

Submission to The ministry of Transport about moving the light vehicle fleet to low-emissions: discussion paper on a Clean Car Standard and Clean Car Discount.

It is admirable that the Government is incentivise the reduction of CO₂ from New Zealand car fleet and so reduce our greenhouse gas emissions closer to the Paris agreement. This will enhance our international standing on Climate Change.

But I believe that there is a much better way to reduce New Zealand's greenhouse gas emissions than the complex system as outlined in the discussion paper.

The big question is, How to incentivise the reduction of CO₂ emissions from the motor vehicle fleet while collecting enough revenue to look after our roading?

At present NZ has two different systems for taxing the motorist to collect funds for the roads. Road User Charges on Diesel vehicles and excise on petrol. Unfortunately the RUC are not good at incentivising the reduction of CO₂ For example: Road User Charges (RUC)

- The current RUC regime for vehicles under 3.5 tonnes is discriminatory and unfair and directs people away from owning small, low emission diesels, towards large petrol SUV's. An example of this distortion is a VW Polo Diesel, with a fuel economy of 3.4 litres per 100km (4.76c per km) and emitting 89 g of CO₂ incurs a RUC of 7.2 cents a km which makes and a tax of 80.89 cents per kg of CO₂
- A Toyota Land cruiser diesel SUV with a fuel economy of 9.5 litres per 100 km (13.3 cents a km) and emitting 248 g of CO₂ also incurs a RUC of 7.2 cents a km which makes and a tax of 8.2 cents per kg of CO₂.

This has meant the demise of Diesel vehicles with very low CO₂ being taxed off NZ roads, while the high CO₂ emitting vehicles are still being purchased in large numbers

- Meanwhile the petrol excise Meanwhile a 97 petrol Land cruiser SUV with a fuel economy of 17.9 litres per 100km (35.8 cents a km) and emitting 411g of CO₂ per km, pays an excise tax of 13.24 cents a km and a total running cost of 35.8 cents a km and a tax of 32.2 cents per kg of CO₂
- A Honda Jazz petrol small hatch, with a fuel economy of 5.9 litres per 100 km (11.8 cents a km) and emitting 136 g CO₂

pays an excise of 3.92 cents a km and a tax of 28.8cents a kg of CO².

As the ultimate solution will be when all road vehicles as EV (pure electric vehicle) it is a no brainer not to concentrate on them. By doing so would modernise the vehicle fleet and at the same time make it safer. I have two EV's and the most common question asked is "What about the Road User Charges that will come in in 2021?"

So here are my suggestions, I know they are a radical departure from current thinking but I see it as ticking all the boxes.

- Take the excise duty off petrol.
- Charge all (new and second hand) (Petrol and Diesel) vehicles with Road User Charges according to the amount of CO₂ emissions.
- Charge GST on the RUC's. (this will reduce the tax for business and Farmers.
- Forget about the complicated fees and Fee Bate system.

As time goes on and the percentage of high CO² emitting vehicles decrease and the EV percentage of the fleet increases, then the RUC's on EVs could kick in (at a much lower level than the current RUC on diesel vehicles) and gradually ramp up to keep the tax revenue at a level to keep the road network financed. But at all times the RUC's should be kept high enough on the Internal combustion fleet and so encourage the uptake of lower and lower CO² emitting vehicles.

At all times the taxes on EV's should be low enough to encourage their uptake and so speed up our climate change response.

I believe that the incentive given by the above points would encourage vehicle owners to buy smaller more efficient vehicles with the result that the fleet would become more modern and safer as time goes on, thus helping with our climate change initiatives.

As the RUC system is already in place it should not be too difficult or expensive to implement.

- The bureaucracy required to administer the Taxes for the roads and incentivise the reduction of CO² would be much smaller and simpler than having RUC on Diesel vehicles plus Excise on petrol and the proposed clean car discount/fees/feebates.

- The management of the RUC system is already in place for diesel so it should be relatively simple to modify it and administer it for petrol to achieve the goals of reducing CO² emissions while collecting funds for the roads.
- Removal of excise on petrol would reduce administration costs on fuel companies.
- Removal of Fuel excise on Petrol would reduce administration on farmers/ miners and others in claiming back the excise for non-road use.
- The motor car industry would embrace the simple idea of not introducing the Clean Car discount/fees/feebate system, as it means very little extra regulatory hoops they will have to Jump through.
- The possibility of rorts would be minimised by having one simple vehicle tax system.
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Electric cars (EVs) Plug in Hybrids(PHEVs) Hybrids HEV.

The Clean Car Discount Feebate proposal is to have a Feebate on all low CO² emitting vehicles up to \$80,000 in value and not above! This seems to fly in the face of the incentive to lower CO² It seems neither fair or equitable, especially when a lot of long distance drivers have to have to “dig deep” to finance the purchase a (long distance between charges) vehicle.

If one was to buy a Telstra 3 that has a 460km range for \$73,900 they get an \$8,000 Feebate but if they want to have a better range then Telstra 3 with 640km range for \$94,200 they get no rebate. This seems to be a bit of a socialist (tax the rich because they can afford it) idea. If the aim is to lower CO² then is it a good move?

The planned introduction of RUC on EVs is surely a disincentive to the uptake of EVs, especially if there is a Feebate on economical petrol vehicles.

If the green car program is put in place, then PHEV's and HEV's will be the winners in all of this if the program is adopted as they will get a Feebate and pay no RUC as they are all petrol and as they are very frugal on their CO² emissions, pay little excise.

The rest of the world is not incentivising the uptake of PHEVs or HEVs so why would we want to do it? ⁱ

My submission is designed to reduce CO² emissions by the reduction of high CO² emitting vehicles with an applicable RUC, while at the same

time encouraging the uptake of EV,s through the delayed introduction of RUC on EV,s for much longer than currently flagged (say 5 years). All this while reducing red tape and multiple taxes!

I know it is a big ask to reduce and eliminate Petrol excise, but we should have all options on the table to help with Climate Change!

ⁱ EV talk July 11th 2019