calibrated flexibility to importers underpinned by policy certainty – whilst providing adequate incentives for consumer demand of EV alternatives.

The International Energy Agency's lessons-learned report underscores the importance of three relevant principles of good policy-making that apply to the CVS context (International Energy Agency 2020).

1 Clarity about the **role and function of the regime** and its alignment with other mechanisms is needed.

2 **Flexibility and certainty are both required** – balancing market realities with policy predictability helps build confidence.

3 **Transparency** and data disclosure support functioning markets.

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The long-term success of the CVS likely depends not only on the ambition of its targets but on the credibility and stability of its governance framework. Enhanced certainty, adequate lead-in times, transparent trading, and coherent integration with broader climate policy are not ancillary design features; they are foundational conditions for durable emissions reductions in the transport sector.

2 Economic drivers, structural constraints, and research gaps

This section outlines the key economic drivers shaping the vehicle sector and examines how these interact with the existing policy settings. Developing a clearer and more detailed understanding of these drivers is essential to support robust, evidence-based decision-making. In particular, the section highlights areas where **gaps/limitations in current knowledge may impact the effectiveness of policy changes and require further development of an evidence base.** The areas for further research are set out in the dot points below.

2.1 The relative drivers of consumer demand

The extent of CVS's influence on EV pricing is unknown

The CVS primarily influences consumer demand in the automotive sector through price pass-through mechanisms. Its impact on retail prices is indirect, operating via importers' balance of penalties and credits under the scheme. In principle, penalties for above-target emissions imports could be reflected in higher retail prices for higher-emitting vehicles, and credits for below-target emissions imports in lower retail prices for lower-emitting vehicles. However, the extent of pass-through is shaped by a range of firm-specific factors, including pricing strategies, competitive pressures, inventory management, and expectations regarding future policy settings. These other pricing factors may dampen or amplify the price effect relative to the nominal penalty or credit price level. These other factors may also exert a greater influence on retail pricing outcomes than the CVS charges and credits.

As a result, the CVS impact on demand likely represents only one component of the broader set of factors determining vehicle prices, and its effects may remain largely opaque to final consumers.

- Understanding the relative importance of CVS net penalties and credits on retail prices is core to understanding the system's impact on consumer demand.

Understanding buyer preference is vital to decisions aimed at incentivising demand

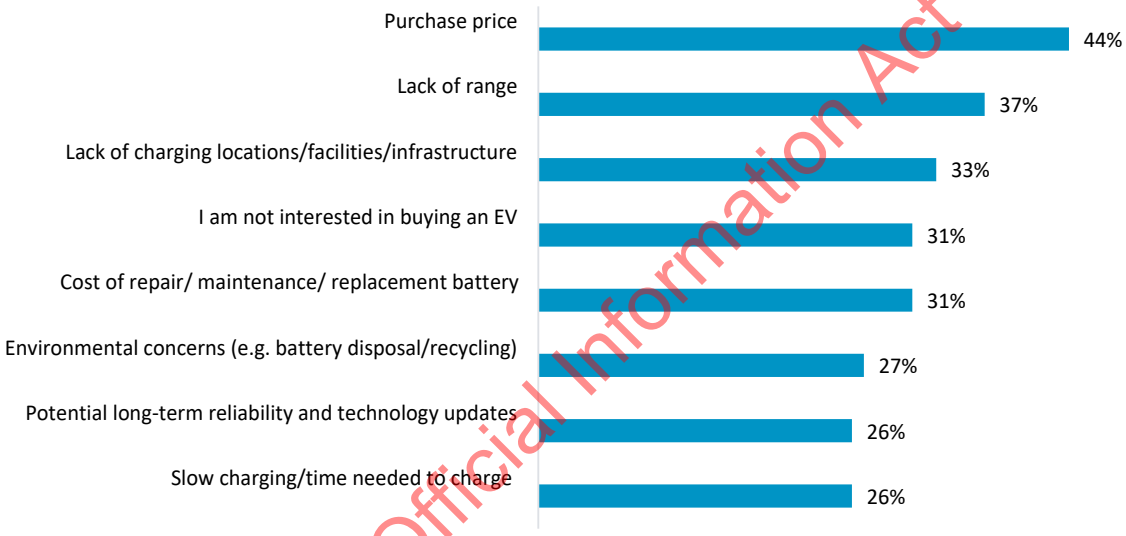
Consumers balance multiple considerations when purchasing a vehicle, often under conditions of imperfect information and diverse personal circumstances. International research suggests that traditional attributes such as price, safety, and durability remain central to purchasing behaviour, while environmental impact tends to exert a weaker influence on decision-making (Fujita et al. 2022). Evidence also indicates that many buyers first determine the type of vehicle that best meets their lifestyle and functional needs (for example, sedan, SUV, or utility vehicle), and then compare models within that category based on criteria such as safety, price, and fuel economy. In this context, environmental and fuel-economy considerations often shape choices within a predefined vehicle class rather than determining the class itself. For EVs, there are additional consumer concerns

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such as 'range anxiety'[1] and resale value that, while likely changing with technology development, may have specific impacts on consumer preference.

New Zealand-specific consumer research on car ownership in 2025 found that 44 percent of Internal Combustion Engine Vehicle (ICEV) owners identified purchase price as a key barrier to switching to an EV (Consumer NZ 2025). Other commonly cited barriers – including concerns about driving range and the availability of charging infrastructure – also remain significant constraints on EV uptake (see Figure 1).

Figure 1 Consumer NZ Vehicle Ownership Survey ICEV owners reported barriers to switching to an EV



Source: Consumer NZ Vehicle Ownership Survey

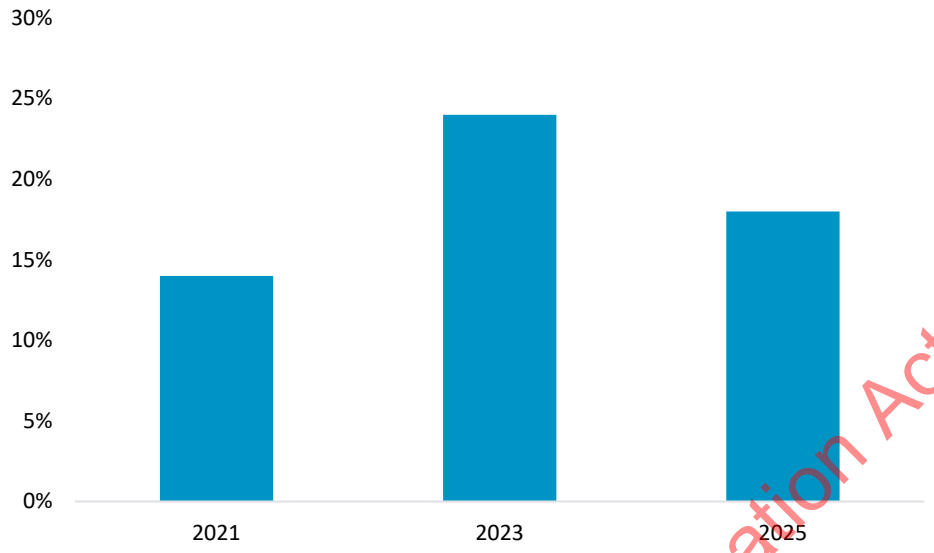
If international patterns also translate to New Zealand, then understanding both the price effects on demand and the availability of low-emission options within particular vehicle classes becomes critical. For many consumers, functional requirements may be effectively non-negotiable. Where low-emission alternatives are not available within a given vehicle class, even substantial price increases arising from CVS penalties are unlikely to induce meaningful substitution towards EVs.

The 2025 Car Ownership Survey indicates that consumer sentiment in New Zealand has evolved over time. Figure 2 illustrates how the stated purchase intentions of ICEV owners have fluctuated across recent years (Consumer NZ 2025). While purchase intent has increased since 2021, it remains noticeably lower than in 2023, when the Clean Car Discount was in effect.

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[1] 'Range anxiety' refers to the assessments of consumers seeking to avoid electric vehicle batteries running out before reaching a charging station or destination

Figure 2 Consumer NZ Vehicle Ownership Survey ICEV owners reported purchase intent for Battery Electric Vehicles



Source: Consumer NZ Vehicle Ownership Survey

Although this research provides valuable insight into trends in consumer perceptions, the underlying drivers of changes in sentiment are uncertain. Establishing causality – particularly the extent to which policy settings, price effects, or broader market conditions have influenced purchase intent – is critical to informing effective policy design.

- Further empirical research examining consumer vehicle purchasing behaviour for EVs in the New Zealand context is warranted, specifically looking into price elasticities[2] for particular buyer groups.

Overall, the demand landscape is highly relevant to the effectiveness of the CVS, as it shapes the extent to which indirect price signals can achieve the intended behavioural response. In taking on a role that partially simulates demand-side incentives for EV uptake, the CVS relies on retail price differentials being salient to consumers.

If CVS penalties or credit impacts are distributed broadly across all vehicle types, irrespective of environmental effects, the intended incentive effect may be weakened. Similarly, if price is not a primary determinant of purchasing behaviour within certain vehicle classes or consumer segments, the CVS may have limited ability to influence demand outcomes in those areas; as such, other policy tools should be considered.

2.2 New Zealand's supply context

New Zealand relies on international markets for both new and used vehicle imported supply

New Zealand's CVS operates at the importer level, which is relatively unusual internationally. Unlike jurisdictions with domestic vehicle manufacturing, New Zealand's policy levers do not directly influence production or research and development decisions.

[2] 'Price elasticity' measures how sensitive the quantity demanded or supplied of a good is to a change in its price.

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Instead, the scheme operates in a supply environment entirely dependent on imports and their upstream international production decisions.

New Zealand predominantly imports vehicles from Japan, Thailand, and China. For both China and Japan, production (and therefore export profiles to New Zealand) is shaped by domestic demand, regulatory settings, and international manufacturing trends. Japan is our predominant source of used vehicles. Both countries provide government subsidies for EV production targeted at domestic demand, which flows through to the availability of supply for New Zealand. Thailand, while less influenced by domestic demand, is a major automotive manufacturing hub in Southeast Asia and plays a significant role in producing vehicles (especially right-hand-drive models) for export to regional markets. Thailand's automotive industry is likewise supported by a range of government incentives and policy frameworks designed to attract investment and expand production capacity, including incentives for electrified vehicle production and export-oriented manufacturing. All three of New Zealand's major production sources are therefore heavily invested in lowering the cost of EV production.

In the absence of a domestic manufacturing base, New Zealand's supply-side context is inherently constrained by manufacturers' production decisions. The range of vehicles available in the New Zealand market is largely determined by what manufacturers choose to produce for larger markets, particularly Australia, with whom New Zealand often shares product pipelines. Given the relatively small size of the New Zealand market, it is assumed to be a price-taker and product-taker rather than a market that shapes global manufacturing decisions. Consequently, New Zealand consumer preferences are likely accommodated only to the extent that suitable models are already available internationally.

- Further research is needed to validate the assumption that New Zealand is entirely a price- and product-taker and to understand the importer relationships with international suppliers.

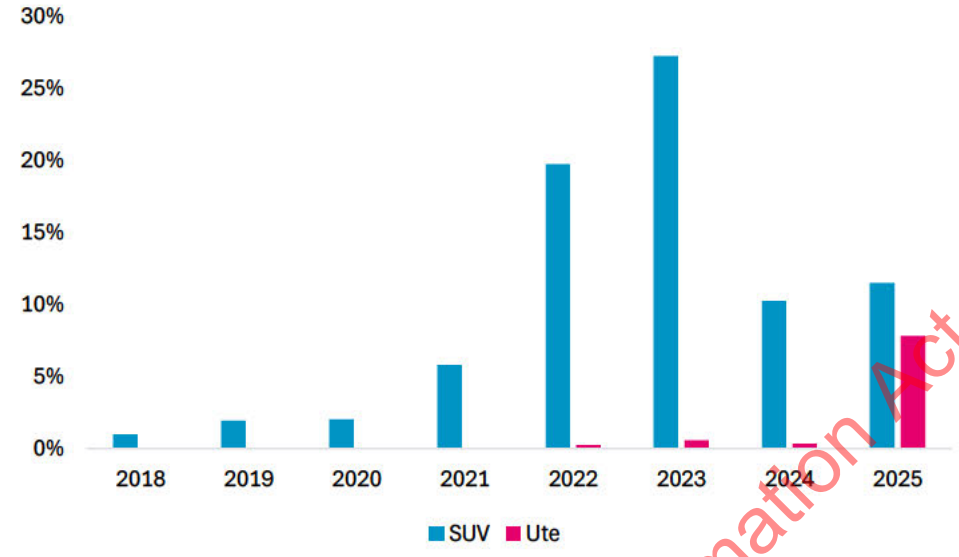
The New Zealand market is likely to have specific customer preferences and priorities that are not fully catered to by international production.

- There is currently limited understanding of the extent to which comparable, in-class low-emission alternatives are available for specific New Zealand consumer segments. Without granular information, it is difficult to assess whether demand-side signals can realistically translate into substitution within vehicle classes through imported supply.

This dynamic is illustrated in Figure 3. Despite strong demand-side incentives under the Clean Car Discount in 2023, there was relatively limited proportional diversion towards EVs within the utility vehicle segment. This result could reflect the lack of functionally comparable in-class low-emission alternatives until more recently. However, given the absence of robust empirical evidence on the underlying drivers of consumer decision-making in New Zealand, factors other than class availability – such as heightened 'range anxiety' among particular purchaser groups – may also have contributed to the observed pattern.

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Figure 3 BEV and PHEV as a percentage of new registrations for utility vehicles and SUVs between 2018 and 2025



Source: MIA data based on new vehicle registration history

The market is particularly vulnerable to uncertainty due to long lead times

As a geographically distant, import-reliant market, New Zealand retailers are also constrained by significant planning and manufacturing lead times. Importers typically make decisions about product range and volume 6 to 12 months in advance, based on their current assessment of consumer demand, expected policy settings, and available model alternatives.

This planning cycle has important implications. Changes in consumer preferences or policy settings may not be immediately reflected in available supply, as import decisions have already been committed. Conversely, unexpected shifts in demand can result in inventory imbalances. The structure of the supply chain, therefore, heightens the importance of policy stability and long-term certainty, both for shaping consumer expectations and for enabling importers to adjust product mix decisions accordingly.

While increased consumer demand for EVs could stimulate higher import volumes over time, the interaction between importer lead times and evolving demand patterns (including relative to other vehicle markets) warrants further investigation.

- A clearer understanding of both current and expected future lead times would improve the ability to assess how responsive supply can be to policy-induced demand shifts.

A transparent CVS credit market could enhance effective market-wide decisions

There is currently no formal process or credit market mechanism, and credit transfer is left to individual market actors' negotiations, with little visibility into prices beyond those displayed on open market platforms.

The New Zealand importer market can broadly be categorised into two groups:

1 National sales branches, where brand-specific manufacturers manage imports directly.

2 Private importers, licensed to sell one or multiple brands.

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These importer types face differing constraints on product range availability and on the flexibility to adjust their import mix. In practice, the ability to shift toward lower-emission vehicles is often limited by the models available from the parent manufacturer or supplier networks.

These differing constraints have implications for how firms manage compliance under the CVS. Importers with access to a broader portfolio of low-emission vehicles may be able to offset higher-emission models internally, reducing their exposure to penalties and maximising credit use. In contrast, firms with more limited product options may need to rely more heavily on purchasing CVS credits from other sector participants.

This information asymmetry[3] has competitive implications. Firms that can balance their portfolios internally may avoid both penalties and the need to participate in credit transfers, while those reliant on the credit market face additional uncertainty – particularly in a system where price discovery is limited, and market transparency is constrained. Where information asymmetries exist regarding the market price of credits, firms may experience uneven compliance costs.

The effective functioning of the credit market is therefore critical to ensuring system-wide balancing toward emissions targets. A transparent and well-functioning credit transfer mechanism would allow compliance costs to be distributed efficiently across participants and would support the intended price signals flowing through. Without this, the benefits of the credit system may accrue across firms or brands based on the importer company structure, rather than translating to the intended effect of lower EV price pass-through and broader target-based adjustment.

Greater transparency in credit transfer arrangements is widely recognised as a core requirement for effective market operation.

- A detailed understanding of the specific transparency requirements in the New Zealand context – along with the associated administrative and compliance costs – is necessary to inform sound policy decision-making regarding credit transfers.

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[3] 'Information asymmetry' is where one party in a transaction holds superior, more detailed, or more timely knowledge than the other, resulting in a power imbalance that can lead to market inefficiencies, poor decision-making, and market failure.

3 Principles of a workable CVS

In light of the economic drivers, structural constraints, and information gaps identified above, this section does not set out specific policy recommendations. Instead, it outlines a set of broad principles considered important for supporting long-term, workable improvements to the CVS.

3.1 Reclarify policy role and mechanism

First, it is necessary to clearly articulate whether the CVS is intended to function as both a supply- and demand-side mechanism, and to define its intended role in influencing consumer behaviour.

While the CVS operates primarily through supply-side compliance obligations, its effectiveness ultimately depends on the balance between supply outcomes and the extent to which compliance costs are passed through to retail prices and influence consumer purchasing decisions. There needs to be clarity on whether the CVS is intended as the primary demand-side lever. Any reliance on price pass-through as a demand incentive must therefore be grounded in a realistic understanding of:

- The degree to which importer compliance costs are reflected in retail prices
- The responsiveness of different consumer segments to price changes
- The limits of price-based incentives, particularly in vehicle classes where functional requirements may constrain substitution.

It is also important to consider whether the CVS is expected to operate alongside other policy levers. For example, initiatives such as the Government's "Supercharging EV Infrastructure" work programme may materially influence EV uptake by improving charging availability and consumer confidence. The intended interaction, sequencing, and timing of these complementary policy signals should be clearly understood. Without coordination, there is a risk that individual policies may operate at cross purposes or deliver weaker-than-anticipated outcomes.

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3.2 Balance flexibility with policy certainty

Second, a workable CVS requires an appropriate balance between flexibility and certainty.

Both consumer preferences for EVs and the supply of low-emission vehicles are subject to uncertainty. Market developments may proceed more quickly or more slowly than anticipated, influenced by global manufacturing trends, technological change, macroeconomic conditions, and infrastructure rollout. Target-setting, therefore, requires sufficient flexibility to accommodate either sharper or slower-than-expected adjustments.

However, adjustments to targets or scheme settings should be structured and predictable rather than ad hoc or implemented under urgency. Sudden changes can undermine confidence, disrupt planning cycles, and exacerbate supply-demand imbalances. While market realities are important, changes that backtrack or forestall the burden of intended distortions (those that underpin the policy objectives) will hinder effective implementation.

Policy direction and long-term certainty are particularly important in the New Zealand context, where importer planning cycles typically run 6 to 12 months in advance and supply chains are internationally constrained. Clear and credible forward signals enable both consumers and importers to adjust behaviour and product mix decisions in an orderly manner, reducing the risk of unintended market distortions (that do not align, or undermine the policy objectives).

3.3 Enhancing transparency

Finally, consideration should be given to reducing information asymmetries and enhancing transparency within the CVS framework.

By design, the CVS creates differential outcomes across firms: those that meet or exceed fleet targets earn credits, while those that do not face penalties. This differentiation is inherent to the mechanism and is intended to drive system-wide adjustment. However, the system should avoid introducing additional frictions arising from limited transparency or uneven access to information.

In particular, the current lack of visibility in credit transfer arrangements may favour firms that can internally balance their fleet targets or avoid penalties altogether. Where information asymmetries exist regarding credit prices and market conditions, efficient reallocation of compliance obligations may be constrained. This could impede the system's ability to achieve least-cost balancing across all participants.

Improving transparency in the credit market has the potential to enhance system-wide efficiency, enabling allocation of compliance costs in proportion to import profiles rather than importer type or relative market power. At the same time, the administrative requirements and compliance costs associated with greater transparency would need to be carefully assessed to ensure proportionality.

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4 Under a counterfactual

4.1 The policy changes so far

The overarching objective of the current Clean Vehicle Standard (CVS) is to reduce carbon dioxide emissions from light vehicles imported into New Zealand by "*increasing the supply and variety of zero-emission and low-emission light vehicles*".[4] Originally the policy was designed to operate alongside demand-side incentives. With the removal of those incentives, however, the burden of adjustment increasingly rests on the price and supply effects generated through the CVS alone.

For the CVS to operate effectively, **demand-side incentives are required** to address the specific drivers influencing EV purchase decisions.

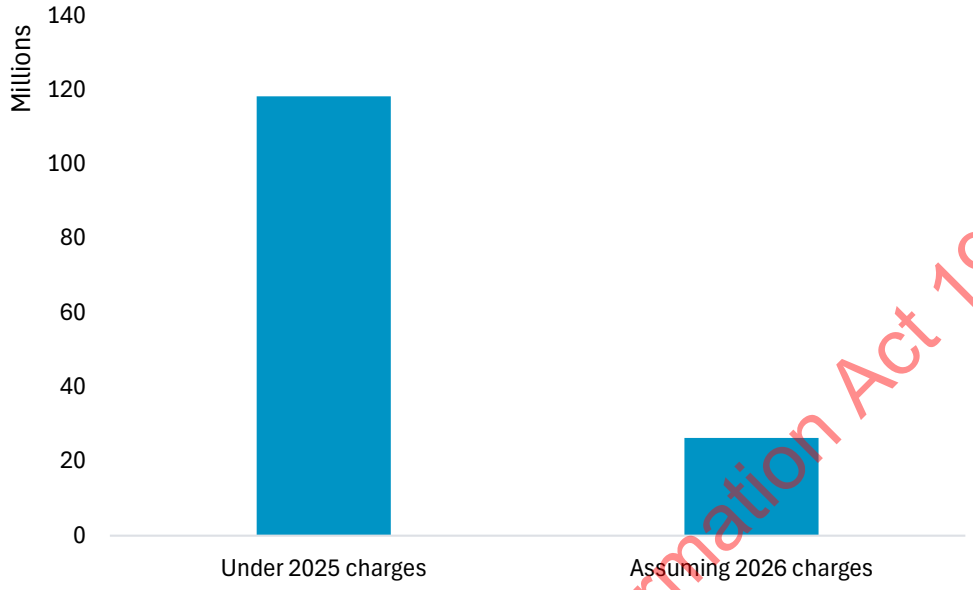
Coming into 2026, targets were understood to be set at levels that could exceed current demand patterns without meaningful changes in relative prices. In theory, higher retail prices for internal combustion engine vehicles (ICEVs), arising from the balance of penalty pass-through charges and credit benefits, could shift relative demand toward EVs – particularly if ICEVs become more expensive than comparable EV alternatives for price-sensitive consumers. These higher pass-through prices could have acted as the needed demand driver. However, the distributional effects of such price increases are uncertain. Higher costs may have fallen unevenly across income groups or vehicle classes, particularly those constrained by the limited international supply of low-emission alternatives, such as utility vehicles with high towing capacity. In segments where substitution options are limited, price increases may not have translated into material behavioural change.

Recent adjustments – such as reductions in penalty charges for 2026 and 2027 and extensions to credit expiry timelines – have effectively delayed the full cost implications of exceeding targets for many importers. Figure 4 illustrates the lower aggregate estimated impacts (based on 2025 volumes) the industry faces due to changes in penalty charges set for 2026 and 2027. In aggregate, this has reduced the immediate financial pressure associated with non-compliance and is likely to weaken short-term market signals.

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[4] https://www.legislation.govt.nz/bill/government/2024/0059/12.0/whole.html

Figure 4 Estimated dollar balance of credits/charges impact for 2025 pre-delivery inspection data volumes, applying the 2025 vs 2026 charge rates



Note: that the balance of credits and penalty prices is estimated using Fleet Average Account value for CO2 (Under 2025 charges new: $67.50 used: $33.75, assuming 2026 charges new: $15 used: $7.50)

Source: MIA CVS impact calculator, NZIER use of 2026 assumptions

If the CVS is intended to operate as both a supply-side and demand-side mechanism – encouraging importers to expand EV offerings while simultaneously influencing consumer purchasing decisions – then a comprehensive evaluation of price pass-through effects and consumer responsiveness is necessary. Without such analysis, it is difficult to assess whether the scheme can achieve its objectives in the current context.

4.2 A counterfactual: removal of the CVS

An alternative to refining and strengthening the CVS to address these issues in the long term would be to remove it. As with any policy intervention, the justification rests on addressing a market failure – in this case, the reduction of vehicle emissions intensity in the passenger transport sector to internalise the negative environmental externality of an emissions-intensive fleet.

Assuming emissions reduction remains the intended policy goal, the relevant question under a counterfactual scenario is whether this objective would be achieved in the absence of the CVS.

Three principal risks arise under such a scenario:

1. Comparative manufacturers margins and market allocation

There is currently limited empirical evidence on how the absence of above-target penalty charges would affect international manufacturers' behaviour in New Zealand. However, in theory, removing penalties could make New Zealand a relatively more profitable market for non-EV vehicles than jurisdictions such as Australia, where stricter standards apply, and some regional demand subsidies persist. If manufacturer margins for ICEVs are comparatively higher in New Zealand, manufacturers may allocate a greater share of non-

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EV models to this market. Over time, this could increase the relative availability of higher-emission vehicles and slow fleet decarbonisation. Ultimately, without the CVS, New Zealand offers no relative benefits – the extent to which this impacts manufacturers' decisions is a core but largely unknown risk.

2. Policy signalling and market expectations

Policy settings play an important role in shaping both consumer and importer expectations. The removal of the CVS may be interpreted as a reduced commitment to lowering vehicle emissions intensity, reducing the need for infrastructure, and potentially dampening EV uptake. Conversely, fluctuating expectations regarding the future of the scheme – particularly in the absence of bipartisan support of the overall objective – would introduce uncertainty into the market. Consumers may defer purchases in anticipation of possible policy changes, while importers face difficulty in planning product mix decisions within long-lead-time supply chains. Given the structural constraints of the New Zealand market, such uncertainty could have disproportionately large effects.

3. Reliance on ETS-driven fuel prices

In the absence of the CVS, vehicle emissions intensity would rely more heavily on price signals transmitted through the New Zealand Emissions Trading Scheme (ETS), primarily via fuel prices. However, prior research suggests that the carbon price under the ETS is unlikely, on its own, to materially influence vehicle purchase decisions through higher fuel costs (Hasan et al. 2021). While the ETS at current pricing may contribute to behavioural change at the margin, for ongoing costs, it cannot be expected to substantially alter vehicle purchasing behaviour in isolation. The ETS, through fuel pricing, does not address the upfront and investment costs as inherent barriers to EV purchases.

4.3 Implications

Under the counterfactual of CVS removal, the likelihood of achieving meaningful reductions in vehicle emissions intensity appears uncertain if not unlikely. International supply allocation dynamics, policy signalling effects, and the limited behavioural impact of fuel-price-based carbon pricing suggest that emissions outcomes would be driven largely by uncertain global trends, rather than domestic policy settings.

Without sector-specific policy intervention, New Zealand's ability to meet its national commitments would depend on external factors beyond the Government's influence.

Any voluntary or alternative approaches would face the same supply and demand context. Accordingly, any decision to retain, reform, or remove the CVS should be informed by a clear assessment of its marginal contribution relative to alternative mechanisms and the risks associated with policy withdrawal.

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5 What good could look like

A well-functioning Clean Vehicle Standard should be characterised by a clear policy purpose and a robust understanding of the channels through which it influences both supply and demand. This includes clarity on the extent to which the CVS is expected to operate as a demand-side incentive through price pass-through, as well as the degree to which it relies on complementary government levers – particularly those aimed at addressing non-price barriers to EV uptake, such as charging infrastructure and consumer confidence for resale value.

A workable CVS would also provide long-term certainty for market participants. Targets and penalty settings would be aligned with the intended policy objectives and be supported by an evidence-based understanding of both international supply constraints and the responsiveness of New Zealand consumers to price signals.

Finally, an effective CVS would be underpinned by a transparent, well-functioning CVS credit market. Transparency is critical to ensuring that firms can respond to incentives efficiently and equitably. While the policy necessarily creates differential outcomes – rewarding those who exceed targets and imposing costs on those who do not – the mechanism should ensure that these distortions support system-wide emissions reductions at least cost, rather than creating additional inefficiencies or advantages driven by information asymmetry.

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6 References

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Hasan, Md Arif, David J. Frame, Ralph Chapman, and Kelli M. Archie. 2021. “Costs and Emissions: Comparing Electric and Petrol-Powered Cars in New Zealand.” *Transportation Research Part D: Transport and Environment* 90 (January): 102671. https://doi.org/10.1016/j.trd.2020.102671.

International Energy Agency. 2020. *Implementing Effective Emissions Trading Systems: Lessons from International Experiences*. OECD. https://doi.org/10.1787/b7d0842b-en.

The Climate Change Commission. 2025. “CCC-5929-ERM-2025.” https://www.climatecommission.govt.nz/assets/Monitoring-and-reporting/ERM-2025/CCC-5929-ERM-2025.pdf.

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Amber Dickson

From: Geoff Simmons <geoff.simmons@pce.parliament.nz>
Sent: Monday, 2 March 2026 12:09 pm
To: Freddie Holmes; Gayelene Wright; Amber Dickson
Cc: Alexandra Aimer-Seton; Matt Grant; Mary Craythorne; Abigail (Abbie) Bender
Subject: Re: Climate Change Commission note on review of the Clean Vehicle Standard
Attachments: PCE Submission CVS Review 27 Feb 2026.pdf

Kia ora koutou

Here is our final submission, as mentioned there are no substantive changes.

A question for our Transport colleagues - what is the process from here? Normally we put our submissions up on the website, are you happy for us to do that? We'd be happy to delay it until a certain point if that is necessary for your process.

Regards
Geoff

Geoff Simmons | He/Him
Chief Advisor – Policy and Strategy | Kaitohu Matua - Kaupapahere me ngā Rautaki
Parliamentary Commissioner for the Environment | Te Kaitiaki Taiao a Te Whare Pāremata

Working Days / Times: I have alternate Fridays off
Office: s 9(2)(a)
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From: Freddie Holmes <Freddie.Holmes@climatecommission.govt.nz>
Sent: Thursday, February 26, 2026 4:13 PM
To: Gayelene Wright <g.wright@transport.govt.nz>; Amber Dickson <a.dickson@transport.govt.nz>
Cc: Alexandra Aimer-Seton <Alexandra.Seton@climatecommission.govt.nz>; Matt Grant <Matt.Grant@climatecommission.govt.nz>; Geoff Simmons <geoff.simmons@pce.parliament.nz>; Mary Craythorne <m.craythorne@transport.govt.nz>
Subject: Climate Change Commission note on review of the Clean Vehicle Standard

You don't often get email from freddie.holmes@climatecommission.govt.nz. Learn why this is important

Kia ora Gayelene, Amber,

Please find attached information from the Commission for the review of the Clean Vehicle Standard. Apologies for the delay, I hope it is useful.

Please let me know if you have any questions.

Ngā mihi nui,

He Pou a Rangi Climate Change Commission

Freddie Holmes
Senior Analyst | Kaitātari Matua
M s 9(2)(a)
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Document 7

Outlook

RE: Draft Clean Vehicle Standard Briefing

From Ainsley Smith <A.Smith2@transport.govt.nz>
Date Fri 3/6/2026 2:40 PM
To Gayelene Wright <g.wright@transport.govt.nz>; Joanne Leung <j.leung@transport.govt.nz>
Cc Amber Dickson <A.Dickson@transport.govt.nz>

No just waiting to get Pauls go ahead on the CBA.

I will provide the following once I get the go ahead:

- The CBA note, including the CBA results that provide discounted net benefits in 2025 prices for the period 2026 to 2050.
- The same note also breaks the results down into LPV new and used and LCV new and use, for each cost measure being fuel cost, electricity cost, vehicle purchase cost, GHG emissions cost and NOx emissions cost.
- The note also provide various details and information about the analysis and what has change from past modelling.
- I will also provide supplementary inform to you including CO2-e in kt by year, NOx in kt by year, and fuel use in million litres by year, and the overall policy marginal abatement cost.

Once you receive this you may want some additional information so just ask and I will see what I can do.

Ainsley

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From: Gayelene Wright <g.wright@transport.govt.nz>
Sent: Thursday, 5 March 2026 7:28 am
To: Ainsley Smith <A.Smith2@transport.govt.nz>
Subject: Draft Clean Vehicle Standard Briefing

Hi there Ainsley

Out of Scope



For MfE I've attached the email that I sent them last week outlining what we need from them. Perhaps it is better if I send them the modelled CO2 reductions so they email me back the advice? What do you think?

Cheers Gayelene

Document 8

Outlook

Supplementary information

From Ainsley Smith <A.Smith2@transport.govt.nz>
Date Wed 3/11/2026 4:50 PM
To Gayelene Wright <g.wright@transport.govt.nz>
Cc Amber Dickson <A.Dickson@transport.govt.nz>; Joanne Leung <j.leung@transport.govt.nz>

1 attachment (5 KB)
emissions_fuel_use_output_year.csv; Attachment in full under section 9(2)(f)(iv)

Hi Gayelene,

Please find the following:

Numbers reflect the effect of the CVS compared to no CVS for the time period 2026-2050.

- Total GHG emissions reduction s 9(2)(f)(iv)
- Total NOx emissions reduction: s 9(2)(f)(iv)
- The marginal abatement cost of reducing each tonne of GHG is s 9(2)(f)(iv)

I have also attached a excel output providing this information by year as I know you are after GHG savings by year.

I am not aware that this material can be shared with MFE yet, but I am behind on my emails so maybe Joanne has confirmed this.

Kind regards,

Ainsley Smith
Principal Economist
Te Manatū Waka Ministry of Transport
M: s 9(2)(a) E: A.Smith2@transport.govt.nz | transport.govt.nz

TE MANATŪ WAKA MINISTRY OF TRANSPORT | Hāpaitia ana ngā tāngata o Aotearoa kia eke
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Document 9

Outlook

Re: : Draft CVS briefing

From Jessie Algar <Jessie.Algar@climateieb.govt.nz>
Date Thu 3/12/2026 10:35 AM
To Gayelene Wright <g.wright@transport.govt.nz>
Cc Amy Tisdall <Amy.Tisdall@climateieb.govt.nz>; Mary Craythorne <M.Craythorne@transport.govt.nz>; Ainsley Smith <A.Smith2@transport.govt.nz>; Amber Dickson <A.Dickson@transport.govt.nz>

Kia ora Gayelene

Thank you. I will look over this and come back to you. I think we should keep of Friday meeting to discuss any questions I may have.

Jessie
Principal Analyst | Climate IEB Unit
Pae tukutuku: Climate Change Chief Executives Board

Climate
IEB UNIT

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From: Gayelene Wright <g.wright@transport.govt.nz>
Sent: Thursday, 12 March 2026 10:05 am
To: Jessie Algar <Jessie.Algar@climateieb.govt.nz>
Cc: Amy Tisdall <Amy.Tisdall@climateieb.govt.nz>; Mary Craythorne <M.Craythorne@transport.govt.nz>; Ainsley Smith <A.Smith2@transport.govt.nz>; Amber Dickson <A.Dickson@transport.govt.nz>
Subject: RE: : Draft CVS briefing

Kia ora anō Jess

Further to my email earlier, attached is the draft CVS briefing. You will see the paper has 2 placeholders related to the impact of the CVS's removal on ERP2. One is the second to last key point. The other is para 39.

We were hoping that MfE could help us with the advice for the placeholders.

s 9(2)(f)(iv)

Could you take a look and let me know whether you want to go ahead with the meeting on Friday.

Thanks very much for your help

Ngā mihi nui

Gayelene

From: Gayelene Wright
Sent: Thursday, 12 March 2026 6:40 am
To: 'Jessie Algar' <Jessie.Algar@climateieb.govt.nz>; Ainsley Smith <A.Smith2@transport.govt.nz>; Mary Craythorne <M.Craythorne@transport.govt.nz>
Cc: Amy Tisdall <Amy.Tisdall@climateieb.govt.nz>; Amber Dickson <A.Dickson@transport.govt.nz>; Joanne Leung <j.leung@transport.govt.nz>
Subject: RE: RE: Who should we contact about assessing sufficiency for the review of the Clean Vehicle Standard?
Importance: High

Kia ora Jessie

Thanks very much for your email. I'll be able to send you the draft briefing today so you will be able to see what we are recommending and you can let us know if you need to contribute to the briefing.

MfE emailed us yesterday to say that they would not assess the sufficiency of ERP2 to meet the second emissions budget if the CVS is removed. They have asked us to do it. s 9(2)(f)(iv) [redacted]

I'll follow this email with a meeting request for 9 am Friday morning in case you think we need to meet.

Thanks very much for your help

Gayelene

Gayelene Wright
Principal Adviser, Environment
Te Manatū Waka - Ministry of Transport
M: s 9(2)(a) [redacted] g.wright@transport.govt.nz
TE MANATŪ WAKA MINISTRY OF TRANSPORT
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From: Jessie Algar <Jessie.Algar@climateieb.govt.nz>
Sent: Wednesday, 11 March 2026 4:55 pm
To: Gayelene Wright <g.wright@transport.govt.nz>; Ainsley Smith <A.Smith2@transport.govt.nz>
Cc: Amy Tisdall <Amy.Tisdall@climateieb.govt.nz>
Subject: Re: RE: Who should we contact about assessing sufficiency for the review of the Clean Vehicle Standard?

Kia ora Gaylene

I have been assigned to get involved from an CCIEB standpoint as we deal with the currency of ERPs. I can also help prod people at MfE if you need.

It would be great to have a discussion with you ASAP on your stage 1 review. Where did you land? Could we arrange a time to discuss tomorrow or Friday if you are not yet able to send us the review.

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s 9(2)(f)(iv) [redacted]

Jessie
Principal Analyst | Climate IEB Unit
Pae tukutuku: Climate Change Chief Executives Board

Climate
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From: Gayelene Wright <g.wright@transport.govt.nz>
Sent: Tuesday, March 10, 2026 7:55 AM
To: Charlotte Harris-Miller <Charlotte.Harris-Miller@mfe.govt.nz>; Ainsley Smith <A.Smith2@transport.govt.nz>
Cc: Amy Tisdall <Amy.Tisdall@climateieb.govt.nz>; Manon Julien <manon.julien@climateieb.govt.nz>; Jessie Algar <Jessie.Algar@climateieb.govt.nz>; Mel Rae <Mel.Rae@climateieb.govt.nz>
Subject: RE: RE: Who should we contact about assessing sufficiency for the review of the Clean Vehicle Standard?

Hi Charlie

The modelling for the Stage 1 review of the Clean Vehicle Standard has been done and just awaits internal sign out. We expect to be able to send the CO2 impact to MfE shortly.

Before the Cabinet paper gets drafted, we have a briefing on the outcome of the review that will be going to the Minister of Transport in s 9(2)(f)(iv) [redacted] This briefing seeks the Minister of Transport's decision on whether or not to keep the Standard. s 9(2)(f)(iv) [redacted]

Part of the advice in the briefing will be the impact abolishing the Standard will have on the sufficiency of ERP2 to meet the second (and third?) emissions budget. We are looking to your team to assess this impact.

Hope that makes sense?

Thanks

Gayelene

Gayelene Wright

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Principal Adviser, Environment
Te Manatū Waka - Ministry of Transport
M: s 9(2)(a) g.wright@transport.govt.nz
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[redacted]

From: Gayelene Wright <g.wright@transport.govt.nz>
Sent: Wednesday, 25 February 2026 10:58 am
To: Amy Tisdall <Amy.Tisdall@climateieb.govt.nz>
Cc: Jolyon Swinburn <J.Swinburn@transport.govt.nz>
Subject: Who should we contact about assessing sufficiency for the review of the Clean Vehicle Standard?

Kia ora Amy

As instructed by Cabinet, we are doing a first principles review of the Clean Vehicle Standard to enable Cabinet to decide whether or not to retain the Standard.

In assessing the option to abolish the Standard, we will need MfE to assess the impact the loss of the Standard's CO2 mitigation will have on ERP2 in terms of its sufficiency to meet the second emissions budget. The Climate Change Commission also suggested that repealing the Standard would pose a risk to meeting the third emissions budget.

We expect to have our modelled estimates of the loss of the Standard's CO2 mitigation by the end of next week. At that point we would be able to send this information through.

Could you tell me who we should engage with in MfE on this.

Thanks very much for your help

Ngā mihi

Gayelene

Gayelene Wright
Principal Adviser, Environment
Te Manatū Waka - Ministry of Transport
M: s 9(2)(a) g.wright@transport.govt.nz
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MINISTRY OF TRANSPORT

Document 10

Outlook

RE: RE: Who should we contact about assessing sufficiency for the review of the Clean Vehicle Standard?

From Ainsley Smith <A.Smith2@transport.govt.nz>
Date Thu 3/12/2026 8:23 PM
To Gayelene Wright <g.wright@transport.govt.nz>; Joanne Leung <j.leung@transport.govt.nz>; Mary Craythorne <M.Craythorne@transport.govt.nz>

Hi Gayelene,

I have updated the supplementary file in tardis with the additional information that you need.

I am happy to explain anything that isn't clear but it should have all the information that MFE is after.

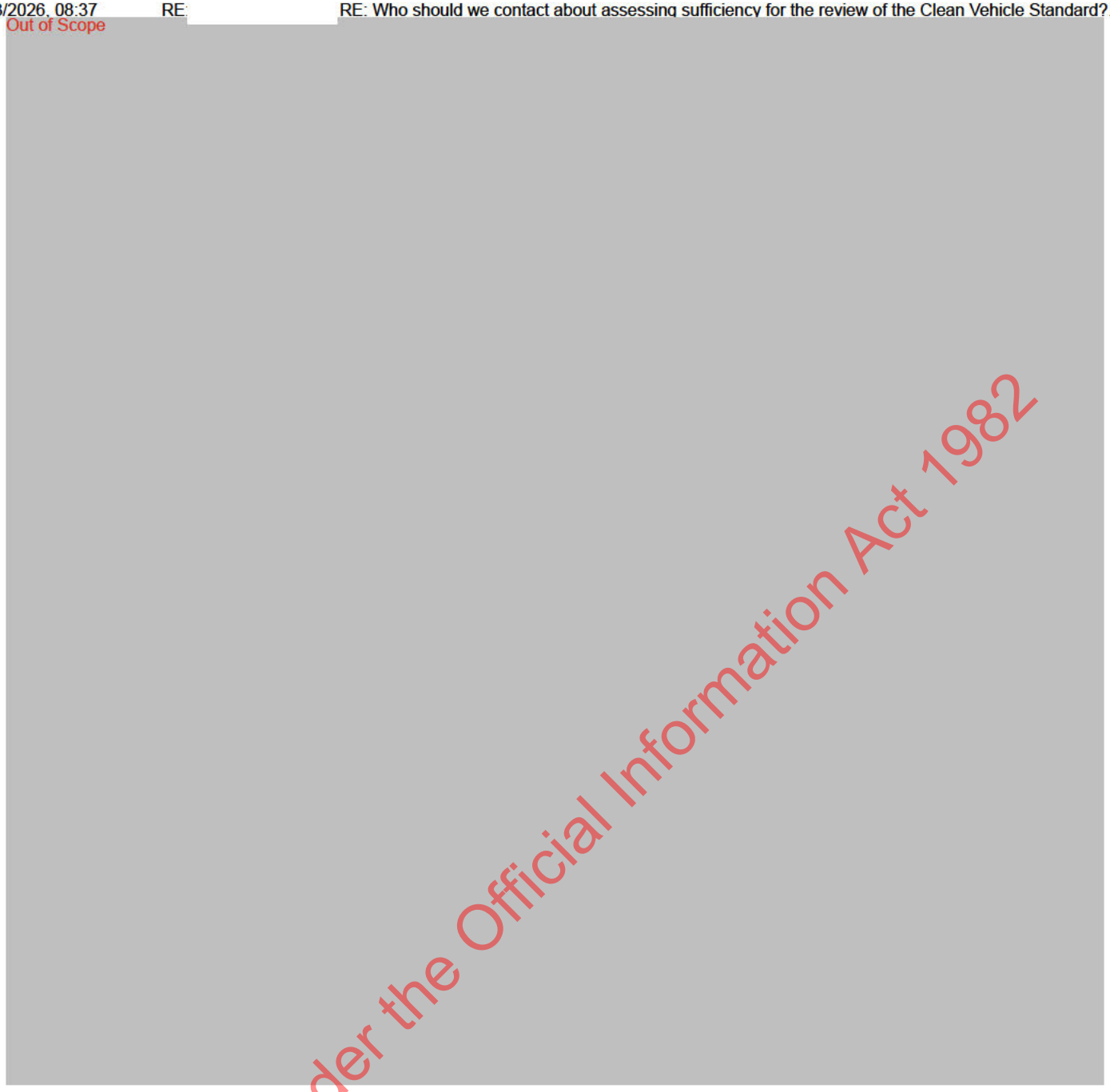
emissions_fuel_use_output_year.xlsx

Ainsley

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From: Gayelene Wright <g.wright@transport.govt.nz>
Sent: Tuesday, 10 March 2026 7:56 am
To: Charlotte Harris-Miller <Charlotte.Harris-Miller@mfe.govt.nz>; Ainsley Smith <A.Smith2@transport.govt.nz>
Cc: Amy Tisdall <Amy.Tisdall@climateieb.govt.nz>; Manon Julien <manon.julien@climateieb.govt.nz>; Jessie Algar <Jessie.Algar@climateieb.govt.nz>; Mel Rae <Mel.Rae@climateieb.govt.nz>
Subject: RE: RE: Who should we contact about assessing sufficiency for the review of the Clean Vehicle Standard?

Hi Charlie

The modelling for the Stage 1 review of the Clean Vehicle Standard has been done and just awaits internal sign out. We expect to be able to send the CO2 impact to MfE shortly.

Before the Cabinet paper gets drafted, we have a briefing on the outcome of the review that will be going to the Minister of Transport in mid-April. This briefing seeks the Minister of Transport's decision on whether or not to keep the Standard. It also recommends that the briefing be referred to Minister Watts.

Part of the advice in the briefing will be the impact abolishing the Standard will have on the sufficiency of ERP2 to meet the second (and third?) emissions budget. We are looking to your team to assess this impact.

Hope that makes sense?

Thanks

Gayelene

Gayelene Wright
Principal Adviser, Environment
Te Manatū Waka - Ministry of Transport
M: s 9(2)(a) g.wright@transport.govt.nz
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From: Gayelene Wright <g.wright@transport.govt.nz>
Sent: Wednesday, 25 February 2026 10:58 am
To: Amy Tisdall <Amy.Tisdall@climateieb.govt.nz>
Cc: Jolyon Swinburn <J.Swinburn@transport.govt.nz>
Subject: Who should we contact about assessing sufficiency for the review of the Clean Vehicle Standard?

Kia ora Amy

As instructed by Cabinet, we are doing a first principles review of the Clean Vehicle Standard to enable Cabinet to decide whether or not to retain the Standard.

In assessing the option to abolish the Standard, we will need MfE to assess the impact the loss of the Standard's CO2 mitigation will have on ERP2 in terms of its sufficiency to meet the second emissions budget. The Climate Change Commission also suggested that repealing the Standard would pose a risk to meeting the third emissions budget.

We expect to have our modelled estimates of the loss of the Standard's CO2 mitigation by the end of next week. At that point we would be able to send this information through.

Could you tell me who we should engage with in MfE on this.

Thanks very much for your help

Ngā mihi

Gayelene

Gayelene Wright
Principal Adviser, Environment
Te Manatū Waka - Ministry of Transport
M: s 9(2)(a) g.wright@transport.govt.nz
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MINISTRY OF TRANSPORT

Amber Dickson

From: Ainsley Smith
Sent: Tuesday, 17 March 2026 2:14 pm
To: Gayelene Wright
Cc: Amber Dickson; Joanne Leung; Jayden Mudge; Roselle Thoreau; Levente Timar
Subject: High oil price scenario

Hi Gayelene,

We have produced a high oil price scenario and incorporated those results into the CBA report (pages 3-4)
2026 - Clean vehicle standard review - Cost benefit analysis.docx

We have only included the high level results, with the detailed analysis focussing the central scenario that we have already provided you with the results for.

We are still in the process of working on the model. If we do end up making amendments when would you need them by?

Kind regards,

Ainsley Smith
Principal Economist
Te Manatū Waka Ministry of Transport
M: s 9(2)(a) E: A.Smith2@transport.govt.nz | transport.govt.nz

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Document 12

Outlook

Re: ICCT response attached to CVS 2026 review (Stage 1)

From Tanzila Khan <t.khan@theicct.org>
Date Tue 3/17/2026 4:35 PM
To Gayelene Wright <g.wright@transport.govt.nz>
Cc Zifei Yang <zifei.yang@theicct.org>

1 attachment (12 KB)
CVS_2026 Stage 1 review_ICCT calculations.xlsx;

Hi Gayelene,

Thanks so much for reaching out. Attached is the spreadsheet for reference to the calculations I did.

The 18% reduction for PC and 10% for LCV — are the reductions *only* for 2025 compared to 2021. The ***3-year average reduction (2023-2025) after the standard gets into effect, is even higher for PC, i.e., 21% for PC, and ~6% for LCV over 2023-2025***, on average, compared to 2021 performance.

Please note, we omitted 2022 from either BAU or post standard effect calculation, since 2022 was the year of standard adoption, not yet implementation, so it was a transition year with a mixed effect.

The pre standard, BAU average we calculated is for 2020-2021 based on annual average reduction, i.e., 2% for PC and 1% for LCV. As per your calculation method (where we assume, you just multiply the 2% and 1% annual reductions with 4 years to get 8% and 4% total BAU reductions), these will translate to ***total BAU reductions of 6% and 3%, respectively, for getting multiplied over 3 years (2023-2025)***, instead of the 4 years multiplier effect (since we do not account for 2022).

Hope this is helpful. Please let me know if any other questions.

Thank you,

Tanzila

From: Gayelene Wright <g.wright@transport.govt.nz>
Date: Monday, March 16, 2026 at 4:09 PM
To: Tanzila Khan <t.khan@theicct.org>
Subject: RE: ICCT response attached to CVS 2026 review (Stage 1)

Hi Tanzila

Thanks again for the work you put into the submission.

I want to use the effectiveness data that you have on the first page of the submission – but I need to understand it better to be able to do that.

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You say that: Compared to the baseline year of 2021, the fleet-average CO2 emissions decreased by 18% for light cars and SUVs and 10% for utes, vans and light trucks in 2025. This compares with the pre-standard annual reduction rates of 2% and 1% respectively.

To clarify – are you saying that over 2022–2025 average vehicle CO2 emissions reduced by 18% for light cars and 10% for light commercials. And that pre-standard performance showed annual reductions of only around 2% for cars/SUVs and 1% for light commercials. So applied over the same period, this would imply total business-as-usual improvements of just 8% and 4% respectively — below what has been achieved under the Standard.

Would you mind confirming whether my interpretation is correct.

Thanks again

Gayelene

From: Tanzila Khan <t.khan@theicct.org>
Sent: Sunday, 15 March 2026 5:29 pm
To: Gayelene Wright <g.wright@transport.govt.nz>
Cc: Zifei Yang <zifei.yang@theicct.org>; Amber Dickson <A.Dickson@transport.govt.nz>; Mary Craythorne <M.Craythorne@transport.govt.nz>
Subject: Re: ICCT response attached to CVS 2026 review (Stage 1)

Dear Gayelene,

Thank you so much for the opportunity for ICCT to provide comments to this important CVS review process. Please find attached a memo that responds to the three questions to inform the Stage 1 CVS review process.

Please feel free to reach out if any questions or in case a discussion could be helpful.

Thank you,

Tanzila and Zifei

From: Gayelene Wright <g.wright@transport.govt.nz>
Date: Wednesday, March 4, 2026 at 12:07 PM
To: Tanzila Khan <t.khan@theicct.org>
Cc: Zifei Yang <zifei.yang@theicct.org>, Amber Dickson <A.Dickson@transport.govt.nz>, Mary Craythorne <M.Craythorne@transport.govt.nz>
Subject: RE: New Zealand's review of the Clean Vehicle Standard

Thanks very much Tanzila.

Yes the questions are for the Stage 1 review only. The Stage 2 review will commence once our Government has taken its decision on whether to keep or repeal the Standard.

Looking forward to receiving your input next week.

Thanks again

Gayelene

From: Tanzila Khan <t.khan@theicct.org>
Sent: Wednesday, 4 March 2026 5:08 pm
To: Gayelene Wright <g.wright@transport.govt.nz>

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Cc: Zifei Yang <zifei.yang@theicct.org>; Amber Dickson <A.Dickson@transport.govt.nz>; Mary Craythorne <M.Craythorne@transport.govt.nz>
Subject: Re: New Zealand's review of the Clean Vehicle Standard

Thank you, Gayelene for the quick response and for sharing the details. Yes, we will prepare our responses to the questions you listed, and will send you by end of next week. This is a very critical policy for New Zealand and we are happy to provide any support.

Just for clarification, the questions you listed, are for the Stage 1 review, correct? And then, there will be a Stage 2 review depending on the Stage 1 review findings/decision?

Thank you,

Tanzila

From: Gayelene Wright <g.wright@transport.govt.nz>
Sent: Tuesday, March 3, 2026 7:49 PM
To: Tanzila Khan <t.khan@theicct.org>
Cc: Zifei Yang <zifei.yang@theicct.org>; Amber Dickson <A.Dickson@transport.govt.nz>; Mary Craythorne <M.Craythorne@transport.govt.nz>
Subject: New Zealand's review of the Clean Vehicle Standard

Hi Tanzila

I hope you are doing well too and it is extremely timely to get your email.

We have been directed by the New Zealand Government to review the Clean Vehicle Standard (the Standard). This review is being conducted in two stages:

1. **Stage 1 -** a first principles review of the Standard will be done to enable Cabinet to decide to either retain the Standard or to abolish it (due Q2 2026). If the recommendation is to retain the Standard, advice will also include recommended key characteristics for the scheme.

2. **Stage 2 -** either detailed policy design work to review the Standard's settings (if Cabinet agrees to retain the Standard) or work to abolish it.

We would very much appreciate ICCT's input into the review. To facilitate that could I get ICCT's response to the following questions:

Questions to inform 2026 review of the Clean Vehicle Standard

1. Do you consider that New Zealand should continue to have a regulated fuel efficiency standard (i.e. the Clean Vehicle Standard)? What are the key reasons for this view?

2. If the Clean Vehicle Standard were abolished, what do you consider the key risks/impacts of this decision would be?

3. Are there any alternatives to a regulated fuel efficiency standard (e.g. a voluntary standard) that you consider would work better for New Zealand? If so, what measure(s) would you recommend and why?

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It would be good to get your response by the end of next week if that is possible. The Ministry of Transport will be considering the draft advice that we have prepared at the end of March.

As the ICCT is arguably the world's expert in this area, I very much look forward to receiving your response.

Warm regards

Gayelene

Gayelene Wright
Principal Adviser, Environment
Te Manatū Waka - Ministry of Transport
M: s 9(2)(a) g.wright@transport.govt.nz

From: Tanzila Khan <t.khan@theicct.org>
Sent: Wednesday, 4 March 2026 12:48 pm
To: Gayelene Wright <g.wright@transport.govt.nz>
Cc: Zifei Yang <zifei.yang@theicct.org>
Subject: Re: Canadian penalties

Hi Gayelene,

Hope you are doing well. I'm reaching out to query on the mid-term review of the CO2 standard, that was supposed to be held around mid-2026. Can you please let me know if there's already any timeline or update on the review process? And will there be any public or closed consultation, where ICCT may participate?

Looking forward to your response.

Thank you,

Tanzila

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icct

THE INTERNATIONAL COUNCIL ON CLEAN TRANSPORTATION

March 15, 2026

To: Te Manatū Waka - Ministry of Transport

From: Tanzila Khan, Zifei Yang, International Council on Clean Transportation (ICCT)

Re: Questions to inform 2026 review of the Clean Vehicle Standard (Stage 1)

This memo responds to three questions to inform 2026 review of the Clean Vehicle Standard. ICCT appreciates the opportunity to provide our opinions on this topic. In case of questions, please contact Zifei Yang, Emerging Markets Director (zifei.yang@theicct.org).

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Questions #1: Do you consider that New Zealand should continue to have a regulated fuel efficiency standard (i.e. the Clean Vehicle Standard)? What are the key reasons for this view?

ICCT strongly supports to keep the mandatory, regulated Clean Vehicle Standard (CVS) and at a minimum, keep the stringency level as set through 2029 along with a robust enforcement mechanism.

Key reasons and supporting evidence are discussed below.

- **The fuel efficiency standard has been effective in reducing the fleet-average CO_2 emissions while bringing significant fuel cost savings to consumers since 2023.**

Compared to the baseline year 2021[1] the fleet-average CO_2 emissions performance decreased by 18% for passenger cars (PCs) and 10% for light commercial vehicles (LCVs) in 2025.[2] These estimates include the sales-weighted average of all new and used imports. The used PC imports, accounting for 46% of all PC imports in 2025, showed a higher reduction of approximately 25% compared with 12% for new imported cars. The LCV fleet are new import driven (i.e., more than 90%) and the reduction levels are similar between new and used imports (10.2% versus 8.6%). Thus, the standard has effectively cut down emissions from both new and used vehicle imports.

The reduction rates for PCs were even larger in 2023 when the Clean Car Discount (CCD) program was in place to complement the CVS. These reductions are significant compared with the pre-standard (2020-2021) annual reduction rates of 2% for PC and less than 1% for LCVs, on average.

These CO_2 reductions translate to the same levels of reductions in fuel consumption, leading to substantial fuel cost savings for consumers. We estimated that these improvements in the sales-weighted fleet-average performance resulted in average annual fuel cost savings by

[1] Year 2021 was used as the baseline in the CVS standard development process, the year before the standard was enacted in February 2022.

[2] Data source: https://www.transport.govt.nz/statistics-and-insights/fleet-statistics/light-motor-vehicle-registrations/

approximately NZ$550 for PCs and NZ$450 for LCVs in 2025, compared with an average vehicle in 2021.[3]

The standard is also effective in improving the fuel efficiency of conventional vehicle fleet. We observed CO_2 reductions and fuel cost savings for the internal combustion engine (ICE) vehicle fleet only (including conventional hybrids), after excluding the impact of increased uptake of electric vehicles (EVs). Compared to the performance in 2021, the emissions for the ICE PC fleet reduced by 17% in 2025, corresponding to an average annual fuel cost savings of NZ$544. Similar results for the ICE LCV fleet, with 5% emission reductions in 2025 compared to 2021, translating into an annual fuel cost savings of NZ$203.

Note that these CO_2 reductions and resulting fuel cost savings could have been higher should a robust enforcement mechanism with effective non-compliance penalties were in place, as the new sales would have been obligated to comply with the annual targets consistently (i.e., on average, LCV fleet missed targets in 2023 and 2024, PC fleet missed targets in 2024 and 2025).

Going forward, meeting the 2026-2029 stringency levels as currently set, can save consumers approximately NZ$560 to more than NZ$1,300 per car, and NZ$240 to NZ$1,600 per vehicle for LCVs annually, compared with the respective average performance in 2025. Furthermore, these savings accrue every year, over the years of vehicle ownership.

Fuel cost savings are well established in the standard's Regulatory Impact Statement as well. Based on the latest assessment report by the Ministry of Transport released in November 2025, the current stringency levels are projected to yield total fuel cost savings of NZ$1.5 to NZ$1.7 billion over 2023-2050.[4] The Standard is also a complimentary measure to the Emissions Trading Scheme (ETS) in New Zealand's second Emissions Reduction Plan (ERP2) with gross CO_2 reductions of 8.2-9.6 million tonnes over 2023-2050.

- **The standard has substantially ramped up electrification even after the feebate repeal, road-user charge imposed, and CVS penalty reduction.**

Electrification is the critical technology pathway to fully decarbonize the transportation sector and meet the net-zero target. The CVS, in combination with the CCD program, significantly increased the EV penetration, including the battery electric vehicles (BEVs) and plug-in hybrid electric vehicles (PHEVs), from 4.6% in 2021 to 14.7% in 2023.[5] With the abrupt repeal of CCD policy in December 2023 and impose of the road-user charge (RUC) on EVs in mid-2024, EV share dropped but the standards in place contributed to the continued growth of EV sales share from 5.5% in 2024 to 7.7% in 2025, and to 9.3% for the first two months of 2026 despite the significantly reduced penalty level that came into effect starting 2026. Such momentum indicates the growing market demand for EVs and the technology pathway that the importers chose to meet the standard in place in a cost-effective way.

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[3] We calculated the annual fuel costs by multiplying the respective fuel consumption (l/100 km) values with fuel price ($/l) and annual vehicle-kilometers traveled (VKT) per vehicle (km/year per vehicle). Fuel consumption values were converted from the respective gCO_2 / km values. We used fuel price = NZ$3/l based on https://www.autoflip.co.nz/blog/vehicle-running-costs, annual VKT = 14,000 km/vehicle from https://www.eeca.govt.nz/regulations/vehicle-emissions-and-energy-economy-labelling-programme/about-the-vehicle-emissions-and-energy-economy-labelling-programme/.

[4] https://www.transport.govt.nz/assets/Uploads/RIA/Annex-to-Regulatory-Impact-Statement-Revising-the-Clean-Car-Importer-Standard-Targets.pdf

[5] Data source: https://www.transport.govt.nz/statistics-and-insights/fleet-statistics/light-motor-vehicle-registrations/

- **Importers have demonstrated the ability to actively respond to a mandatory compliance requirement via prompt shift to efficient technologies.**

The fleet trend from 2023 to 2025 shows that the importers have the access to matured technologies in the global markets to comply with the CVS and meet the market demand. In 2023, the PC fleet-average CO_2 performance achieved 121 g/km, over complied with the 2023 target of 145 g/km and was even below the enacted 2024 target of 133.9 g/km. Yet the PC fleet-average emissions bounced back to 141 g/km in 2024 and 139 g/km in 2025, mainly due to the repeal of the CCD program. Such fluctuation indicates how quickly importers respond to the policy changes.

A strong regulatory signal and stable policy framework is required to send a clear message to the importers to which they act and make efforts to meet compliance. Having fuel efficiency standards and other incentive policies in place is critical to drive up the supply of low-emission technologies. Considering the global manufacturers are already able to comply with fuel efficiency standards that are more stringent than CVS in other countries, importers have the available technology pathways to comply with the 2026-2029 targets in CVS.

Although LCV fleet missed targets for the first two years, the fleet did make progress over the last three years and get close to the 2025 target on a fleet-average basis (220 g/km average performance marginally below the 223 g/km target).

Figures 1 and 2 compare New Zealand trajectories for PCs and LCVs, respectively, with CO_2 emission performance and target trajectories from other global markets. For comparability, all targets have been converted to 3-phase WLTP (3p-WLTP) equivalent CO_2 emission values using the ICCT cycle conversion algorithm.[6]

The CVS targets required in 2026 has already been achieved in Canada, China, European Union (EU), United Kingdom (UK), and the United States (U.S.) well before 2023 for PCs and even earlier for LCVs including in Japan. Thus, the technologies are already widely available in the global markets that are needed to meet the near-term CVS targets. Compared with CVS 2029 targets, China, EU, and UK already have more stringent targets in place to be achieved few years earlier, particularly for LCVs. This means that efficient vehicle models will be commercially available in the leading markets including some of the major source markets for New Zealand. Furthermore, with Australia being the neighbor market with the same stringency levels, importers can leverage regional coordination for the imports of new vehicles and get benefits from the spillover effect of Australia as a much bigger vehicle market.

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[6] Kühlwein, J. et al. (2014). *Development of test cycle conversion factors among worldwide light-duty vehicle CO2 emission standards.* International Council on Clean Transportation. https://theicct.org/publication/development-of-test-cycle-conversion-factors-among-worldwide-light-duty-vehicle-co2-emission-standards/ ; Yang, Z. (2014). *Improving the conversions between the various passenger vehicle fuel economy/CO2 emission standards around the world.* International Council on Clean Transportation. https://theicct.org/improving-the-conversions-between-the-various-passenger-vehicle-fuel-economy-co2-emission-standards-around-the-world/

Figure 1. New Zealand CO_2 trajectories in context of international historical data and standards for passenger car CO_2 emissions and fuel consumption, normalized to 3p-WLTP-equivalent CO_2 emissions.

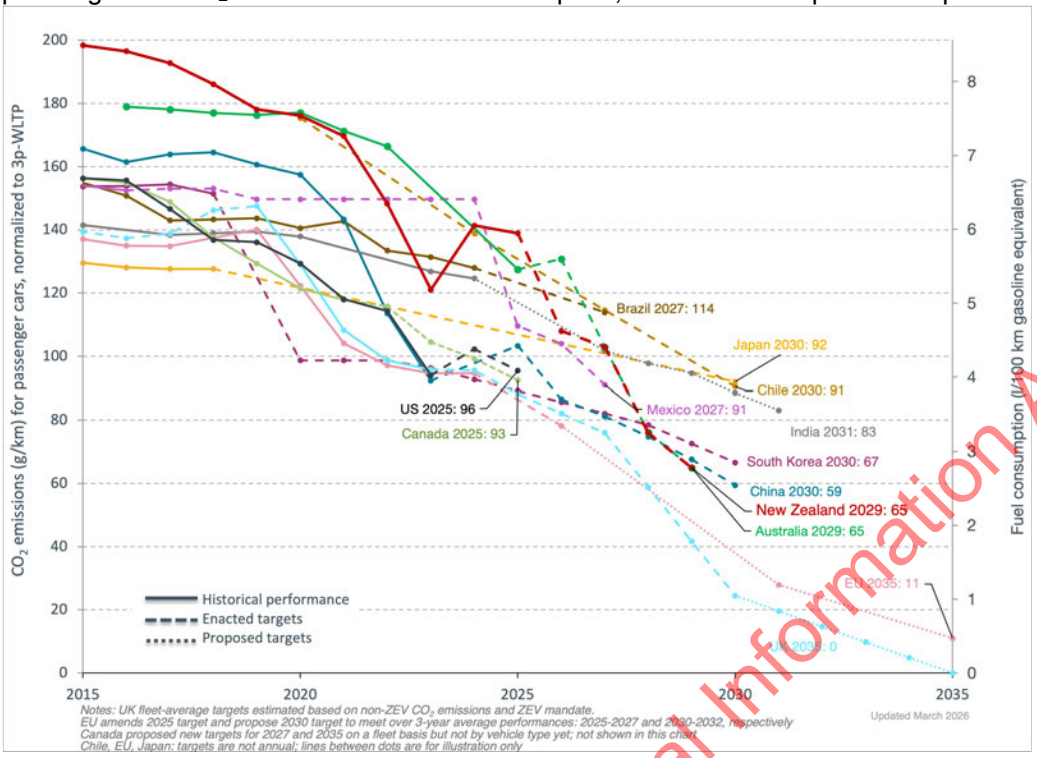
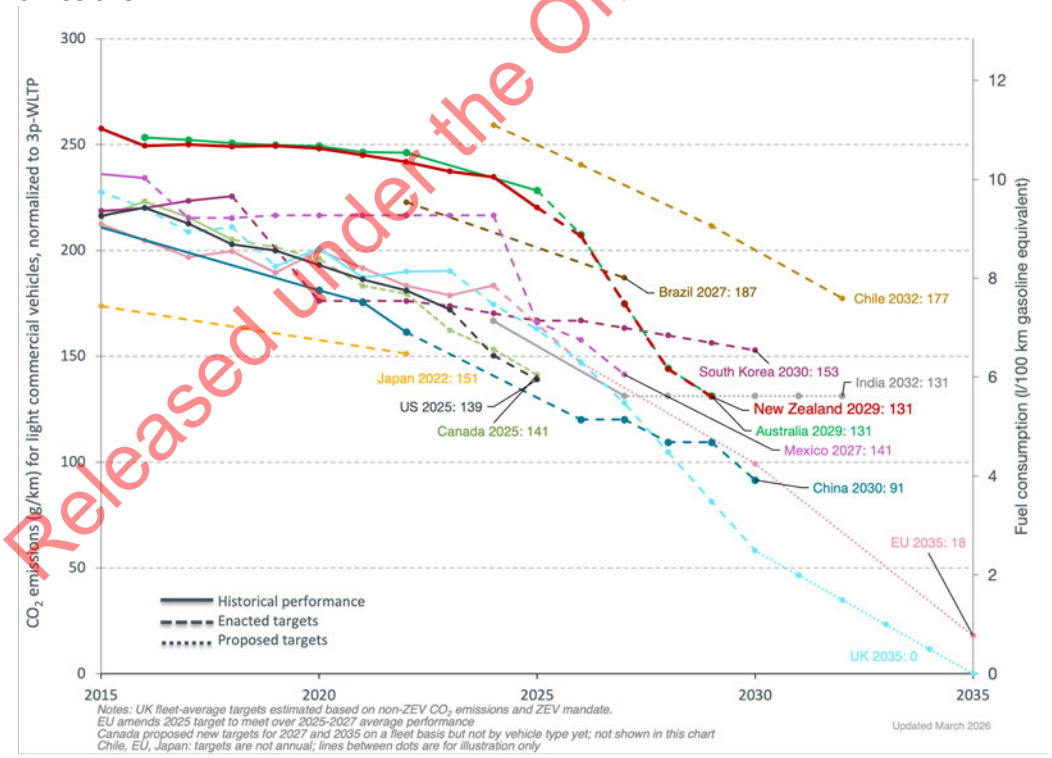


Figure 2. New Zealand CO_2 trajectories in context of international historical data and standards for light commercial vehicle CO_2 emissions and fuel consumption, normalized to 3p-WLTP-equivalent CO_2 emissions.



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The selected market experiences given below, also demonstrate the feasibility of complying with CVS.

- ***Australia***

  Australia is a neighbor market having similar market characteristics, importer brands, and source markets of import, as New Zealand. Furthermore, New Zealand's CO_2 targets are aligned with Australia's NVES targets in 2027-2029 for PCs and 2025-2029 for LCVs. In February 2026, Australia released their NVES compliance performance report for the first term (July-December 2025).[7] The fleet-average CO_2 emissions are lower than the set 2025 "headline" targets by 19% for PCs and 5.2% for LCVs, respectively. The PC fleet performance overachieved the 2026 target as well.

  If Australian LCV importers can meet their 2025 targets, with many over complying, and can continue with the 2026-2029 targets, it is clearly intuitive that importers in New Zealand can do the same. Note, for PCs, although the CVS 2025 target is more stringent than NVES, Australian PC fleet CO_2 averaged (approximately, 127.5 g/km in 3p-WLTP equivalent) 8.3% less compared to New Zealand in 2025. Therefore, similar to LCVs, the PC importers in New Zealand can clearly perform better than what they performed in the last two years, using more fuel-efficient technologies that Australian importers are already bringing in from similar source markets to meet the targets.

  Australia's EV sales share has increased to 12% in the second half of 2025, reaching 13.1% annual share – an increase from 9.6% EV share in 2024.[8] Such growth in Australia's EV uptake suggests that the NVES onset is supporting more zero-emission and low-emitting, high-efficiency vehicles in Australia. With most of the shared brands operating in both markets and similar source markets, New Zealand importers have the access to all these technologies.

- ***Thailand***

  Thailand – a key source market of import to New Zealand – shows a sharp decline in the average CO_2 emissions of its new vehicle fleet and significant EV uptake over the years. The CO_2 emissions for PC fleet has decreased by 30% in 2023 compared with 2019.[9]

  Thailand also has a growing EV market. In 2025, the market achieved EV sales share of nearly 24%.[10] This is a significant growth of EV uptake – by nearly 160% in just two years, from 2023 level. With strong local manufacturing competition and government fiscal incentive support, BEVs in Thailand are becoming increasingly more cost-competitive with ICE counterpart, leading to the increase of EV supply and demand.[11] Such trend indicates Thailand's capacity to export vehicles with similar technologies to other countries.

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[7] https://www.nvesregulator.gov.au/reporting-and-data/2025-nves-performance-period-results
[8] https://electricvehiclecouncil.com.au/media-releases/ev-sales-hit-record-highs-in-2025-with-38-rise-and-new-monthly-record-in-december/
[9] Estimates based on a to-be-published ICCT project report on Thailand's light-duty vehicle fuel efficiency baseline analysis
[10] https://taia.or.th/statistics/december-2025/
[11] The Government Public Relations Department, "Government Supports EV 3.5 Measures to Promote the Use of Electric Vehicles," press release, December 20, 2023, https://thailand.prd.go.th/en/content/category/detail/id/48/iid/242869

- **Fuel efficiency standard is highly cost-effective, and any increase in vehicle purchase price due to improved technology is significantly outweighed by the fuel cost savings.**

A fuel efficiency/CO_2 standard is a clear win for consumers over the lifetime of the vehicle. Reduced fuel costs from more fuel-efficient vehicles enable consumers to regain any added costs deriving from the standard within the first few years of usage (i.e., payback period), and studies have shown that fuel cost savings accrued over the years of vehicle ownership are significantly larger than any increase in the upfront purchase price.[12]

A recent ICCT study estimated that a potential fuel consumption standard in an import-driven Colombian market would raise the average retail price of imported ICE PCs by US$172 by 2030, to achieve an average CO_2 reduction of 11.2% from the baseline ICE emissions.[13] This increase in retail price for imported cars is just 0.3% of Colombia's average estimated selling price in 2024. According to our estimates, these price increases would be recovered in a year of usage due to reduced fuel costs from more fuel-efficient vehicle operation. Over time, these accumulated fuel cost savings are significantly larger than any increase in the upfront price due to the technology improvement.

New Zealand's standard is no exception – as mentioned earlier, the CVS has saved consumers approximately NZ$550 for PC and NZ$450 for LCV per vehicle in 2025, compared with a vehicle in 2021. Consumers still saved these amounts per vehicle despite the fleet-average non-compliance for PCs and marginal compliance for LCVs in 2025. Given a strong enforcement mechanism in place, CVS can save consumers thousands of dollars annually per vehicle from achieving the future targets.

There is no direct evidence or association of CVS being responsible for increasing the vehicle price. Vehicle prices have gone up over the past few years for many reasons including supply chain shortages, high shipping costs, and a depreciated NZ currency.[14] This may have happened in the same timeframe as the implementation of the standard but not linked to the effect of the standard. If the penalty level for non-compliance to the fuel efficiency standard is set much higher than the incremental cost of technology improvement to meet the standard, importers or automakers would choose the latter pathway to be competitive in the market, especially since the technologies to comply with the standards are mature and widely available in the market. The automotive brands will always tend to be price-competitive in the market; increasing the vehicle price via passing the penalty surcharge onto consumers, is never a practical business choice for them. Therefore, the regulation can actually push and encourage the auto industry to bring in more fuel-efficient vehicles that will save consumers money over the years of vehicle ownership, reduce the pressure on oil imports and provide energy security, align with national decarbonization, energy, and climate goals, spur economic and industry development, and lower emissions to enhance public health benefits as well as reduce climate impact. A robust policy framework and regulatory enforcement mechanism will need to be designed and restored to handle any crisis regarding importers' poor performance and debits/penalty accumulation. Reducing the penalty level or standard withdrawal will not solve the problem.

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[12] Tanzila Khan and Zifei Yang, "Explained: Why Fuel Efficiency Standards in Australia are Expected to Reduce Costs for Car Owners," *International Council on Clean Transportation Staff Blog*, May 26, 2023, https://theicct.org/australia-fuel-efficiency-costs-explained-may23/; Tanzila Khan and Zifei Yang, *Australia Adopts First-Ever CO_2 Standards for Light Vehicles* (International Council on Clean Transportation, 2024), https://theicct.org/publication/australia-adopts-first-ever-co2-standards-for-light-vehicles-june24/.

[13] https://theicct.org/ldv-fuel-consumption-standard-in-colombia-what-are-the-cost-implications-jan26/

[14] https://www.ibisworld.com/nz/bed/motor-vehicle-price-index/34/; https://www.autoflip.co.nz/blog/vehicle-running-costs

- **EVs will reach cost parity by end of the decade and become cost-effective to comply with the standards.**

BEVs are expected to reach *upfront price parity* with ICE vehicles globally around 2030 and have already achieved price parity for some vehicle segments in many global markets. Battery prices, which account for about half of the total BEV price, are projected to drop by 40% by 2030 from the current levels, which would significantly lower the overall price of BEVs.[15] This global cost trend will also be reflected in New Zealand as a technology-adopting market.

A 2022 ICCT study estimated that BEVs in all PC segments and most LCV segments in the U.S. would attain price parity with comparable ICE vehicles within the 2024–2029 timeframe for electric ranges up to 350 miles (563 km).[16] The parity is sooner and has already reached for the relatively shorter range segments: 2024-2026 for 150-200 mile (241-322 km) range BEVs and 2027-2029 for 250-300 mile (402-483 km) range BEVs.

The ownership cost parity is even sooner. BEVs offer significant cost savings several years before reaching purchase price parity.[17] The ICCT study estimated that by 2025, BEVs with up to 300 miles of range have a six-year cost of ownership that is less than comparable gasoline models in every light-duty vehicle class. The longest-range 400-mile range pickups are last to reach ownership parity and do so in 2027. Typical six-year fuel and maintenance cost savings range from US$6,600 to US$11,000 per vehicle purchased in 2025, with the greatest absolute savings for the pickup and SUV class.

These price parity findings have direct implications for potential compliance strategies and costs. Automakers can leverage cost-competitive BEVs to avoid increasing costs of advanced ICE technologies. Using a BEV–ICE combined pathway provides automakers with strategic options to optimize their technology mixes and meet fleet-wide targets at lower costs. ICCT analyses across multiple vehicle-producing markets—including China, the EU, and India—have consistently demonstrated that a combined BEV–ICE pathway reduces the incremental costs compared with an ICE-only approach for both PCs and LCVs and is more cost-effective for meeting future fuel consumption and CO_2 standard targets.[18]

A recent article by the Natural Resources Defense Council stated that the average price paid for a new EV has fallen significantly, becoming increasingly cost-competitive with ICE vehicles.[19] In September 2023, the EV price already dropped by US$14,300 over the price in 2022. This

[15] International Energy Agency, Batteries and Secure Energy Transitions: World Energy Outlook Special Report, April 25, 2024, https://www.iea.org/reports/batteries-and-secureenergy-transitions; Peter Slowik et al., Assessment of Light-Duty Electric Vehicle Costs and Consumer Benefits in the United States in the 2022–2035 Time Frame (International Council on Clean Transportation, 2022), https://theicct. org/publication/ev-cost-benefits-2035-oct22/
[16] Peter Slowik et al., https://theicct. org/publication/ev-cost-benefits-2035-oct22/
[17] The total cost of ownership includes vehicle price, fuel and maintenance cost, charging equipment, and tax.
[18] Zifei Yang and Hongyang Cui, Technology Roadmap and Costs for Fuel Efficiency Increase and CO2 Reduction from Chinese New Passenger Cars in 2030 (International Council on Clean Transportation, 2020), https://theicct.org/publication/technology-roadmap-and-costsfor-fuel-efficiency-increase-and-co2-reduction-from-chinese-new-passenger-cars-in-2030/; Dan Meszler et al., CO2 Reduction Technologies for the European Car and Van Fleet: A 2025-2030 Assessment (International Council on Clean Transportation, 2016), https://theicct.org/publication/co2-reductiontechnologies-for-the-european-car-and-van-fleet-a-2025-2030-assessment-2/; Ashok Deo and John German, Costs and CO2 Emissions Reduction Benefits of Potential Phase 3 Fuel Consumption Standards for India's Passenger Vehicles (International Council on Clean Transportation, 2023), https://theicct.org/publication/ldv-india-co2-emissions-reduction-phase3-jun23/; Moorthy Nair et al., Cost Analysis of Fuel-Efficient Technologies for Fuel Consumption Standards in India's Light Commercial Vehicle Segment (International Council on Clean Transportation, 2025), https:// theicct.org/publication/cost-analysis-of-fuel-efficient-technologies-for-fuel-consumption-standards-inindias-light-commercial-vehicle-segment-aug25/.
[19] https://www.nrdc.org/stories/electric-vs-gas-cars-it-cheaper-drive-ev

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amounted to a cost of just US$2,800 more than the average price paid for a new ICE vehicle. The price margin is expected to shrink even more in the coming years with the EV market growing rapidly and significant reduction in the battery price.

The research by Atlas Public Policy and the Natural Resources Defense Council found that the cost today to own and operate an EV is always cheaper than a comparable gas car, with savings on the high end of up to US$7,000–US$11,000.

Echoing to the reduction of EV price, the global trend shows significant progress in EV uptake. Ongoing ICCT analyses as part of ICCT's 2025 "Global EV Market Monitor" series briefing show that the number of BEV and PHEV models keep increasing in global leading markets including China, EU, India, and the U.S.[20] The number of EV models has increased by 51% on average in 2025 compared with 2023; this includes 779 in China (544 BEV models), 377 in Europe (243 BEV models), and 117 models in the U.S. (75 BEV models) The top 22 global automakers, accounting for more than 80% of global LDV sales, have collectively committed to nearly 60% sales of BEVs and PHEVs by 2035 globally.[21]

Questions #2: If the Clean Vehicle Standard were abolished, what do you consider the key risks/impacts of this decision would be?

Abolishing the Clean Vehicle Standards would have several adverse impacts.

- Less-efficient, high-emitting vehicles will start to fill in the market in absence of any standard. This issue could be amplified with Australia having the standard in place, in which scenario, New Zealand would become a target right hand drive (RHD) market in the region to dump the low-efficiency, high-emitting RHD vehicles.
- The most direct and immediate impact will be on the consumers or vehicle owners. All those fuel cost savings for consumers will be lost that the standard could bring in with the 2026-2029 targets in place, i.e. thousands of NZ dollars annual savings per vehicle over the years of vehicle ownership, billions of NZ dollar from total fuel cost savings over 2023-2050.
- Instead of the savings generated, the incoming cheap, low-efficiency vehicles will significantly raise the fuel cost to the consumers over the lifetime of the vehicle and significantly reduce the emission reduction potential of the ETS scheme. The MOT's modeling estimates for the impact of penalty reduction show that New Zealanders would spend an additional NZ$115 million on fuel cost between 2026 and 2050, in which NZ$69 million will be spent in the first 10 years.[22] Furthermore, the transport sector would generate an additional 83 kilo-tonnes of CO_2-e greenhouse gas emissions between 2026 and 2050, of which 28 and 23 kilo-tonnes of CO_2-e would be generated in emissions budget periods 2 and 3 respectively. Note that these are the estimated adverse impacts

[20] The EV market monitor series for full year 2025 is targeted to be published in April 2026; the series for the first half can be accessed here: https://theicct.org/publication/global-ev-market-monitor-for-ldvs-in-key-markets-2025-h1-sept25/

[21] Chang Shen et al., *The Global Automaker Rating 2022: Who is leading the transition to Electric Vehicles?* (ICCT: Washington DC) 2023, https://theicct.org/publication/the-global-automaker-rating-2022-may23/; Ilma Fadhil, *Which automakers are keeping the ZEV momentum strong?* (ICCT: Washington DC) 2023, https://theicct.org/automakers-are-keeping-the-zev-momentum-strong-oct23/

[22] https://www.transport.govt.nz/assets/Uploads/RIA/Annex-to-Regulatory-Impact-Statement-Revising-the-Clean-Car-Importer-Standard-Targets.pdf

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for significant reduction in the standard penalty level on a temporary basis; the impact of a full, permanent repeal would be even more severe.

- EV uptake will be significantly challenged with influx of cheap, used vehicles, especially given the flexibility allowed to import very old, used vehicles. The latest assessment report by Ministry of Transport stated that used vehicle importers tend to supply 9-10 years old vehicles, which are way cheaper (below NZ$20,000).[23] Repeal of a mandatory, regulated standard combined with the higher rate of RUC for BEVs, would drive up such trend of old, used imports. Such trend will make car owners vulnerable to fuel cost fluctuations, exacerbate the national energy security crisis, as well as adversely affect the EV investments and businesses that could happen otherwise, with a stringent standard in place.
- Repeal of the standard will also significantly affect the brands, dealerships, and associated businesses that sell fuel efficient technologies including ICE and EVs, have maintained compliance with the standard, and earned credits.
- Repeal of the standard does not align with and will hinder achieving the country's national goals and commitments. These include the NDC commitment to reduce greenhouse gas emissions 50% below 2005 levels by 2030, and the economywide decarbonization target by 2050.[24] New Zealand will be significantly behind in the decarbonization progress of the transportation sector, while other markets, including the key source markets (China, Japan, EU, South Korea, Thailand, UK) progress toward low- and near-zero emission and high efficiency fleet. Australia is considering setting post 2029 targets and making further improvements in the NVES mid-term review scheduled in mid-2026.
- Administration has a liability to keep the legislated commitment, maintain the emission reduction plan, and protect the law. Repealing a legislated act while lots of good reasons to keep it and significant loss to public, industry, and economy if the repeal happens, will lead to loss of public credibility and reliability on the legal framework.

Questions #3: Are there any alternatives to a regulated fuel efficiency standard (e.g. a voluntary standard) that you consider would work better for New Zealand? If so, what measure(s) would you recommend and why?

Voluntary fuel efficiency standard is not an effective approach. Without an adequate enforcement framework and penalty for noncompliance, importers do not have the obligation and incentives to introduce vehicles with advanced technologies to comply with the voluntary standards. Both Australia and Europe had adopted voluntary agreement-based CO_2 emission standards, however, only few manufacturers or importers complied with the standards, and the annual CO_2 reduction rates were minimal compared to the reduction rate after the adoption of mandatory CO_2 emission standards. For instance, Australia's gCO_2/km emissions pre NVES adoption, on average, decreased by 0.5% per year. Compare this to the first term of the 2025 NVES requirement when the emissions dropped by approximately 24% for PCs and 6% for LCVs from the previous year.

[23] https://www.transport.govt.nz/assets/Uploads/RIA/Annex-to-Regulatory-Impact-Statement-Revising-the-Clean-Car-Importer-Standard-Targets.pdf
[24] https://www.climatecommission.govt.nz/get-involved/exploring-the-issues/aotearoa-context

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An alternative supply-side regulation to fuel efficiency standard is **zero-emission vehicle (ZEV) sales regulation** or EV availability standard.[25] Same as fuel efficiency standards, ZEV sales regulations can help scale the ZEV market at a low cost to the government while creating confidence for investments across the ZEV supply chain. While the fuel efficiency standard is a performance-based regulation that pushes automakers/brands to decrease the average fuel consumption of new vehicles with a mix of technologies following a technology-neutral approach, ZEV sales requirements requires them to increase the share of new vehicles sold that are ZEVs (strictly zero-emission only but some jurisdictions allow both BEVs and PHEVs especially for the first few years). Currently, there are several key regions that have adopted ZEV sales regulations, including China, United Kingdom, European Union (for buses). California and 17 other U.S. states and Canada have adopted ZEV sales requirements that are on pause for now, but both regions have announced plans to adopt more stringent regulations.

Fiscal incentives can also create appropriate societal value for fuel consumption and CO_2 emission reductions, therefore draw fuel-saving technology into the market by increasing supply and demand.[26] The previously adopted CCD program is a typical feebate program that imposes a fee on vehicles that perform worse than a specified CO_2 emission benchmark and awards a rebate to vehicles that perform better than the specified benchmark. For maximum effectiveness, the magnitude of the fees and rebates vary continuously as vehicle performance moves away from the benchmark and the funds garnered through the imposed fees are transferred to support the awarded rebates – creating effective incentives for all vehicles without creating a net revenue stream.

Many European countries have also adopted a **CO_2-based taxation** on vehicle registration or operation, which is a simplified version of feebate program without giving out rebate.[27] The CCD program was effective in incentivizing EV uptake during its implementation period. Immediately after the repeal of the program, the EV sales dropped from 14.7% in 2023 to 5.5% in 2024.

It takes time, resources, and adequate capacity building to develop and implement a new policy. CVS is already an effective SSR framework set up in place, along with the administrative and industry capacity and public familiarity needed. Even if an “alternative” or “more” effective policy needs to be considered, that should be done with the CVS in place (such as UK, which has a combination of CO_2 emission standards and ZEV mandate).

It is extremely important to have a robust enforcement and implementation framework for any policy measures to be successful and provide stable, reliable, intended outcome. The extent to which the penalty has been recently lowered, i.e., NZ$15 per gram for new imports and NZ$7.5 for used imports – even if it is a two-year temporary measure – is highly likely to already turn this standard to an “almost” voluntary one. Enforcement is too weak and importers do not have the urge or need to make efforts to meet the targets. For instance, Australia’s NVES impose a max penalty rate of AU$100 per gram (~NZ$121).[28] Compare this to the original penalty rate for new imports, NZ$67.5, which is already 44% less stringent, even for the new imports. Reducing this, as well as the even lower penalty rate for used imports by further 80%, will render the standard

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[25] https://theicct.org/wp-content/uploads/2024/09/ID-165-%E2%80%93-ZEVTC-aligning-ZEVTC-Report-A4-65007-v7.pdf
[26] https://theicct.org/wp-content/uploads/2021/06/ICCT_feebates_may2010.pdf
[27] https://theicct.org/wp-content/uploads/2021/06/EU_vehicle_taxation_Report_20181214_0.pdf
[28] https://www.legislation.gov.au/C2024A00034/latest/text; https://www.nvesregulator.gov.au/complying-nves/how-infringement-notices-and-penalties-are-applied

fully ineffective. For the standard to work effectively, the penalty rate needs to be restored, and enforcement and monitoring framework need to be redesigned.

Furthermore, vehicle age restriction is a critical factor to ensure success of any fuel efficiency policy. If the used imports are allowed to be of 9-10 years or older[29], there could be multifaceted impacts, and the standard may not work effectively. The old, less fuel-efficient vehicles fail to meet the targets, becoming burden to the compliance process. Plus, these cheap vehicles are competitive even compared with advanced ICE/hybrid technologies, and hence, hinder sales of more fuel-efficient vehicles.

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[29] https://www.transport.govt.nz/assets/Uploads/RIA/Annex-to-Regulatory-Impact-Statement-Revising-the-Clean-Car-Importer-Standard-Targets.pdf

Standard effectiveness compared to baseline year, 2021											
Vehicle type	Year	New import sales	New import CO2	Used import sales	Used import CO2	Weighted CO2 (g/km)	%reduction from 2021 (baseline)	**3-year average red in 2023-2025 (after standard implementation)**			
PC	2021	113406	164	120347	175	169.7					
PC	2023	110870	119	114505	123	121.0	28.7%				
PC	2024	87564	144	97662	139	141.4	16.7%	**21%**			
PC	2025	98000	145	85042	132	139.0	18.1%				
LCV	2021	46914	244	4414	256	245.0					
LCV	2023	30529	237	4294	240	237.4	3.1%				
LCV	2024	33646	234	4776	240	234.7	4.2%	**6%**			
LCV	2025	33906	219	3072	234	220.2	10.1%				
Pre standard adoption											
Vehicle type	Year	g/km CO2	%annual reduction	**annual average reduction in 2020-2021**							
PC	2019	178.1									
PC	2020	176.2	1.1%	**2%**							
PC	2021	169.7	3.7%								
LCV	2019	249.5									
LCV	2020	248.2	0.5%	**1%**							
LCV	2021	245.0	1.3%								

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Data source					
https://www.transport.govt.nz/statistics-and-insights/fleet-statistics/light-motor-vehicle-registrations/					

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Document 13

Outlook

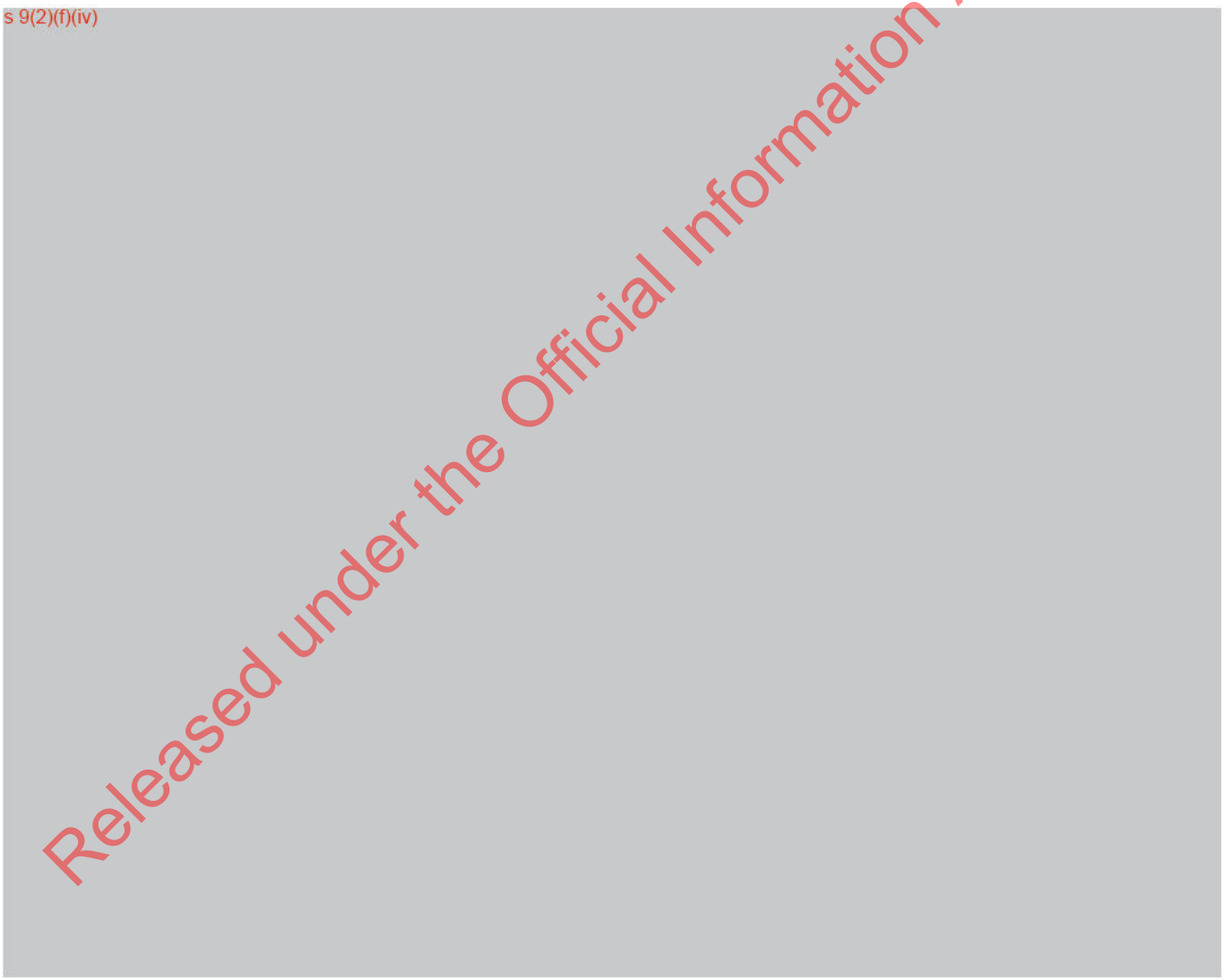
RE: RIS requirements for upcoming Clean Vehicle Standard papers

From John Roy <John.Roy@regulation.govt.nz>
Date Wed 3/18/2026 4:49 PM
To Amber Dickson <A.Dickson@transport.govt.nz>
Cc Gayelene Wright <g.wright@transport.govt.nz>; Mary Craythorne <M.Craythorne@transport.govt.nz>

1 attachment (139 KB)
DRAFT OC260063 Outcome of the Stage 1 review of the Clean Vehicle Standard - Briefing JR comments.docx;

Thanks again for this Amber,

s 9(2)(f)(iv)



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Kind regards,

John

Out of Scope

Out of Scope

[redacted]

From: Jessie Algar <Jessie.Algar@climateieb.govt.nz>
Sent: Thursday, 19 March 2026 1:35 pm
To: Gayelene Wright <g.wright@transport.govt.nz>
Cc: Mel Rae <Mel.Rae@climateieb.govt.nz>; Ainsley Smith <A.Smith2@transport.govt.nz>; David Mead <David.Mead@mfe.govt.nz>; Charlotte Harris-Miller <Charlotte.Harris-Miller@mfe.govt.nz>; Rebecca Bilby <Rebecca.Bilby@mfe.govt.nz>
Subject: Re: Updated emissions_fuel_use_output_year.xlsx

Hi Gaylene

Please see a sufficiency section attached - sorry it's a bit later than what I said. We ended up taking a more fulsome approach than we normally would. Please hold on to this as an approach you may want to take for any future sufficiency analysis sections. Happy to review the final brief and any other briefings.

s 9(2)(f)(iv)

[redacted]

Happy to take any questions and help further

Jessie

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Principal Analyst | Climate IEB Unit
Pae tukutuku: Climate Change Chief Executives Board

From: David Mead <David.Mead@mfe.govt.nz>
Sent: Wednesday, 18 March 2026 2:11 pm
To: Gaylene Wright [EXTERNAL] (TRANSPORT) <g.wright@transport.govt.nz>; Jessie Algar <Jessie.Algar@climateieb.govt.nz>; Rebecca Bilby <Rebecca.Bilby@mfe.govt.nz>; Charlotte Harris-Miller <Charlotte.Harris-Miller@mfe.govt.nz>
Subject: RE: Updated emissions_fuel_use_output_year.xlsx

Kia ora Gaylene,

Please see text, below. Many thanks again.

s 9(2)(f)(iv) [redacted]

Ngā mihi,

David

From: Gayelene Wright <g.wright@transport.govt.nz>
Sent: Wednesday, 18 March 2026 9:37 am
To: Jessie Algar <Jessie.Algar@climateieb.govt.nz>; Rebecca Bilby <Rebecca.Bilby@mfe.govt.nz>; Charlotte Harris-Miller <Charlotte.Harris-Miller@mfe.govt.nz>; David Mead <David.Mead@mfe.govt.nz>
Subject: RE: Updated emissions_fuel_use_output_year.xlsx

Hi

Thanks very much for your update Jessie.

Re David's question – yes I would be open to receiving MfE text for inclusion.

Cheers Gayelene

From: Jessie Algar <Jessie.Algar@climateieb.govt.nz>
Sent: Tuesday, 17 March 2026 4:09 pm
To: Gayelene Wright <g.wright@transport.govt.nz>; Rebecca Bilby <Rebecca.Bilby@mfe.govt.nz>; Charlotte Harris-Miller <Charlotte.Harris-Miller@mfe.govt.nz>
Cc: Ainsley Smith <A.Smith2@transport.govt.nz>; David Mead <David.Mead@mfe.govt.nz>; Amy Tisdall <Amy.Tisdall@climateieb.govt.nz>
Subject: Re: Updated emissions_fuel_use_output_year.xlsx

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Hi Gayelene

By way of an update, MfE and I have checked your numbers and they all look accurate. Based on those numbers, I'm pulling together some suggested framing and key points you could include or adapt for your sufficiency analysis.

Rather than drafting text directly into your briefing, I'll set these out in an email so you can shape them as needed and ensure the advice reflects your agency's position and voice. As mentioned on our call, I'm aiming to send these through by COP tomorrow. s 9(2)(f)(iv) .

David Mead, the Chief Advisor in the Climate Mitigation has asked if you would be open to including some text to the effect that market confidence is already low, s 9(2)(f)(iv) MfE can draft this if you do agree.

Ngā mihi

Jessie
Principal Analyst | Climate IEB Unit
Pae tukutuku: Climate Change Chief Executives Board



From: Gayelene Wright <g.wright@transport.govt.nz>
Sent: Friday, 13 March 2026 9:57 am
To: Rebecca Bilby <Rebecca.Bilby@mfe.govt.nz>; Charlotte Harris-Miller <Charlotte.Harris-Miller@mfe.govt.nz>; Jessie Algar <Jessie.Algar@climateieb.govt.nz>
Cc: Ainsley Smith <A.Smith2@transport.govt.nz>
Subject: Updated emissions_fuel_use_output_year.xlsx

Hi there

It was good to meet you all at least virtually.

Please find attached Ainsley's sufficiency analysis using the info you sent through Rebecca. It should provide all the information you are after.

From our meeting Jessie, I have assumed that you will package it up into text for the briefing? Please let me know if this isn't right.

Thanks

Gayelene

Gayelene Wright
Principal Adviser, Environment
Te Manatū Waka - Ministry of Transport
M: s 9(2)(a) g.wright@transport.govt.nz

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Transport Portfolio Weekly Report

Week commencing Monday 23 February 2026

Recipient:

Hon Chris Bishop, Minister of Transport

Minister's comments:

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Environment

Project: 2026 Review of the Clean Vehicle Standard	
Project Status: Our final stakeholder meeting will be on Friday 27 February with the Motor Industry Association. Following this meeting, we will finalise our analysis of the market failures and our assessment of regulated fuel efficiency/CO2 standards versus alternative options considering the stakeholder feedback. We are also preparing legal advice on the risks that will need to be mitigated if Cabinet decides to repeal the Standard.	
Associated papers	
Briefing: Outcome of the First Principles Review of the Clean Vehicle Standard This briefing will report on the outcomes of the first principles review of the Standard. It will seek your decision to either retain or abolish the Standard. If our recommendation is to retain the scheme, it will also include our recommended key features for a revised Standard.	**Date:** s 9(2)(f)(iv)
Cabinet Paper: Outcome of the First Principles Review of the Clean Vehicle Standard This paper will seek Cabinet's agreement to your recommendations on the future of the Standard.	**To Minister** s 9(2)(f)(iv) **To lodge:** TBC **To Committee:** TBC

Decisions required	**Confirmed / Denied**
None this week	N/A

Out of Scope

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Transport Portfolio Weekly Report

Week commencing Monday 2 March 2026

Recipient:

Hon Chris Bishop, Minister of Transport

Minister's comments:

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Environment

Project: 2026 Review of the Clean Vehicle Standard	
Project Status: On 27 February, we met with the Motor Industry Association (MIA) to hear its views on the Stage 1 review. The MIA supports retaining the Standard to lower CO2 emissions but with settings recalibrated to better reflect domestic market conditions, consumer affordability, and realistic vehicle availability. It considers this offers the most credible and durable pathway to lowering fleet emissions, while maintaining market stability and competitive neutrality. It supports applying the Standard to both new vehicles and used vehicle imports, as excluding used imports would distort competition and slow emission reductions. The MIA thinks removal of the Standard could: • Disadvantage importers and distributors who have made substantial compliance and portfolio investments under the current requirements. • Weaken the policy signal for the fleet to transition to lower and zero emission vehicles. • Reduce New Zealand importers and distributors' influence in securing supply of low- and zero-emission vehicles from global manufacturers, potentially affecting how many of those vehicles are supplied. • Distort market competition toward higher-emission vehicles. • Increase reliance on the ETS to reduce fleet emissions, when evidence suggests it is unlikely, in isolation, to materially influence vehicle purchasing decisions. • Slow the rate at which older, less efficient vehicles are replaced in the fleet, delaying aggregate emissions reductions. • Introduce regulatory instability and planning uncertainty in a market characterised by long product lead times and advance volume commitments. We have now completed the stakeholder engagement and are finalising our analysis in light of the feedback. Once our modelling of the CO2 impact of the Standard is completed, the Ministry for the Environment will assess the impact its removal would have on the sufficiency of the Second Emissions Reduction Plan to meet the Second Emissions Budget and the impact on the Third Emissions Budget. The Imported Motor Vehicle Industry Association (VIA) is concerned that the 26 January 2026 Weekly Report did not accurately represent its position and wishes to see this clarified. It considers (changes in *red*) that "used vehicles are already built, and a CO2-at-import standard *significantly* affects supply, price, and turnover *(leading to fleet emissions remaining high) and has no impact on* global emissions outcomes".	
Associated papers	
Briefing: Outcome of the First Principles Review of the Clean Vehicle Standard This briefing will report on the outcomes of the first principles review of the Standard. It will seek your decision to either retain or abolish the Standard. If our recommendation is to retain the scheme, it will also include our recommended key features for a revised Standard.	**Date:** s 9(2)(f)(iv)
Cabinet Paper: Outcome of the First Principles Review of the Clean Vehicle Standard This paper will seek Cabinet's agreement to your recommendations on the future of the Standard.	**To Minister:** s 9(2)(f)(iv) **To lodge:** TBC **To Committee:** TBC

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Decisions required	Confirmed / Denied
None this week	N/A

Out of Scope

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Transport Portfolio Weekly Report

Week commencing Monday 9 March 2026

Recipient:

Hon Chris Bishop, Minister of Transport

Minister's comments:

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Environment

Project: 2026 Review of the Clean Vehicle Standard	
Project Status: We are finalising our analysis, considering stakeholder feedback and completing internal modelling. Once modelling is complete, the Ministry for the Environment will assess the impact that removal of the Standard would have on the sufficiency of the Second Emissions Reduction Plan to meet the Second Emissions Budget and the impact on the Third Emissions Budget.	
Associated papers	
Briefing: Outcome of the First Principles Review of the Clean Vehicle Standard This briefing will report on the outcomes of the first principles review of the Standard. It will seek your decision to either retain or abolish the Standard. If our recommendation is to retain the scheme, it will also include our recommendation for how a revised Standard could differ for used-vehicle imports.	**Date** s 9(2)(f)(iv)
Cabinet Paper: Outcome of the First Principles Review of the Clean Vehicle Standard This paper will seek Cabinet's agreement to your recommendations on the future of the Standard.	**To Ministe** s 9(2)(f)(iv) **To lodge:** TBC **To Committee:** TBC
Decisions required	**Confirmed / Denied**
None this week	N/A

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Transport Portfolio Weekly Report

Week commencing Monday 16 March 2026

Recipient:

Hon Chris Bishop, Minister of Transport

Minister's comments:

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Out of Scope

Environment

Project: 2026 Review of the Clean Vehicle Standard	
Project Status: We are expanding our modelling of the fuel use and emissions impacts of the Clean Vehicle Standard (the Standard) to include a high fuel price scenario. We are also working with the Ministry for the Environment and the Climate Change Chief Executives Board to advise on the impact abolishing the Standard would have on the sufficiency of the Second Emissions Reduction Plan to meet the Second Emissions Budget and the impact on the Third Emissions Budget.	
Associated papers	
Briefing: Outcome of the First Principles Review of the Clean Vehicle Standard This briefing will report on the outcomes of the first principles review of the Standard. It will seek your decision to either retain or abolish the Standard. If our recommendation is to retain the scheme, it will also include our recommendation for how a revised Standard could differ for used-vehicle imports.	**To Minister:** s 9(2)(f)(iv)
Cabinet Paper: Outcome of the First Principles Review of the Clean Vehicle Standard This paper will seek Cabinet's agreement to your recommendations on the future of the Standard.	**To Minister:** s 9(2)(f)(iv) **To lodge:** TBC **To Committee:** TBC
Decisions required	**Confirmed / Denied**
None this week	N/A

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