

28th August 2019

Ministry of Transport
Te Manatū Waka
Government House
Wellington

Sent via email - cleancars@transport.govt.nz

To the Minister and Associate Minister of Transport, Hon Phil Twyford and Hon Julie Anne Genter,

RE: Subaru of New Zealand submission on moving the light vehicle fleet to low emissions: discussion paper on a Clean Car Standard and Clean Car Discount

Subaru of New Zealand is the authorised distributor of Subaru vehicles in New Zealand providing the full menu of support and product services for Subaru Corporation Japan to New Zealand drivers.

We provide this through an independently owned and operated dealer network that has key geographic representation throughout New Zealand. These dealers are employing hundreds of local people and supporting the thousands of New Zealanders who choose to buy not only the new vehicles we provide, but also the tens of thousands of used import vehicles that have entered the country over the past decades. We directly employ twenty-five (25) Kiwis of mixed race and cultures and have a relatively balanced gender spread.

We market our product with a very localised theme and use the terminology 'welcome to Subaru Country' in conjunction with our can 'do' attitude that sees Subaru of New Zealand recognised as one of the best Subaru distributors in the world.

We are active members of the Motor Industry Association (MIA) and as such we support the MIA submission on the proposed Clean Car Policies.

With that said, we submit this recommendation to signify that whilst we support the MIA submission, we wish to express our concerns as an individual business given the MIA submission was arrived at democratically. We wish to offer constructive criticism/comment on some areas that reflect our perspective only, given the highly competitive nature of our MIA membership.

Subaru is a very small brand globally. This, combined with the fact that the entire New Zealand new car sales of all brands for one year could probably be produced by just one large manufacturer in less than a day, needs to be understood in the context of the reality that New Zealand scale is so small we can not truly influence our parent suppliers. Yes, if a large company such as say Toyota could manufacture every make and model of car sold in New Zealand their production capacity could see this done in about just one day.

Subaru of New Zealand

A division of Inchcape Motors New Zealand Limited

46 Lady Ruby Drive, East Tamaki, Auckland 2013, NZ

PO Box 58 743, Botany, Auckland 2163, NZ

T +64 9 272 7720

subaru.co.nz

Subaru of New Zealand is highly respected by Subaru Corporation Japan but when we alerted the relevant departments in Japan of the discussion paper their immediate assumption was that this would follow a larger scale market and likewise follow the standard minimum eight (8) to ten (10) year lead time they expect from the larger scale markets.

We likewise raise concerns around the reality factor that whilst the New Zealand light vehicle fleet has been steadily reducing CO₂ emissions without need for local legislative measures, this has been driven by the much larger scale countries demands to address same, so we have been progressing thanks to the larger scale markets legislation. For example, during the last decade or so the rate of CO₂ reduction has been averaging around 1.9% year on year. Subaru has reduced CO₂ at a greater rate than that revealed in the industry average, now being at 174 gm/km versus the 180 average so by comparison 3% better than average currently. Of course, being a relatively small brand, the impact on the overall segment influence is reduced. However, this does reflect the focus that even a small manufacturer like Subaru is placing on greenhouse gas emissions.

What concerns us most in the discussion paper and submissions is the reality that light commercial vehicles (which have impacted the 1.9% back to 1.1%) are able to get an advantage weight break in the proposed discussion paper. So, in layman's terms we ask - why would a cleaner fleet allow a break for 'dirty' diesels?

At Subaru we recognised the diesel risk especially after we saw diesel vehicle banned from some major cities in the world such as London and Tokyo. So, we voluntarily removed Subaru diesels from our line up in New Zealand. We cannot understand why a policy of 'clean' intent would allow diesel burning light commercial vehicles an advantage as that simply disconnects the whole direction of clean car policy to us?

We also note the discussion paper allows for used import cars to have an advantage over new cars. This is also contrary to the concept of clean cars. Surely it makes sense to have a level playing field being the one and same impact for all, or simply stop importing old vehicles from other countries that are aging our fleet as we speak and are traditionally almost a decade old before crossing our border. We must get our aged car fleet heading into a younger average age bracket.

It is a 'disconnect' like this that raises our concerns about the thought process behind the discussion paper.

Subaru offers some amazing safety and environmental technologies. From All Wheel drive to 'Eyesight' driver assist vision. Direct injection cleaner engines to all new e-Boxer Hybrid technologies. In fact, Subaru, Toyota, Suzuki and Mazda are collaborating on a new EV and other fuel technologies due to the global demand to develop these quicker and more cost effectively therefore we see traditional competitors collaborating.

We are a technology taker in New Zealand. We take what Subaru Corporation Japan supply us and they are influenced heavily by what large scale markets dictate. We let the customers choose what they want but we do influence this subtly with actions such as removing too much proliferation or choosing lower emission choices in areas where that is possible. Whilst it's very flattering for Japan to advise us how important New Zealand is to them and how they value the business we offer them thanks to our marketing and customer demands, we also respect that when we ask for something

exclusive to New Zealand, the reality is this is not an option unless it can be planned to coincide with another market wanting similar. No matter how important we think we are at Subaru of New Zealand, we must understand that Subaru Corporation can make all our cars in less than one day production. To try and influence or impact the product planning or instigate a change requires long term planning. Having said that, we are also recognised as being a successful market for Subaru Japan, so they do make special efforts for Subaru in New Zealand.

Unfortunately, the arrival of the discussion document did not gain special support. It is not possible for Subaru Japan to adopt change in the proposed time frame. Thus, we must assume that if these proposals were adopted as is it would jeopardise our business sustainability. Plus, we do not understand the direction of the discussion paper given that the global market forces are going to make positive change happen anyway.

Subaru are like most vehicle manufacturers and openly display a desire to improve and go to new technologies, they must meet overseas market demands that hold a much greater influence, which could be hundreds or thousands of times greater than New Zealand.

Thus, we ask why we would want to put all these Kiwis jobs at risk and remove competitive choice from the market when some common sense should prevail.

The discussion paper should be around some more practical steps.

Some suggestions could be such as:

- Do not create bespoke NZ standards, simply adopt USA technology demands. But remember they are left hand drive vehicles so some models will need the minimum change period to adopt to RHD?
- Stop used import cars older than 5 years old. Safer, cleaner cars immediately improve the fleet and prevent the aging factor. Or if that is perceived as being self-interest of a new vehicle distributor (who is already looking after all the used imports with impacts like Takata recalls) then at least have a same price impact so the vehicles entering NZ are taxed the same whether they are new or old.
- Do not plan or allow for diesel power light commercial vehicles to have any gains such a weight advantage or encourage reduction in diesel vehicle use to reduce emissions.
- Rather than attempt to tax new or used cars entering the market, why not simply tax every car at re-registration. Around 300,000 new and used vehicles per annum arrive in NZ each year, yet there are millions of cars registered annually. Taxing these would gain much more revenue, plus impact every person's choice as they annually renew registration – a work group on this option could potentially deliver ten times the revenue and most importantly influence buyer decisions positively. It would be a consumer's choice.
- If there must be Government intervention, then let those changes be guided by the suggestions in the MIA submission – policies that influence consumer demands are preferred. Artificial controls distort the market and we do not support them.
- If change must happen, we support the Clean Car Discount with modifications.
- We do not support the Clean car Standards concept.

As active MIA members, we prefer policies that target the consumer when they purchase vehicles and we acknowledge whilst we are already striving with our partner in Japan to be part of the solution, we do know that more can be done to lower greenhouse gas emissions. Regretfully, our scale dictates the influence and practicality of accelerating that influence and impact.

Regards,



Wallis Dumper
Managing Director

MIA member
NZBPT member