

19 August 2019

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Dear Sir/Madam

**Christchurch City Council submission on the Clean Car Standard and Clean Car Discount discussion document**

Christchurch City Council (the Council) staff thanks the Ministry of Transport for the opportunity to provide comment on the Clean Car Standard and Clean Car Discount discussion document. Please find the submission attached.

The Council wants to see urgent action on climate change, both nationally and locally, given that on 23 May 2019 it declared a Climate and Ecological Emergency for Christchurch. The Christchurch Community Carbon Footprint 2016/17 estimated that around 40% of greenhouse gas emissions in Christchurch come from on-road transport. Council would like to see earlier action by Government in implementing a feebate system to encourage the uptake of zero exhaust emission vehicles to reduce greenhouse gas emissions and air pollution. The Council also recommends that incentives are implemented to encourage the uptake of zero exhaust emission heavy vehicles and not just incentives for light passenger and light commercial vehicles.

If you require clarification on the points raised in this submission or additional information, please contact Kevin Crutchley, Resource Efficiency Manager at [REDACTED] or on [REDACTED]

Yours faithfully



Brendan Anstiss  
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Christchurch City Council

## Submission

### Clean Car Consultation

#### Part 1: Clean Car Standard (Vehicle Fuel Efficiency Standard)

##### ***1. Do you think a Clean Car Standard (fuel efficiency standard for imported vehicles) is appropriate for New Zealand? (page 10)***

Council agrees that New Zealand should have a fuel efficiency standard for imported vehicles and this is well overdue.

The discussion document only focuses on the light vehicle fleet 3.5 tonnes or less, however it states that 24% of greenhouse gas emissions are from heavy vehicles. Heavy vehicles should also be included in a vehicle fuel efficiency standard.

##### ***2. Do you think an average emissions target of 105 grams CO<sub>2</sub> per kilometre by 2025 is an appropriate target for New Zealand? (pages 11-12)***

The discussion document says “This 105 gram target was chosen, in part, because it aligns with the standard that was recently investigated in Australia”. We do not see this as a good robust rationale for setting this target.

The document also states “This target would not be as stringent as standards in Canada and the European Union. It would also not be as strong as the average emission profile of vehicles already entering the Japanese fleet.” Council recommends that a grams of CO<sub>2</sub> per kilometre target that is no higher than Japan’s average emission profile of vehicles should be used as the initial emissions target by 2023.

The target of 105 grams CO<sub>2</sub> per kilometre is not a low enough target to be met by 2025. New Zealand should not continue to be an international dumping ground for a significant number of high emission vehicles. Setting a reasonably high emission target compared to other countries does not send a very positive message nationally and globally on New Zealand’s commitment to significantly reduce GHG emissions from our vehicle fleet.

Council recommends phasing in the grams of CO<sub>2</sub> per kilometre target over three years rather than over five years, i.e. by 2023 rather than by 2025. Council also recommends lowering the emissions target further over time following the to be set up Climate Change Commission’s advice on targets to meet national greenhouse gas emission reduction targets.

**3. Do you think the Clean Car Standard would have an effect on vehicle supply and prices? (pages 12-14)**

The Clean Car Standard would have a positive effect on reducing the supply of high greenhouse gas emission vehicles entering New Zealand's fleet.

Over time with a more fuel efficient fleet this will reduce fuel operating costs of the fleet.

**4. Do you consider the overall process outlined for the Clean Car Standard is workable? (Current process: key vehicle data entered into the Motor Vehicle Register > Government issues targets > suppliers calculate their fleet targets and actuals > NZTA validation after year-end > any penalties for not meeting targets are applied) (pages 15-16)**

The Clean Car Standard document currently does not include heavy vehicles over 3.5 tonnes. These vehicles should be included in a fuel efficiency standard for imported vehicles.

The term Clean Car Standard should be replaced with Vehicle Fuel Efficiency Standard. The Clean Car Standard currently refers to vehicles that are not just cars.

**5. The Clean Car Standard will cover new vehicles and used vehicles being brought into New Zealand. Do you think people who import three vehicles or less should be exempted? If not, why? (page 16)**

People who import three vehicles or less should not be exempted. The Clean Car Standard should be met for all vehicles being imported into New Zealand.

**6. Do you support phasing-in the 105 grams CO<sub>2</sub> per kilometre emissions target by (pages 16-17):**



**adopting multiple targets that progressively lower to 105 grams? OR**



**using the increasing percentage of fleet approach?**

Multiple targets should be adopted. This would help encourage vehicle suppliers to look at the emissions of all their vehicles. The 2025 emissions target date for 105 grams CO<sub>2</sub> per kilometre should be brought forward to a target date of 2023.

**7. Do you support the 4 year timeframe for the phase in period? (pages 16-17)**

No. The phase in period is too long. The target emissions date should be by 2023 rather than 2025. By 2023 there should be a large variety of vehicles in a range of prices that are available to be imported that meet the 105 grams CO<sub>2</sub> per kilometre emission target requirement.

**8. Do you support adopting a vehicle weight-adjusted Clean Car Standard? (pages 17-19)**

Yes. We support adopting a vehicle weight-adjusted Clean Car Standard.

**9. Do you support a penalty of \$100 for each gram CO<sub>2</sub> per kilometre that a supplier of new vehicles exceeds its fleet target by? (page 20)**

We support a penalty, however \$100 for each gram of CO<sub>2</sub> per kilometre should be raised to a higher penalty amount to provide an even stronger incentive to positively influence the selection of vehicle models that suppliers decide to import. Suppliers will be able to meet the emissions target set so a greater incentive to do so should be supported with a significant penalty if the emissions target is not met.

We recommend that the penalty amount for each gram of CO<sub>2</sub> per kilometre is reviewed annually for new and used vehicle imports and that there is flexibility in the system to increase the penalty rate for the following year, if required, to increase vehicle sector compliance to meet the emissions target that is set.

**10. Do you support a penalty of \$50 for each gram CO<sub>2</sub> per kilometre that a supplier of used imported vehicles exceeds its fleet target by? (page 20)**

We support a penalty, however \$50 for each gram of CO<sub>2</sub> per kilometre should be raised to a higher penalty amount to provide an even stronger incentive to positively influence the selection of vehicle models that suppliers decide to import. Suppliers will be able to meet the emissions target set so a greater incentive to do so should be supported with a significant penalty if the emissions target is not met.

We recommend that the penalty amount for each gram of CO<sub>2</sub> per kilometre is reviewed annually for new and used vehicle imports and that there is flexibility in the system to increase the penalty rate for the following year, if required, to increase vehicle sector compliance to meet the emissions target that is set.

**11. Do you support the banking mechanism (the ability to use emission credit in future years) to provide flexibility for vehicle suppliers? (pages 20-22)**

We do not support a banking mechanism. The emissions target for the year should be the target to be met for that year. This gives a clear driver to provide vehicles to meet the requirements for each year. Also having a banking mechanism would be more complex to administer and as emission targets lower over time cause unnecessary complexity.

Having under-achievement and over-achievement emissions banking over the following three years doesn't send a clear message to comply with the target emissions each year and could have extreme consequences in the availability of models of vehicles in a particular year when a supplier juggles emissions targets across the years. Not having a banking mechanism is a much simpler compliance incentive and easier to administer.

**12. Do you agree that the new vehicle sector should have the added flexibility of borrowing (any under-achievement of an annual target can be made up by over-achieving the following year)? (pages 20-22)**

We do not support a banking mechanism. The emissions target for the year should be the target to be met for that year. This gives a clear driver to provide vehicles to meet the requirements for each year. Also having a banking mechanism would be more complex to administer and as emission targets lower over time cause unnecessary complexity.

Having under-achievement and over-achievement emissions banking over the following three years doesn't send a clear message to comply with the target emissions each year and could have extreme consequences in the availability of models of vehicles in a particular year when a supplier juggles emissions targets across the years. Not having a banking mechanism is a much simpler compliance incentive and easier to administer.

**13. Do you support an arrangement for suppliers to pool their vehicles together to comply as a group? (pages 20-22)**

We do not support an arrangement for suppliers to pool their vehicles together to comply as a group. This is because this would not help encourage every vehicle supplier to look at the emissions of all their vehicles. If one supplier imported mainly zero exhaust emission battery electric vehicles and grouped with another second supplier that imported fossil fueled high exhaust emission vehicles the second supplier isn't encouraged to import lower emission vehicles in a timely manner to contribute, and add to, a New Zealand lower-emission fleet.

We would only support an initial arrangement for new vehicle importers to have the ability to pool their vehicles to comply as a group for a very limited transition time period, i.e. one year from when the Clean Car Standard started. After the transition time period the new vehicle importers would not have the ability to pool their vehicles to comply as a group. Pooling vehicles as a group does not send a strong incentive to every new vehicle supplier that they should look at reducing emissions from the new vehicles they import.

**14. Do you agree that new and used vehicle suppliers should not be able to pool their vehicles and comply as a group? If you think they should be able to comply as a group, how should the emissions of new vehicles and used vehicles be measured and balanced? (pages 20-22)**

We agree that new and used vehicle suppliers should not be able to pool their vehicles and comply as a group.

**15. Do you support having a fine not exceeding \$15,000 for an individual for misreporting data for the Clean Car Standard? (pages 22-23)**

We support having a fine not exceeding \$15,000 for an individual for misreporting data for the Clean Car Standard.

**16. Do you support having a fine not exceeding \$75,000 for a person or organisation other than an individual (e.g. a company) for misreporting data for the Clean Car Standard? (pages 22-23)**

We support having a fine not exceeding \$75,000 for a person or organisation other than an individual (e.g. a company) for misreporting data for the Clean Car Standard.

**17. Do you support the sanction of disqualification from being a registered motor vehicle dealer if a supplier deliberately attempts to evade meeting annual targets? (page 23)**

We support the sanction of disqualification from being a registered motor vehicle dealer if a supplier deliberately attempts to evade meeting annual targets.

**18. Do you support amending the Fuel Consumption Information Rule so that only vehicles tested to the WLTP, NEDC, the JC08, and the American Federal Test Procedure meet requirements for entry certification? (pages 23-24)**

We recommend that the full transition to the WLTP for new vehicles is adopted by New Zealand by 2020.

**19. Do you agree with the proposed process for setting future emission targets? (Government sets most immediate 5-year target, and proposes targets for two future periods. Revision of set target only for critical change) (pages 24-25)**

We agree with aligning future vehicle emissions targets with the new Climate Change Commission's system of quantified greenhouse gas emissions budgets. We recommend that within this system that there is flexibility to tighten vehicle emissions targets as required and as vehicle technologies become available.

## Part 2: Clean Car Discount (Vehicle Purchase Feebate Scheme)

### ***20. Do you think the Clean Car Discount is appropriate for New Zealand? (the Clean Car discount offers discounts to buyers of low-emission vehicles and imposes fees on high-emission vehicles) (pages 26-27)***

We agree with implementing a feebate scheme that offers discounts to buyers of low-emission vehicles and imposes fees on high-emission vehicles.

We recommend that the cut-off retail price of \$80,000 for being eligible for discounts is too low and should be raised to a retail price of up to \$100,000 inclusive for example. The document states in regard to the \$80,000 price cut-off that “This cut off is to prevent the scheme transferring wealth to New Zealanders who are able to buy vehicles that cost \$80,000 or more.” This statement doesn’t take into consideration that organisations will be looking at options to purchase the latest high technology battery electric vehicles such as light commercial trucks, passenger vans, utes and passenger vehicles for specific operational purposes and if the retail cost for these vehicles is only \$80,000 or over that would discourage the purchase of these vehicles because buyers would miss out on a rebate.

It is recommended that the rebate for battery electric, zero exhaust emission, vehicles is raised from \$8,000 to \$15,000 to better encourage the uptake of zero exhaust emission vehicles. In addition any rebates for non-battery electric vehicles with low exhaust emissions should be less than the amounts that are currently stated in the document and there should be much higher fees for high exhaust emission vehicles.

It is not generally known that In practice there cannot be any guarantee or any assurance that the use of plug-in hybrid vehicles includes the charging of the on-board battery from an electricity supply. There is no guarantee that the charged on-board battery in a plug-in hybrid vehicle is being used, or that there is any greenhouse gas emission reduction during the use of a plug-in hybrid vehicle. Therefore plug-in hybrid vehicles should be classified by the New Zealand Government only by the greenhouse gas emissions that would be generated from their on-board petrol or diesel engine and should not include any potential theoretical operational use from the on-board battery power rating. Greenhouse gas emission classification and fuel efficiency and any fee or rebate system for plug-in hybrid vehicles should be based only on the exhaust emissions from the use of the on-board petrol or diesel motor in a plug-in hybrid vehicle.

The document states “The Clean Car Discount will be timed to replace the exception from road user charges that applies to electric vehicles. For light vehicles the exception applies until December 2021, or until they make up 2 percent of the light vehicle fleet.” This statement means the Clean Car Discount wouldn’t come into effect until December 2021. The current timing for the implementation of the Clean Car Discount is too far away, nearly two and a half years from now.

This delay in implementation of the Clean Car Discount is not demonstrating the required urgency in reducing greenhouse gas emissions and air pollution from New Zealand’s fleet. As stated in the document, on average vehicles remain in the fleet for 19 years. Therefore time delays with implementation cause larger numbers of higher greenhouse gas emission and higher polluting vehicles to be added to New Zealand’s roads that will be around for an average of 19 years.

An implementation delay to December 2021 could significantly affect the purchase of battery electric vehicles in New Zealand. A significant number of businesses, organisations and the public who need to purchase a vehicle in the near future may potentially purchase higher emission, lower cost vehicles as the capital cost is still comparatively high for battery electric vehicles, and there is no rebate available until nearly two and half years’ time.

If the reasoning for the implementation timing of the Clean Car Discount is to match the end of the road user

exception then it is recommended to either cease the road user charge exception at an earlier date, or to keep it in place through to December 2021 as an added incentive, in addition to the Clean Car Discount, for a relatively short period of time.

We recommend that the Clean Car Discount is implemented as soon as possible e.g. 1<sup>st</sup> July 2020.

The discussion document only focuses on the light vehicle fleet 3.5 tonnes or less however it states that 24% of greenhouse gas emissions are from heavy vehicles so these vehicles are also a major contributor of greenhouse gases and air pollution. It is recommended that incentives are implemented to encourage the uptake of zero exhaust emission heavy vehicles and not just incentives for light passenger and light commercial vehicles.

***21. Do you think the emissions benchmark of 105 grams CO<sub>2</sub> per kilometre by 2025 is an appropriate one to have for the Clean Car Discount? (pages 28-29)***

Having an emissions benchmark is good, however 105 grams of CO<sub>2</sub> per kilometre is too high a benchmark and should be lowered. The 2025 target date for an emissions benchmark should be brought forward to 2023.

The discussion document says “This 105 gram target was chosen, in part, because it aligns with the standard that was recently investigated in Australia.” We do not see this as a good robust rationale for setting this target.

The document also states “This target would not be as stringent as standards in Canada and the European Union. It would also not be as strong as the average emission profile of vehicles already entering the Japanese fleet.” Council recommends that a grams of CO<sub>2</sub> per kilometre value that is no higher than Japan’s average emission profile of vehicles should be used as the initial emissions target by 2023.

The target of 105 grams of CO<sub>2</sub> per kilometre is not a low enough emissions target to be met by 2025.

The target emissions date should be by 2023 rather than 2025. By 2023 there should be a large variety of vehicles in a range of prices that are available to be imported that meet the 105 grams CO<sub>2</sub> per kilometre emission target requirement.



**22. Do you think an initial emissions benchmark of 150 grams CO<sub>2</sub> per kilometre is suitable for the first year of the Clean Car Discount? (pages 28-29)**

A benchmark of 150 grams of CO<sub>2</sub> per kilometre is too high an amount to start with for the first year of the Clean Car Discount. The emissions benchmark value should be lower than 150 grams of CO<sub>2</sub> per kilometre for the first year.

In the first year of the Clean Car Discount (Council recommends a 1<sup>st</sup> July 2020 start date) a grams of CO<sub>2</sub> per kilometre emissions value that is no higher than Japan's average emission profile of vehicles should be used as the emissions benchmark.

**23. Do you think the level of the fees and discounts in the example Clean Car Discount schedules would increase demand for low-emission vehicles? (page 29 and Appendix 4)**

The Clean Car Discount schedules will likely encourage the uptake of more low-emission vehicles but December 2021 is too far away for the urgency that is required to lower emissions as soon as practicable. We need a much earlier implementation date for the Clean Car Discount and a higher rebate for zero exhaust emission vehicles and higher fees for exhaust emission generating vehicles.

Increasing the rebates for battery electric, zero exhaust emission, vehicles from \$8,000 to \$15,000 would be a better incentive to encourage faster uptake of zero exhaust emission vehicles.

Also, rebates for non-battery electric vehicles with low exhaust emissions should be less than the amounts that are currently stated in the document and there should be much higher fees for high exhaust emission vehicles.

**24. In the example schedules the schedules change every year to lower the emissions benchmark and to keep the scheme self-financing. Do you think annual change is practical or should there be less change? (page 29 and Appendix 4)**

To keep the scheme on track for self-financing, schedules could be changed annually but the upcoming changes to the annual schedule should be signaled in advance, e.g. three months before the implementation of the updated schedule.

**25. Do you think new vehicles should include near-new vehicles less than 3 years old? (page 29)**

We recommend near-new vehicles less than 3 years old should not be included in the new vehicle category.

Keep the new vehicle category just for new vehicles. This is an easier system to implement and would align the higher new vehicle discount incentive with the latest available new low emission vehicles. Battery electric vehicle technology is rapidly changing and improving therefore the difference between the technology of a new imported battery electric vehicle in a particular year compared with a one, two or three-year-old second hand vehicle could be quite significant.

**26. Do you think a zero band (vehicles receive no discount and pay no fee) is appropriate? (page 30 and Appendix 4)**

We do not think a zero band should be used where vehicles receive no discount and pay no fee. We recommend setting the benchmark grams of CO<sub>2</sub> per kilometre - If a vehicle meets this benchmark there is no rebate or fee, if a vehicle is in one of the bands below the benchmark they get a rebate and if a vehicle is in one of the bands above the benchmark they pay a fee. This is a much simpler system to follow and operate and sends a clear message about the importance of the emission benchmark value.

**27. Do you think the size of the zero band in the example feebate schedules is appropriate? (page 30 and Appendix 4)**

We recommend not having a zero band. Please see the response to question 26 above.

**28. Do you support the proposal to apply the fees and discounts directly at the point of vehicle purchase? (pages 30-31)**

Yes we support applying the fees and discounts directly at the point of vehicle purchase.

**29. Do you support the penalties to ensure that fees and discounts are displayed on each vehicle and are correctly applied by vehicle suppliers? (the proposed penalties are, for an individual, a fine not exceeding \$15,000, and for a person or organisation other than an individual, a fine not exceeding \$75,000) (pages 30-31)**

Yes we support applying penalties to ensure that fees and discounts are displayed on each vehicle and are correctly applied by vehicle suppliers.