4 November, 2021

NZ Automobile Association submission on:

Land Transport (Clean Vehicles) Amendment Bill

SUBMISSION TO:	Transport and Infrastructure Committee
REGARDING:	Land Transport (Clean Vehicles) Amendment Bill
DATE:	4 November 2021
ATTENTION:	Committee Secretariat
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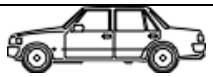
NOTE TO REQUESTOR:

The AA requests an opportunity to present this submission orally and to present further supporting evidence.

Contents

Glossary of Terms

CCS	Clean Car Standard
CO_2	Carbon dioxide
EV	Electric Vehicle
FCAI	Australian Federal Chamber of Automotive Industries
JC-08	Drive Cycle test for Japanese domestic vehicles
Light Fleet	Vehicles including passenger, and light commercial less than 3.5 tonne; excluding motorcycles
Limit Curve	Defines the regulated limit and is defined by an equation
MA	Classification of a passenger vehicle 
MB	Classification of forward control passenger vehicle 
MC	Classification of an off road vehicle 
MD1 MD2	Classification of light buses 
NA	Classification of light commercial vehicle  
NEDC	New European Drive Cycle
SUV	Sports Utility Vehicle 
Type A	Class MA, MB, MC
Type B	Class MD1, MD2, NA
WLTP	Worldwide Harmonised Light Vehicle Test Procedure

Executive Summary

The New Zealand Automobile Association (NZAA or AA) welcomes the opportunity to provide comment on the Land Transport (Clean Vehicle) Amendment Bill (the Bill). The AA supports the intent of the Bill to achieve a reduction in carbon dioxide emissions from light vehicles imported into New Zealand. However, the NZAA has significant concerns that the pace of the proposed reductions are unachievable in the timeframes proposed, primarily because the automotive market in Australasia and internationally is unable to deliver the vehicles required. If adopted as drafted the discrepancy between ideal targets and reality is likely to result in the failure of the policy, with no emissions reductions, and increased costs to motor vehicle purchasers.

We note that Cabinet was informed that primary and secondary legislation would be drafted concurrently. Our comments are in the context of reading the Bill as a standalone document without the detailed working requirements of any regulations or rules which have been unavailable for us to review.

We also believe that incorporating a rate of change and delivery mechanisms in legislation instead of regulation will hinder the ability of regulators to fine tune targets to emerging market conditions and recommend that these sections are removed from the Bill and placed in regulation.

As stated in our initial consultation submission on the Clean Car Standard, the AA acknowledges the significance of the Paris Agreement obligations on climate change and the contribution the transport sector makes towards New Zealand's carbon dioxide (CO_2) emissions. Any standard best operates at the margins of a market nudging participants towards better quality while maintaining a full range of choices and opportunities. The AA (and its Members) support the goals of the Clean Car Standard and the Clean Car Discount scheme but contends that the proposed rate of change required to meet the vehicle CO_2 emission targets, as stated in the Bill, are too onerous and practically unattainable in the timeframe outlined.

The AA's view is that if the Bill proceeds in its current form it is highly likely that the range of affordable vehicles available to New Zealanders will decline very quickly and prices will escalate rapidly. This would reduce demand for vehicles and hence the turnover of vehicles entering the fleet as New Zealanders opt to keep and maintain the vehicles they already have for longer. If the Bill does not enable attainable turnover, a potential unintended consequence of the Bill is that transport emissions will plateau.

That said, the AA considers the proposed mechanisms in the Bill can facilitate a workable framework for reducing emissions from the light vehicle fleet, with some amendments. We welcome two tare weight limit curves, one for passenger vehicles and SUV and the other for commercial vehicles, utes and vans. However, this limited disaggregation of the vehicle market into two categories still means that some body types (such as people movers) will face steep penalties while others (such as hatchbacks) will enjoy benefits, and this will have implications for the mobility of some New Zealanders. We suggest amendments and further work be done by officials on this.

Overall, the AA has had difficulties with the process used to determine the key components of the Bill. The opacity of this process, especially the lack of publically available data and modelling, has meant that it has been impossible to determine the basis upon how the targets were determined

and the rationale for including class MC in the Type A category. Publicly available data does not allow third parties to fully ascertain the impacts the Bill will have on vehicle purchases and the short time frames between the release of the draft bill and the close of consultations does not allow for further detailed modelling. That said, the AA acknowledges the help of some Ministry and Waka Kotahi officials to shed some light on their calculations.

New Zealand Standard in context

The introduction and application of the Clean Car Standard will be unique internationally. Nowhere else in the world has a country applied a fuel efficiency standard to new entrants to a fleet that has comprised of both new and used vehicles. In 2019 we imported about 50% new and 50% used vehicles that will be subject to the provisions of the Clean Car Standard. Where these are sourced from is relevant to the impacts the Standard will have.

It is the AA position that that the proposed targets for reducing CO_2 emissions set out in S175 of the Bill are too onerous and the rate of change is unattainable in the timeframes stated. If the targets proposed in S175 are legislated, then motorists will ultimately pay more for their vehicles or not replace them at all with the consequences that we do not achieve the emissions reductions goals we seek.

The targets set out in S175 of the Bill require CO_2 emission reductions to new entrants to the light vehicle fleet at a rate of change that has never occurred anywhere in the world. When the Clean Car Standard was initially consulted on, comparison was made with other parts of the world that had meet their target of 105g CO_2/km, namely Japan and the European Union (EU). However, these examples are not directly comparable to New Zealand. In the case of Japan, 35% of the vehicles that helped them comply were Kei class cars which are 660cc micro cars limited to 47Kw in power. These vehicles are not permitted in New Zealand as they are unsafe in accidents and do not meet our frontal impact standards. In the EU their standard included super credits where vehicles under a certain level of emissions received 1.5 or 2 credits for every vehicle sold. These credits were intended to incentivise hybrid and electric vehicles.

Neither Kei class cars nor super credits are available to importers covered by the Bill. So not only is the rate of change greater than any other part of the world has been able to achieve, it has to be done without features that made it possible in other parts of the world that were used as justification for the targets.

Effect on the New Zealand new vehicle market

The New Zealand new vehicle import market is treated by many manufacturers as a branch of the larger Australian market, making up 15% of the Australasian market. The Australian market is 5% of the Japanese export market and New Zealand adds a further 1%. The Australian market preference is for SUV models which are also popular in New Zealand.

The Australian Federal Chamber of Automotive Industries (FCAI) announced in July 2020 that it would introduce an industry-led reporting system, the FCAI CO_2 Emissions Standard, which sets out industry and brand CO_2 emissions reduction targets out to 2030. The Standard recognised that different vehicle suppliers will follow different paths towards the target depending on their individual model cycles. For this reason, and to contribute to Australia's commitment to the Paris agreement, the Standard was set across a 10-year period to 2030.

The FCAI Standard, like the scheme proposed in the Bill, will calculate industry and vehicle importer CO_2 targets on a sales-weighted average mass per vehicle basis. The results are divided into separate reporting categories - MA (Passenger Cars and light SUV's) and MC + NA (Off Road vehicles and Light Commercial Vehicles). Debits and credits can also be carried over.

However, the targeted reductions between 2020 and 2030 are much lower than those proposed in the Bill.

A. Australian type MA target is an average CO_2 reduction of 4% per annum
B. Australian type MC + NA target is an average CO2 reduction of 3% per annum.

FCAI estimate that MA vehicles will, on average, have CO_2 emissions under 100 grams per kilometre and MC + NA vehicles will be under 145 grams per kilometre by 2030.

This differs starkly from the proposed rate of change in S175 of the Bill. The proposed Bill has NZ new entrants to the fleet having an annual CO_2 emission improvement from the preceding year. The base year is 2023;

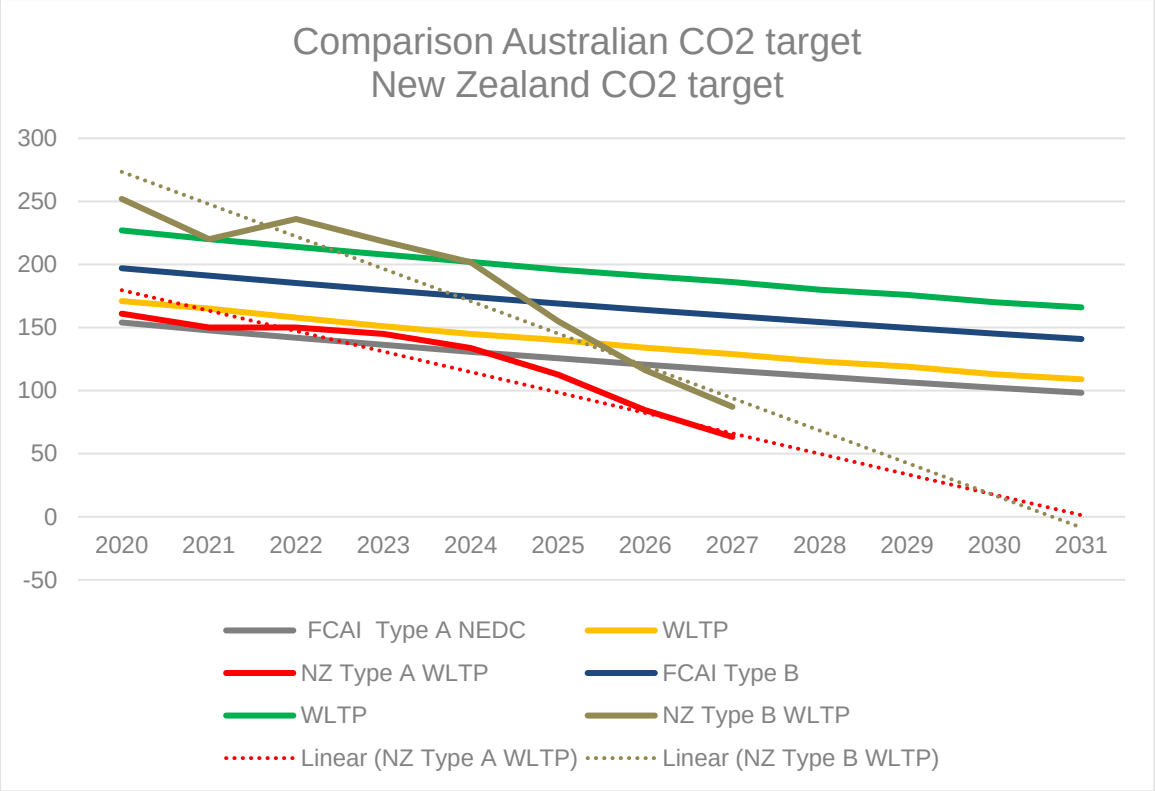
Year 1 to 2024
Type A 7.6% improvement
Type B 7.5% Improvement

Year 2 to 2025
Type A 15.9% improvement
Type B 27.6% Improvement

Year 3 to 2026
Type A 25% improvement
Type B 25% Improvement

Year 4 to 2027
Type A 25% improvement
Type B 25% Improvement

For the year starting 1 January 2027, Type A vehicles entering the fleet are required to meet an average of 63.3g CO_2 emissions. This compares to the Australian target of 129g. A difference of 65.7g CO_2, more than twice the improvement of Australian target. For Type B vehicles, the weight average target is 87.2g whereas the Australian target is 186g. A difference of 98.5g, meaning we need to improve the fleet made up of 50% new vehicles at a rate twice as strict as Australia, which is the market influencer of New Zealand's new vehicle entrants.



The question then becomes whether the Bill will be;

- Completely effective and the market will not import any penalty incurring vehicles, **or**
- The penalty will be ineffective and the rate of change in the New Zealand new market will be the same as the Australian market.

If we assume the scenario that emission reductions from new car entrants will only improve at the same rate as the Australian fleet, then our modelling shows that the penalties imposed by the Bill will equate to $16.4m in the 2023 and jump to $269.4M in 2027 and the carbon savings will be the same as if the Bill did not exist.

The principal market for new vehicles in New Zealand is business and fleet buyers. According to the Financial Services Federation (non-bank finance lenders including Motor Manufacturers) Business currently has outstanding borrowings of over $4 billion for vehicles. Prices provided by the Motor Vehicle Industry Association show that the impact of penalties on new vehicle prices depend very much on market segment under consideration.

Market Segment	Number of Models	Hybrids	EVs	Average Price	CCS $3000 Penalty
Economy (less than 30k)	47	2		$ 25,721	12%
Average ($30K to $45k)	18	8		$ 37,658	8%
High ($45k to $60k)	25	6		$ 53,834	6%
Extra High ($60k to $80k)	31	7	3	$ 69,270	4%
Luxury (Over $80k)	36	2	2	$ 129,401	2%

This obviously suggests that penalties have more of a bearing on prices at the lower end of the new car market.

However, making a comparison directly with Australian targets is further complicated because class MC off-road passenger vehicles are included in the Type A targets. This is not the case in Australia and other jurisdictions where they are treated as commercial vehicles. By incorporating class MC into Type A it introduces a vehicle type that is designed for off-road use and they often have a chassis design that makes them heavier and so emit more CO_2. This makes them very unlikely to meet the CO_2 targets set in the bill for Type A vehicles.

For this reason it is recommended that class MC be removed from Type A and moved to Type B light commercial where there is a greater possibility they can attain their required emission target.

International Vehicle Constraints:

Compounding this further will be the uncertainty of the availability of low / zero emission vehicles in the near future. Advice to Cabinet and contained within the Regulatory Impact Statement is premised on the assumption that modelling for the Clean Car Standard has assumed there are no vehicle supply constraints and vehicle distributors and dealers can source the low emission vehicles, including EVs, which they need to meet their fleet emission targets.

Currently the international motor industry is suffering from a shortage of two critical components required to manufacture vehicles, silicon chips and magnesium. Microchip key supply centres in Southeast Asia have been hit with factory shutdowns as Covid-19 outbreaks spread. It now takes a record 21 weeks to fill chip orders and auto executives say the shortage could last for years. The shortage is thought to be further exacerbated by the move to electric vehicles. For example, a current ICE powered vehicles typically uses a few hundred chips, whereas new electric vehicles can have a few thousand chips.

Magnesium is used to make aluminium alloy which is used to make body parts and wheels for vehicles. Recent coal shortages in China, which produces 87% of the world's supply, has meant smelters have closed or reduced their output. It is expected that stockpiles of magnesium will be depleted by November. Although the shortage may be addressed in 2022 as China's coal extraction is increased, the combined effect will be a reduction in vehicle supply at a time of greater demand. Therefore, it is possible that some vehicles that New Zealanders seek will not be available at the commencement of the Standard.

Effect on the New Zealand used vehicle market

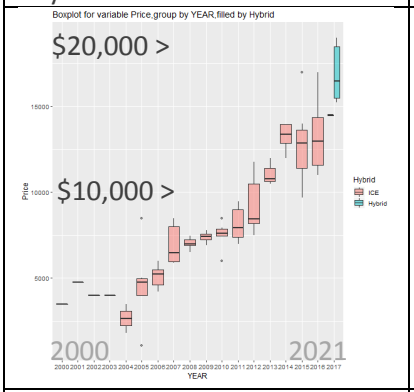
The reason New Zealand imports used vehicles is that many New Zealanders cannot afford new ones. The difference between the used import market and the new vehicle market is therefore the range of prices New Zealand car buyers can afford to pay for a car. It should be noted that the median tax paid annual income in New Zealand (according to IRD data) is NZD$30,000. That means that half the population lives on less than $30,000 per year. Moreover the significance of the car in New Zealand is such that lack of access to one is counted as an indication of deprivation.

To explore the relationship between prices, age, the presence of hybrid technology, and mileage, the AA gathered data from Trade Me on the most popular makes, models and body types and carried out regression analysis. This work (using the latest prices) confirmed IRD and Customs policy that the relationship between age and price is a straight line and that these three factors alone explain over 80% of price variance. What we found is that for common cars like the Toyota Corolla, the Suzuki Swift and the Mazda Axela, price reduces about $1000 per year of age and between 3 and 4.5 cents per kilometre driven. For more expensive models, both the annual price reduction and the mileage reduction increased, but initial prices mean that the line is not as steep for SUVs.

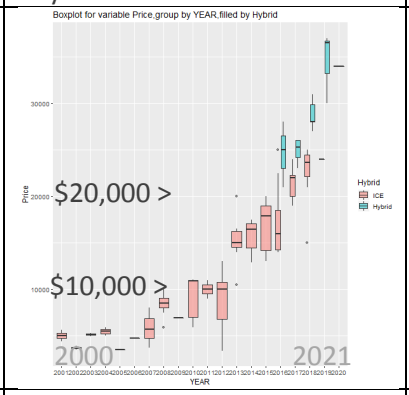
TRADEME PRICES BY YEAR OF VEHICLE OCTOBER 2021

Boxes represent the range of prices for each year of vehicle manufacture (newest to right)

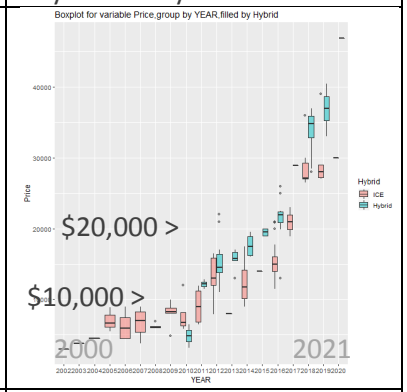
Toyota Vitz



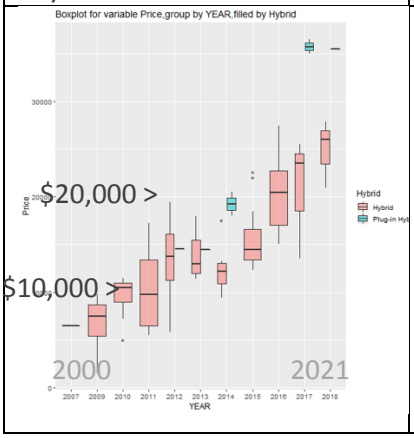
Toyota Corolla



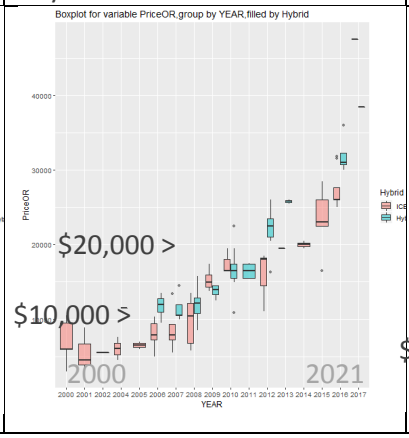
Toyota Camry



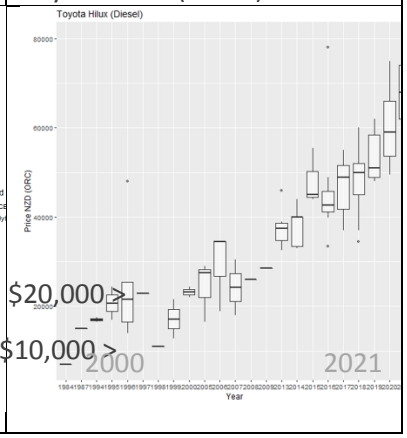
Toyota Prius



Toyota Estima



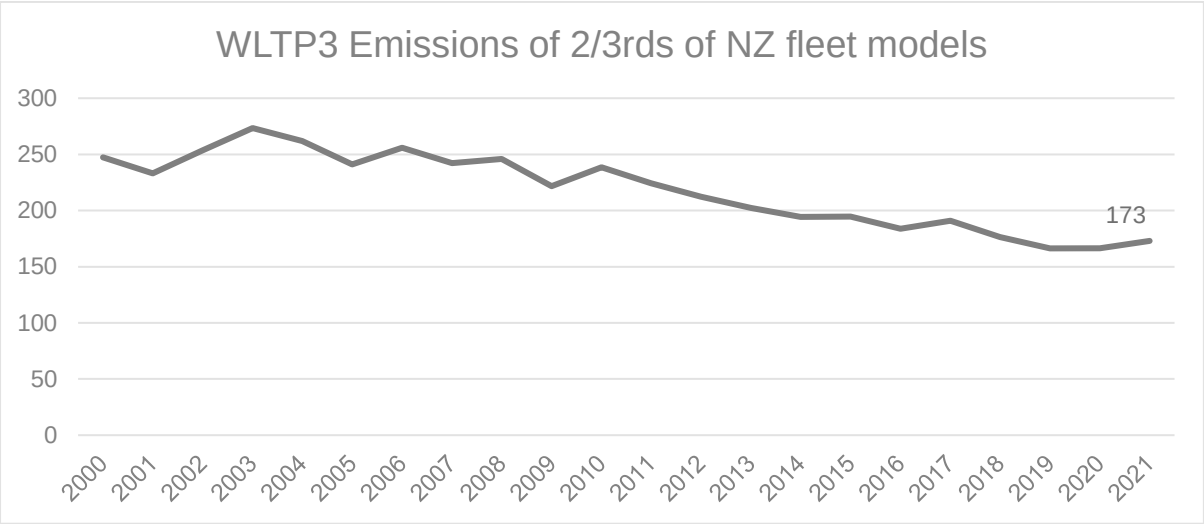
Toyota Hilux (diesel)



Toyota vehicles comprise 24% of the New Zealand fleet

While much has been made about the increasing average age of used imports in New Zealand, what this effectively signals is that the affordability of cars to some New Zealanders has been sliding over time. New Zealanders have been willing to overlook the age of second-hand Japanese vehicles in

order to acquire their “unused” residual lifetime kilometres. It is notable that while New Zealand is largely dependent on the market mix provided to the Australian market for new vehicles, the main competitors we find in Japan for used right hand drive vehicles are Russia, Middle Eastern and central African nations. While some New Zealanders may find the fact hard to swallow, the reality is that many New Zealand used car buyers are, in terms of buying power, on a par with buyers from these nations, not richer nations like the US or Europe.

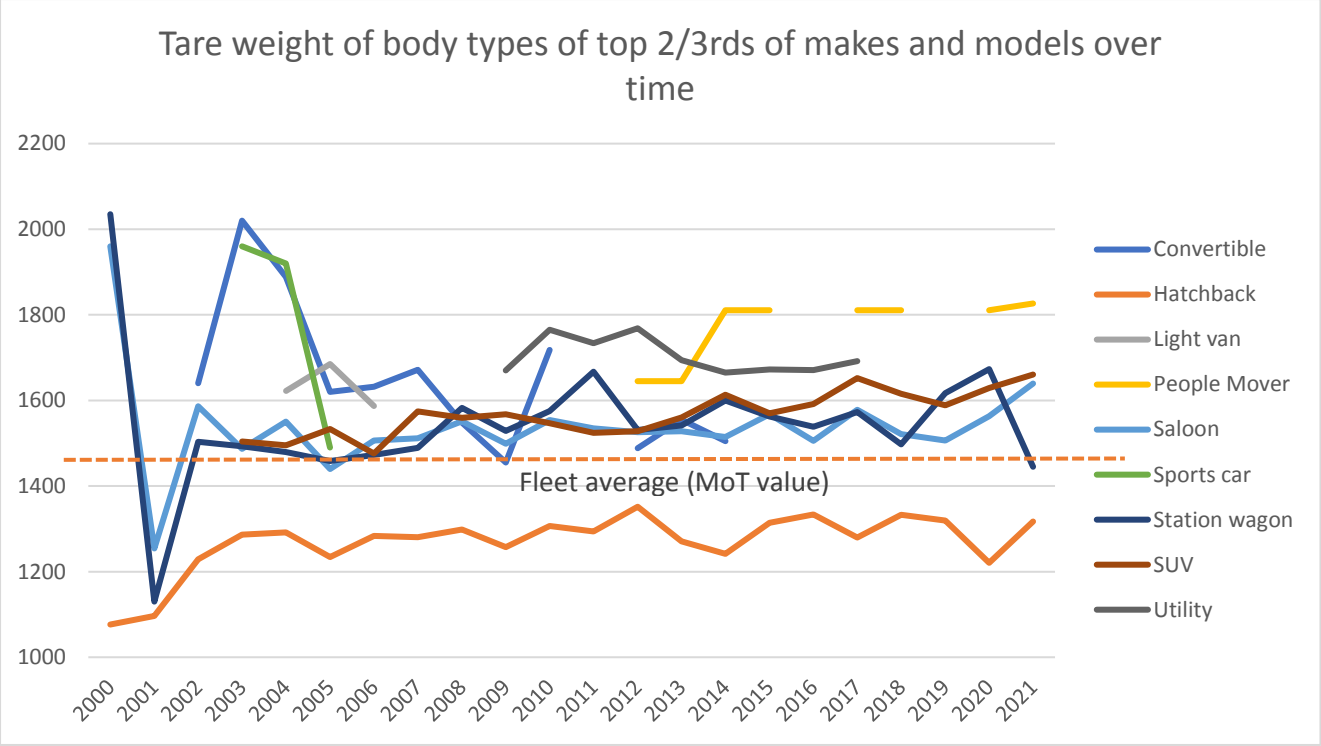


The age of a vehicle determines both its level of emissions (as technology improves, so emissions reduce) and its price. It is therefore inescapable that an increase in the acceptable level of emissions must imply an increase in vehicle prices. Based on historical change, every year of manufacture younger that we import vehicles will, on average, improve emissions by 4gms per kilometre at a cost of about $1,350 for age and kilometres.

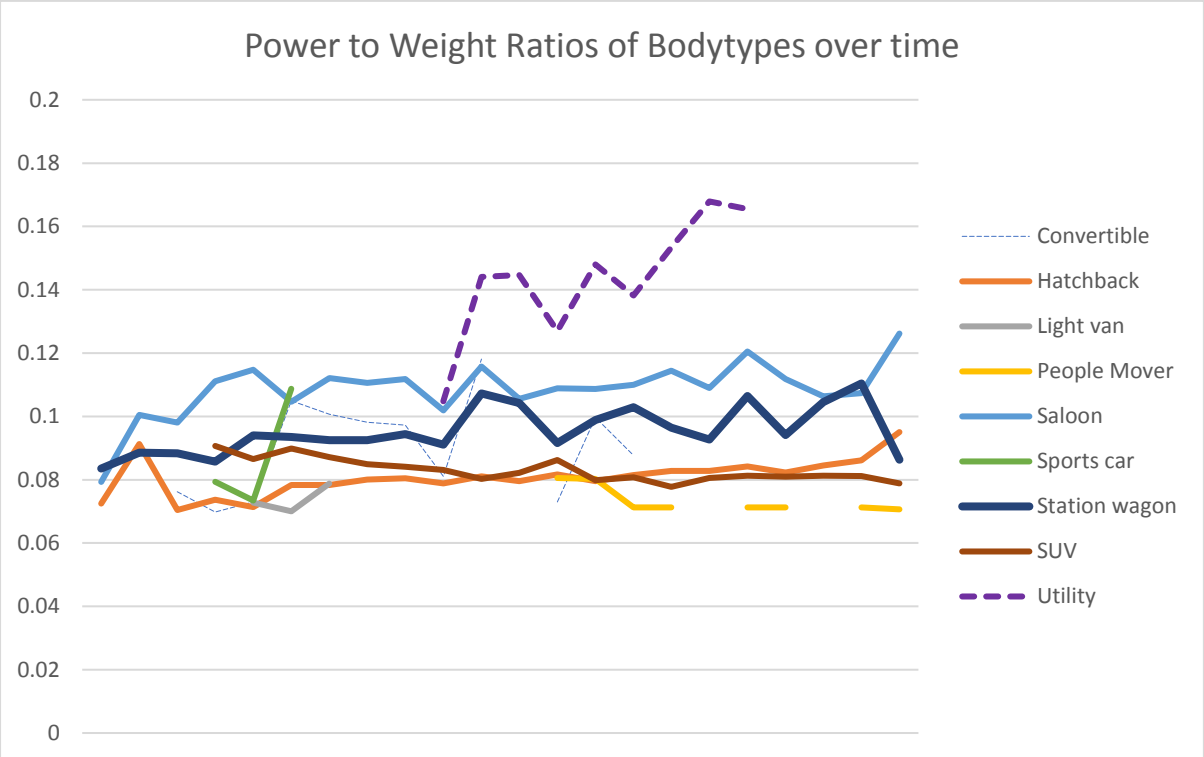
In the initial years, the Clean Car Standard effectively reduces the average age of vehicles (because older ones will not meet the emissions target) by imposing a government tax such that the buyer has a choice between buying an older vehicle and paying the tax or buying a younger vehicle and not paying the tax, but they have no choice about paying a higher price.

If the standard is effective, the government will collect no revenue and buyers will simply buy lower emissions cars and emissions will reduce. If the standard is not effective the government will collect revenue because the public can’t or won’t buy lower emissions cars, and emissions will not reduce. There does not appear to be any feedback mechanism in the legislation to examine its effectiveness or otherwise, which given its stated intention is to reduce emissions rather than gather revenue, seems like an oversight.

One important complicating factor to the Standard as described, is the average weight adjustment. Because the weight adjustment takes no account for body type it is strongly biased in favour of hatchbacks. This is because on average hatchbacks are lighter than any other body type. Hatchbacks certainly suit 44% of the current market and are a dominant body type. However, hatchbacks do not suit all households and some simply can’t fit in a hatchback. Larger vehicles such as people-movers are also disadvantaged because they are over the average weight. This is despite the fact that the average power-to-weight ratio (which is a key determinant of emissions) of people-movers is low.



The power-to-weight ratio of conventional internal combustion engine vehicles (whether a vehicle has “guts” in Kiwi vernacular) determines not only its emissions but also its price. High power-to-weight ratio vehicles (such as the Holden Commodore and Ford Falcon) emit more but also cost more. High power to weight ratio diesel vehicles (such as utes) cost more and emit even more.



Although we lack the data to model this, there is a risk that one potential perverse outcome of the legislation is that there will be a price gap between high power to weight ratio conventional internal

combustion vehicles that emit heavily, and high power to weight ratio electric vehicles (like the Tesla Model 3) which don't. This will likely occur on second-hand rather than new vehicles given uncertainty about second hand electric vehicles. Given that conventional high power to weight vehicles retain their value for high mileages, it is entirely possible that the Standard will stall fleet turnover as buyers hold onto these vehicles longer waiting for more electric options to be brought to market. It would be useful to see some modelling of this because it could also significantly affect the legislation's effectiveness.

In the later years of the Standard (2025 onwards), for which there are published figures, almost no conventional internal combustion engine model will be importable without penalty. In fact, from 2026 very few hybrid vehicles will meet the standard either, and only plug-in hybrid and electric vehicles will avoid penalty. This will have a significant effect not only on prices but also availability of used vehicles.

Toyota Estima (a popular People Mover)

Hybrid technology is already several generations old, and well established in the New Zealand fleet. The price effect of hybrid technology depends very much on how new it is. Hybrid technology is best known in the Toyota Prius, but there are large numbers of Toyota Estima people mover hybrids for sale in New Zealand. Our analysis found that on average a hybrid version of the Estima only cost $619 more than a non-hybrid. Unfortunately, according to Rightcar the Estima hybrid's emissions of 154 gm/km mean that it would still be paying penalties from 2025 onwards. By contrast, newer hybrid versions which make greater impacts on emissions also add significantly more to prices. The hybrid versions of the Suzuki Swift, Toyota Camry and Toyota Vitz add around $3,500 to current prices. The hybrid Corolla adds $6,700 while the hybrid RAV4 adds $14,000. Many manufacturers have only recently added hybrid technology to their lines. Mazda and Subaru are two highly popular marques which will only have new and near new hybrids available over the years covered by the Standard.

As a snapshot of hybrid availability, we sampled three Japanese used export websites. Of the 253,986 vehicles available now for purchase (enough for a year's used imports) on those sites only 15,451 were hybrids, of which 8,484 were made by Toyota.

NEXT-GENERATION PASSENGER CAR NEW REGISTRATIONS, 2008-2019

In vehicle units

Year	Hybrid vehicles	Plug-in hybrid vehicles	Electric vehicles	Fuel cell vehicles	Clean diesel vehicles	Total
2008	108,518	0	0	0	0	108,518
2009	347,999	0	1,078	0	4,364	353,441
2010	481,221	0	2,442	0	8,927	492,590
2011	451,308	15	12,607	0	8,797	472,727
2012	887,863	10,968	13,469	0	40,201	952,501
2013	921,045	14,122	14,756	0	75,430	1,025,353
2014	1,058,402	16,178	16,110	7	78,822	1,169,519
2015	1,074,926	14,188	10,467	411	153,768	1,253,760
2016	1,275,560	9,390	15,299	1,054	143,468	1,444,771
2017	1,385,343	36,004	18,092	849	156,162	1,596,450
2018	1,431,856	23,230	26,533	612	176,725	1,658,956
2019	1,472,281	17,609	21,281	685	175,145	1,687,001

Source: Japan Automobile Manufacturers Association

Given Japanese production, there should be enough hybrids, although whether these will be like the Toyota Estima and not meet the targets is not known. It seems highly unlikely that the used market will be able to supply sufficient numbers of plug-in hybrids given sufficient have not been manufactured yet.

Currently households owe lenders around $2.5 billion for cars on finance plans, though this will mostly be for new vehicles. The market for high value SUVs will probably also be similar to the new market.

In summary then, the Bill's provisions as drafted would appear to favour the higher end of the used vehicle market which deals in high spec hatchbacks for small, well-off purchasers.

Bill Section submissions

We comment on specific sections and clauses in the Bill below:

Section 167B (5) (a)

The Minister must not recommend the making of regulations unless the Minister is satisfied—

(a) that the fees and charges are appropriate to increase the supply and availability of vehicles with zero carbon dioxide emissions; and

The Clean Car Standard is premised on an importer being obligated to meet an average CO_2 target for the vehicles imported into New Zealand. Low emission vehicles are key to achieving the target in any given year. The current wording of the section requires that the Minister be satisfied that the fees and charges are appropriate to increase the supply and availability of vehicles with **zero** carbon dioxide emissions. The AA submits that the Minister's considerations be extended to include the supply and availability of vehicles with **low** carbon dioxide emissions.

The current wording limits the Minister's scope of consideration to Battery Electric Vehicles (BEV) or hydrogen vehicles only. It excludes the various types of hybrid vehicles that are essential for importers to meet the standard, especially in the next few years. This is particularly important for used vehicle importers, as Japan mainly produces hybrid vehicles and they will be the dominant type of used low emission vehicle available for importation into New Zealand in the first years of the scheme.

Section 167C (1) (m)

(m) requiring vehicle importers to include, among the vehicles they import in any given year, a minimum proportion of vehicles with zero carbon dioxide emissions:

As noted, the Clean Car Standard is about an obligation to meet an average target. How that is achieved is in principle left to the importer to determine. Requiring a minimum proportion of vehicles to have zero emissions will be problematic for manufacturers who do not produce BEV or hydrogen vehicles, yet they may produce low CO_2 emitting vehicles.

If the intention is to use this clause to be the mechanism by which a ban on internal combustion engine (ICE) powered vehicles is later implemented, then it is unnecessary as empowering legislation to ban ICE powered vehicles already exists. Section 36 (1) (a) of the Energy Efficiency and Conservation Act 2000 allows the Minister of Energy to prescribe minimum energy performance standards (MEPS) for energy-using products and services, **including all vehicles**. Simply setting the MEPS level at an extremely low level would in effect ban ICE powered vehicles.

Section172 Interpretation in this Part

WLTP means the three-phase variant of the Worldwide Harmonised Light Vehicles Test Procedure cycle as specified in UN Regulation No. 154.

(2) A reference in this Part to a specified level of vehicle carbon dioxide emissions is a reference to the number of grams of carbon dioxide emitted per kilometre measured in accordance with the WLTP

The AA welcomes the introduction of the Worldwide Harmonised Light Vehicles Test Procedure (WLTP). The WLTP provides motorists with more realistic fuel consumption and CO_2 emission figures that are closer to real life driving conditions. Providing values that are as close to reality as possible, allows motorist to make a better comparison of the consumption and emissions of different vehicle models and underpins the accuracy of the Clean Car Standard and Clean Car Discount schemes.

However, the AA is concerned that for the foreseeable future not many vehicles entering the fleet will be tested to the WLTP. In fact, for the first three years of the schemes it is highly likely that few vehicle models will be tested to the WLTP and a conversion factor will have to be used to align the various test cycles currently used, the New European Drive Cycle (NEDC) for new vehicles and JC 08 for used Japanese vehicles. There is an approximate 11% difference in results between NEDC and WLTP, with the later recording a higher CO_2 reading. In the original consultation document the CO_2 limit curve was based on NEDC test results. If the proposed limit curve in the Bill are based on WLTP test results then the requirements will be much harsher than initially proposed and create a rate of change that no other country has been able to achieve.

The AA recommends that this section be amended so that the reference to the specified level of vehicle CO_2 measured in grams be determined in accordance with the NEDC test cycle for the first three years and after this period the WLTP be adopted as the reference test cycle.

Section 175 Targets for reducing carbon dioxide emissions

The section prescribes annual average CO_2 reduction targets that must be met for Type A and Type B vehicles. It is the AA's view that the proposed prescribed annual targets be set in secondary legislation and not in an Act. The AA believes that the current proposed weight adjusted targets are too harsh and the penalties incurred by vehicle importers, particularly the new vehicle sector, will drive the cost of vehicles upwards and lead to unintended consequences, such as further aging of the fleet. If the unintended consequences become apparent, it will be faster and administratively easier to amend the targets by way of secondary legislation than requiring an amendment to the Act.

The AA recommends that any targets for reducing CO_2 be set to align with the emissions reduction plans. The first plan is for the period 2022 to 2025. Therefore, if the targets are to prescribed in the Bill or secondary legislation, they should only be set until 2025 then reviewed as allowed by S175 (1) (f).

The targets are set for calendar years. The Clean Car Standard Bill allows category 1 light vehicle importers to (bank) carry forward excess emission reductions into the following obligation year. It also allows for category 1 importers to defer their obligation, if they do not meet their actual annual target, to the following obligation year.

The value of these credits and debits, for financial purposes, would be seen on company balance sheets as assets and liabilities to be accounted for. The AA suggests that the obligation periods be aligned to company financial years, 1 April to 31 March. This would allow for administrative

efficiencies by reducing the need for additional stocktakes and other requirements possibly associated with the obligation period not being aligned with the financial year of the importing company.

Conclusions

The Bill, with some recommended changes, will implement a workable Clean Car Discount and Clean Car Standard. However, the targets set out in S175 of the Bill for the Clean Car Standard require CO_2 emission reductions for new entrants to the vehicle fleet at a rate of change that has never occurred anywhere in the world. As a consequence, the projected CO_2 emissions will not be achieved, and the average cost of a vehicle will rise by at least $3,000. This additional cost will be an additional tax on motorists as the funds will go to the National Land Transport Fund.

The AA supports a workable Clean Car Standard that lowers CO_2 emissions from vehicles without incurring unwanted financial penalties on motorists. Therefore, to improve the current proposals, the AA recommend the following:

Recommendations

1. **Adjust** the CO_2 emission targets to be less stringent and lengthen the timeframe that the reductions will occur over. Delay the target of 105g CO_2 until 2025 and the current targets set for 2027 until 2032.

2. **Amend** Section 167 B (5) (a) so that the Minister's considerations be extended to include the supply and availability of vehicles with **low** carbon dioxide emissions, not just **zero** carbon dioxide emissions.

3. **Remove** Section 167 C (1) (m) requiring vehicle importers to include, among the vehicles they import in any given year, a minimum proportion of vehicles with zero carbon dioxide emissions.

4. **Delay** the introduction of the WLTP test standard and commence the scheme using the current NEDC test standard.

5. **Remove** class MC off-road vehicles from being classified as Type A vehicles and define them as Type B vehicles with the applicable limit curve.

6. **Place** the emission target reductions in secondary legislation not primary legislation as this will allow the targets to be adjusted more administratively efficiently.

7. **Align** the "year" to the financial year not the calendar year.

About the New Zealand Automobile Association

The NZAA is an incorporated society with over 1.8 million members, representing a large proportion of New Zealand road users. The AA was founded in 1903 as an automobile users' advocacy group, but today our work reflects the wide range of interests of our large membership, many of whom are cyclists and public transport users as well as private motorists.

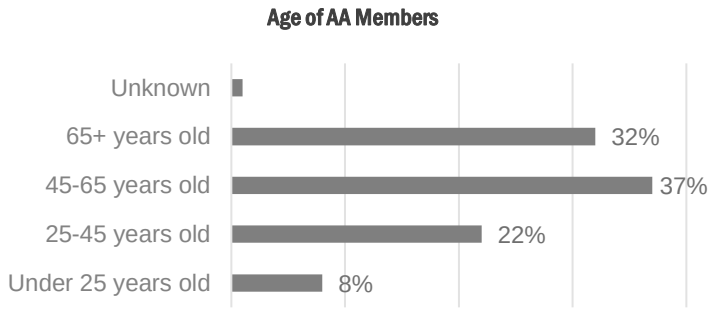
Across New Zealand, the motoring public regularly come into contact with the AA through our breakdown officers, 36 AA Centres and other AA businesses. Meanwhile, 18 volunteer AA District Councils around New Zealand meet each month to discuss local transport issues. Based in Wellington and Auckland, our professional policy and research team regularly survey our Members on transport issues, and Members frequently contact us unsolicited to share their views. Via the AA Research Foundation, we commission original research into current issues in transport and mobility. Collectively, these networks, combined with our professional resource, help to guide our advocacy work and enable the NZAA to develop a comprehensive view on mobility issues.

Motorists pay over $4 billion in taxes each year through fuel excise, road user charges, registration fees, ACC levies, and GST. Much of this money is reinvested by the Government in our transport system, funding road building and maintenance, public transport services, road safety work including advertising, and Police enforcement activity. On behalf of AA Members, we advocate for sound and transparent use of this money in ways that improve transport networks, enhance safety and keep costs fair and reasonable.

Our advocacy takes the form of meetings with local and central government politicians and officials, publication of research and policy papers, contributing to media on topical issues, and submissions to select committees and local government hearings.

Total Membership	1.8+ million members	
	Just over 1 million are personal members	
	Over 0.7 million are business-based memberships	
% of licenced drivers	Half of licenced drivers are AA Members	
Gender split	54%	Female
	46%	Male

Age range & Membership retention



Half of AA Members have been with us for 10 years or more.