

May 2025

Accelerating the Path to Sustainable Transport



Accelerating the Path to Sustainable Transport

Executive Summary

New Zealand's journey toward a lower-emissions transport future is stalling—not due to a lack of vision, but because current policy settings are out of step with economic realities. VIA believes that accelerating the shift to a cleaner vehicle fleet requires a practical, affordable, and balanced approach—one that works with the grain of consumer behaviour and used market dynamics.

This paper outlines VIA's position: a strategic and accelerated transition to sustainable transport must include used imports, which make up the majority of New Zealand's fleet turnover and serve 80% of private buyers. The Clean Car Standard (CCS), while well-intentioned, is failing to deliver net benefits. Instead, it's restricting volumes, ageing the fleet, and increasing per-kilometre emissions. VIA argues that New Zealand cannot meet its emissions goals by shrinking the fleet refresh pipeline.

The document proposes three strategic policy pillars to support effective decarbonisation:

1. Smarter incentives that drive consumer behaviour at point-of-sale and the pump.
2. Increased support for the used import sector to improve affordability and supply of low-emissions vehicles.
3. Practical management of the existing fleet to lower lifetime emissions.

Key recommendations include removing CCS weight allowances, making **emissions costs more transparent**, and **targeting the fuel not the vehicle** for levies. VIA also advocates for stewardship programmes at the end of a vehicle's life.

In summary, the fastest way to reduce emissions is to improve access to cleaner, smaller, fuel-efficient vehicles at scale—particularly hybrids—while ensuring fleet volumes remain high. VIA supports reforms that reflect the unique structure of the New Zealand market and enable a fair, affordable transition to cleaner transport.

1. VIA Supports a Strategic Accelerated Path to Sustainable Transport

VIA supports a strategic and accelerated transition to sustainable transport by focusing on reducing fuel consumption and promoting cleaner vehicles to build a greener fleet.

How?

VIA believes that achieving rapid emissions reduction in New Zealand's light vehicle fleet requires improving access to cleaner vehicles currently available or arriving soon. This includes encouraging wider adoption of electrified and hybrid vehicles, which are essential for reducing fuel consumption below the current fleet average. Cleaner vehicles inevitably come at a higher cost, so behavioural change is needed to motivate more vehicle owners to prioritise efficiency over upfront price. However, the Clean Car Standard (CCS) has inadvertently limited availability of such options, as discussed below and shown here by fewer imports impacting the age mix.

Lower Emissions of imports + volume imports TOO LOW = Slower Fleet refresh



= Older vehicles travelling more of the kilometres VKT = Higher Emissions. Not Less.



Sources: www.transport.govt.nz/fleet-statistics

What?

VIA supports the adoption of **strategic policy pillars** to decarbonise the light vehicle fleet across its entire lifecycle (up to 8,000 days). The CCS alone cannot deliver the decarbonisation objectives that New Zealand has committed to achieving. VIA's pillars include levers that motivate the transition to a cleaner fleet quicker and aim to maintain progress.

Why?

The goal is to encourage reduced fuel consumption, lower carbon emissions, and allow consumers the choice to decrease their overall cost of vehicle ownership, by reducing fuel consumption and increasing electrification *similar to Japan's approach that has outperformed the world so far*. This benefits everyone by enabling affordable, as well as more sustainable, transport, as the Social Impact Assessment SIA originally expected the policy to achieve.

Achieving this requires reversing the restrictions to supply flow caused by overly stringent targets introduced too early, as well as addressing distortions from weight-based disincentives. A comprehensive redesign is needed to restore the intended balance of cost-benefit and social value. Currently, the Clean Car Standard (CCS) lacks cost-effectiveness due to its impact on slowing fleet renewal cycles, which increases the average age of vehicles on the road and increases the real-world resulting average emissions.

Key recommendations for improvement include:

- **Transparent Consumer Incentives:** Introduce clear, visible incentives and penalties at registration that are moderated and detached from one another.
- **Accelerated Fleet Renewal:** Focus on faster fleet turnover through encouraging removing end of life, high emitting vehicles.
- **Managing Existing Fleet Emissions:** Introduce higher levies on fuel purchases to encourage less use of inefficient ICE vehicles. We don't want to stop using cars, we want to reduce the use of petrol, so focus on the energy source.

These measures aim to create a balanced approach that promotes sustainability while addressing economic realities, ensuring a smoother transition to a cleaner vehicle fleet.

Key recommendations for improvement include



Transparent Consumer Incentives

Introduce clear, visible incentives and penalties at registration that are moderated and detached from one another



Accelerated Fleet Renewal

Focus on faster fleet turnover through encouraging removing end of life, high emitting vehicles



Managing Existing Fleet Emissions

Introduce higher levies on fuel purchases to encourage less use of inefficient ICE vehicles. We don't want to stop using cars, we want to reduce the use of petrol, so focus on the energy source.

These measures aim to create a balanced approach that promotes sustainability while addressing economic realities, ensuring a smoother transition to a cleaner vehicle fleet.

2. Why Are Used Imports Crucial?

New Zealand's reliance on used vehicle imports stems from the economic realities of household and business incomes, which are insufficient to sustain a large domestic market for new cars that generate enough used vehicles to meet demand. Here, we mirror Eastern Europe, where new or electric vehicle adoption remains low compared to wealthier Western Europe.



In the 1980s, New Zealand recognised the need to reduce unproductive spending on motoring, while improve productivity with individual mobility. Tariffs were removed to encourage higher volumes of used imports, supplementing the limited supply of ex-new domestic vehicles and pressuring lower new car prices. Now operating as a market-taker of global *production-push* supply, new cars in New Zealand and Australia are competitively priced below the OECD average. In contrast, used cars are imported based on local *demand-pull* dynamics, focusing on price-point availability. New Zealand primarily sources used vehicles from Japan, capitalising on cars that have passed Japan's costly 6-to-10-year Shaken compliance tests and meet Euro 5 or better emissions standards. So, their bold emissions reductions continue life in our market.

Since 2008, Japan has led global efforts to reduce vehicle emissions through stringent fuel consumption regulations that promote hybrid technology and downsizing, that continues to evolve and outpace even Europe. This shift has resulted in a surplus of high-quality used vehicles available for export, benefiting New Zealand's market by providing affordable options that align with local economic and mobility needs.

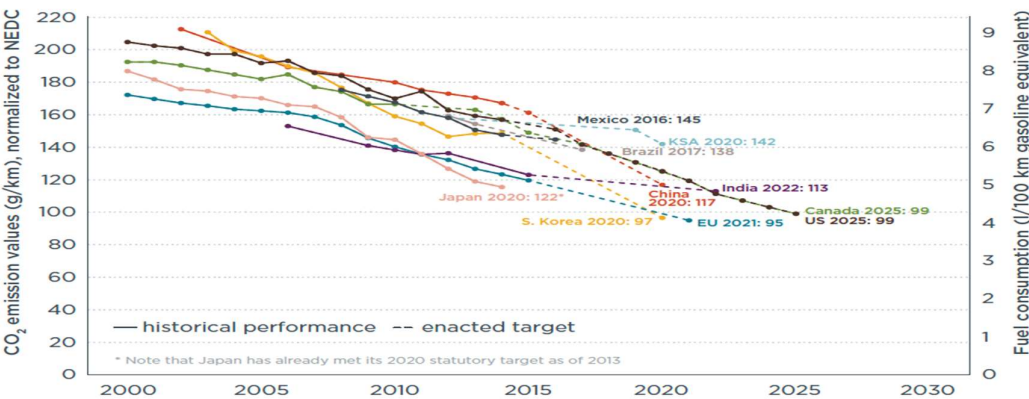


Figure 2. Historical fleet CO₂ emissions performance and current standards (gCO₂/km normalized to NEDC) for passenger cars

Source: ICCT 2019

3. Imports: New, Used, and the CCS

The markets for new and used imported vehicles in New Zealand **cater to distinct needs and demographics**, with the Clean Car Standard (CCS) influencing both sectors differently.

New vehicle sales are predominantly business-oriented, with 64% of registrations linked to businesses, including SMEs and tradespeople. These vehicles often serve commercial purposes or private owners requiring advanced features and reliability. In contrast, used imports primarily address the needs of private buyers, making up over 80% of used import sales. These vehicles provide affordable urban mobility for families and workers, with the remaining 20% serving rental, tourism, and local businesses. Mostly, priced under \$20,000, used imports offer cost-effective mobility for the majority of the labour force. (New imports average over \$50,000).

Since the late 1980s, used imports have been tariff-free to ensure affordable mobility and enough volume - the volume has always been a key part to that. While both new and used imports must comply with emissions regulations under the CCS, their standards differ just because of the years manufacturing gap between new vehicles and older used ones. The CCS pushes both new and used importers to balance affordability with environmental goals by incentivising lower emissions. However, the choice available for used differs greatly to new.

Used vehicle importers are local entrepreneurs who also contribute significantly to the local economy through their most significant expenses, of labour and property. Margins are slim and dependant on smart informed risk-spread buying within what is available and what is in demand. They enable cost-efficient motoring, benefiting consumers with lower per-kilometre costs compared to new vehicles. Also on average, used vehicles have lower emissions, because they are on average smaller with a higher hybrid mix; this is, in turn, cost effective access to lower emissions. However, CCS compliance adds complexities, requiring more careful selection of vehicles from a narrower pool of stock, to meet emissions targets without compromising affordability or customer basic needs (not wants). This means higher business risk, more limited choice and forcing a demand-push, limiting volume and pushing up prices.

4. Only Volume Can Reduce Fleet Emissions Quickly

Reducing fleet emissions quickly requires a high volume of vehicle imports but achieving the 2025 Clean Car Standard (CCS) target of 112.6g CO₂ per kilometre severely limits import volumes.

Used imports in 2024 were under 90,000 units, and used importers will not achieve 100,000 imports in 2025. A significant reason is that 100,000 used imports would demand importing 10,000 electric and 60,000 hybrid vehicles — an unrealistic mix goal given current prices are unaffordable for most New Zealanders¹. As a result, used vehicle import volumes are projected to drop below 85,000, lower than 1990 levels, with limited availability of both affordable hybrid options and electric. This reduction in volume has already slowed fleet renewal and increased the average age of vehicles, as seen in 2023 and 2024, causing overall fleet emissions to rise rather than fall. CCS targets will continue this ageing unless the track is adjusted further. We need to balance volume-in, with CO₂ down, with volume-out of the fleet.

¹ Sources have told VIA that Japan auction house average prices have doubled since 2019.

The key issue is the aggressiveness of CCS targets, which limit import volumes to unsustainable levels. It's an unfortunate fact, that cleaner family size cars are still limited supply globally.

Hybrid SUVs and wagons, such as the Toyota RAV4 Hybrid or Corolla Hybrid, only began mass production in 2017, leaving a limited supply of affordable family-sized hybrids, (let alone electric stock). Most hybrids available at auction in Japan are smaller hatchbacks, with only about 10% of hybrids over seven years old (i.e. affordable), being family sized.

The situation is even worse for electric vehicles (EVs), with fewer than 5,000 practical used electric family cars available for import annually until at least 2030. Compounding this challenge is increased global demand for clean family vehicles, competing with us for limited stock, particularly from Japan's own domestic market, who are also keeping the more expensive technology longer too.

To meet CCS CO₂ targets while balancing penalties and credits, importers are forced to limit volumes below 100,000 vehicles. This means consumers keep some cars, so "less in = less out" dynamic further ages the fleet and undermines efforts to reduce emissions effectively. Without adjustments to CCS policies or increased access to affordable clean vehicles, achieving meaningful emissions reductions will remain a significant challenge for New Zealand.

5. What limitations affect the regulation of the used vehicle mix?

While increased demand of cleaner cars at auctions drives prices higher, reduced demand of higher fuel consumption cars drives their prices lower. This supply-price elasticity offsets part of the intended penalty disincentive and credit incentive. This limits clean car policy reach and alters the balance and subsequent local effectiveness of the policies. On top of the offshore elasticity, locally in New Zealand consumers have inelasticity in their wallets. Yard price points have inelasticity and have to supply a mix to demand affordability, so local price points matter. The yard price sweet spot is now higher than before CCS - it's not so sweet, so sales dropped.

Clean Car Standard (CCS) and Clean Car Discount (CCD) were intended to boost demand, availability, and affordability of cleaner vehicles, they have not succeeded in lowering costs or increasing demand. Initially, CCD provided importers with some buying power by offsetting rising auction costs, but this benefit was short-lived as the increased demand merely transferred CCD funds to Japanese auction houses, raising New Zealand transaction prices for hybrids, EVs like the Nissan Leaf, and plug-in hybrids like the Mitsubishi Outlander. This undermined the intended social cost-benefit impact having the opposite social impact.

CCD visibility did reduce demand for medium- to high-emission internal combustion engine (ICE) vehicles over 2.0 litres — an encouraging trend— but, then their oversupply at auctions led to lower purchase prices. This made them more affordable again, even after accounting for CCD fees and CCS penalties, so some continued, at only slightly higher prices. Consequently, consumer yard sale prices for all vehicles, including cleaner hybrids, increased slightly, limiting any policy distinction between lower or higher emissions.

The CCD did encourage some buyers to shift from larger engines to smaller next-generation turbocharged engines, as importers found small envelopes of affordable slightly cleaner cars. However, these vehicles tend to have higher mileage and shorter lifespans. Importers could cherry-pick from this limited supply but faced reduced options overall. The CCS cannot mitigate the effects of supply-and-demand price elasticity until availability increases.

Used vehicle regulation must fit the unique dynamics of the used market, differing significantly from new vehicles. The availability and mix of used vehicles are determined by what Japan registered a decade ago. Fortunately, this includes small hatchbacks and hybrids—vehicle types that were less popular in New Zealand when new but are now critical to lower emissions and beneficial as fleet renewal. Other countries have restricted their policies to only new markets, so we really have to adapt any policy to our own local dynamics to make it workable.

New Zealand importers also face competition from buyers in Russia, Eastern Europe, Africa, and South Asia which has pushed up auction prices, shown below. New Zealand now accounts for only 4.8% of Japan's car exports, down from 8.1% in 2019 and 15% in 2016. This diminished buying power has reduced choice and affordability. As a result, used import volumes are plummeting, with 2024 marking a 12-year low and 2025 expected to be even lower as importers struggle to source low-emission vehicles at viable prices. CCS now adds more pressure on top.

	2019	2022	2024	24 vs 19	
Avg Auction \$FOB	684,000¥	909,000¥	1,215,000¥	+78 %	prices rising & mix evolving
NZ \$FOB	NZ\$7700	NZ\$10,200	NZ\$13,400	+75 %	sore SUV & E-tech + inflation
Volume AVAIL	2,930,127	2,731,669	3,120,225	+ 6.5 %	similar 890 auctions online
Volume Exported	1,825,991	1,787,302	2,135,251	+16.9 %	2023 boosted by Russia & Africa
Sold stock %	62.3%	65.4%	68.5%	+9.9 %	higher demand & stock variety
NZ imports	147,000	115,000	102,000	-31 %	Price & CO2 Mix limiting volume
NZ % of Exports	8.1%	6.4%	4.8%	- 41 %	NZ uncompetitive, let alone on EV

Source: www.ussnet.co.jp/en/ir/library

6. How Used Imports Already Help Lower Emissions

Used imports play a key role in reducing New Zealand's fleet emissions by focusing on smaller, more efficient vehicles. Importers selectively source small to medium-sized cars, often with lower emissions profiles than the existing 4-10-year-old ex-New Zealand fleet. These vehicles typically have smaller engines, lower mileage (under 90,000 km), and include a higher proportion of hybrids. Around 80% of used imports are small to medium family cars, aged 7-11 years, with an average price of \$16,000—just 35% of the cost of a new cars, that didn't include enough volume of these models in the first place.

In contrast, new car sales in New Zealand are dominated by medium to large cars and SUVs, driven by business buyers. Demand for mini and small cars is low, and profit margins on these vehicles are minimal. As a result, several small car models (e.g., Fiesta, Polo, i20) have been removed from new car lineups, CCS perhaps being the final straw. While Asia, Europe, and China continue to produce small hybrids, the prices are too high for the New Zealand market.

Used imports fill this gap by providing affordable options such as 5-9-year-old mini and small cars for family second cars, younger drivers and also rentals, taxis and Ubers. These vehicles consume less fuel and require lower maintenance costs compared to larger cars or older higher kilometre New Zealand new vehicles. Japan's preference for smaller engines and hybrids since 2012 has further supported this trend. Japanese tax structures disincentivise larger vehicles and company cars while promoting hybrids and low-emission options. This also means fewer diesel pollutants are imported into New Zealand via used cars. Importers refurbish used vehicles to a high standard before import or sale, ensuring years of reliable use with fresh brakes and tires.

However, the CCS weight allowance on CO₂ targets creates challenges for smaller cars, by incentivising heavier vehicles while penalising lighter ones. This makes the target task harder for lighter vehicles, disproportionately applying CO₂ limits, lower than needed to achieve target. Applying this to the total mix, as individual proportional tasks, is a flawed distribution theory where idealism has trumped statistical common sense. The CCS goal is an average reduction, so any vehicle that is below national target, has a beneficial effect overall and doesn't slow progress, it advances progress to the total goal, no matter what it's weight. The existing CCS weight allowance methodology means we miss out on multiple benefits of lighter cars.

As shown below, the used car average weighted target is 108g and new car average is 122g, (versus total national passenger car target of 112.6g).



For 2025, even with a reduced weight allowance adjusted last year by Minister Brown, this allows new cars to accumulate an additional 14 grammes of credits per average car, more than used, just because they are heavier by 295kg Tare on average. Ongoing as targets stiffen, this will switch to mean used cars on average attracts more penalties, even though the average used car is lower CO₂! As long as a weight allowance remains, this disparity penalises lighter cars.

Regardless of the power train or fuel type – lighter cars are more efficient for the average journey in New Zealand and therefore for the majority of VKT travelled. This highlights the importance of used imports in providing lighter, more efficient vehicles that reduce emissions in the fleet, in use, while also addressing affordability challenges in the New Zealand market.

6.1 Why the CCS Penalty Has No Carbon-Price Anchor

Context

When Cabinet confirmed the Clean Car Standard², it set headline penalties of **\$50 per g CO₂/km for new-vehicle fleets and \$25 per g CO₂/km for used-import fleets** (halved from the consultation proposal after industry push-back). The only benchmark cited was the EU's much higher €95 / g figure; there was **no reference to the New Zealand Emissions Trading Scheme or any other carbon-pricing mechanism**.

² <https://www.transport.govt.nz/assets/Uploads/Cabinet/TheCleanCarStandard.pdf>

Meanwhile the Regulatory Impact Statement³ notes that at a **NZ ETS price of ≈ \$25 / tonne**, the carbon component in retail fuel is **~5 c per litre** – far too small, officials say, to change buying behaviour. Yet the RIS still offers **no formula linking the CCS \$/g penalty to that or any other carbon price**.

Why this matters

Issue	Consequence
Penalty chosen by political expediency, not a carbon metric	Creates a one-off, opaque cost baked into the sticker price; consumers never see the carbon signal.
Weight-adjusted targets	Light cars that already beat the fleet target pay penalties, while heavier cars are punished less or can still earn credits. The penalty is therefore divorced from real-world CO ₂ impact.
No on-going price nudge	Once the car is bought, there is zero incentive to drive less or upgrade sooner. The “pain” is paid up-front and forgotten.

VIA position – price the use, not (just) the vehicle

1. Align the per-gram penalty with the prevailing ETS price.

Example: At today's ~\$70 / t NZU price, the equivalent would be roughly **0.7 ¢ per g** for every gram above the target – an order of magnitude lower than the current charge. We can see that it would be difficult to explain such a major turnaround in policy. It might be more palatable to describe the charge as **1,000x the ETS price** (ie around **\$7.00 per g**), which would be easier to absorb without killing volume.

2. Shift the real behavioural lever to fuel.

- The CCS-penalty shortfall could be added to fuel duties, so every extra kilometre in a thirsty vehicle would cost more every day.
- Households see the link between CO₂ and running cost; importers are not forced to ration supply.

3. Ditch the weight adjustment ASAP.

A single fleet-average target plus a transparent, ETS-aligned penalty on excess grams would be simpler, fairer, and far cheaper to administer.

Take-away

Right now the CCS delivers a hidden capital hit that does **nothing** to influence day-to-day

³ <https://www.transport.govt.nz/assets/Uploads/Clean-Car-Standard-Regulatory-Impact-Statement.pdf>

emissions. Re-pegging the penalty to the ETS – and moving the real price signal to the bowser – would finally connect policy intent with consumer behaviour and keep the import pipeline open.

7. Why Are Emissions Per VKT Still Rising?

While the average import car is lower in emissions, the aggressive reduction of target emissions of vehicles entering the fleet has unintentionally slowed import volumes, leading to an aging fleet that then offsets on-road real-world emissions benefits. With fewer vehicles entering the fleet compared to older cars being retired, the average age of vehicles has increased. Age has shifted back up one year, also resulting in emissions shifting back up one year older, to a higher average, increasing fleet average emissions overall.

To picture this for 2025, if the average car in fleet had not aged, staying at 14.3 years old, it would have been manufactured in 2010, which was then 227g CO₂; but now with an average age of 15 years, instead the average car was 2009 manufactured, which was 232g CO₂. The age increase shifted back to 5 grammes CO₂ higher.

This trend has been evident since the introduction of the Clean Car Standard (CCS) in 2023 and 2024. As prices rise, owners are opting to repair and retain their older cars rather than buy newer ones, further exacerbating the issue. NZTA data shows that the average vehicle age has risen by 0.6 years, but it's worse - compounding that the VKT per vehicle increased, so older cars are also doing more kilometres — a double impact of more VKT in older, higher-emission vehicles.

Historically, fleet renewal balanced emissions reductions by replacing deregistered, higher-emission vehicles with cleaner imports. The Treasury assessed CCS proposals in 2019 and highlighted that without faster vehicle retirement alongside fleet refreshment, net emissions reductions would remain negligible. This principle remains critical today: importing lower-emission vehicles is only effective if fleet turnover is accelerated.

In the extreme as an illustration, we could get imports down to zero emissions, like Norway, we just only import *electric cars, about 40,000 maximum total*. The import average will then be 0g CO₂ tailpipe emissions, CCS target achieved. But then only 40,000 can leave the fleet, so even more of our ongoing VKT will then have to be done by the older cars still left in the fleet, with less than 40,000 scrapped, aging roughly one year per year and no real-world fleet emissions saved!

The CCS has disrupted this *volume-renewal-emissions-reduction-vkt-scrapping* balance.

The 10-year average for used car import volume prior to CCS was 132,172 annually; however, volumes dropped to 116,316 in 2023-2024 and further declined to a rolling annual total of 105,084, with the latest pro-rata projection of just 86,730 for 2025. **The reduced import volume doesn't meet basic demand, another pressure up on prices and residual values**, which is now correlating with age, see below. This will further slow fleet renewal, worsening fleet emissions per VKT and increasing vehicle age per VKT.

Rising prices for both new and used cars have further undermined affordability, some of that is because of the Clean Car policies, erasing the social cost-benefit outlined in the *Ministry of Transport's Social Impact Assessment Report*.

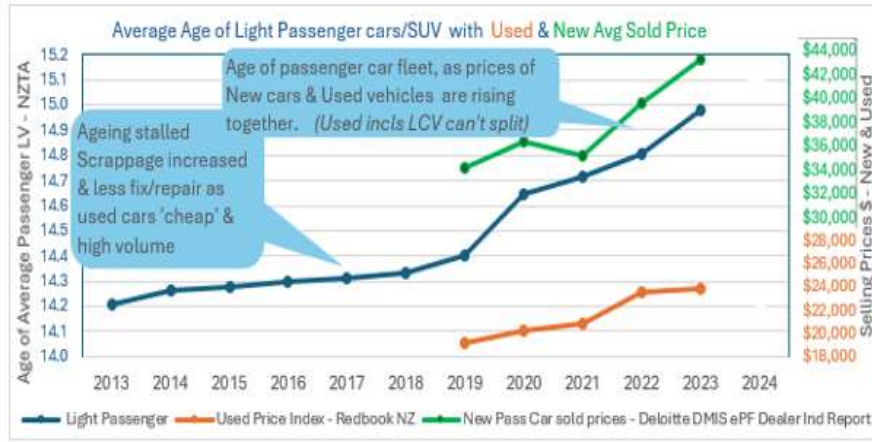
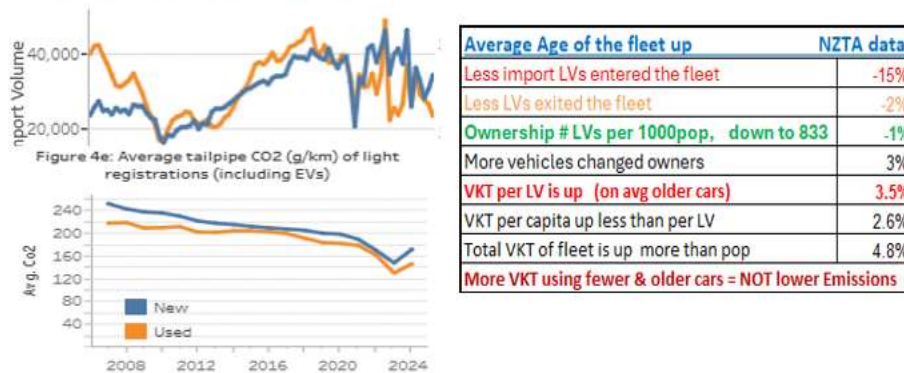


Figure 1a: Quarterly light vehicle registrations

Sources: www.transport.govt.nz/fleet-statistics



To reverse this trend of import volume reducing alongside emissions reducing - by not enough - policies must prioritise faster fleet refreshment alongside emissions reductions.

Essentially, if incoming vehicles on average consume less fuel and emit less CO₂ than the current fleet average (of 9.0L/100km and 213g/km CO₂), then significant net benefits can be achieved just by the volume itself — even with population growth and increased car travel.

We just have to be pragmatic, that even a fresh used import of 140g to 150g CO₂ is a beneficial reduction versus the 14-year-old car it replaces, that when it was factory new was 227g CO₂, and replaces the subsequent 25-year-old 280g+ CO₂ car, that gets scrapped further up the trading chain. (That's also ignoring the engine wear that means the 14- and 25-year-old cars wouldn't still be achieving the factory rated CO₂!).

However, since CCS implementation, these benefits have not materialised, the fleet is older and average emissions increasing, due to insufficient import volume and slower fleet turnover.

8. Why Is Managing Used Market Dynamics Different from New?

The used vehicle market in New Zealand faces unique challenges due to its reliance on external supply chains and volatile pricing factors. Unlike new cars' internal supply chain of structured production, transfer pricing and distribution cycles, used imports are shaped by three variables:

1. *NZD/JPY exchange rates*⁴
2. *Japanese auction prices and supply-demand dynamics*
3. *USD-denominated shipping costs*

These factors create daily pricing instability. For example, Japan supplies 98% of New Zealand's used imports⁵, and shifts in auction demand or currency values directly affect affordability. In 2024, despite a surge in April imports, overall volumes have trended downward, with September 2024 registrations dropping 19.1% year-on-year.

Additional complexities also include:

- **Condition variability:** Imported vehicles often require refurbishment and compliance checks, adding time and costs before sale – causing longer use of funds in the process.
- **Economic sensitivity:** Used buyers operate at a lower price threshold, where even a \$1,000 increase can push buyers away, back into repair-and-retain behaviours, slowing fleet renewal⁶. Rising prices in 2024 have exacerbated this trend, with NZTA data showing older cars staying on roads longer and now doing more VKT.
- **Financing structures:** Over 50% of used cars are financed at point-of-sale, contrasting with new vehicles' corporate leasing models⁷, and more frequent use of property equity.

While both markets respond to local economic conditions, used imports are uniquely tied to preset global availability in the supply chain and economics of repair viability. For instance, tighter budgets in 2024 on top of higher prices, saw remaining consumers opt for older, cheaper vehicles despite higher long-term costs⁸. This interplay of external and domestic factors makes the used market inherently harder to stabilise compared to a more predictable new car sector.

9. What Can Be Done?

Addressing the challenges posed by the Clean Car Standard (CCS) requires a redesign or replacement of the system to better align with fleet renewal and emissions reduction goals. Key steps include:

- **Incentivising smaller cars** while disincentivising larger vehicles to encourage the adoption of low-emission, fuel-efficient models.
- **Increasing fleet refresh volumes** to ensure older, higher-emission vehicles are replaced at a faster rate.
- **Implementing moderate fees on higher-emission vehicles** and extending these measures throughout the ownership lifecycle.

⁴ <https://autotalk.co.nz/used-import-market-shifts-in-2024/>

⁵ <https://www.janmotors.co.nz/news/Used-Car-Sale-Boost-in-New-Zealand-for-April-2024-A-Record-Breaking-Month-at-Jan-Japan-Motors-Ltd>

⁶ <https://www.autoflip.co.nz/blog/used-car-market-nz>

⁷ <https://www.kiwicarloans.co.nz/blogs/new-vs-used-car-financing-understanding-your-options/>

⁸ <https://www.rostron.co.nz/blog/should-i-buy-a-new-car-the-benefits-of-buying-new-vs-used>

- **Enhancing visibility at registration**, similar to principles from the Clean Car Discount (CCD), to make emissions-related costs and benefits transparent to buyers.

If CCS is retained, critical adjustments are needed:

- **Remove weight allowances** that currently incentivise heavier vehicles and penalise lighter ones and apply a uniform emissions target as soon as possible.
- **Support lower emission transition vehicles**, whose import volumes are currently limited by aggressive timelines that slow fleet renewal.

The current CCS framework has unintentionally reduced import volumes due to overly stringent targets that make viable cars unaffordable. This has led buyers to retain older vehicles, increasing operational costs and fleet age while negating emissions benefits. Visibility at both first registration and annual registration, alongside an effective Emissions Trading Scheme (ETS) applied at fuel pumps, should help address these issues.

Additionally, exploring **green loan opportunities** for financing used cars at the point of sale could support buyers in transitioning to cleaner vehicles. With more used cars financed directly than new ones, this approach could accelerate fleet refreshment while maintaining affordability. These measures would help create a balanced system that promotes sustainability without compromising accessibility or economic viability.

10. VIA's Earlier Message

VIA initially supported the Clean Car Programme's intent to reduce emissions but warned in October 2021 that its design could lead to unintended consequences. VIA predicted issues such as vehicle shortages, rising costs, market inefficiencies, fleet aging, and flawed incentives in the Clean Car Standard (CCS).

VIA's warnings have proven accurate (see Appendix) – this is seen in NZTA fleet data.

To decarbonise effectively, New Zealand needs transparent tools that align with market dynamics rather than complex schemes.

As noted above, VIA emphasises simplicity and sustainability as key principles for future policy design.

We Hate to Be Right – VIA’s Original Warnings

1. VIA’s Original Warnings on the Clean Car Programme Have Come to Pass

Back in October 2021, VIA supported the *intent* of the Clean Car Programme but cautioned that without adjustments, it would backfire. Our original submission forecasted:

1. **Short-term shortages of zero-emission vehicles**, especially between 2027–2035.
2. **Rising vehicle prices** on clean as well as high emissions, due to both penalties passed to consumers and because of increased demand on limited low-emission availability.
3. **Reinforcement of market inefficiencies**, especially because the Clean Car Standard (CCS) wasn’t aligned with NZ’s unique import dynamics.
4. **A growing, but ageing fleet**, as consumers hold onto older vehicles longer because replacements become unaffordable and, repairs therefore become more viable.
5. **Perverse incentives from the CCS’s weight-adjustment**, making the policy less effective at reducing emissions, applying disincentives to some cars meeting the target.
6. **A lack of fleet-management tools** to tackle legacy emissions.

These were not vague concerns—they were grounded in data and in the reality of New Zealand’s used vehicle import system.

2. What Has Actually Happened? (2025 Snapshot)

Our review of CCS outcomes for 2024 confirms these predictions have largely come true:

- **Fleet ageing has accelerated.** The CCS has directly limited volumes of vehicle imports, because there aren’t enough viable cleaner used vehicles, to achieve a clean mix that meets the targets, so to limit penalties as well as meet the new Exhaust Emissions Rule, importers have to limit total volumes, to achieve viable offset. This is not providing enough stock to cover the 80% of consumers relying on sourcing a younger used car.
- **Consumer prices have increased.** Hybrids and low-emission vehicles have become harder to source affordably. Demand for Japan’s used exports has risen, alongside CCS turning our demand cleaner, we are all chasing an elusive ideal mix of lower fuel consumption vehicles. Commercial vehicle users, especially small businesses, face up to *\$12,000 more per van*.
- **Per-kilometre emissions are up.** The delay in refreshing the fleet means older, less efficient vehicles are being used longer, for more of the travel, increasing fleet lifetime emissions. NZTA statistics show a growth of 3% VKT/vehicle, just for 2024 vs 2023.
- **Clean Car Standard targets are unrealistic,** there isn’t the cleaner mix available for family size cars to support the targets, meanwhile the weight-based allowance adjustments have distorted incentives for heavier cars, working the opposite way, allowing credits on cars that don’t meet target, while penalising other cars that do meet

target and disincentivising them, by increasing penalty pass-on to consumers or stopping their imports and access to our market. This is not a mix of improved outcomes

As VIA Chief Executive Greig Epps has recently noted, the CCS is "the only transport policy lever we seem to be using," and it's clear it's not working alone to modernise or green the fleet.

3. Policy Message: KISS – Keep It Simple and Sustainable

The current system is a patchwork of rules, incentives, penalties, and unintended consequences applied only to importers and all hidden from the consumer whose behaviour we want to change. It's time for a reset.

VIA recommends a simple, transparent approach:

1. Introduce a clear user-pays fuel levy

- Let the price of fuel reflect its climate cost – bolster ETS to reflect urgency and choices.
- It directly and naturally shifts Consumer behaviour, if the cost of use—not just purchase price—is impacted.
- This method is easy to understand, equitable, and effective and, isn't impacted by any variable dynamics of the new or used markets, or any prevailing politics or economics.

2. Reform the Clean Car Standard (if retained)

- **Remove the weight adjustment** – it undermines efficiency by rewarding heavier vehicles. Cleaner lighter cars that meet the target are getting disincentivised.
- **Display the cost clearly at point-of-sale** so consumers make informed decisions.

This message isn't just policy – it's strategy. Policies must refresh the fleet, not freeze it. We need levers that are **economically sustainable, socially fair, and operationally effective**.

4. Final Thought

VIA was right. The warnings have played out, and now the question is: will we ALL listen and act?

To decarbonise effectively, we don't need another complicated scheme—we need **simple, visible, transparent tools** that work with the market, not against it.

The policy and the market need fresh imports of vehicles to work, otherwise we carry on producing worse real-world emissions, taking more money from New Zealand pockets and offshoring it, for no effect or benefit. ***We literally will also then carry on burning more NZ\$.***

KISS: Keep It Simple and Sustainable.

Let's build a system people understand, can afford, and will support.
