



Drive Electric: EV Discussion Document

New Zealand's fleet will have 250,000 EVs on the roads by 2025, and fewer petrol and diesel vehicles coming into the country.

Drive Electric

- Drive Electric is a not-for-profit with one goal – making electric vehicle ownership in New Zealand mainstream. Our members represent the full e-mobility ecosystem: finance, automotive, infrastructure, energy and government.¹ This document sets out why New Zealand should prioritise e-mobility and five key policy platforms to make this transition.

Call to action

- New Zealand must reduce emissions by around 60% by 2030 to stay within 1.5 degrees of warming, the target contained in the Zero Carbon Act.²
- Road transport is the second largest source of emissions in New Zealand.
- Moving to electric mobility and increasing public transport will provide earlier and easier reductions in emissions than through savings in other areas, like agriculture. Decarbonising road transport could remove 14 million tonnes of carbon dioxide emissions every year.³
- Active and public transport is part of the answer, but in New Zealand the light fleet constitutes more than 90 per cent of the travel on New Zealand roads.⁴
- Therefore, e-mobility is an essential part of our transport future, and New Zealand is ideally suited given our high proportion of renewable energy.
- We need a bi-partisan target and pathway to create certainty and guide the investment in e-mobility.
- Transport in New Zealand can be safe, healthy, accessible, resilient and decarbonised.

Ambition

- Develop a bi-partisan pathway for an emissions-free transport system in line with the ambition of the Zero Carbon Act.
- Dramatically increase the number of electric vehicles (cars, buses, trucks, bikes and scooters) on the roads by 2025.

¹ <https://driveelectric.org.nz>

² 1Point5 Project analysis: <https://1point5.org.nz/wp-content/uploads/2020/05/1point5-Project-Summary.pdf>

³ As above.

⁴ MoT analysis: <https://www.transport.govt.nz/assets/Import/Uploads/Research/Documents/The-NZ-Vehicle-Fleet-Report-2018-web-v2.pdf>

Five key actions for the next Government

1. Develop a bi-partisan pathway for the transport sector to deliver New Zealand's climate change objectives

The transport sector, including light and heavy fleet, will make an important contribution in New Zealand meeting the ambition set out in the Zero Carbon Act. For transport, there needs to be clear targets and a well-defined transition pathway, which engages industry and has bipartisan support. This will create investment certainty for future governments, transport agencies, businesses and individuals. Transport in New Zealand can be safe, healthy, accessible, resilient and decarbonised.

2. Encourage businesses to purchase EVs for their fleets

Corporate EV fleets will play an important role in the transition of the New Zealand fleet. Sales data analysis suggests around one-third of vehicles sold are sold to corporate/commercial fleets⁵. Corporate vehicles are subsequently sold on the second hand market, making used EVs available to the public.

However, new EVs are yet to reach price parity with new petrol and diesel vehicles. Corporates may need additional encouragement to invest in EVs in the short term for their fleets, instead of petrol/diesel vehicles. Part of the answer is a national target and a transport transition pathway, which will provide investment certainty. Businesses also need to understand that moving to EVs is the easiest way to decarbonise, particularly as requirements for climate-related financial disclosures come into play.

Policy initiatives such as changing fringe benefit tax to enable private use of corporate EVs or increasing the rate of depreciation of EVs, would incentivise further uptake, and could be time limited. Other tax and purchase incentives could be explored, based on international experience in markets like Sweden.

3. Government leadership on EV use

The government fleet (mandated agencies) has approximately 16,000 vehicles, but less than 1 per cent of the current fleet is electric.⁶ The New Zealand Government Procurement body has a goal to “that, where practicable, the government's fleet should be emissions free by 2025/26.” The Government can take a leadership position by executing on this commitment and to moving the entire fleet to electric. This would signal change to businesses, councils and individuals; as well as make second hand electric vehicles available to New Zealanders on the second hand market and contribute to any nationally set target.

⁵ Sales data analysis from Inspire Growth Partners 2017-2020 (excludes rentals, demos and government)

⁶ MBIE Government Procurement website:

<https://www.procurement.govt.nz/broader-outcomes/reducing-emissions-and-waste/reducing-government-fleet-emissions/>

4. Make New Zealand a globally attractive market for EVs

New Zealand, alongside the UK, Japan, Australia, are amongst the few right hand drive markets in the world. New Zealand is a taker of international automotive technology. Many European countries have introduced phase-out dates for fossil fuel powered vehicles, including the UK (considering bringing forward to 2032). Without a clear target and pathway to transition, New Zealand risks being overlooked by international car manufacturers as a market for new technology, competitive pricing and ranges in EVs. Worse, without clear guidance from the Government on EV targets and emissions standards, we risk becoming a 'dumping ground' for cheap petrol/diesel and hybrid vehicles from the UK and Japan as they move to electric vehicles. This would make New Zealand's transition to a low emissions economy even more difficult.

5. Encourage New Zealanders to move to EVs

In 2018, only 1 in 100 light vehicles are petrol/electric hybrids and fewer than 2 in 1000 light vehicles are fully electric.⁷ Setting a bi-partisan target and a transition pathway will create future certainty for New Zealanders to consider EVs, especially as the cost of ownership reach parity. Government and corporate fleet leadership will create a secondhand market for New Zealanders. When targets and transition pathways for transport are set, incentives and education programmes will need to be considered to encourage individual uptake of EVs. Importantly, any policy choices need to be bi-partisan, time-bound and could be designed to be self-funding.

For many New Zealanders a car is one of an individual's largest assets. With technology changing and shifting towards electric vehicles, it is equitable to let New Zealanders know that this change is coming to inform their future investment decisions.

Co-benefits: Broader economic and social benefits

Transforming the fleet to electric vehicles will have positive impacts beyond reducing emissions. Analysis shows "that switching to EVs for light and medium road vehicles will deliver net public savings."⁸ New Zealand will be less reliant on foreign oil, improving our balance of payments. Air pollution will reduce. Over time families will save money spent on fuel and operating costs of vehicles, particularly as the total cost of ownership of new EVs and petrol/diesel vehicles are set to reach parity before 2025⁹. Finally, New Zealand is an ideal market for electrification, because our electricity is renewable. The closure of Tiwai Point provides a further reason to promote the electrification of transport.

⁷ MoT analysis: <https://www.transport.govt.nz/assets/Import/Uploads/Research/Documents/The-NZ-Vehicle-Fleet-Report-2018-web-v2.pdf>

⁸ MfE analysis: https://www.mfe.govt.nz/sites/default/files/media/Climate%20Change/marginal-abatement-cost-curves-analysis_0.pdf

⁹ MfE analysis: https://www.mfe.govt.nz/sites/default/files/media/Climate%20Change/marginal-abatement-cost-curves-analysis_0.pdf

The case for a target of 250,000 EVs by 2025.

By Dr Paul Winton, 1Point5 Project¹⁰

Reaching 250,000 EVs in the fleet by 2025 is a challenging, but realistic, prospect in New Zealand. If New Zealand were to achieve EV adoption rates similar to what Norway has today for new-to-fleet vehicles by 2025, this would result in 250,000 EV by 2025 in the light fleet. If we continue at that rate our light fleet would comprise 30-40 per cent electric or zero emissions vehicles by 2030. Auckland Council's recent climate action plan outlines a target of 40 per cent of the fleet electrified or zero emissions by 2030.

For New Zealand this transition will be easier than when Norway started ten years ago. EVs are becoming less expensive and more capable. By 2025 there will be no clear reason for consumers or businesses not to buy EVs. To buy a petrol or diesel vehicle in 2025, would be to buy a car that is more expensive at the outset, more expensive to run and repair, has a shorter lifespan, performs worse, with higher emissions.

The target we propose also assumes we use cars the same way as we do today into the future. In practice we should need fewer vehicles as we advance active and public transport and just travel less. We anticipate that petrol or diesel vehicles could be retired faster and EVs may account for a higher proportion of the active fleet.

¹⁰ <https://1point5.org.nz/>

