

Submission to the Ministry of Transport

In the matter of the Clean Car Standard and the Clean Car Discount

Auckland Council, August 2019



**Auckland
Council**

Te Kaunihera o Tāmaki Makaurau



Mihimihi

<p>Ka mihi ake ai ki ngā maunga here kōrero, ki ngā pari whakarongo tai, ki ngā awa tuku kiri o ōna manawhenua, ōna mana ā-iwi taketake mai, tauiwi atu. Tāmaki – makau a te rau, murau a te tini, wenerau a te mano. Kāhore tō rite i te ao.</p>	<p><i>I greet the mountains, repository of all that has been said of this place, there I greet the cliffs that have heard the ebb and flow of the tides of time, and the rivers that cleansed the forebears of all who came those born of this land and the newcomers among us all. Auckland – beloved of hundreds, famed among the multitude, envy of thousands. You are unique in the world.</i></p>
---	--

DRAFT

Title: Auckland Council Submission on the discussion paper on the introduction of a Clean Car Standard and Clean Car Discount

Submission to the Ministry of Transport

Key Points

1. Auckland Council strongly supports the intent of the proposed Clean Car Standard and Clean Car Discount set out in the discussion paper. Proposals such as these are integral for Auckland Council to achieve the emission reductions required for a 1.5 degrees Celsius warming limit.
2. Achieving this target will not be easy and will require fundamental changes to how we move around and how we live our day-to-day lives. This must also happen soon. To meet our goals our emissions must decrease rapidly in the next decade. Auckland Council is concerned that the proposals do not go far enough to meet Auckland and New Zealand's 2030 emissions reduction targets. The council seeks that:
 - the proposals be amended to the extent required to meet these emission reduction targets; and/or
 - the Government urgently introduce other initiatives to reduce vehicle emissions to the extent required to meet these emission reduction targets.
3. Auckland Council acknowledges that the significant changes required to meet our emissions targets may disproportionately affect certain groups, including our poorest and most vulnerable people and communities who have the least ability to respond and adapt. The council recommends that the Government not automatically discount these changes, if they are required to meet our climate goals, but consider support mechanisms, such as increased welfare support or protections, as part of a holistic package of interventions.
4. Because the changes needed to achieve emission targets may affect the most vulnerable the most cannot be a reason to not do what is needed. The approach must be one that meets emission targets and addresses the impacts on the most vulnerable.

5. Auckland Council also recommends:

- additional initiatives that directly incentivise the purchase of zero emission vehicles.
- an expansion of the approach to other zero emission modes of transport, in particular electric buses and bicycles.
- continued investigation of the complementary initiatives.
- additional sub-regional social impact assessments to understand potential impacts on Māori, rural households and lower income households in Auckland.

Introduction

6. Auckland Council would like to thank the Ministry of Transport for the opportunity to provide feedback on the Clear Car Standard and Clean Car Discount to address light vehicle emissions. Auckland Council's submission is based on the strategic goals and commitments of the Auckland Plan 2050 and the draft of Te Tāruke-ā-Tāwhiri: Auckland's Climate Action Framework (ACAF), which is currently out for public consultation.
7. In November 2018, Auckland Council recommitted to its membership of C40 and joined 94 international cities taking bold action against climate change. This committed the Auckland region to progress towards limiting the increase in temperature from climate change to within 1.5 degrees Celsius above pre-industrial levels. This commitment, and the council's recent declaration of a Climate Emergency, highlights the urgency required to transition Auckland towards a net zero carbon future. We recognise the importance of the proposal for a Clean Car Standard and Clean Car Discount for achieving Auckland's greenhouse gas emissions reduction targets.
8. ACAF was endorsed for public consultation (ENV/2019/71) in June 2019. This document outlines a pathway to align with the C40 1.5 degrees Celsius warming limit while ensuring Auckland is prepared for future climate challenges.
9. ACAF has been developed with collaboration and partnerships across sectors, including central government. For central government this has included a collaboration agreement, a seat at the working group table throughout framework development and refinement, agreed workstream alignment, key involvement in major events like the Auckland Climate Symposium and co-resourcing like secondments.
10. The framework has 11 key moves, including one that focuses on the delivery of clean, safe and equitable transport options. This key move emphasises the importance of both a shift towards public transport and active modes, and an increase in the percentage of electric and zero emission vehicles on Auckland's roads.

11. Transport related emissions make up 43.6¹ per cent of Auckland's total emissions. This makes the transport sector the largest contributor to greenhouse gas emissions in the Auckland region. On-road transport accounts for 86.1 per cent of transport emissions (37.6 per cent of total emissions), with private cars and light commercial vehicles responsible for the majority. As a proportion of total emissions, Auckland's transport related emissions are more than double that of New Zealand, where transport accounts for 20 per cent of total emissions.
12. Low and zero emission technologies already exist to reduce emissions in the transport sector. This is not the case for all sectors and some sectors may need to rely on future advancements in technology and innovation to significantly reduce emissions. It is therefore important that the transport sector rapidly adopts low and zero emission technologies to support the delivery of our climate commitments.
13. While large-scale uptake of zero emission vehicles is an important part of a future climate-compatible transport system, ACAF acknowledges that the price of electric cars is currently too high to be affordable for everyone. In the July 2019 submission to the Climate Change Response (Zero Carbon) Amendment Bill, Auckland Council advocated for a stronger emphasis to be placed on a just transition to a net zero future. It is essential that all Aucklanders are supported and able to participate in this transition. To this end we welcome the proposals set out in the discussion document to incentivise the uptake of electric vehicles (EVs) through discounting and other financial mechanisms.
14. Auckland Council strongly supports the intent of the proposals set out in the discussion paper. However, we are concerned that the proposals do not sufficiently support central and local government obligations in respect of emissions reductions and global warming limits. Bold action is required if we are to reverse recent increases in transport related emissions² and achieve the kinds of reductions necessary to keep global warming to a 1.5 degrees Celsius limit.
15. Below, we expand on our concerns and outline improvements we believe should be made to ensure the proposals delivery of emission reductions in line with the 2030 target under the Paris Agreement. We also encourage the Government to urgently consider what other initiatives may be required to meet these targets. Our response also addresses the social impacts, impacts on Māori and additional considerations.

¹ Xie, S (2019). Auckland's greenhouse gas inventory to 2016. Auckland Council technical report, TR2019/002

² Xie, S (2019). Auckland's greenhouse gas inventory to 2016, Figure 2-5. Auckland Council technical report, TR2019/002

Our response to the Clean Car Standard and Clean Car Discount

Auckland Council supports the introduction of a Clean Car Standard and Clean Car Discount

16. Auckland Council supports these and any other proposals which will improve average vehicle fuel efficiency and encourage the purchase of electric and zero emission vehicles. These moves are essential to achieving Auckland's and New Zealand's climate change objectives.
17. With our declaration of a climate emergency and our commitment to reducing our emissions to net zero by 2050, Auckland Council has been clear on the urgency for action on climate change and the need to avert significant change now or risk widespread social, cultural, environmental and economic catastrophe.
18. As the transport sector is the largest contributor of emissions in the Auckland region, changes to the level of vehicle emissions are critical to reducing Auckland's overall greenhouse gas emissions.
19. The council and Auckland Transport are working together to provide cleaner modes of transport as an attractive and realistic alternative to the private vehicle and are in the longer-term process of creating a more compact urban form to reduce the need to travel. However, any reduction in emissions as a result of this mode shift will likely constitute a small portion of overall emissions reductions.
20. Most of the reductions in Auckland's vehicle emissions will need to come from a massive increase in the number of electric and zero emissions vehicles combined with an increase in the fuel efficiency of the remainder of the fleet.
21. While Auckland Council has taken a leadership role in the development of ACAF, the goal of net zero is not its sole responsibility and cannot be achieved by it acting alone. This is especially true regarding vehicle emissions, as responsibility for the setting of vehicle emission standards and the ability to offer financial incentives to purchase more efficient or zero emissions vehicles rests with central government.
22. The council therefore supports the introduction of a Clean Car Standard and Clean Car Discount as integral to achieving the emissions reduction required for a 1.5 degrees Celsius warming limit.

Auckland Council seeks that the proposals be amended to the extent required to meet New Zealand's 2030 target level of emissions reduction or, if this is not possible, urgently introduce other initiatives to meet these targets

23. While Auckland Council strongly supports the introduction of methods to reduce light vehicle emissions we are concerned that the proposed policies do not go far enough and will not deliver the emission reductions required to achieve the 2030 target under the Paris Agreement.
24. To achieve Auckland Council's goal of reducing our emissions and limiting temperature rise requires near immediate, substantial change. Despite the benefits of the proposals outlined in the consultation material it is unlikely that the proposals will deliver sufficient change to adequately support limiting temperature rise change to 1.5 or even 2 degrees Celsius.
25. As admitted in both the cabinet paper and regulatory impact statement, released as part of the consultation, the proposals will not achieve the 2030 target level of emissions reduction until 2037³.
26. This would be of less concern if there was more time to implement further changes following the introduction of the initial schemes. Yet, with these schemes not being planned to be implemented until 2022 at the earliest, there is little ability to make further, later changes in time to achieve Auckland's and New Zealand's 2030 targets.
27. As noted in the consultation material, decisions made now in relation to motor vehicles will have implications for the next 20 years. Failing to generate enough change in the next decade will make the challenge of achieving our 2050 target's much harder, more disruptive and more expensive.
28. Auckland Council therefore request that amendments be made to the proposals to the extent required to meet New Zealand's 2030 target level of emissions reduction.
29. Auckland Council also requests that if the Government does not believe they can meet these targets through these proposals alone, they urgently introduce other initiatives to reduce vehicle emissions to the extent required to meet these emission reduction targets. The council is aware that changes to the proposals or the introduction of new initiatives may increase the scale of impacts on certain groups, but believes the Government has the mechanisms available to mitigate these impacts (a point expanded on in paragraph 48 below).

³ Cabinet Paper: Moving the Light Vehicle Fleet to Low-Emissions: Agreement to consult on a vehicle fuel efficiency standard and a feebate scheme; and Regulatory Impact Statement: Moving to a low emissions light vehicle fleet

Clean Car Standard (fuel efficiency standard)

30. **Auckland Council supports the introduction of a light emissions vehicle standard but advocates for a more ambitious response**, as outlined below.
31. **Auckland Council is concerned that the average emissions target of 105 gCO₂/km is not low enough to meet the region's and New Zealand's climate commitments.** We understand that the 105 gCO₂/km limit is aligned to the Australian Government report "Improving the efficiency of new light vehicles" findings⁴, however, this is a weaker limit than the European Union, Canada, and Japan⁵. The Australian Government's report analysed three different limits, 105 gCO₂/km, 119 gCO₂/km and 135 gCO₂/km, indicating that the lowest limit investigated was adopted. There are standards in approximately 80 per cent of the global light vehicle market to incentivise manufacturers to supply low emission vehicles, and it is likely that the global supply of new vehicles will become increasingly compliant with these international targets⁶. New Zealand is currently behind most international countries with an average of 180 gCO₂/km, and bold action is required to rapidly improve this. As the Ministry has identified, even with the successful implementation of this proposal New Zealand will overshoot its 2030 emissions reduction target by 7 years. This is clearly of considerable concern. Auckland Council seeks that the government set lower emissions limits which will achieve its 2030 Paris Agreement target.
32. **Auckland Council is concerned that the exemption of people who import three or less vehicles from the clean car standard can lead to loopholes** that could still allow for high cumulative numbers of higher emission vehicle imports. The total number of vehicles in New Zealand that are sold by suppliers who currently import three or less cars per year is unclear. If this number accounts for a significant share of imports, it is important that all loopholes that could be created by the exemption are removed.
33. **Auckland Council encourages the Government to adopt as short a phase in timeframe as possible and opposes any increase to the phase in period.** As outlined above the council is concerned that the proposals will not achieve New Zealand's emissions reduction targets. One way to improve emissions reductions from the proposals would be to introduce them as quickly as possible. All possible efforts should be made to bring the introduction date forward and shorten the phase in period.

⁴ "Improving the efficiency of new light vehicles", Ministerial Forum on Vehicle Emissions, December 2016

⁵ "CO₂ Emissions Standards for Passenger Cars and Light-Commercial Vehicles in the European Union", International Council on Clean Transport, January 2019

⁶ "Improving the efficiency of new light vehicles", Ministerial Forum on Vehicle Emissions, December 2016

34. **Auckland Council supports a penalty scheme for non-compliance with the emissions target and for misreporting data.** In order to ensure compliance, we recommend that the rate of penalties should be higher than the potential revenues that suppliers could make by not complying with the emission target.
35. **Auckland Council has concerns about the flexibility given to suppliers in meeting their emission targets.** We understand that a degree of flexibility can be beneficial for the transition stage. However, we believe that too much flexibility is given in the banking mechanism that allows over-achievement of an annual emission target to be used to cover under-achievement in the three years to follow. Auckland Council is concerned that this timeframe may not drive commercial behaviour in line with the vehicle emission target. We recommend that flexibility of the mechanism should be limited to allow banking of emission savings only possibly within one year following the year of over-achievement, instead of the following three years.
36. Auckland Council is strongly **supportive of the alignment of this proposal with the Climate Change Response (Zero Carbon) Amendment Bill.** We support the inclusion of future light vehicle emissions targets within the Climate Change Commission's role, and for this advice to be implemented by the Ministry of Transport.
37. **We support the sanction of disqualification from being a registered motor vehicle dealer if a supplier deliberately attempts to evade meeting annual targets.** Compliance of suppliers is critical to ensure the success of the proposed emissions standard. Auckland Council believes that the sanction of disqualification from being a registered motor vehicle dealer will be effective in driving behaviours in line with the vehicle emissions standard.
38. **Auckland Council supports the amendment of the Fuel Consumption Information Rule** that limit vehicle import to those vehicles tested to the Worldwide Harmonised Light Vehicles Test Procedure (WLTP), the New European Drive Cycle (NEDC) and the Japanese JC08 standard. We also **support the adoption of the WLTP** as an international unified measure for the assessment of new imported vehicles to ensure valid comparison of vehicles. The adoption of WLTP will also simplify the comparison between vehicles as administration and training for vehicle analyses can be condensed for one single testing method.
39. **We support setting stronger future emissions targets beyond 2025.** While we are aware that the effects of technological changes and market uptake in the future are uncertain, **we strongly recommend that minimum targets are set for each of the periods beyond 2025** in line with the commitments under the Paris agreement. We support

the alignment of the 5-yearly emission targets for the clean vehicle standard with the timeframes of the emissions budgets set by the Climate Change Commission.

Clean Car Discount (Feebate scheme)

40. **As outlined in paragraph 13, Auckland Council is concerned that the average 105 gCO₂/km is not in line with limiting climate change to 1.5 degrees Celsius temperature rise.** To deliver this target, the average emissions target for light vehicles needs to be significantly lower, in line with other countries.
41. Auckland Council supports the feebate scheme, however it is **concerned that there is financial compensation for purchase of vehicles above the 105 gCO₂/km target.** We acknowledge the top 10 preferred models from 2017 mainly fall within the zero-band width, and that it is important to incentivise on the lower emission versions of these models. However, we would like for the zero-band width to be extended out to the 106 to 120 gCO₂/km range and use the money that would have been used for incentivisation of the higher emitting cars to further subsidise low emission vehicles. It is important to acknowledge that the cars purchased under this scheme are likely to be on the roads for around 19 years, and we need to reduce our reliance on a high emitting fleet as urgently as possible.
42. Emissions modelling completed to inform the development of ACAF indicates that within a decade 50 to 60 per cent of new car sales in Auckland are likely to need to be zero emission to align with a 1.5 degrees Celsius warming pathway. Auckland Council will utilise its position to support this transition, however this specific action is outside of local government's mandate. Bold leadership is critical for successful implementation of ACAF. **Auckland Council recommends additional initiatives that directly incentivise the purchase of zero emission vehicles to ensure substantial reduction of vehicle emissions.**
43. **We encourage a transparent, long-term forecasting on the price shift of the Clean Car Feebate Scheme.** We understand that it is likely for the Climate Change Commission to include future progress of the feebate scheme in the release of the five-year emissions budget. It is important that there is open communication around the future of the scheme. This would enable several benefits, including early adoption of low emission vehicles to maximise the incentivisation pay-off, while also acting as a deterrent to purchase high-emission vehicles for future increased penalties. Long-term price forecasting will enable people to account for the lifetime of their vehicle (depending on how long they intend to own the car). It also could act as a motivator for people to upgrade to a more sustainable vehicle early, when the incentivisation is higher.

44. **We support the discount at car sale, and the mechanisms in place to prevent people from cheating the system.** We support the emphasise on ensuring that the prices and discounts are separated to reduce the hiking of prices and would like to see additional method to ensure that the buyer gets the benefits of the scheme.
45. As mentioned earlier, the cars that are purchased now will likely be on the roads for the next 19 years. In response to this, is very important to **prioritise the investments into zero emission vehicles.** While the scheme does provide larger benefits for the purchase of zero emission vehicles, it would be good for there to be additional direct incentives to zero emission vehicles.

Additional considerations

Social impacts

46. The Ministry undertook national-level social impact assessments for both proposals to understand their impacts on lower income households. The assessments note that there are **short-term impacts to low income households in terms of vehicle price and choice, but that these impacts could be mitigated by buying vehicles from the domestic second-hand market or buying low emissions vehicles.** The assessments also note that there are plans for finer-grained sub-regional social impact assessments to be undertaken at a later stage, without any specific deadlines.
47. There is a lack of information on the likely behavioural responses of vehicle buyers and importers, and the flow-on impacts onto the domestic used cars market, especially at the regional and sub-regional levels. Better understanding of both proposals' impacts on Auckland communities is required, particularly for lower income households, rural households and Māori. **Auckland Council recommends that a sub-regional, Auckland-focused social impact assessment is undertaken as soon as possible to inform decision-making.** It may be possible for Auckland Council to assist the Ministry with the analysis if required.
48. While this assessment can help identify impacts on particularly vulnerable groups and ensure any actions taken are designed as much as possible to avoid or mitigate them, the council recognises that it may not be possible to do so completely. To achieve our climate targets will require substantial changes in the way we live and certain actions may need to be taken which are regressive or have some negative impacts on particular groups. These actions should not be automatically discounted, as to do so may mean we cannot make the changes as a society required to meet our climate goals. In these cases, other support mechanisms, such as increased welfare support, or protections need to be considered as

part of a wider package of actions. **These support mechanisms are available to the Government and we encourage them to use them if necessary.**

49. The council also recognises the potential impacts on those who require specific vehicles for work, such as utes. For this type of vehicle there may be no affordable low emission model with the required functionality on the market at present. Manufacturers are investing in the development of electric utes, however it is uncertain when these will be available on the New Zealand market. While the proposals must be designed to achieve their objective of emissions reductions in line with New Zealand's commitments, we encourage the Ministry to remain cognisant of this situation and its potential impact.
50. Auckland Council supports the use of complementary initiatives to mitigate against the negative impacts of the proposals on communities, and to enable all Aucklanders to benefit fully from the proposed discounts. This includes second-hand electric vehicle leasing schemes and expanding the discounts to cover other modes, such as e-bikes.

Complementary initiatives

51. **The four complementary initiatives proposed by the Ministry of Transport are necessary to support the implementation of this proposal.** This includes a focus on ensuring that there is sufficient charging infrastructure to support a fleet of zero emission vehicles. To ensure that the proposals are successfully implemented, Auckland Council recommends that progress of the complementary initiatives is prioritised.
52. The council also recommends that central government monitor vehicle emissions levels and **consider the introduction of vehicle emissions limits on the existing New Zealand fleet if emissions targets are not being met.** Given the average 19-year lifespan of vehicles in New Zealand, further initiatives may be required to help accelerate the turnover and replacement of higher emitting vehicles.

Other low emissions vehicles

53. Auckland Council would like to emphasise that **low emission light vehicles are only part of the solution to a net zero future and recommend development of a scheme or schemes that includes incentivisation for low emission buses, bikes and e-bikes.**
54. The proposals are limited to changing the composition of the light vehicle fleet, however additional legislation could provide a focus on electrifying public transport and increasing active alternatives. The proposal was limited to light vehicles due to lack of technology advancement in the heavy vehicle space, however there has been considerable progress in the development and use of electric buses in recent years and it is the view of Auckland Council that this constraint does not apply to buses. Similar to the light vehicle scheme, **we**

recommend the introduction of a subsidy for low emission buses, which would enable a closer price parity.

55. Another important area of focus is on active modes, which could remove vehicles from the roads for short trips. In New Zealand, 40 per cent of trips are less than 2 km and 68 per cent are less than 5 km, highlighting that many trips could be replaced with clean, active modes. These modes have additional benefits for Aucklanders, such as improving health levels and reducing traffic congestion, and should be considered in parallel to low emission light vehicle incentivisation.
56. One of the key themes adopted by the Ministry in the preparation of the Government Policy Statement on Land Transport was 'mode neutrality', which suggests that all transport options are considered when identifying the best value-for money transport solution to deliver transport outcomes. The Ministry should apply this 'mode neutral' approach to achieving the desired climate outcomes and should not limit these financial incentives to motor vehicles. Recent research released in the United Kingdom showed that the cost of saving a kilogram of CO₂ via schemes to boost e-bikes was less than half than the cost of existing UK grants for electric cars⁷. For these reasons, as well as the significant health benefits, **some form of subsidy of bikes and e-bikes, as a clean mode of transport, should be introduced.**

Consultation information

57. The Government has committed to greenhouse gas emission targets under the Paris Agreement. Consideration of climate change related proposals should not therefore be benchmarked solely against the business as usual position but also more importantly the emissions targets that the Government has committed to.
58. No analysis has been released comparing the proposals to the change required to meet the Government's climate goals. Likewise, no acknowledgement is made in any of the cost benefit assessments to the costs from climate change of not transitioning and meeting the country's climate targets in time.
59. There is no analysis or explanation in the primary consultation document (the LEV discussion document) as to how far the proposals will go towards meeting the Governments climate change commitments. No information has been released on possible alternative versions of proposals which go further. The only analysis of the proposals in relation to the government's climate commitments is an acknowledgment in the background documents

⁷ <https://www.bicycleassociation.org.uk/wp-content/uploads/2019/07/The-Case-for-a-UK-Incentive-for-E-bikes-FINAL.pdf>

(the cabinet paper and Regulatory Impact Statement) that “an emissions reduction equivalent to the 2030 Paris target could be achieved in 2037”.

60. As a result of this lack of information it is difficult for the council to form a fully informed position or provide as complete or high-quality feedback as we would like.
61. It is also concerning that by focussing the discussion on the proposals relative to business as usual the Government is anchoring the discussion to these points. This will have the likely result of skewing feedback to positions between or near these points rather than generating a fully informed discussion cognisant of what is required to achieve the Government’s climate commitments.
62. Auckland Council is concerned by the lack of regard paid to the necessity of achieving New Zealand’s greenhouse gas emission targets in the consultation and background material. The council requests that **future consultation documents for climate change related policies are clear on the extent to which they will help meet, or not, the countries climate change commitments** and consider the costs of not meeting these commitments.

On-going involvement

63. As transport is a significant source of Auckland’s greenhouse gas emissions and a critical section in ACAF, we stress the importance for a strong ongoing partnership with Government. We would like to see participation of local government in the development of the proposal and the further initiatives, such as building local charging infrastructure.