



VIA

Imported Motor Vehicle Industry Association

VIA Submission on the Land Transport (Clean Vehicle Standard) Amendment Bill (No 2)

Submitted by: Imported Motor Vehicle Industry Association (VIA)

1. Introduction

The Imported Motor Vehicle Industry Association (VIA) welcomes the opportunity to comment on the *Land Transport (Clean Vehicle Standard) Amendment Bill (No 2)*.

Independent importers supply nearly half of New Zealand's light vehicles and almost 80% of those purchased by everyday New Zealanders. Policy settings under the Clean Vehicle Standard (CVS) therefore directly determine affordability, choice, and fleet turnover outcomes for the majority of households.

We support the Bill's overall intent to reduce compliance costs and improve flexibility. Several of the proposed changes represent pragmatic improvements. However, for independent importers—particularly those operating under Pay-As-You-Go (PAYG) accounts—the Bill provides limited direct relief from the immediate challenges of escalating penalties and a diminishing supply of eligible vehicles.

2. Credit Lifespan (Clauses 6 & 12)

Extending the lifespan of carbon credits from three to four years is, in principle, a sensible technical change. It provides greater certainty for planning and aligns better with the realities of vehicle shipping and sale in New Zealand.

For the used import sector, however, this change comes too late to make a practical difference. Credits are being exhausted rapidly, long before expiry dates would ever be reached. Penalties now far outweigh credit-generation opportunities, leaving independent importers facing an immediate compliance cliff. The fundamental challenge is not the duration of credit life but the absence of any pathway for PAYG importers to generate new credits under current supply conditions.

3. Borrowing Flexibility (Clause 7)

We recognise that extending borrowing beyond 2025 may provide relief to fleet-average importers, particularly new vehicle distributors. However, PAYG importers do not have borrowing rights, and for this reason, the provision does not apply to our members.

One safeguard is critical. PAYG importers must continue to settle penalties at the point of entry, at the prevailing rate. If targets are later relaxed, it would not be fair or appropriate for other importers



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who have deferred obligations to argue for retroactive adjustments. Such a change would distort the market and penalise PAYG importers who have already met their obligations in full and on time.

4. Credit Transfers (Clauses 8 & 9)

We support the introduction of cross-sector transfers between new and used importers. This reform recognises the contribution of both sectors to reducing emissions.

We also support the proposed **2:1 conversion ratio**. This reflects the structural 50% penalty/credit differential applied to used imports, maintains integrity in the system, and ensures that credit values align with the way penalties are calculated.

As with the credit lifespan extension, this change may come too late, but we continue to support a dynamic marketplace.

5. Weight Adjustment Repeal (Clause 4)

VIA strongly supports the repeal of mass-adjusted targets for passenger vehicles. We have long argued that weight adjustment distorted the environmental signal by rewarding “weight creep” and excusing heavier vehicles, while penalising the efficient family cars most New Zealanders actually buy.

A uniform target is:

- **Fair, simple, and technology-neutral**, removing distortions that favoured heavier models;
- **Better for emissions outcomes**, because it rewards genuine efficiency rather than vehicle mass;
- **Aligned with affordability**, helping to keep bread-and-butter hybrids, compact wagons, and sub-\$20k vehicles viable (with Turners’ research showing 60% of New Zealanders shop for cars under \$10k, and 80% under \$20k); and
- **Realistic for used imports**, as independent importers cannot manipulate trim levels or vehicle weight—we are price-takers in overseas markets.

Timing also matters. We urge the Minister to exercise this new power at the earliest lawful date—1 January 2026 at the latest—rather than waiting for wider target negotiations. 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.



6. Broader Context

While this Bill makes several constructive technical changes, it does not resolve the structural problem confronting independent importers: under current sourcing realities, we cannot secure sufficient vehicles that meet tightening targets.

This means that PAYG importers, who are already paying penalties on around 70% of stock, will soon face almost universal penalties with no realistic capacity to generate credits¹. Such an outcome is unsustainable and risks cutting off affordable, lower-emissions vehicles from the households that rely on the used import sector. Importantly, even under the less strict targets of the past few years, the CCS has already introduced penalties that have pushed costs beyond the reach of many New Zealanders. This has directly contributed to a **20% decline in used import volumes**. The effect of that decline is reduced fleet turnover, which means older vehicles remain in use for longer—exacerbating emissions, increasing running costs, and entrenching negative outcomes for safety and air quality.

Future amendments to the Clean Vehicle Standard must therefore be grounded in three principles:

- **Supply feasibility** – targets must align with what is actually available from source markets;
- **Affordability and equity** – penalties should not disproportionately burden households who depend on used imports; and
- **Fleet turnover** – the most effective lever for reducing emissions is accelerating the replacement of older vehicles with cleaner ones.

7. Conclusion

In conclusion, VIA supports the Bill's intent and welcomes the repeal of mass-adjusted passenger targets, the recognition of cross-sector credit transfers, and the clarification of technical settings. These are constructive steps that improve the system.

Nevertheless, the immediate challenges facing PAYG importers—rapid credit exhaustion, escalating penalties, and no pathway to generate new credits—remain unaddressed. Without solutions to these structural issues, independent imports risk being unfairly disadvantaged, undermining affordability and slowing fleet turnover.

We therefore encourage Parliament to adopt this Bill, while also committing to further reforms that:

- Remove weight adjustment across both passenger **and commercial** classes;
- Protect supply and affordability for New Zealand households; and
- Preserve the vital role of independent imports in delivering affordable, lower-emission vehicles to the majority of New Zealanders.

¹ EV production in Japan failed to meet the optimistic expectations of Cabinet decision papers, with fewer than 2% of its fleet being EVs and fewer still available for export. Also, three shipping lines deliver vehicles to NZ: one refuses used EVs, one will only bring used Nissan Leafs, and the third requires extra handling for shipping (documentation, battery photos, and a surcharge). This is why the opportunity for credit generation is stifled for the used import sector.





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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, KSDPs², 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

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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.

² KSDP - key service delivery partner, organisations that are contracted or appointed by the Transport Agency to deliver 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.



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