Imported Motor Vehicle Industry Association

10 October 2025

Response to Questions from the Select Committee considering the Land Transport (Clean Vehicle Standard) Amendment Bill (No 2)

1. Introduction

The Imported Motor Vehicle Industry Association (VIA) thanks the Committee for the opportunity to present on the *Land Transport (Clean Vehicle Standard) Amendment Bill (No 2)* on 9 October 2025.

During the hearing, Committee members had some questions that required us to provide this follow up information. We also watched submitters from other parts of the automotive sector, predominantly new vehicle representatives. We acknowledge and support the comments made by the Motor Trade Association (MTA) with respect to the impact on the numbers for registered traders and the reduction in market activity, especially in the used import sector.

2. NZ's Unique Vehicle Import Market – New vs Used

The committee heard from a range of organisations and groups, many of which referred to both new and used vehicle imports. This is because, historically—dating back to the mid to late 1980s—New Zealand developed a distinctive vehicle import market. At that time, local passenger vehicle production, or at least assembly, was discontinued, and the importation of used vehicles, predominantly from Japan, was deregulated. The result was several decades during which import volumes for used and new vehicles were roughly comparable.

In our presentation, we highlighted that the Clean Vehicle Standard draws from policy models developed overseas, where such a split between new and used imports does not exist. Those markets are largely wealthier nations supplied by new vehicle production, with used vehicles circulating primarily in their domestic secondary markets before being exported—such as from Western to Eastern Europe—creating notable differences in average vehicle age, often 11–12 years compared with 16–17 years.

We consider both segments—new and used imports—to play distinct but equally important roles in meeting New Zealand's transport needs.

a) Average price & buyer base

- **New:** higher average transaction prices; stronger presence of fleet/corporate and high-income retail; easier access to finance on sharper rates.
- **Used:** household-led, budget-constrained, $10-15k ceiling for many families; finance is costlier and more sensitive to per-unit penalties[1].

[1] We speak more to Affordability in section 4, below.

Free Phone: 0800 VIA VIA (842 842)
Phone: +64 (9) 573-3058
Web: https://www.via.org.nz/
General Enquiries: info@via.org.nz
Technical Enquiries: technical@via.org.nz

b) Supply & technology control

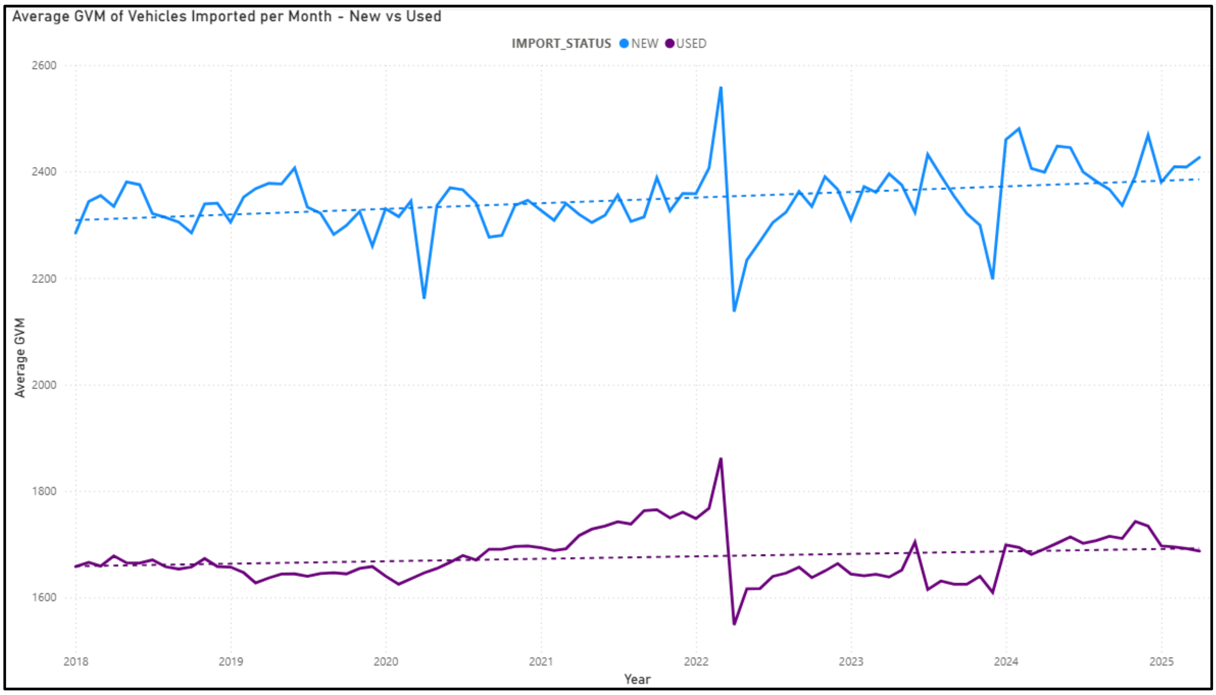
- **New:** OEMs can plan production, prioritise right-hand-drive (RHD) allocations, and mint credits via model mix[2].
- **Used:** importers must source the best of what existed 9–10 years ago in Japan, at auction, with no ability to initiate new tech or production. They can't mint credits; they wear penalties on the real-world family mix.

c) CVS Compliance mechanics

- **New:** can bank/transfer credits, smoothing compliance year-to-year.
- **Used:** credit buffers are largely gone; penalties now pass through to retail (See Section 5).

d) Vehicle mass & the weight adjustment

- **New:** higher average GVM; weight adjustment over-rewards heavy, under-rewarding the smaller, lighter used mix.
- **Used:** smaller/lighter on average; weight adjustment tilts the playing field against the stock Kiwis can actually afford.



Average Gross Vehicle Mass (weight), which illustrates why lighter used imports are impacted more intensely by the weight adjustment mechanism; vehicles that can meet the nominal target received a weight-adjusted target that results in penalties.

[2] Acknowledging the concerns raised by OEM representatives in NZ that this does require difficult negotiations with home country manufacturers; nonetheless, new vehicle importers have more access to low and zero emission vehicles than used vehicle importers.

During the hearing, Committee Members heard conflicting advice from submitters on keeping vs removing the weight adjustment. For the most part, New-sector representatives argued **against** removing it now, warning that universal targets would widen penalties and reduce credits for EVs; they favoured keeping weight in secondary regulation and revisiting later. **VIA** asked that the Minister **remove** the passenger-vehicle weight adjustment as soon as the Bill enables it because smaller, lighter used imports are disproportionately penalised.

How the weight adjustment splits new vs used

- **New-vehicle importers** can plan model mix, bank credits, and use heavier platforms without breaching per-kg targets as readily; this is exactly why many new-sector submitters preferred to **retain** weight.
- **Used-vehicle importers** must buy what exists in Japan nine–ten years ago; the channel is smaller and lighter on average yet still pays penalties because weight-adjusted targets **raise** the allowable CO_2 for heavy vehicles while **tightening** the effective bar for light ones. VIA's evidence and requests reflected this reality.

Why weight-based "efficiency" is the wrong yardstick

- The current scheme rewards **CO_2 per km per kilogram**, not absolute CO_2/km. That creates a perverse option: **add mass** and still "meet" a per-km target; this is exactly what most jurisdictions have seen: **heavier vehicles instead of actual CO_2 reductions** (references available from reports in EU and US). (As an illustration of arbitrariness: CO_2 per seat would tell a very different efficiency story.)
- In practice, this delays actual fleet-wide CO_2 reductions because heavier vehicles are excused more than lighter ones delivering similar utility.

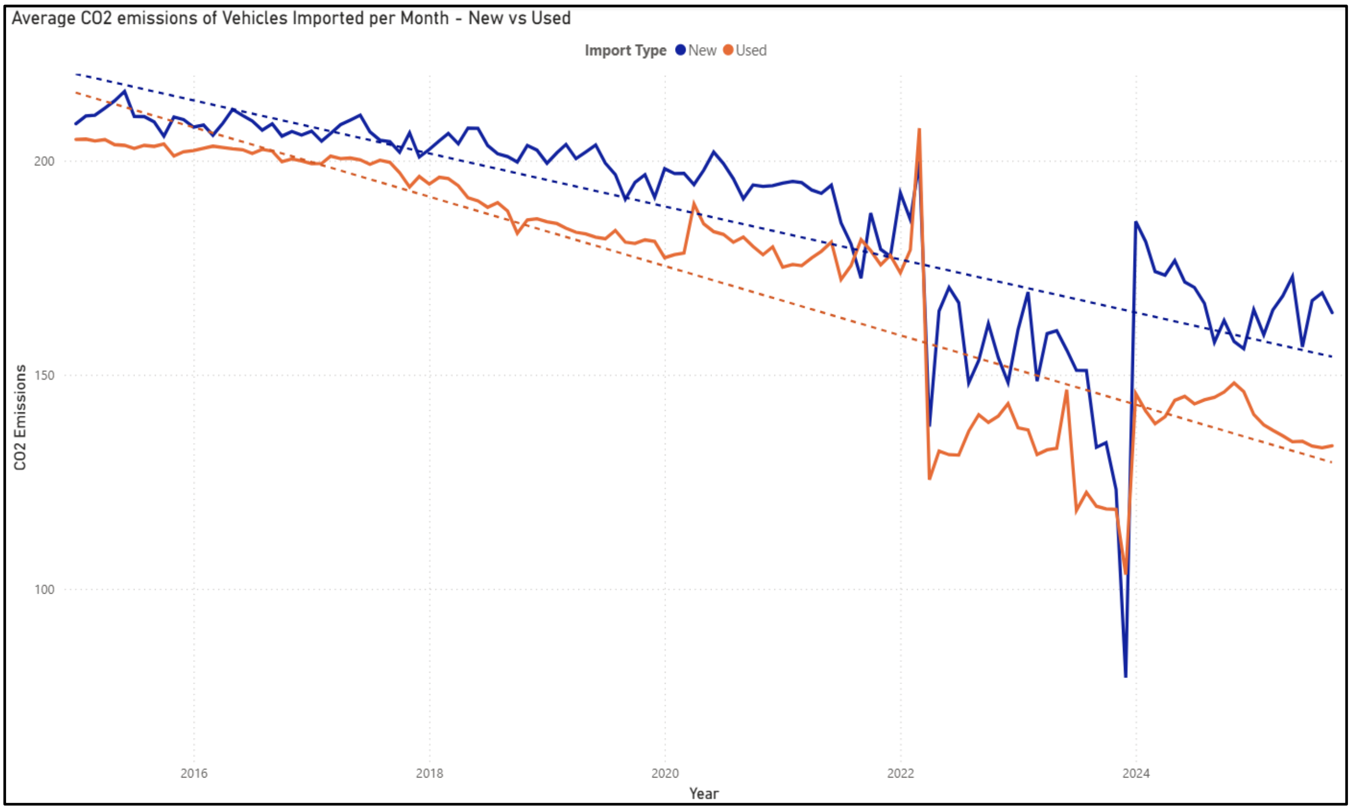
As we said in our original submission: Timing matters.

We urge the Minister to exercise this new power at the earliest lawful date — preferably by or on 1 January 2026 — rather than waiting for the broader review of the settings in 2026. Certainty now will allow importers to contract earlier and preserve fleet turnover into 2026.

While the Bill addresses only passenger vehicles, VIA's position is that the same principle applies equally to commercial vehicles. Weight adjustment undermines emissions integrity in both classes by excusing oversized vehicles rather than rewarding efficiency. We therefore recommend that the removal of weight adjustment for commercials be considered at the earliest opportunity.

e) Emissions trajectories

- **Used:** long-run average CO_2 has fallen faster than new; but without credit buffers, the channel still pays penalties.
- **New:** can maintain lower apparent average CO_2 via credit strategy, even while selling larger, heavier, and higher emitting vehicles.



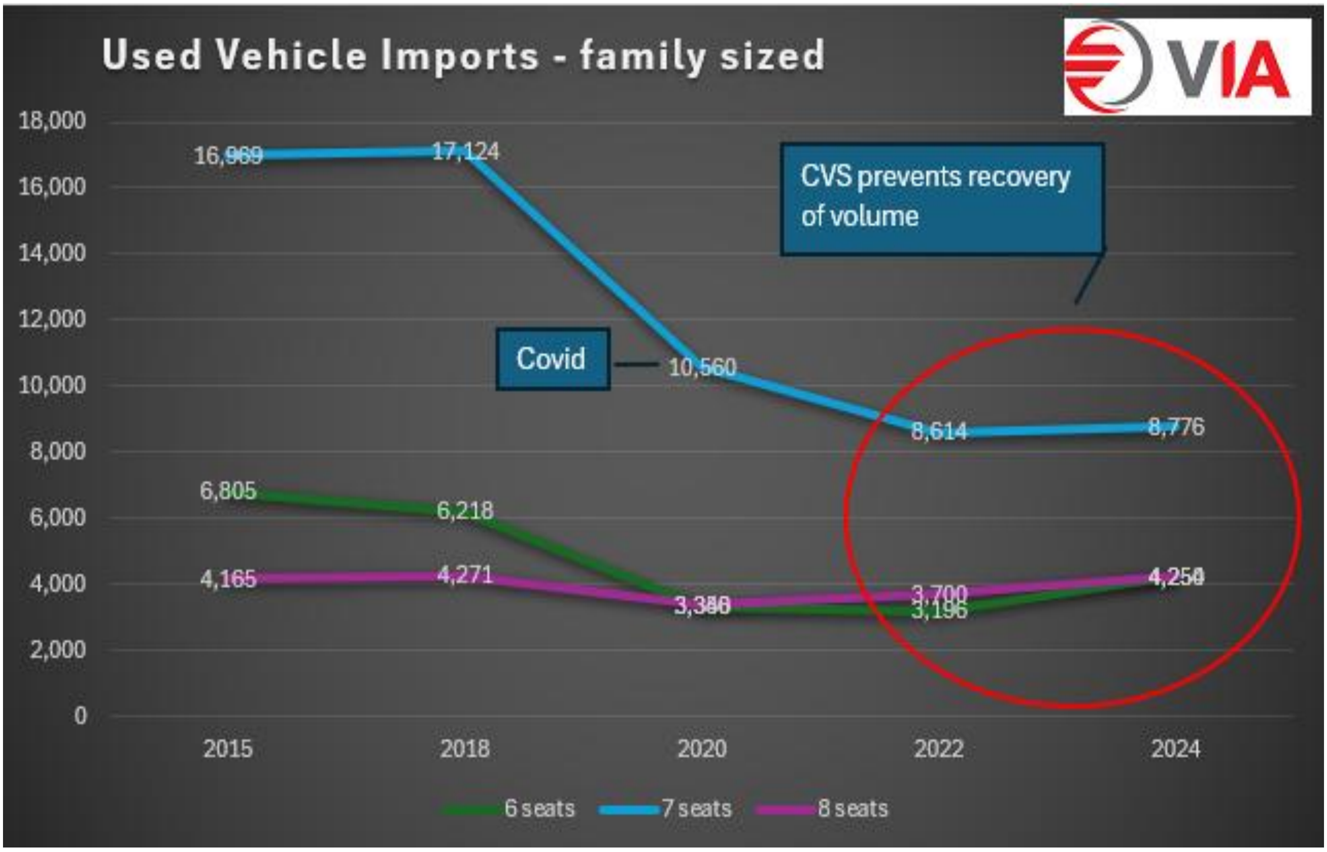
As one submitter to the Committee noted, emissions were trending down prior to the CVS programme. The significant dip between 2022 and 2024 shows the demand incentive impact.

3. Change in vehicle model mix (used imports)

Headline: the share of **6–7 seat** vehicles in used imports has **shrunk materially** since 2015. This is not just fewer cars overall; it's a **mix shift** away from family-sized vehicles.

Year	4 seats	5 seats	6 seats	7 seats	8 seats	Total
2015	4,407	103,288	6,805	16,969	4,165	133,114
2018	4,265	115,881	6,218	17,124	4,271	145,339
2020	2,912	80,362	3,346	10,560	3,350	98,738
2022	3,695	86,889	3,196	8,614	3,700	104,413
2024	2,515	79,923	4,250	8,776	4,254	97,438

- 5-seat vehicles remain the bread and butter of imports, but the used import sector has long been a source of spacious, family sized vehicles (aka "people movers").
- Families are losing access to affordable 6-7 seaters.



From the above data, we can see:

- **6–7 seaters as a share of total used imports**
    - **2015: 17.9%** (6-seat 5.1%, 7-seat 12.7%)
    - **2018: 16.1%**
    - **2020: 14.1%**
    - **2022: 11.3%**
    - **2024: 13.4%**
    - **Net change 2015 → 2024: -4.5 percentage points** (from 17.9% to 13.4%), with the low point in 2022 at 11.3%.
- **Absolute volumes (2015 → 2024):**
    - **6-seaters: 6,805 → 4,250** (**-2,555**, **-37.5%**)
    - **7-seaters: 16,969 → 8,776** (**-8,193**, **-48.3%**)
    - **Combined 6+7: 23,774 → 13,026** (**-10,748**, **-45.2%**)
    - Over the same period, **total** used imports fell **26.8%** (133,114 → 97,438). In other words, **family-sized stock fell much faster than the market overall.**
- **Counter-trend: 5-seaters** grew as a share (≈**77.6% → 82.0%–83.2%** over 2015–2022, ending **82.0% in 2024**). Families are **substituting down** to smaller vehicles because the **cleaner 6–7 seat options** either **aren't available at the right age/price** or attract **CVS penalties** that push them beyond the **$15–20k** household ceiling.

Why it matters: Kiwi households still need people-movers (kids, car-seats, sport, caregiving), but the **affordable** end of that market has been squeezed. The data shows a **structural reduction in family-sized choice** at the price bands families can pay. Penalties on the very models that fit real-world need are **baked into retail**, while smaller cars fill the gap. The policy result is perverse: **older big cars are kept longer**, while the "upgrade" is a **small second car**, not a safer, lower-emission family-sized replacement.

Policy implication: If the Committee wants families in **safer, lower-emission people-movers**, regulatory settings must stop **penalising the family segments** of the used channel.

4. Affordability

Affordability first — why "just bring in the tech" doesn't work here.

The **practical family budget is ~$10-15k** for an upgrade; the **best new hybrid 6–8-seaters are ~$45k**. That gap is decisive for ordinary households. Copying high-ambition markets without their fiscal firepower **prices families out** and **ages the fleet**.

Kiwi buyers choose on **price + need**. Many keep the older big car for infrequent jobs and replace the small/second car if the numbers work out[3]. Choking off clean family-sized used stock **pushes buyers down the size/age curve**, not into new, pricier tech.

Availability & Price Affordability: TradeMe prices

- 2022 & 2025 TradeMe sales data (Top 40 Used cars segments) = $15,000 market

- Segments are 63% of passenger market (Top 40 used imports) – show inelastic $price

	Volume	Days listed		Avg List Price	Vol sold off list	Days to Sell		End Listing Price (sold/unsold)
Mini (Hybrid) Passenger 2022 sales	32,824	52.9	NZ$24,152	NZ$13,908	17,188	51	32.4	NZ$13,434
Mini (Hybrid) Passenger 2025 sales	30,539	83	NZ$23,625	NZ$11,824	16,802	73.7	34.7	NZ$11,599
	Volume	Days listed		Avg List Price	Vol sold off list	Days to Sell		End Listing Price (sold/unsold)
Small (Hybrid) Passenger 2022 sales	7,094	49.2	NZ$35,939	NZ$18,230	3,514	47.9	7.3	NZ$17,959
Small (Hybrid) Passenger 2025 sales	4,720	67.5	NZ$33,022	NZ$14,172	2,524	63.6	9.6	NZ$13,967
	Volume	Days listed		Avg List Price	Vol sold off list	Days to Sell		End Listing Price (sold/unsold)
Medium (All) Passenger 2022 sales	19,704	75.6	NZ$46,554	NZ$16,032	9,257	77.1	10.5	NZ$15,806
Medium (All) Passenger 2025 sales	11,498	77.3	NZ$42,484	NZ$14,552	5,385	73.5	10.0	NZ$13,955
	Volume	Days listed	*Avg price vol weight*	Avg List Price	Vol sold off list	Days to Sell		End Listing Price (sold/unsold)
SUV Hybrid Passenger 2022 sales	8,418	58.3	*8,309*	$15,739	3,249	55.4		$16,095
SUV Hybrid Passenger 2025 sales	8,402	74.3	*6,639*	$21,349	3,044	71.5		$21,028
	Volume	**Total Pass Market**	**% of Market**	**Avg List Price**	**Vol sold off list**	**Days to Sell**		**End Listing Price (sold/unsold)**
TradeMe Mix segments above - Passenger 2022 sales	**68,040**	**109,415**	**62%**	**$15,201**	**33,208**	**62.3**		**$14,859**
TradeMe Mix segments above - Passenger 2025 sales	**55,159**	**91,000**	**61%**	**$14,044**	**27,755**	**71.3**		**$13,614**
	Volume	Days listed		Avg List Price	Vol sold off list	Days to Sell		End Listing Price (sold/unsold)
Other Passenger Med-large/wagon/sedan etc. 2022 sales	41,375			$16,698				
Other Passenger Med-large/wagon/sedan etc. 2025sales	35,841			$19,931				
ESTIMATED EFFECTIVE TOTAL	Volume			Avg List Price				End Listing Price (sold/unsold)
% of Total Market 109,415 & Total Averages 2022 Sales	109,415			$15,767				$15,412
% of Total Market 91,000 & Total Averages 2025 Sales	91,000			$16,363				$15,952

The main message of this diagram is:

- **Used import vehicle prices in New Zealand are stable and sit at around $15,000.**
- The top 40 used import segments, which make up 63% of the passenger car market, show little price movement (inelastic pricing) between 2022 and 2025.

[3] There are so many elements to this – for example, we hear from finance companies that borrowers are seeking longer terms (48 months compared to the previous norm of 36 months) so that weekly repayments remain level even as the principal amount needed increases.

- This suggests that even with changes in market volume and segment mix, used vehicle prices have remained consistently around the $15,000 mark, reflecting limited price flexibility in this large portion of the market.

5. Penalties are flowing straight through to customers

VIA's oral evidence explained that used vehicle importers have been **forced toward small cars** (Aqua/Fit) while **family 5–7 seaters are crowded out by penalties**. Based on the most recent CCS Credit reporting from NZTA:

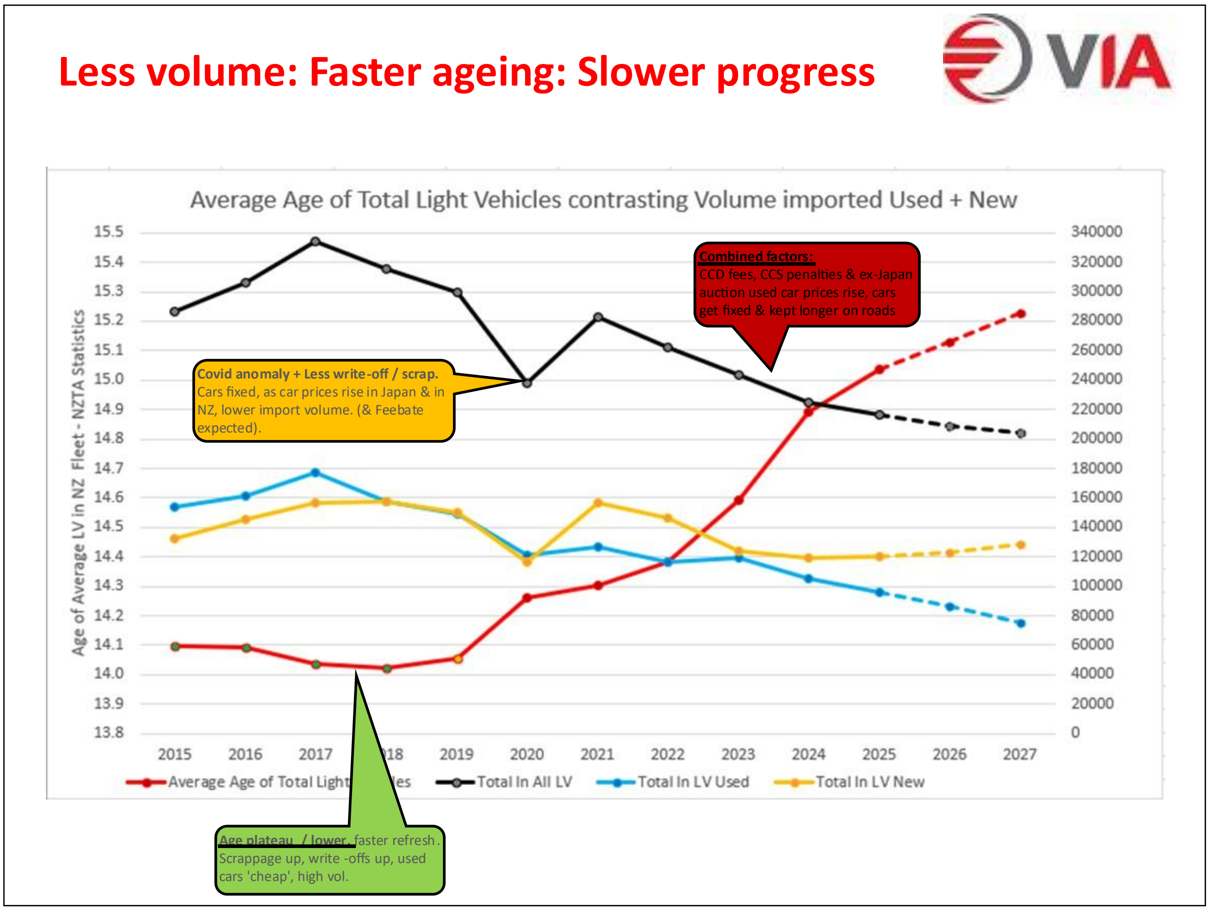
- **Used importers are burning credits** at ~70,000/month to cover a penalty run rate ~100,000/month. At $25.50 trading price, that's **~$2.55m per month loaded into vehicle costs**.
- The used credit bank fell from 1,245,483 (Jan) to 698,958 (Sept);
  - ~502,000 credits consumed YTD 2025 (offset cost ~$12.8m), plus $9.9m cash penalties — $22.7m total in 2025 to date.
  - **In short:** only ~half of penalties are now covered by credits; the rest are cash and passed through.

- Family large car/SUV ≈ $1,456 per-unit penalty (~8% of imports).
- Family medium car/SUV ≈ $1,109 per-unit penalty (~8%).
- Small cars ≈ $676 per-unit penalty on ~54% of the mix; mini/small runabouts ~break-even on ~26%.

- Only ~31.5% of total used import volume earns a credit; **~69% are penalty vehicles**, with **~49.4% of all cars carrying >$1,000 penalty**.
- **This is a stealth tax on imported used vehicle consumers in plain clothes**.

6. Fleet Age

Several submitters noted the impact of reducing volumes and increased prices on the age of the New Zealand vehicle fleet.



The red line is the average age of the fleet, and the rate of aging has shown a significant uptick since the Clean Car Programme started. The other lines (black = total imports; yellow = new imports; blue = used imports) show that as import volumes have fallen, the age increase has strengthened. We see more money being spent on vehicle parts and repairs, fewer insurance write-offs[4], and reduced deregistration (scrappage) figures[5]. New vehicle imports are showing signs of recovery, while used imports are projected to continue falling.

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[4] Insurance companies have turned to repair rather than replace, which is a departure from much of the 2010s.

[5] Deregistration numbers – vehicles removed from the Motor Vehicle Register – are a proxy for “scrappage”. Figures are hard to track because while some vehicles are actively removed (eg write-offs), some owners forget to re-license and NZTA will not confirm this lapse as a deregistration for two years.

7. Future Policy Work

Moving forward as a nation on carbon emissions reduction requires a combination of policy levers, not reliance on a single approach. VIA advocates public transport initiatives and active travel, recognising that vehicle use will remain a necessity for many — although improvements to urban and transnational mobility may lead to reduced vehicle usage over time. At the October 9 hearings, several presenters argued for expanding incentives and mechanisms to foster better consumer choices, beyond blunt tools like the clean car discount. While the discount demonstrated some positive effects, it is costly and other proposals — such as fringe benefit tax adjustments, registration fee reductions, and changes to road user charges — could encourage uptake of low-emission vehicles more efficiently.

One Select Committee member highlighted France's progressive restrictions on vehicle advertising, set to culminate in a full ban on high-emitting vehicle ads in 2028; modelling suggests such measures could reduce consumer preference for higher-emitting vehicles. Another notable French initiative is Paris's threefold parking surcharge for SUVs and EVs over two tonnes from outside the city, which has led to a visible decline in large vehicle traffic and transit through the capital.

It is unwise to focus all efforts solely on transport, as the sector currently bears much of the carbon reduction burden. A wider portfolio of policies, both within transport and across other sectors, is needed for effective and equitable progress, alleviating pressure on transport and accelerating national decarbonisation.

8. Conclusion

The current settings are pushing ordinary households out of the market for safer, lower-emission family cars. The data shows a structural drop in affordable 6–7 seaters, penalties flowing straight through to retail, and a policy bias that rewards heavier new vehicles while squeezing the used channel most Kiwis rely on. The fix is practical and urgent: remove passenger weight-adjustment, stand up a used-only CCS track with realistic targets, and enable fair, early credit trading so costs stop landing on families. Do this at the earliest lawful date (ideally 1 January 2026) so importers can contract now, and we can refresh the fleet without pricing people out.

About VIA

The Imported Motor Vehicle Industry Association Incorporated ("VIA") is the business association that represents the interests of the wider trade involved in importing, preparing, wholesaling, and retailing used vehicles imported from Japan, UK, and other jurisdictions. Our members include importers, wholesalers, Japanese auction companies and exporters, shipping companies, inspection agencies, KSDPs[6], ports companies, compliance shops and service providers to the trade, as well as retailers.

We provide technical advice to the imported motor vehicle industry, and liaise closely with the relevant government departments, including Waka Kotahi (NZTA), Ministry of Transport, New Zealand Customs Service, Ministry for Primary Industries (MPI), Ministry of Consumer Affairs, Commerce Commission, EECA, MfE etc.

Contact

For further contact in relation to this submission:

Greig Epps
Chief Executive Officer
VIA - Imported Motor Vehicle Industry Association (Inc.)
Email: greig@via.org.nz
Web: www.via.org.nz

Official Information Act 1982

VIA has no objection to the release of any part of this statement of support under the Official Information Act 1982.

Privacy Act 1993

VIA has no objection to being identified as the submitter.

[6] KSDP - key service delivery partner, organisations that are contracted or appointed by the Transport Agency to delivery regulatory products or services and who have sufficient market share and/or are of sufficient size and standing within an industry segment to be able to represent and influence the customer expectation of that industry segment.