

**From:** [REDACTED]  
**To:** [Clean Cars](#)  
**Subject:** Feedback on the Clean Car Discount  
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Hello,

I welcome the Clean Car Standard and Clean Car Discount discussion documents. They look like well researched policies, in line with established best practice overseas, but adjusted pragmatically for some of the limitations and realities of the New Zealand car market.

The one part I strongly disagree with is the \$80,000 limit for the clean car discount:

Part 3A

Vehicles with a retail price of \$80,000 or more would not be eligible for discounts. This cut off is to prevent the scheme transferring wealth to New Zealanders who are able to buy vehicles that cost \$80,000 or more. All vehicles with high-emissions would incur fees irrespective of their retail price.

This seems short-sighted. I think would unnecessarily cripple the policy, distort the market, and it ignores the fact that EVs are a public good (versus fossil fuelled cars), regardless of who is driving them.

1. New Zealand still has a big lack of charging infrastructure compared to places like the EU and US, particularly for fast DC chargers which are used for longer journeys. We have a chicken and egg situation. There are few EVs on the road, so few chargers as there isn't much demand. The best way to improve this is to increase the total number of EVs on the road as quickly as possible. These new chargers then become available for everyone to use, and make EV ownership more attractive and convenient for everyone. In particular, the more expensive EV models are typically the ones that support fast charging (100kW to 150kW+). The widespread availability of these fast chargers are what will help to make EVs a practical alternative for all New Zealanders. We need to encourage these higher end vehicles on to the road by granting them the discount and helping to drive rapid improvements to the infrastructure.

2. Many of these more expensive cars will end up in the second hand market after a few years, so I don't think the wealth transfer argument holds up. A vibrant local EV used car market with a large range of available models is what will truly make EV ownership a realistic option for all New Zealanders. EV technology is improving rapidly and an \$80,000 new car may be sold on for a fraction of that price 3 or 4 years later, making EV ownership possible for a new family that may otherwise be driving an old gas guzzler. That new owner then gets all of the benefits of EV ownership, such as reduced fuel and maintenance bills. Without that car available on the used market, that family may be stuck paying for petrol. Further, reducing reliance on imported oil will offer tangible economic benefits to all NZers, regardless of who owns the EVs.

3. \$80,000 will exclude a big majority of the larger electric SUVs and saloons. The internal combustion versions of these cars, particularly the diesel models, are some of the worst polluters, so have the largest relative gain by replacing them with EVs. We should be encouraging as many SUV owners as possible to replace their vehicles with EVs and not excluding them from the discount. These people are unlikely to replace their SUVs with Nissan Leafs or Renault Zoes, they will buy a new fossil fuelled SUV unless there is a

great incentive not to.

4. A huge portion of currently available EV models are in the \$70,000 to \$90,000 range. Vehicles such as the Kia Niro EV, Hyundai Kona, Tesla Model 3 fit into this range. It includes virtually all of the SUVs and larger saloon EVs which make up the most popular classes on the market. Even very modest vehicles such as the Nissan Leaf and Renault Zoe EV get perilously close to the \$80,000 limit. Prices may fluctuate based on the NZD exchange rate, and availability of raw materials for things like batteries, which may push some cars over the threshold. This may result in them disappearing from the NZ market entirely, which will limit choice. Choice may ultimately become more limited, due to these relative price distortions, than if there was no clean car discount. Some manufacturers may chose to create crippled versions of their cars to get under the limit, such as what Tesla recently did in Canada <https://cleantechnica.com/2019/05/02/tesla-gets-creative-for-model-3-customers-in-canada/>. Do we really want NZ to become the home of artificially crippled EVs, and how much harm will that do overall to EV adoption in this country?

5. The market will become distorted and people will try to cheat the system. If we take again the example of the Tesla Model 3, the cheapest version of this is currently listed on the Tesla website for \$73,900, just under the threshold. Adding options such as the full self driving package and different colours and larger wheels push the value well over \$80,000. What we will therefore see is people ordering the basic model and adding options such as the \$9,600 full self driving package as after-sale upgrades. The \$80,000 threshold goes against the long established tax principles in NZ which try to keep things as simple as possible and avoid cliff edges and subsequent market distortions. For example, we charge GST at the same rate on everything rather than having different rates for hot and cold food that exist in some other countries and lead people to try and game the system.

6. The overall aim of the policy must be to reduce NZ's green house gas emissions. Everyone in NZ (and around the world) stands to benefit by having less polluting cars on the roads in our cities, and lower carbon emissions across the fleet. From that perspective, it really doesn't matter who is buying an EV, whether they are wealthy or less well off. That new EV means that one less petrol car was built and sold, NZ imported less oil for the lifetime of that vehicle, and the lifetime emissions from that petrol car will never be released into the atmosphere. We should not confuse climate policy with social policy. Although demonstrably EVs are a social good, regardless of who the first owner of that vehicle is.

My recommendation would be to remove the \$80,000 limit entirely, and if that isn't possible, increase it to at least \$100,000 (and then keep it inflation adjusted) so that it encompasses the majority of EV models that "everyday Kiwis" are likely to want to drive now and in coming years.

Kind regards,  
Simon Graham