



Submission to:

Climate Change Commission

on:

- Draft advice on the fourth emissions budget (2036–2040)
- Review of the 2050 emissions reduction target
- Review on whether emissions from international shipping and aviation should be included in the 2050 target

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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, KSDPs¹, ports companies, compliance shops and service providers to the trade, as well as retailers.

We provide legal and technical advice to the trade, 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.

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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.

¹ 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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Executive Summary

The Imported Motor Vehicle Industry Association (VIA), representing the imported used motor vehicle industry in New Zealand, acknowledges the necessity of making the car industry more sustainable to meet our climate change obligations.

VIA supports comprehensive emission reduction targets that include all sources of greenhouse gases (GHGs), such as aircraft and shipping, and advocates for the use of offsets within a regulated framework to complement direct emission reductions.

To promote zero-emission vehicles (ZEVs), VIA recommends leveraging the growth of the ZEV market in Japan to increase the supply of second-life ZEVs for New Zealand and considering environmental exemptions for left-hand drive ZEVs equipped with modern active safety systems from countries like China, Korea, the US, and the EU.

Furthermore, VIA calls for financial support, such as subsidies and grants, for training programs related to EV technologies.

VIA emphasizes the need to enhance personal transport sustainability through policies promoting progressive emission reductions, efficiency improvements, and vehicle lightweighting. Aligning policies with international standards, particularly for aircraft and shipping, and utilizing credible emission offsets within the Emissions Trading Scheme (ETS) are also crucial aspects of VIA's advice.

By implementing these measures, New Zealand can ensure the sustainability of the used vehicle import sector while supporting the national goal of reducing greenhouse gas emissions.

Climate Change: A Philosophical View

The Ethical Imperative to Reduce Greenhouse Gas Emissions

One of the major arguments against New Zealand's efforts to reduce greenhouse gas (GHG) emissions is the perceived insignificance of our contribution to the global climate. Critics argue that even if New Zealand were to achieve our emission reduction goals, the impact on global warming would be negligible. However, this view overlooks the profound philosophical and ethical responsibilities we have as global citizens. It is imperative for New Zealand to do its part in addressing climate change for several compelling reasons.

Moral Responsibility and Global Citizenship

As members of the global community, we have a moral obligation to contribute to the collective effort to mitigate climate change. The ethical principle of collective responsibility asserts that every nation, regardless of its size or contribution to the problem, has a duty to act. Climate change is a global crisis that requires global cooperation. By taking action, New Zealand demonstrates solidarity and leadership, encouraging other nations to follow suit. Our efforts can inspire and influence larger emitters to take meaningful action, fostering a cumulative impact.

Justice and Equity

Climate change disproportionately affects the most vulnerable populations, including those in developing countries who contribute the least to global emissions². As a relatively affluent nation, New Zealand has the resources and capacity to make significant strides in reducing emissions. It is a matter of justice and equity to use our advantages to help mitigate a problem that disproportionately harms those who are less capable of defending themselves. This ethical stance aligns with the principles of fairness and distributive justice, emphasizing the importance of sharing the burden of climate action.

Intergenerational Responsibility

We have a duty to future generations to preserve the planet in a liveable condition. Our current actions will determine the quality of life for those who come after us. Failing to act on climate change condemns future generations to a world with more severe environmental, social, and economic challenges. Ethically, we must strive to leave a legacy of sustainability, demonstrating that we took decisive action to protect the environment and ensure a stable climate for our descendants.

Moral Leadership and Influence

New Zealand has a history of punching above its weight on the international stage, from championing nuclear-free policies to advocating for human rights. By committing to significant GHG reductions, we can continue this tradition of moral leadership. Our actions can set a benchmark for other countries, particularly those with similar or larger economies, showing that ambitious climate goals are achievable and beneficial. This moral leadership is crucial in galvanizing international efforts and creating a ripple effect of positive environmental actions.

The Ethical Imperative of Non-Action

Failing to act is, in itself, an ethical decision with severe consequences. By choosing not to reduce our emissions, we implicitly endorse the continued degradation of the global environment. This inaction exacerbates climate injustices and places the burden of climate change mitigation on future generations and less affluent nations. Ethically, non-action is indefensible because it represents a deliberate choice to ignore the suffering and harm that will result from unchecked climate change.

² Think of our Pacific neighbours such as Kiribati, Tuvalu, and the Solomon Islands.

VIA's Position on Global Emission Reduction and Climate Action

The latest United Nations Emissions Gap Report 2023 highlights that the world is not on track to limit warming to 1.5°C, with current projections indicating that global temperature increases will likely exceed this threshold. Despite commitments under the Paris Agreement leading to lower expected global greenhouse gas emissions by 2030, significant challenges remain.

Against this backdrop, VIA recognises the necessity of comprehensive and ambitious climate action. We advocate for the inclusion of all GHG sources, including aircraft and shipping, in emission reduction targets and support the use of offsets within a regulated and structured framework. New Zealand has an ethical responsibility to contribute to this global endeavour, demonstrating leadership and solidarity in the face of an unprecedented environmental challenge.

VIA's Perception of Sustainability

It is essential to recognize that reducing unsustainability is not synonymous with achieving sustainability, despite the initial assumption that being less unsustainable equates to being more sustainable. Here's why this distinction matters:

Reducing Unsustainability:

- This approach focuses on addressing problems or minimizing harm. Examples include reducing pollution, cutting down on waste, and using fewer resources. These actions mitigate harmful practices but do not inherently promote environmental well-being.
- Reducing unsustainability is about minimizing damage, not necessarily fostering positive outcomes.

Achieving Sustainability:

- This approach involves implementing practices that are beneficial to the environment and society from the outset. Examples include adopting renewable energy, protecting wildlife, and promoting fair labour practices. These actions contribute positively to the long-term health of the planet and society.
- Achieving sustainability means actively creating systems that can be maintained indefinitely without causing harm.

While reducing unsustainability moves us away from harmful practices, it does not automatically lead to sustainable practices. One can reduce their negative impact without making a positive impact. True sustainability requires proactive efforts to develop and maintain practices that benefit both the environment and society.

Reducing unsustainability means doing less harm, whereas achieving sustainability means doing more good. Both approaches are crucial, but they are not interchangeable. Reducing unsustainability is a necessary first step, but true sustainability demands a shift towards positive, regenerative practices that ensure long-term health and well-being for all.

Importance for Industry:

For industry, recognizing the need to become sustainable is not just an ethical imperative but an economic one. Economic sustainability is fundamentally dependent upon environmental, social, and governance (ESG) sustainability. Industries that invest in sustainable practices are better positioned to mitigate risks, comply with regulations, and meet the growing demand for responsible products and services. Sustainable practices lead to more resilient supply chains, reduce costs associated with waste and inefficiency, and enhance brand reputation. Ultimately, the long-term profitability and

viability of industries are inextricably linked to their ability to operate sustainably, ensuring they contribute positively to the environment and society.

How to Address Climate Change: A View from Industry

VIA thanks the Commission for taking the time to speak with us directly during the consultation period, and we noted some key elements of the discussion included future EV penetration, source markets for EVs, and the potential for ICE to EV conversions.

We respond to those items here and also touch on support for training.

Current EV Penetration and Projections in Japan

Japan, a primary source of used vehicles for New Zealand, is experiencing growth in its EV market. Major Japanese automakers, such as Toyota, Nissan, and Honda, are increasing their EV production:

- We understand that Toyota plans to release 30 EV models by 2030 and sell 3.5 million EVs annually by then.
- Similarly, Nissan intends to aim for a 50% electrification mix by the early 2030s, building on its success with models like the Leaf.
- We expect other manufacturers in Japan are exploring similar goals at similar timeframes.

By the early 2030, we expect Japanese automakers to produce millions of EVs annually. By 2040, this will significantly increase the potential supply of used EVs available for export to New Zealand.

This 7-to-10-year gap in time between when we expect volumes to initially increase in Japan and when vehicles will be available to New Zealand at significant volumes is due to one factor – cost. New Zealand is a low wage economy and hence most car buyers are constrained in their purchasing power. Historically, this price point becomes commercially viable at 7-to-10 years. We expect this trend to continue.

In the meantime, the supply of vehicles from Japan will primarily consist of a growing portion of petrol-EV hybrids. We expect the efficiency of these vehicles to improve progressively over time as the battery technology improvements make the EV components of these hybrids more dominant and efficiency taxes in Japan drive efficiency improvements.

Exploring other source jurisdictions

While other jurisdictions may have increased volumes of EVs, we are currently constrained to Japan, Singapore, Australia, or the UK due to RHD (right hand drive) and standards equivalencies. Japan is uniquely positioned as a source of vehicles due to its preference for small efficient vehicles, a tax regime that promotes vehicle turnover, and the excellent public transport that limits VKT.

Vehicles sourced from other RHD jurisdictions will, on a like-for-like-basis, often have higher mileage, higher environmental degradation³, and a higher price. Vehicles sourced from other jurisdictions would also have price premiums due to their inability to take advantage of the well-developed supply pathways between Japan and New Zealand⁴.

We would, however, recommend the Government consider looking at the potential to import LHD zero emission vehicles (including EVs) from the EU, Korea, China and the US⁵. Specifically, we think

³ For example, winter salt on UK roads and tropical conditions in Singapore.

⁴ One obvious difference between the UK and Japan is the distance ships need to travel and the time that businesses have their investments sitting on water.

⁵ It should be noted that sourcing from non-traditional jurisdictions will require making comparisons of vehicle standards in NZTA Rules to see if they align and enacting law changes if they do.

that modern ADAS systems such as lane-keep assist, blind-spot monitoring, and even automated emergency braking could negate the potential risks associated with driving LHD vehicles in a predominantly RHD road environment. This approach should be limited to an environmental exemption, zero emission vehicles only.

EV Conversions

As to retrofitting, VIA has worked with the Ministry of Transport to assure a potential pathway for EV conversions is open if the necessary technology and processes reach maturity. Unfortunately, the process is technically complex and currently too costly to be viable at scale.

The process requires significant structural modifications and the availability of retrofitting kits and skilled technicians. While EV component technology, such as batteries, continues to decrease in cost, additional support through subsidies and grants to support technical training programs would still be needed to help mitigate these challenges.

And one must ask, if the supply of EV batteries is not sufficient for manufacturers to produce all the EVs needed to meet targets, what chance is there of batteries being available for ICE conversions?



Other thoughts

Our recommendation for additional support through subsidies and grants to support technical training programs related to zero emission technologies and EVs more specifically would have other potential knock-on effects. For example, one of the biggest unfulfilled promises about EVs is that batteries would find continued value as remanufactured home batteries that would then allow us to implement and take advantage of a more distributed power grid balanced by all these connected batteries.

What we have found, however, is that expertise in remanufacturing these batteries is currently lacking and that, while the potential value remains, it is being unrealised - no one knows how to get from here to there. As well, recyclers are currently finding the costs of disposal of batteries is prohibitive (often more than the value of the car).

Investment in the expertise to service our future EV fleet would also provide for many of the skills needed to fulfil the promise of remanufacturing these batteries to extend their value and life before eventual recycling.

Personal Transport: Making It More Sustainable

Emissions are only a symptom of a greater problem of unsustainability. While we acknowledge the goal in this effort is to reduce GHG emissions exclusively, progressive sustainability improvements in general would have a compounding effect. Reducing unsustainability in personal transport involves three areas of focus:

- progressive emission reductions,
- progressive efficiency improvements, and
- progressive lightweighting.

Progressive Emission Reductions

Progressive emission reductions are fundamental to addressing climate change. By systematically lowering emissions from vehicles, we directly contribute to a decrease in greenhouse gas concentrations. This involves setting and enforcing stricter emission standards over time, encouraging the adoption of low-emission and zero-emission vehicles.

Progressive Efficiency Improvements

Efficiency improvements in vehicles reduce fuel or power consumption. Enhancing vehicle efficiency can be achieved in multiple ways, including advancements in engine technology and drivetrain efficiency. What is important is that to get the compounding effect of reducing unsustainability, the means of achieving this goal cannot militate against the other two goals.

Progressive Vehicle Lightweighting

Reducing the weight of vehicles can significantly impact fuel efficiency and emissions. Lightweight materials and innovative design strategies can achieve substantial weight reductions, meaning lower embodied emissions and decreasing the energy necessary to move a vehicle.

Integrated Approach: Co-Benefits of Combined Strategies

Achieving progressive emission reductions, efficiency improvements, and vehicle lightweighting in tandem provides co-benefits that are greater than the sum of their parts. Each strategy supports the others, creating a synergistic effect that maximizes sustainability gains. It is demonstrably true from recent reviews of GHG reduction efforts in the EU⁶ and the US⁷ that success of one of these goals in isolation will be significantly negatively impacted by ignoring the others, potentially even leading to inverse consequences. Both reports show that in their respective jurisdictions, GHG policies have had significantly less than expected emissions reductions even though the expected efficiency improvements were seen. The rationale given is that the efficiency gains were offset by increases in vehicle mass and power.

Challenges in Improving Sustainability

One of the most significant factors exacerbating unsustainability in the automotive industry is manufacturing trends toward ever-heavier vehicles. This trend is reinforced by Government policy positions that promote heavier vehicles, such as the weight-adjustment in the Clean Car Programme or vehicle safety ratings that focus exclusively on occupant protection.

Another challenge is the push by manufacturers to increase demand for more profitable, often more unsustainable vehicles. Advertisements shape consumer demand by influencing perceptions,

⁶ <https://www.eca.europa.eu/en/news/news-sr-2024-01>

⁷ <https://www.epa.gov/system/files/documents/2024-03/420r24004.pdf>

creating desires, and encouraging the purchase of products or services through targeted messaging and persuasive techniques.

Inclusion of Aircraft and Shipping in Emission Reduction Targets

The Commission has also sought views on the inclusion of aircraft and shipping in emission reduction targets.

VIA considers that all sources of greenhouse gas (GHG) emissions, including aircraft and shipping, should be included in the mix for the 2050 targets. This comprehensive approach is crucial for incentivizing the necessary changes across all sectors to meet our climate goals.

Unique Reliance on Shipping

As a small remote island nation, New Zealand is uniquely reliant on shipping for the importation of goods. We recognize that imposing higher costs on shipping and aircraft will likely result in these costs being passed on to consumers. Additionally, we do not want to make it prohibitively expensive or difficult for goods to be imported into New Zealand, nor do we want shipping companies to relocate to avoid any imposed costs.

Strategic Alignment with International Recommendations

To effectively include aircraft and shipping in our emission reduction targets without disproportionately impacting our economy, VIA recommends aligning our policies with those of our trade partners and adhering to the recommendations of the International Maritime Organization (IMO) and the International Civil Aviation Organization (ICAO). This alignment will help ensure that our measures are part of a broader, coordinated international effort, minimizing the risk of competitive disadvantages and economic disruptions.

Position on Emission Offsets

While the discussion documents do not explicitly ask about how offsets should be handled, VIA's position is clear: offsets should be allowed in conjunction with efforts to reduce emissions. However, all recognized offsets should be part of the Emissions Trading Scheme (ETS) assuring market rates are paid for those offsets. Funds for external offsets should be pooled and purchased by the New Zealand government from approved and internationally accredited and audited offset schemes. The ETS system should be expanded to accommodate this.

Ensuring Credibility and Integrity

By pooling offsets and purchasing them from accredited and audited schemes, we ensure that all offsets are credible and contribute genuinely to emission reductions. This approach maintains the integrity of our climate efforts and avoids the pitfalls of unverified offsets.

Facilitating Comprehensive Emission Reductions

Allowing offsets alongside direct emission reduction efforts provides flexibility for industries to meet their targets. This dual approach encourages continuous improvement in emission reductions while utilizing offsets to balance any remaining emissions that are challenging to eliminate immediately.

Supporting Global Climate Goals

Purchasing offsets from internationally recognized schemes ensures that our offset efforts contribute to global climate goals. This strategy aligns New Zealand's emission reduction efforts with global standards, enhancing our role in the international community's fight against climate change.

Challenges and Ethical Considerations of Offsets

We recognize that relying on offsets, particularly those that involve GHG removals, poses significant challenges and ethical concerns. The primary issue is that offsets can detract from the goal of directly reducing emissions and may present a false sense of progress. Additionally, there are currently no viable GHG removal technologies, and the notion of using trees for this purpose is fundamentally flawed. Even reforesting New Zealand entirely could only address the historical impacts of initial deforestation and would not mitigate the effects of fossil fuel use and industrialization that have occurred since.

Reliance on Unfounded Technology

Reliance on unproven technology to solve the problem is a risky gamble with the public good. This approach does not address the root causes of climate change and delays the essential shift to sustainable practices. Although there is significant social and commercial interest in developing technologies to reduce and remove greenhouse gas emissions, we cannot depend on miraculous solutions. Instead, we must focus on proven methods like reducing emissions without relying on speculative technologies.

Responding to the Commission’s Assumptions and Recommendations

We have teased out several assumptions and recommendations from the Commission’s advice. The following tables provide VIA’s response to these.

Assumptions

Commission's Assumptions and VIA Response	
1. Increased Electrification:	
VIA supports increased electrification and highlights the expected growth in the Japanese EV market ⁸ . We see the need for diversified supply sources and support importing used EVs from multiple jurisdictions, including allowing LHD EVs with modern safety features.	
<ul style="list-style-type: none"> Significant growth in the number of EVs in light passenger and commercial fleets. 	<ul style="list-style-type: none"> VIA tentatively supports this assumption, which would allow us by 2040 to leverage Japan's EV production to meet NZ demand.
<ul style="list-style-type: none"> Advances in battery technology and a reduction in costs will make EVs more accessible and affordable. 	<ul style="list-style-type: none"> VIA acknowledges the critical role of battery technology advancements and supports government initiatives to promote R&D in this area.
2. Infrastructure Development:⁹	
VIA agrees with the need for extensive EV charging infrastructure. It recommends significant investments in charging stations, particularly in rural and underserved areas.	
<ul style="list-style-type: none"> Extensive development of EV charging infrastructure, including fast-charging stations, especially in rural and underserved areas. 	<ul style="list-style-type: none"> VIA fully supports this development and stresses the need for equitable distribution of infrastructure to ensure accessibility for all New Zealanders.
<ul style="list-style-type: none"> Improvements in public transport infrastructure to reduce reliance on private vehicles. 	<ul style="list-style-type: none"> VIA supports improvements in public transport but emphasises the need for complementary policies that encourage EV adoption alongside public transport enhancements.
3. Behavioural Change:	
VIA supports initiatives to promote sustainable transportation behaviours, such as public transport and active travel. It emphasizes making EVs affordable through incentives and education programs to encourage behavioural changes.	
<ul style="list-style-type: none"> A shift in consumer behaviour towards more sustainable transportation options, such as public transport, cycling, and walking. 	<ul style="list-style-type: none"> VIA supports this shift and suggests integrating incentives for EVs to complement public transport and active travel initiatives.
<ul style="list-style-type: none"> Increased adoption of telecommuting and remote work practices reducing the need for daily commuting. 	<ul style="list-style-type: none"> VIA supports this practice as part of a broader strategy to reduce emissions but stresses the importance of maintaining affordability and accessibility of EVs.

⁸ Based on statements of expected production into the 2030s that have been made by the OEMs (Original Equipment Manufacturers, aka ‘vehicle manufacturers’ or their representatives in New Zealand).

⁹ The Commission’s assumption here is focused on the charging network. VIA would also support an increase in investment in power production and distribution, which is still infrastructure development, with an immediate goal of increasing supply and reducing costs. This would have the effect of making electrification appear more viable due to low operating costs, driving demand and helping assure NZ is prepared for future demand.

4. Policy and Regulatory Support:	
VIA advocates for progressive GHG emission reductions and financial incentives for EV adoption and retrofitting. It supports subsidies, grants, and low-interest loans to make EVs and retrofitting more accessible.	
<ul style="list-style-type: none"> Implementation of standards designed to generate actual progressive GHG emission reductions. 	<ul style="list-style-type: none"> VIA supports stringent emissions standards and recommends including incentives for over-achievement to maximize environmental benefits.
<ul style="list-style-type: none"> Financial incentives for purchasing EVs and the removal of incentives for using fossil fuel-powered vehicles. 	<ul style="list-style-type: none"> VIA supports financial incentives for EVs and recommends exploration of additional subsidies for retrofitting existing ICEVs to electric. Additional support for long-term training in ancillary areas will be required.
5. Supply Chain Adjustments:	
VIA understands the Commission being interested in diversifying supply sources to enhance the resilience of transport supply lines. Our best source market is Japan, with Singapore and the UK as supplements. There may be merit in considering LHD EVs with advanced safety systems to increase the availability of zero-emission vehicles.	
<ul style="list-style-type: none"> Assurance of a steady supply of EVs through diversified import strategies and fostering local EV production capabilities. 	<ul style="list-style-type: none"> VIA supports feasible diversified import strategies that are economically sustainable and suggests exploring partnerships to ensure a stable supply of EVs and components.

In general, the assumptions are sound, but the future is hard to predict.

Recommendations

Commission's Recommendations and VIA Response	
1. Vehicle Import Policies:	
VIA recognises a need for a gradual phase-out of ICEV imports. We recommend policies that facilitate a smooth evidence-based transition.	
<ul style="list-style-type: none">• Gradual phase-out of internal combustion engine vehicle (ICEV) imports, aiming for a complete ban by 2040.• Encouragement of used EV imports to increase the availability of affordable electric vehicles.	<ul style="list-style-type: none">• VIA agrees with this target and emphasizes the need for a phased approach to ensure market stability and consumer affordability.• VIA also recommends this policy be verified over-time as better information on future zero emission vehicle supply becomes available.• VIA supports this recommendation and suggests facilitating the import of used EVs from diverse jurisdictions to boost supply until EV supply from approved RHD jurisdictions can meet local demand..
2. Incentives and Subsidies:	
VIA calls for comprehensive financial support for EV adoption and retrofitting. This includes rebates, grants, and low-interest loans to make the transition more affordable for everyday New Zealanders.	
<ul style="list-style-type: none">• Provision of financial incentives such as rebates, grants, and low-interest loans for purchasing EVs and retrofitting ICEVs to electric.• Support for research and development in applied battery technologies and engineering to improve remanufacturing opportunities and reduce costs.	<ul style="list-style-type: none">• VIA supports these measures and emphasizes the need for continued support to ensure widespread adoption and affordability of EVs.• VIA supports R&D in battery technologies and suggests government funding to accelerate advancements in this field.
3. Infrastructure Investments:	
VIA emphasizes the need for significant investment in charging infrastructure. It supports expanding the network of fast-charging stations and ensuring that rural and underserved areas are adequately covered. NZ needs more stable infrastructure and cheaper power to make electrification more competitive.	
<ul style="list-style-type: none">• Significant investments in EV charging infrastructure to ensure widespread and convenient access.• Development of public transport networks and cycling infrastructure to promote sustainable transport modes.	<ul style="list-style-type: none">• VIA fully supports this investment and stresses the importance of equitable distribution to ensure access for all New Zealanders.• VIA supports this development and suggests integrating EV incentives to complement improvements in public transport and cycling infrastructure.

Commission's Recommendations and VIA Response

4. Regulatory Frameworks:

VIA advocates for improving existing GHG emissions standards to improve actual GHG reduction outcomes.

- Stringent but realistic GHG emissions standards for all vehicles entering the New Zealand market.
- VIA supports stringent emissions standards and recommends including provisions for second-life EVs.

5. Public Awareness and Education:

VIA supports public awareness campaigns to promote the benefits of EVs and sustainable transportation options. It emphasizes the need for education programs to encourage behavioural changes that reduce reliance on private vehicles.

- Campaigns to raise awareness about the benefits of EVs and sustainable transportation options.
- VIA supports awareness campaigns and suggests targeted initiatives to educate consumers on the benefits and availability of used EVs.
- Education programs to promote behavioural changes that reduce reliance on private vehicles and encourage the use of public transport and active modes of travel.
- VIA supports education programs and emphasizes integrating information on EV incentives and benefits to maximize impact.

6. Collaboration and Partnerships:

VIA recommends fostering partnerships between government, industry, and academia to drive innovation and adoption of sustainable transport technologies. It supports international cooperation to ensure a stable supply of EVs and components and to share best practices in transport emissions reduction.

- Fostering partnerships between government, industry, and academia to drive innovation and adoption of sustainable transport technologies.
- VIA supports these partnerships and suggests collaborative initiatives to accelerate EV adoption and infrastructure development.
- International cooperation to ensure a stable supply of EVs and components and to share best practices in transport emissions reduction.
- VIA supports international cooperation and recommends aligning with global standards to ensure a stable supply and adoption of best practices.

Summary of VIA's Policy Advice

VIA advocates for comprehensive emission reduction targets that include all sources of greenhouse gases (GHGs), such as aircraft and shipping. Additionally, VIA supports the use of offsets within a regulated framework to complement direct emission reductions, ensuring that all sectors contribute to meeting climate goals.

To promote zero-emission vehicles (ZEVs), VIA recommends leveraging the growth of the ZEV market in Japan to increase the supply of second-life ZEVs for New Zealand. In the interim, we also suggest considering environmental exemptions for left-hand drive ZEVs equipped with modern active safety systems from countries like China, Korea, the US, and the EU. Furthermore, VIA calls for financial support, such as subsidies and grants, for training programs related to EV technologies to build the necessary skills and expertise to maintain and eventually even remanufacture EVs and EV components.

VIA emphasizes the need to enhance personal transport sustainability through several key measures. We propose implementing policies designed to promote progressive emission reductions and encourage efficiency improvements. These need to be paired with policies promoting vehicle lightweighting; including a review of existing policy positions that currently incentivize heavier vehicles. By combining progressive emission reductions, efficiency improvements, and vehicle lightweighting, significant synergistic benefits can be achieved.

We also recommend coordinating policies with international standards; emission reduction policies and targets for aircraft and shipping with trade partners and following international recommendations from organizations like the International Maritime Organization (IMO) and the International Civil Aviation Organization (ICAO). This alignment will help minimize economic disruptions and competitive disadvantages.

Conclusion

VIA supports the Climate Change Commission's ambitious targets for emissions reductions and acknowledges the critical role of transitioning New Zealand's vehicle fleet to zero-emission vehicles, likely to be exemplified by electric vehicles (EVs). The recommendations and assumptions made by the Commission are generally sound, but achieving these goals will require overcoming significant challenges in the near term. Key obstacles include the supply constraints of EVs, the technical and economic barriers to retrofitting existing vehicles, and the need for extensive infrastructure development.

To address these challenges, VIA advocates for a diversified approach that includes leveraging international EV markets, particularly Japan, considering the import of left-hand drive EVs with modern safety features, and providing financial incentives and support for EV adoption and retrofitting. Furthermore, aligning policies with international standards and utilizing credible emission offsets are essential for ensuring that New Zealand meets its emissions reduction targets without compromising economic stability or the viability of the used vehicle import sector.

By working collaboratively with government, industry, and international partners, and by implementing supportive policies and regulations, New Zealand can accelerate the transition to a zero-emission vehicle fleet. This comprehensive approach will not only contribute to global climate goals but also ensure a sustainable and resilient future for the New Zealand automotive industry.

Appendix 1: A briefing on New Zealand's Import Dynamics

Analysis of car registration data from May 2023 to April 2024 and its implications on equity and GHG emissions. Vehicle registration numbers are used as a proxy for imports as they represent vehicles being added to the fleet for the first time.

Overview of Data

The data highlights the number of cars imported into New Zealand in the last year, categorized by import type (new vs. used) and buyer type (individual vs. company). Here's a summary:

- Company New Cars: 87,764 (33.23%)
- Individual New Cars: 48,722 (18.45%)
- Individual Used Cars: 96,211 (36.43%)
- Company Used Cars: 26,921 (10.19%)

Key Insights

Market Distribution:

- Used cars accounted for 46.62% of vehicles registered, while new cars accounted for 51.68% of total registrations.
- Individual buyers purchased more used cars (36.43%) than new cars (18.45%).
- Companies purchased a significant number of new cars (33.23%) compared to used cars (10.19%).

Economic Implications:

Cost Differences: New cars are generally significantly more expensive than used cars. This cost disparity means that policies affecting vehicle prices (e.g., taxes, subsidies, import duties) will have different financial impacts on individuals versus companies and new versus used car markets.

Equity Concerns: Individuals, particularly those with lower incomes, are more likely to buy used cars due to their lower cost. Policies that increase the cost of all vehicles could disproportionately affect these buyers, exacerbating economic inequities.

Environmental Implications:

GHG Emissions: The new car industry has seen increases in vehicle mass and power over the reported period (which is a long-term trend we see no evidence of abating), which international findings suggest likely negate the benefits of improved fuel efficiency. In contrast, the used car industry has seen decreases in mass and increases in efficiency, likely resulting in real reductions in GHG emissions.

Policy Focus: Efforts to reduce GHG emissions should consider these trends. For example, incentivizing the purchase of more efficient light used cars could be an effective strategy for GHG reductions.

Target Audiences:

New Car Market: Primarily targeted by companies, policies relating to new cars should consider the corporate sector's ability to absorb higher costs and the potential for fleet upgrades to more efficient models.

Used Car Market: Primarily targeted by individuals, policies for used cars should aim to make light efficient used cars more accessible to lower-income buyers. This could involve subsidies, tax breaks, or other incentives for purchasing light efficient used vehicles.

Recommendations for Policymakers

Differential Pricing Policies: Implement policies that differentiate between new and used cars, with a focus on supporting lower-income individuals who are more likely to buy used cars. For instance, higher taxes on new, less efficient cars could be balanced with subsidies for efficient used cars. Interestingly, the weighted average component of the Clean Car Standard actually works in the opposite direction, lower-income individuals buying lighter used cars subsidise the sale of higher priced new cars through relatively stricter GHG targets based on vehicle mass.

Incentives for Efficiency: Create incentives for both new and used cars to improve fuel efficiency. For example, offering rebates or tax credits for the purchase of cars that meet certain efficiency standards, regardless of whether they are new or used.

Corporate Responsibility: Encourage companies to invest in more efficient cars. This could involve corporate tax breaks for purchasing low-emission vehicles or penalties for maintaining inefficient fleets.

Public Awareness Campaigns: Educate consumers about the benefits of light efficient used cars, including lower costs and reduced environmental impact. This could help shift consumer preferences towards more sustainable options.

Comprehensive GHG Policies: Develop GHG reduction strategies that account for the entire vehicle lifecycle, including manufacturing, usage, and disposal. Policies should encourage the use of cars with the lowest overall GHG impact.

Conclusion

The analysis of car import data reveals significant insights into market dynamics, economic equity, and environmental impacts. Policymakers must consider these factors to develop effective and equitable policies that promote GHG reductions. By fairly targeting specific market segments and incentivizing actual GHG reductions, New Zealand can achieve its environmental goals while supporting economic equity.