



Dear 

On behalf of Peter Mersi, Chief Executive and Secretary for Transport, thank you for your original request dated 24 December 2021 and the revised request dated 4 February 2022, pursuant to the Official Information Act 1982 (the Act), seeking:

“any advice given by the Ministry of Transport to the Cabinet Select Committee on Transport and Infrastructure regarding the Land Transport (Clean Vehicles) Amendment Bill.”

I have found 10 documents relevant to your request. Four of these documents are already available online and officials emailed these documents to your colleague Terence J. Collins on 4 February 2022. Of the remaining six documents, I am releasing three documents in full, with one document being partially released, and the other two documents are being fully withheld (see **Appendix one** attached to this response letter).

Information is withheld in reliance of the following sections under the Act:

- Section 9(2)(a) – information relating to the privacy of natural persons
- Section 9(2)(g)(i) – information relating to free and frank expression of opinions
- Section 9(2)(ba)(ii) – information subject to an obligation of confidence.

In regard to the information that has been withheld, I am of the opinion that there are no countervailing considerations that make it desirable, in the public interest, to make the information available.

You have the right to make a complaint under section 28(3) of the Act about this response to your request to the Ombudsman who can be contacted at:

info@ombudsman@parliament.nz.

Yours sincerely



Jemima de Lacey
Programme Manager
Environment, Emissions and Adaptation
Te Manatū Waka - Ministry of Transport

Appendix One: Documents that fall within the scope of the request

	Document	Date	Description of information withheld	Previously released?
1.	Departmental report	22 Dec 2021	Already available online ¹	Yes
2.	Initial briefing	22 Dec 2021	Already available online ²	Yes
3.	Response to request for further information	22 Dec 2021	Already available online ³	Yes
4.	Response to Suzuki's submission	22 Dec 2021	Already available online ⁴	Yes
5.	Presentation on The Bill - Minister	11 Nov 2021	Release in full	No
6.	Presentation on The Bill- Manager	11 Nov 2021	Release in full	No
7.	Talking Points - Departmental Report	25 Nov 2021	Release in full	No
8.	Select Committee - Invitations to submit	23 Sep 2021	Email addresses are withheld under Section 9(2)(a) of the Act	No
9.	Minority report clean vehicles bill (MOT comments)	17 Dec 2021	Withhold in full under Section 9(2)(g)(i) and Section 9(2)(ba)(ii) of the Act	No
10.	Email: RE_ Differing views from ACT and National	17 Dec 2021	Withhold in full under Section 9(2)(g)(i) and Section 9(2)(ba)(ii) of the Act	No

¹ https://www.parliament.nz/resource/en-NZ/53SCTI_ADV_115766_TI2141/4991366cce4a995a8fe638dd1fd104d8c2a1a4f8

² https://www.parliament.nz/resource/en-NZ/53SCTI_ADV_115766_TI1983/c8e86a15f89363bc4671a0bb20c75609ab2b96c7

³ https://www.parliament.nz/resource/en-NZ/53SCTI_ADV_115766_TI2285/52aefbb1fad8ab001725d264fa4f15d604a98f30

⁴ https://www.parliament.nz/resource/en-NZ/53SCTI_ADV_115766_TI2172/708827eb3819b28e0c0c8999a7122b88850cccc6



TE MANATŪ WAKA
MINISTRY OF TRANSPORT

Te kawe whenua (I ngā waka mā)
mā te pire whakatikatika

Land Transport (Clean Vehicles)
Amendment Bill

11 November 2021

The Case for Change

- Climate change is the biggest threat we face.
- In the last two decades, the world observed:
 - over 475,000 deaths as a result of over 11,000 extreme climatic events
 - over NZ\$ 3.5 trillion economic losses.
- The Government has set a net-zero emissions target by 2050, and a 50% emissions reduction target by 2030.
- This is all of our challenge to own, and we need to work together.

The Case for Change

- Transport is a big part of the challenge - the transport sector produces 47% of New Zealand's CO₂ emissions.
- Emissions from the transport sector have increased around 100% in the past 30 years and the target for the next 30 years is to bring this to zero.
- Over 80% of total transport emissions are from the light-vehicle fleet.
- New Zealand's highly-polluting vehicle fleet needs to decarbonise rapidly.

The Clean Vehicles Bill

Objectives:

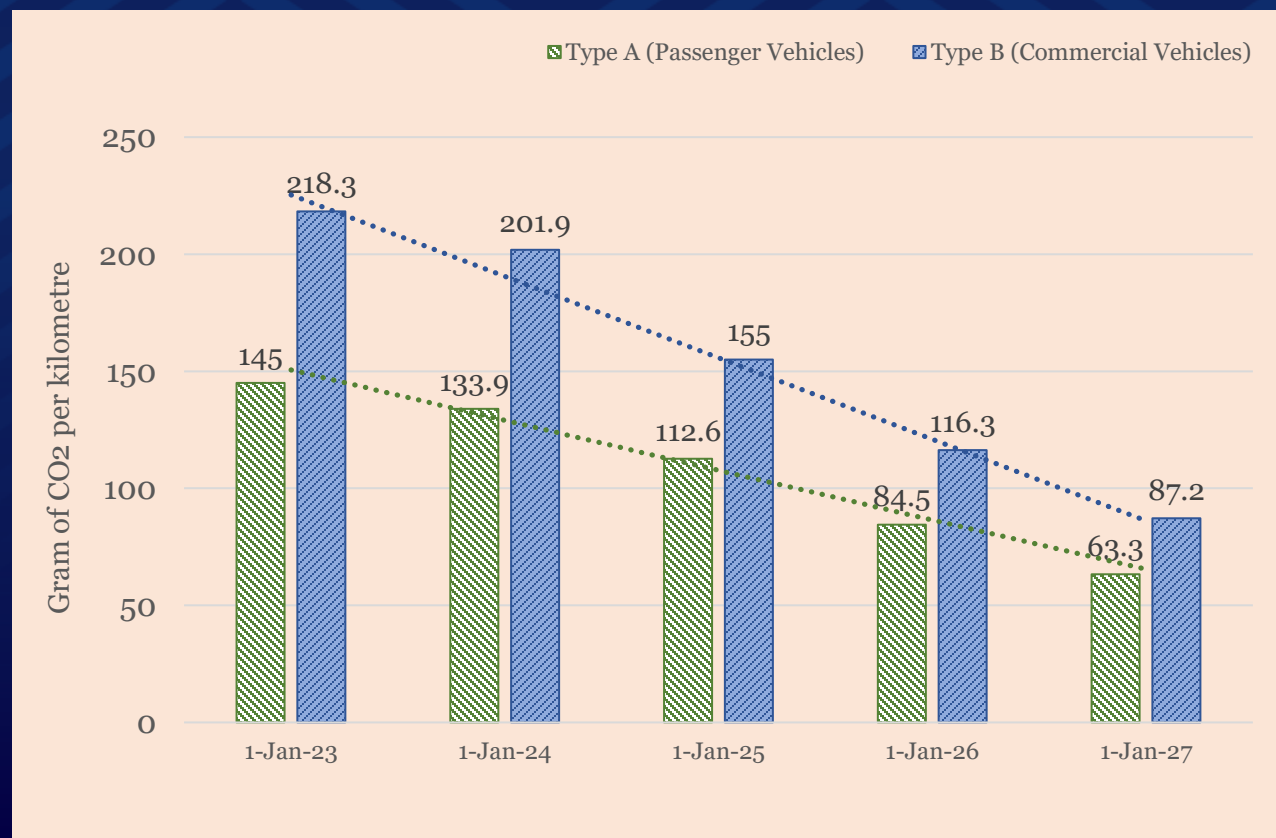
- Increasing the ***supply*** of clean vehicles by applying a **Clean Vehicle Standard**
- Increasing the ***demand*** for clean vehicles by providing for a **Clean Vehicle Discount**
- Informing consumers about vehicle emission levels and charges or rebates through vehicle labelling

Clean Vehicle Standard

- New Zealand is one of the few OECD countries that lacks a CO₂ emissions standard.
- New Zealand must avoid being a dumping ground for high emission vehicles.
- The Clean Vehicle Standard was announced in January 2021. Vehicle importers will need to meet CO₂ emission targets on the range of vehicles they import.
- Charges will apply where emissions exceed applicable targets.
- Flexibility mechanisms will assist importers to meet targets: banking, borrowing, and transferring CO₂ credits.
- Targets for vans and utes will be higher than those for cars and SUVs.

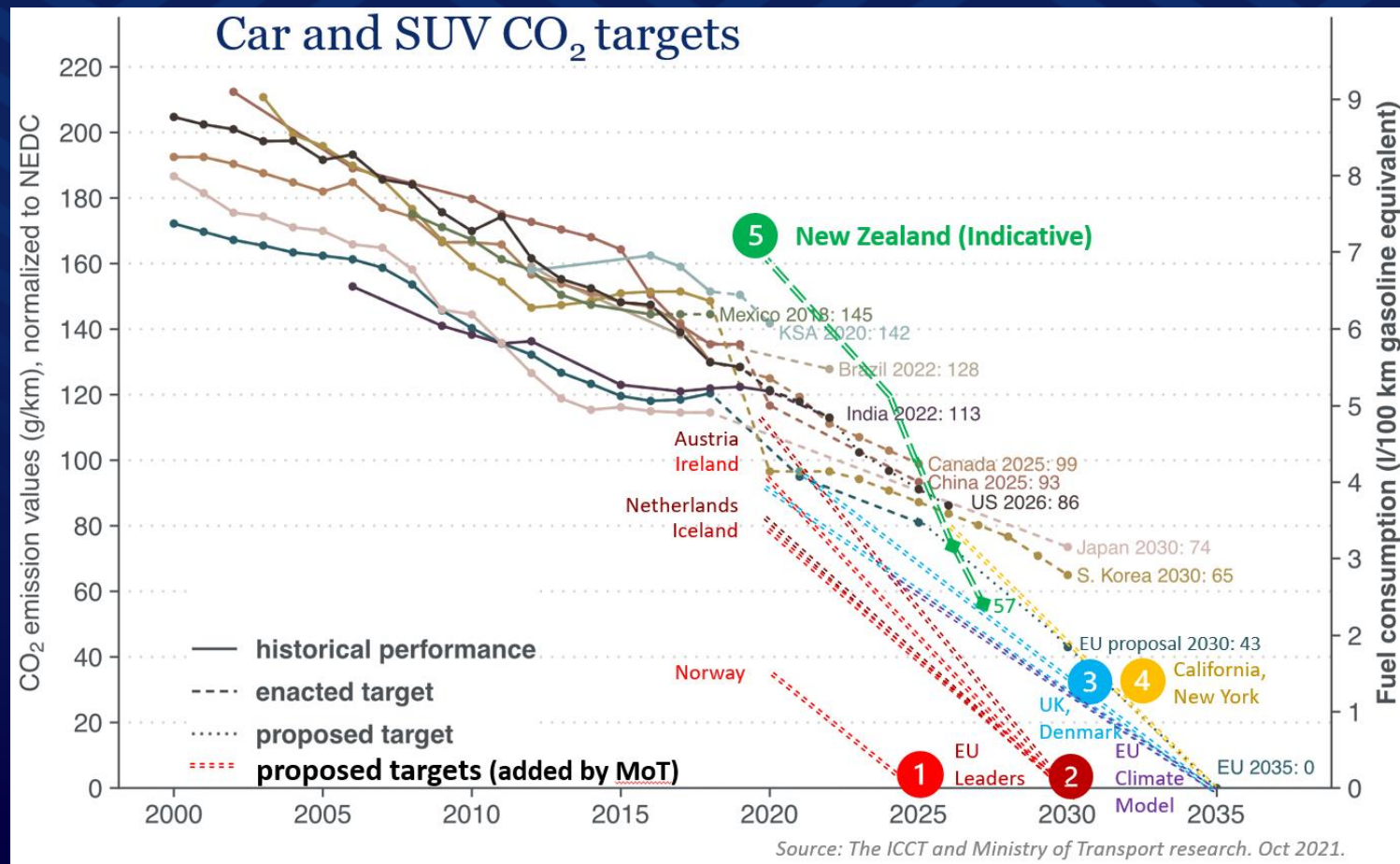
Clean Vehicle Standard

- Targets and charges under the Standard will apply from 1 January 2023.
- Emissions targets will strengthen on an annual basis.
- Emissions targets for a passenger vehicle will be reduced to 63.3 gCO₂/km in 2027 from 145 gCO₂/km in 2023 (56% decrease).
- Emissions targets for a commercial vehicle will be strengthened by 60% between 2023 and 2027.



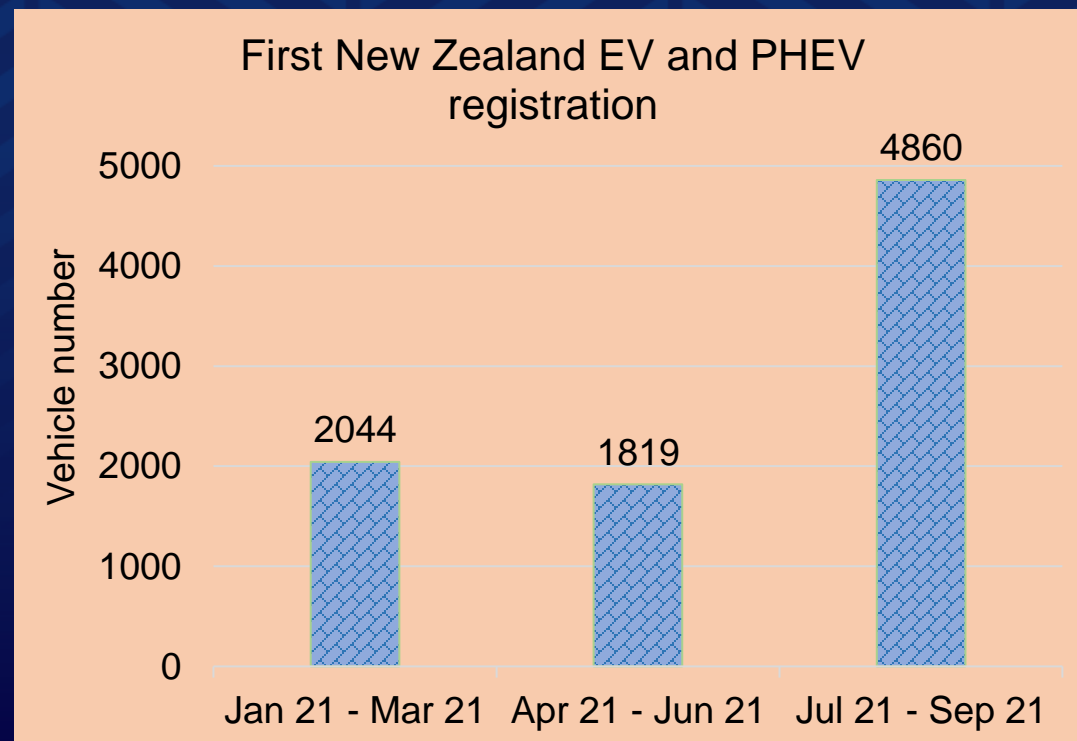
Clean Vehicle Standard

- Other Countries have more ambitious targets than what we are proposing.
- Our 2025 passenger vehicle target has already been achieved by Europe.
- Our 2027 passenger vehicle target is significantly more generous than what has already been achieved at a country-scale by Norway.



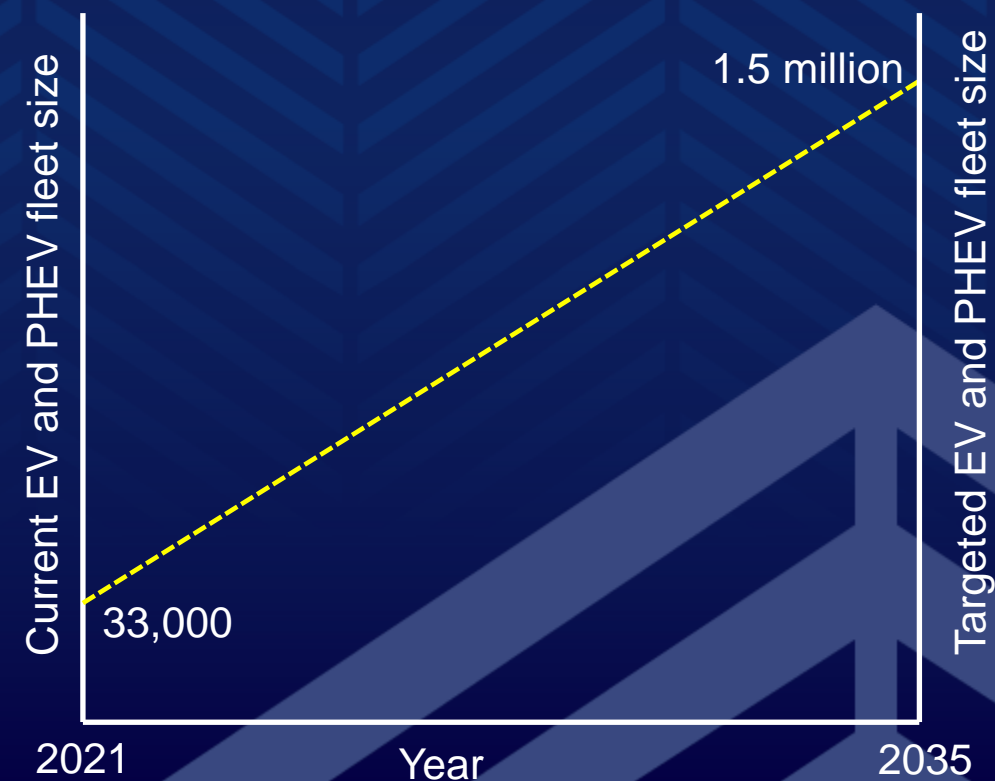
Clean Vehicle Discount Scheme

- Norway, France, Sweden, Japan, the USA, the UK, Canada, China and many other countries have already offered incentives for EVs.
- The scheme was launched in July 2021 to reduce the high up-front cost barrier to buying EVs.
- The uptake of clean vehicles has greatly increased since the launch in July.



Clean Vehicle Discount Scheme

- The full Discount scheme includes a charge on high emissions vehicles and will take effect in April 2022.
- Revenue from the charges will be used to fund rebates, thereby rewarding consumers who purchase clean vehicles.



Policy Impacts

- The clean vehicle policies will only affect the approximately 300,000 light vehicles imported each year.
- They are expected to reduce emissions between 3.8 and 15.3 million tonnes between 2022 and 2050.
- The policies will save money in the economy as fuel costs will be avoided.
- Low income households could benefit from significantly reduced weekly fuel costs.
- The policy will change the types of vehicles that distributors import into New Zealand.

Key findings: Consultation and Engagement

- Public consultation was undertaken in July 2019 for 3 months.
- The consultation received 860 survey responses and 87% supported the Clean Car Discount scheme. An additional 1,644 template emails from an email address set up by the New Zealand National Party opposed placing fees on high emission vehicles
- An AA member survey was carried out in September 2020 and 66% of the total 1,079 responses supported a clean car standard.
- Accessing the cleaner vehicles available in the US and Europe is currently a challenge for the motor vehicle industry.
- The motor vehicle industry has contributed to technical and implementation details.

Scope of the Bill

- Lowering vehicle emissions is an urgent requirement to tackle climate change and catch up with foreign markets.
- Exempting utes from clean car policies would be inconsistent with our ambition and commitments.
- There is currently a limited range of clean vehicles suitable for off-road driving and towing a boat, but the market is expected to develop quickly as the demand increases.
- Vehicles already in the fleet are outside the scope of this Bill.

What's Next

Secondary legislation will be required to give effect to the policies in the Bill:

- *Land Transport (Clean Vehicle Discount Scheme) Charges Regulations* to impose charges on high emission vehicles
- *Land Transport Rule: Fuel Consumption and Emissions Data* to require CO₂ information and data and provide for CO₂ conversions
- *Land Transport (Clean Vehicle Standard) Regulations* to provide the operational detail to support the Standard
- *Energy Efficiency (Vehicle Fuel Economy Labelling) Amendment Regulations* to prescribe vehicle labelling requirements for CO₂ emissions and applicable charges or rebates

Conclusion

- The Bill will establish the legislative framework to increase the supply and demand for clean light vehicles in New Zealand, an essential step on our urgent decarbonisation journey.
- The Bill will contribute to better environment outcomes and deliver direct health benefits to New Zealanders by reducing air pollution from high emission vehicles.
- The Bill will contribute to efforts to achieve our national and international emissions reduction targets and ensure New Zealand is not a dumping ground for the inefficient vehicles already being rejected from other markets.



TE MANATŪ WAKA
MINISTRY OF TRANSPORT

Tēnā koe
Any questions?

Te kawe whenua (I ngā waka mā) mā te pire
whakatikatika

Land Transport (Clean Vehicles) Amendment
Bill

11 November 2021

Objectives of this Bill

The objective of the bill is to achieve a rapid reduction in carbon dioxide (CO₂) emissions from light vehicles imported into New Zealand by:

- increasing the supply and variety of zero- and low-emissions vehicles
- increasing the demand for zero- and low-emissions vehicles
- informing New Zealanders about:
 - vehicle emissions levels
 - rebates receivable
 - charges payable

Policy rationale of the Bill

Net-Zero

The Climate Change
Response (Zero Carbon)
Amendment Act sets a
net-zero emissions
target by **2050**

50%

The Government has
recently pledged to
halve greenhouse gas
emissions by **2030**

Policy rationale

47%

Transport makes up to 47% of New Zealand's total CO₂ emissions

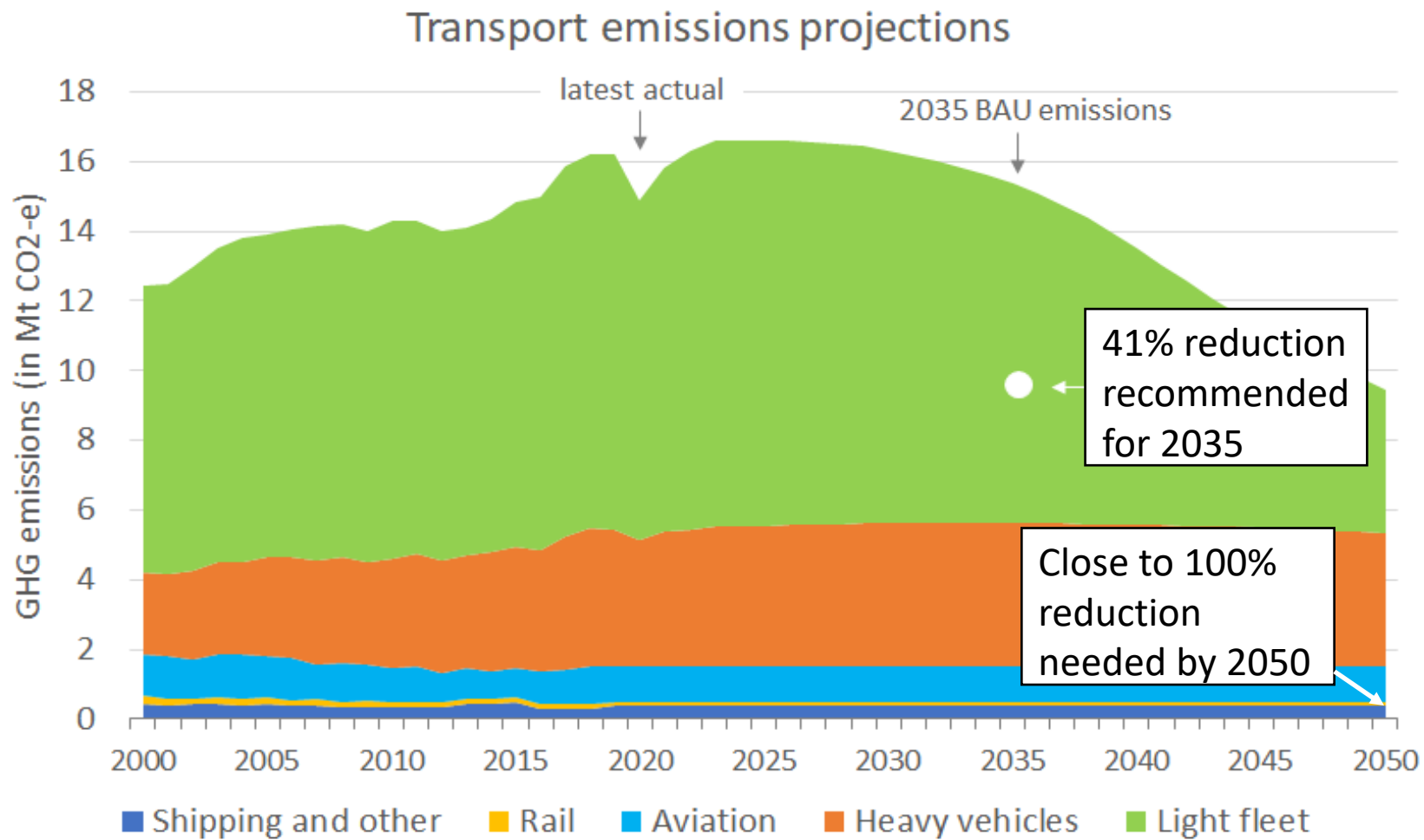
66%

Two-thirds of transport emissions come from light vehicles (vehicles under 3.5 tonnes)

100%

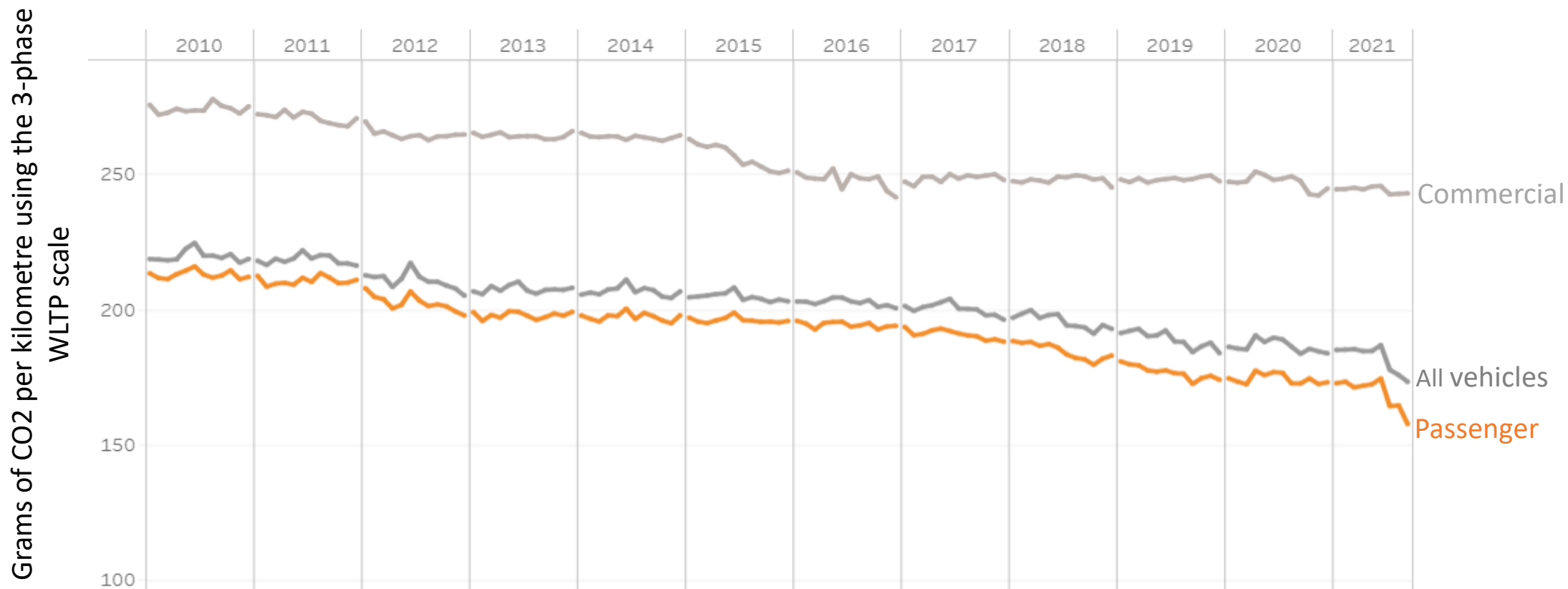
Transport emissions have almost doubled over the past 30 years

Policy rationale



Policy rationale of the Bill

Average emissions of new and used import vehicles have not been falling quickly enough:



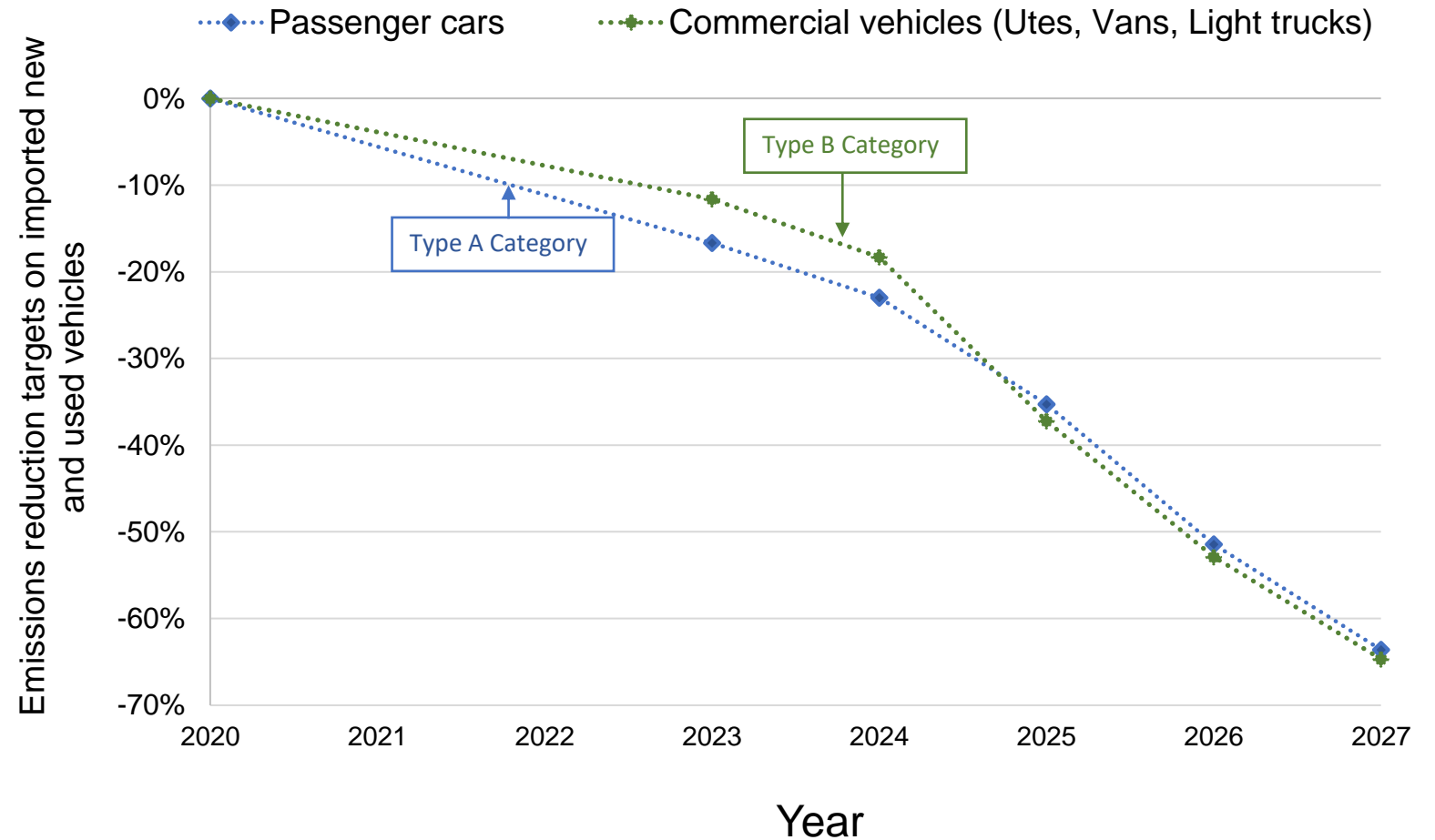
Key features of the Bill

- The Bill introduces two key policies:
 - Clean Vehicle Standard
 - Clean Vehicle Discount
- The Bill also provides for:
 - Regulations to require vehicles to be labelled in terms of their carbon dioxide emissions, including charges payable or rebates receivable under the Discount scheme
 - Regulations to support the Clean Vehicle Standard and to impose charges under the Clean Vehicle Discount Scheme.
- These are common policy interventions internationally, developed over the last three years. France, Sweden, Japan, Norway, the USA, UK, EU, Canada, and China are some of the jurisdictions that have already offered similar rebate and emission standards schemes to clean up their vehicle fleets.

Key features: The Clean Vehicle Standard

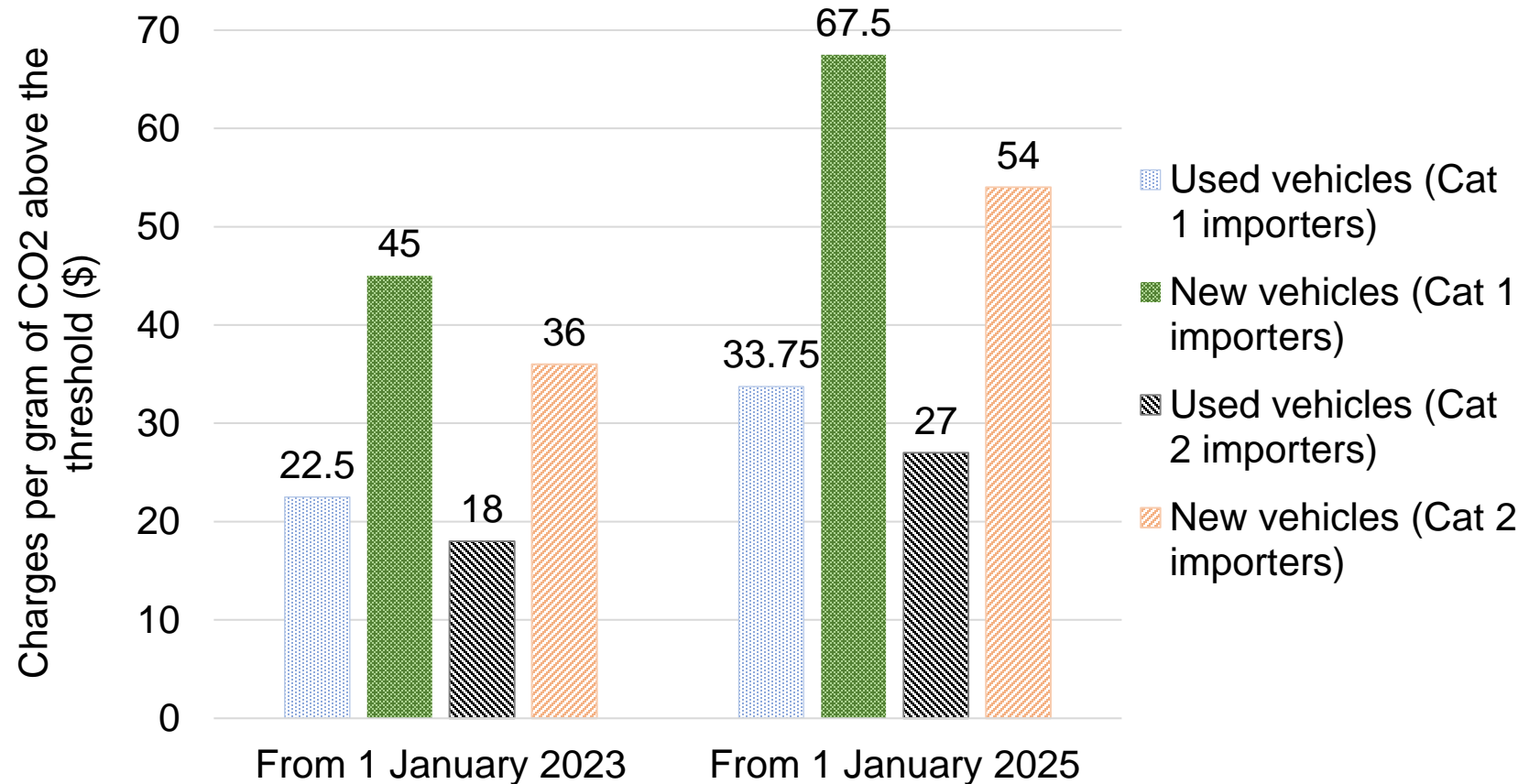
The Clean Vehicle Standard will:

- set increasingly tighter CO₂ emissions targets based on vehicle weight
- apply to new and used light vehicles imported into New Zealand
- be adjusted to reach the overall emissions goal, and what has been achieved overseas.



Key features: The Clean Vehicle Standard

- Charges per gram of CO₂ emissions above the limit for Category 1 vehicle importers are higher than Category 2 vehicle importers.
- Charges for new vehicles are twice as much as that of used vehicles.

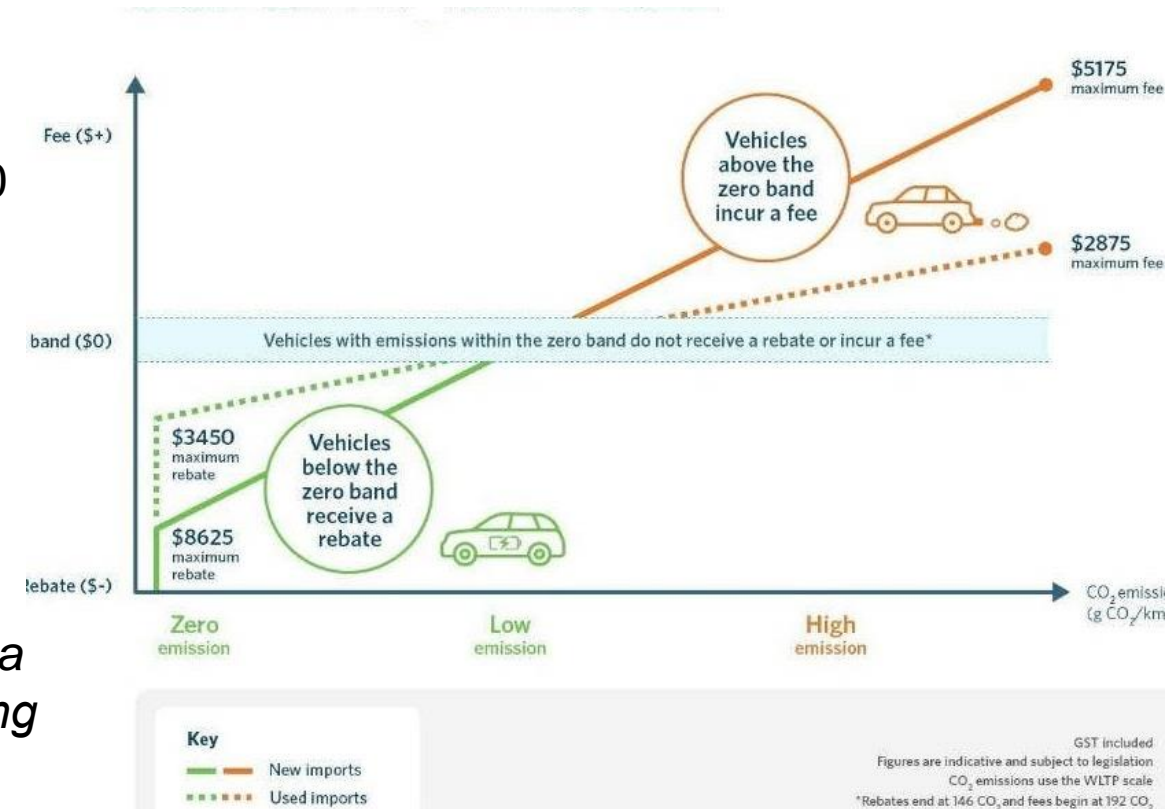


Key features: The Clean Vehicle Discount

The Clean Vehicle Discount Scheme will:

- work as a 'feebate' mechanism with rebates and charges applying based on vehicle CO₂ emissions
- exclude vehicles with a purchase price over \$80,000
- require a minimum 3-star safety rating to qualify
- apply to new and used light vehicles registered for the first time in New Zealand: the first registrant of a vehicle is entitled to the rebate, not the first purchaser (if they are different)*.

**Vehicle registration means paying a one-off fee to add a vehicle's details to the Motor Vehicle Register and issuing a number plate for it. We note that the Motor Vehicle Register is not a register of ownership of a vehicle.*



Key features: The Clean Vehicle Discount

For charges or rebates under the Clean Vehicle Discount Scheme:

- The rebate per gram of CO₂/km is **\$20.60** for used vehicles and **\$51.60** for new vehicles
- The fee per gram of CO₂/km is **\$57.50**
- vehicles \leq 146 grams of CO₂/km(3P-WLTP) will receive a discount
 - new vehicles with zero emissions will receive maximum \$8,625
 - used vehicles with zero emissions will receive maximum \$3,450
- vehicles \geq 192 grams of CO₂/km(3P-WLTP) will receive a fee
 - new vehicles with emissions above or equal to the threshold will receive a maximum charge of \$5,175 while the charge is \$2,875 for used vehicles

Legislative amendments

The Bill is an omnibus bill.

Part One of the Bill amends the Land Transport Act 1998 to:

- set out the obligations, targets, compliance regime, charges, offences and penalties, and record keeping requirements relating to the Clean Vehicle Standard
- to provide empowering provisions for regulations to impose fees and charges in relation to the Discount scheme.

Part Two of the Bill amends a number of other enactments to provide for the operation of the Clean Vehicle Discount Scheme:

- Land Transport Management Act 2003 *(to provide for the funding, accounting, and monitoring of the Discount scheme, and add the administration of the Discount scheme to Waka Kotahi NZ Transport Agency's functions)*
- Energy Efficiency and Conservation Act 2000 *(to enable empowering provision for regulations relating to the labelling of vehicles for sale)*
- Income Tax Act 2007 *(to ensure that the cost price of a vehicle subject to the Discount scheme is based on the net price of that vehicle)*
- Land Transport (Motor Vehicle Registration and Licensing) Regulations 2011 *(to prohibit registration of a vehicle until applicable charges under the Discount Scheme have been paid).*

Legislative amendments

- There are three associated regulations and a rule that will be progressed subsequently to the changes in the Bill (but not as part of the Bill). These are:
 - Land Transport Rule: Fuel Consumption and Emissions Data (*define CO₂ emissions conversion formulas and rules, require importers to provide the necessary vehicle data, empower Waka Kotahi to assign a CO₂ value where data is unavailable*)
 - Energy Efficiency (Vehicle Fuel Economy Labelling) Amendment Regulations (*specify new form and details of the label such as the addition of CO₂ information, and charges and rebate information*)
 - Land Transport (Clean Vehicle Standard) Regulations (*prescribe the operation of CO₂ accounts including application process, specify procedures and requirements for banking or transferring CO₂ credits, and define category 1 and other light vehicle importers*)
 - Land Transport (Clean Vehicle Discount Scheme) Charges Regulations (*specify excluded and subject vehicles, impose charges based on CO₂ emissions*)
- The Standard fees are in the legislation; the Discount charges and rebates will be set in regulation.

Impacts on vehicle users and manufacturers/distributors

- The policies will enable gradual phase-in of more low-emissions vehicles and ensure a wider choice of affordable low-emissions vehicles
- The Clean Vehicle Standard and Clean Vehicle Discount are expected to benefit households by reducing fuel costs and offering rebates on vehicle purchases.
- The Clean Vehicle Standard allows for a range of flexibility mechanisms including banking, borrowing, and transferring CO₂ credits to assist importers to meet targets.
- The policies will require a significant change in the types of vehicles that distributors bring in.
- Importers will face fees if they fail to increase the proportion of low emissions vehicles sold. Consumers will face an additional charge if they choose a high-emission imported vehicle.
- The policies will drive importers or local distributors to secure lower emitting vehicles from their international production lines and ensure a wider choice of affordable low-emissions vehicles in New Zealand.

Issues likely to be raised by submitters

- Accessing cleaner vehicles is a challenge for the motor vehicle industry.
- That the targets the Bill proposes are not set at the right level, either:
 - Saying that New Zealand's 2025 passenger target has already been achieved by Europe and the 2027 passenger target is more generous than what has already been in Norway, OR
 - Saying that the targets are too aggressive and will increase vehicle prices. The industry cannot obtain and bring in enough BEV/PHEV.
- Commercial vehicles (utes and vans) being provided higher (easier) targets than passenger vehicles.
- Importers are provided with a range of flexibility mechanisms, by banking, borrowing, and transferring CO₂ credits, which could delay the transition to a low emissions light vehicle fleet.
- The inclusion of utes in charges from the launch of the policy, given the limited low and zero emissions direct equivalents currently available.

Timelines for the Bill

Feb 2022

Report back to
House

Feb 2022

Final legislative stages

Apr 2022

Clean Vehicle
Discount scheme
commences

Questions ?

Organisation	Email address
350 Aotearoa	Patrick Geddes [REDACTED]
AA	[REDACTED]
AA	Peter King [REDACTED]
Academic	[REDACTED]
Academic	Caroline Shaw [REDACTED]
Academic	[REDACTED]
AD	Nigel Ackers [REDACTED]
All Aboard Aotearoa	[REDACTED]
Aotearoa Circle	[REDACTED]
ATECO	Bryan Keating [REDACTED]
ATECO	Guy Starling [REDACTED]
ATECO	Mark Vidak -Ateco [REDACTED]
ATLIS	[REDACTED]
AUSMV	Terry Mulcahy [REDACTED]
Auckland Council	Alastair Cribbens [REDACTED]
Auckland Council	[REDACTED]
Auckland DHB	Nicky Welch (ADHB) [REDACTED]
Auckland Transport	[REDACTED]
Auckland Transport	Steve Zahorodny (AT) [REDACTED]
Audi	Dean Sheed [REDACTED]
Audi	Alex Brown [REDACTED]
Battery Industry Group	[REDACTED]
Better NZ Trust	[REDACTED]
BMW	Tim Harper [REDACTED]
Business Energy Council	Tina Schirr [REDACTED]
Business NZ	Mike Burrell [REDACTED]
BYD	[REDACTED]
ChargeNet	[REDACTED]
ChargeNet	[REDACTED]
Chch City Council	[REDACTED]
Chch DHB	Anna Stevenson [REDACTED]
Chch DHB	Emma Kenagy [REDACTED]
Concept Consulting	Simon Coates [REDACTED]
Consultant	[REDACTED]
Consultant	[REDACTED]
Consultant	Andrew Campbell [REDACTED]
Consultant	[REDACTED]
Consultant	Phill Haynes [REDACTED]
Consultant	[REDACTED]
Consultant	[REDACTED]
Consultant	[REDACTED]
Consultant	[REDACTED]
Counties Power	Andrew Toop [REDACTED]
Cycling Action NZ	[REDACTED]
Daimler	Glyn Griffiths [REDACTED]
Daimler	Jon McIlwain [REDACTED]
Daimler	Lester White [REDACTED]
Daimler	Paul Hancock [REDACTED]
Drive Electric	[REDACTED]

Drive EV	[REDACTED]
Dunedin City Council	dcc@dcc.govt.nz ; Willie Rasburn [REDACTED]
EkoCabs	[REDACTED]
Electricity Networks Association	[REDACTED]
Electricity Networks Association	[REDACTED]
Europe Imports	Wayne List [REDACTED]
Evoke Motorcycles	Kevin Harty [REDACTED]
EV Working Group member / Akina	[REDACTED]; [REDACTED]
EV Working Group member / Consumer	[REDACTED]
EV Working Group member / SBC	[REDACTED]
EV Working Group member / Vector	[REDACTED]
EV Working Group member / Wananga	[REDACTED]
EvNex	[REDACTED]
Federated Farmers	[REDACTED]
Federation of Motoring Clubs	Harry Duynhoven [REDACTED]
Financial Services Federation	Lyn McMorran [REDACTED]
Foodstuffs	[REDACTED]
Ford	Rutherford, Simon (S.C.) [REDACTED]
Ford	Don Leong [REDACTED]
Ford	Paul McCabe [REDACTED]
Ford	Tung Kung [REDACTED]
Freedom Mobility	[REDACTED]
General Motors	Brendon Harvey [REDACTED]
General Motors	Stephen Matthews [REDACTED]
Genesis Energy	[REDACTED]
Generation Zero	[REDACTED]
Giltrap Motor Group	Dane Fisher [REDACTED]
Great Lake Motor Distributors	Andrew Bayliss [REDACTED]
Greenpeace	[REDACTED]
GWRC	Suze Keith [REDACTED]
Hamilton City Council	Julie Clausen [REDACTED]
Hamilton City Council	[REDACTED]
Honda	Bruce Nielsen [REDACTED]
Honda	Percy Mehta [REDACTED]
Honda	Phil Cawdron [REDACTED]
Hutt City Council	[REDACTED]
Hyundai	Andy Sinclair [REDACTED]
Hyundai	Conrad Healy [REDACTED]
Hyundai	Gavin Young [REDACTED]
Hyundai	Malcolm Smith [REDACTED]
Interfarm Imports Ltd	[REDACTED]
Isuzu	Murray Greenhalgh [REDACTED]
Isuzu	Lance Roskilly [REDACTED]
Kapiti Coast District Council	[REDACTED]
Kia	Craig Buckley [REDACTED]
Local Govt NZ	[REDACTED]
LVVTA	[REDACTED]
Masterton Council	[REDACTED]
Mazda	John Van der Velden [REDACTED]
Mercury	[REDACTED]

Meridian	[REDACTED]
Mevo	[REDACTED]
MIA	[REDACTED]
MIA	[REDACTED]
MIA	David Crawford [REDACTED]
Mitsubishi	Lloyd Robinson [REDACTED]
Mobil	Fitzgerald, Rob [REDACTED]
Motorcorp	Mark Patterson [REDACTED]
Motorcorp	Shane Lawson [REDACTED]
MTA	[REDACTED]
MTA	[REDACTED]
MG Motor	[REDACTED]
MG Motor	[REDACTED]
Nelson Marlborough DHB	Jane Murray [REDACTED]
Nelson Transport Strategy Group Inc.	[REDACTED]
Nichibo	Robert Young [REDACTED]
Nissan	Steve Bavin [REDACTED]
Nissan	Tim Greene [REDACTED]
Northland Regional Council	Joseph Camuso [REDACTED]
NZ Corporate Tax Payers Group	NZ Corporate Taxpayers Group [REDACTED]
Orion Lines	Richard Moylan [REDACTED]
Orion Lines	[REDACTED]
ORIX	Alice Forman [REDACTED]
Porirua City Council	[REDACTED]
Porsche	Erik Waanders [REDACTED]
PowerCo	[REDACTED]
Regional Public Health	Demelza OBrien [HVDHB] [REDACTED]
Renault	Allex Murray [REDACTED]
Rental Vehicle Association	[REDACTED]
Rivian	[REDACTED]
School Strike 4 Climate	[REDACTED]
Skoda	Paul Varga [REDACTED]
Southern Districts DHB	Andrew Shand [REDACTED]
Special Interest Vehicle Assn	[REDACTED]
Ssangyong	Neil Hodgson [REDACTED]
Strategic Lift	Paul Minett [REDACTED]
Subaru	Noel Robinson [REDACTED]
Subaru	Philip Maltby [REDACTED]
Subaru	Tim Barns-Lawton [REDACTED]
Sustainable Business Network	[REDACTED]
Suzuki	[REDACTED]
Suzuki	Rodney Brown [REDACTED]
Suzuki (Japan)	[REDACTED]
Tararua District Council	[REDACTED]
Taxpayers' Union	[REDACTED]
Tesla	[REDACTED]
Tesla	[REDACTED]
Tesla Owner Group	[REDACTED]
Toyota	Julian Steven [REDACTED]
Toyota	Spencer Morris [REDACTED]

Toyota	Will Kennedy	[REDACTED]
Toyota	Neeraj Lala	[REDACTED]
Transpower	[REDACTED]	
Transpower	Richard Hobbs	[REDACTED]
Upper Hutt City Council	[REDACTED]	
VIA	[REDACTED]	
VIA	[REDACTED]	
Volvo	Richard Livock	[REDACTED]
VW	Tony Lyford	[REDACTED]
Wellington City Council	Alison Howard	[REDACTED]
Wellington City Council	[REDACTED]	
Wellington Electricity	[REDACTED]	
Wind Energy Assn	[REDACTED]	
Yamaha	Eddie Davis	[REDACTED]
Yoogo Car Share	[REDACTED]	
Z Energy	Michael Thomas	[REDACTED]
Zilch	[REDACTED]	

Withheld under section 9(2)(a) of the Official Information Act 1982

Talking Points for Clean Vehicles Bill

11:35am – 12:50pm

Departmental Report at Select Committee

Thursday 25 November

- Tena koutou, tena koutou, tena koutou katoa.
- Ko Ewan Delany toku ingoa, kei Te Manatū Waka au e mahi ana – I'm Ewan Delany from Te Manatū Waka Ministry of Transport and today I will be running you through the Departmental Report for the Clean Vehicles Bill.
- With me are officials from the Ministry, Waka Kotahi, and IRD, who will assist with questions.

The Committee heard from many submitters – both in written and oral submissions

- The Committee received a total of 135 submissions on the Bill. These were from a variety of different groups, including 91 from private individuals and 23 from business or industry bodies.
- The Committee also heard 28 oral submissions over 5 sessions.

Key issues raised by submitters are covered from pages 10 to 34 of the Report

- The report explains each of the key issues, along with our departmental response and any recommended changes to the Bill.

Submitters either thought that the targets were unachievable or not ambitious enough

- The CO₂ Targets are integral to how the Clean Car Standard will work. These annually strengthening targets for importers of new and used light vehicles will reduce the emissions from light vehicles entering our fleet over time, to help us meet our 2050 net-zero carbon emissions target.
- The level of the targets set in the Bill was the most contentious issue and it therefore has the most coverage in the report, from pages 10 to 25.
- Most submitters who raised concerns with the targets were supportive of the intent of the Bill, and of the 2025 target, which was seen as ambitious but achievable, but had concerns for targets after that date.

Submitters were particularly concerned that the 2026 and 2027 targets would be unachievable

- They stated that the supply of zero emission vehicles was not sufficient to meet the targets in this timeframe. On the other hand, submitters also noted that New Zealand needs to have legislated targets to drive change and signal to global car makers that we want low and zero emission vehicles.
- For 2026, we consider that relaxing the Bill's targets to align with the current European Union (EU) targets would be workable. The change would be quite minor for passenger vehicles (about a 5 gram change). It would have a greater impact on commercial vehicles (about a 25 gram change). It would still require a reduction in emissions between 2025 and 2026.

- Relaxing the targets for commercial vehicles would mean the 2026 target could be met with a mix of 60 percent diesel and 40 percent zero and low emission vehicles, rather than 40 percent diesel and 60 percent low emission vehicles.
- As there is uncertainty over the likely supply of hybrid and electric vehicles, relaxing the commercial vehicle CO₂ target will help with achievability, and would go some way to address concerns raised by the industry.
- The Bill proposes targets in 2027 that are stricter than currently enacted EU regulations.
- Merely matching current EU regulations for 2027, would offer no improvement over 2026 and is not recommended.
- One option is to not set a target for 2027 in the Bill. This means the 2027 target would still match the 2026 one if no further action is taken, but this provides flexibility that a 2027 target could be set at a later stage when there is better information.
- A change to the Bill could be recommended to allow the 2027 target to be set by regulation, as currently this is only provided for 2028 and following years.

The Minister of Transport has agreed that the proposed targets in the Bill could be adjusted in response to submitters concerns regarding achievability

- The Minister has indicated that he is willing to consider options in relation to the current Cabinet agreed targets for years 2026 and 2027 and will discuss this matter further with his Cabinet colleagues.

Submitters proposed changes to the flexibility mechanisms provided for in the Bill

- The Bill proposes three mechanisms to allow flexibility in how importers reach the CO₂ targets. Some submitters proposed different, or changed, flexibility mechanisms.
- We do not recommend providing for extra or 'super' credits in the Bill as some submitters proposed, as it would be double counting. It would be more transparent and simpler to relax the headline targets.
- Some industry submitters wanted to allow longer periods of deferring targets ('borrowing') but we consider that this would lead to targets being less transparent and clear.
- As such we recommend retaining the Bill's current flexibility mechanisms and do not recommend adding 'super' credits or other additional flexibility measures.

There were comments on the level and design of charges on importers for not meeting targets

- The Bill introduces charges on importers under the Clean Car Standard if they do not achieve targets from 2023. These charges rise in 2025 and they vary between \$18 and \$67.50 per gram of CO₂. The charges, as proposed in the Bill, are lower than the \$100 per gram originally consulted on and are much lower than the approximately \$150 per gram used in the EU.
- Some submitters thought these charges were too high, while others said they were too low and wouldn't incentivise the right behaviour.

- We acknowledge it is a balanced judgement as to the level of the charges. Having considered submissions on this issue, we consider the charges proposed are about right and do not recommend change at this time.
- As discussed later, Cabinet has agreed to review the overall effect of the charges as part of a wider review of the scheme in 2024. This review can be used to confirm if the charges are having the right effect or should be changed.

Some submitters wanted different categorisation of passenger and commercial vehicles

- Importers are given different targets for passenger (Type A) and commercial (Type B) vehicles in the Bill. The intent of this categorisation is to segregate different types of vehicles by their intended purpose and expected ability to meet reduction targets.
- Type B vehicles are commercial vehicles (vans and utes) and have a more relaxed CO₂ target than Type A (passenger cars and some SUVs), recognising that commercial vehicles tend to be less efficient and that there are less immediate low and zero emission alternatives.
- Eight submitters sought that all 4WD passenger vehicles be treated as Type B vehicles to benefit from a more relaxed target. Some submitters also sought changes to the way double-cab utility vehicles were categorised.
- We note that most larger 4WD vehicles that are built to carry passengers are built on the same chassis as utes, and acknowledge concerns raised by industry on this.
- However, we do not recommend changing the categorisation to treat off road vehicles separately. This is because a number of popular passenger vehicles have 2WD and 4WD variants, but are otherwise the same vehicle. Setting a less stringent target or recategorising them would incentivise the uptake of less efficient 4WD versions of these popular vehicles.
- We also note that the categorisation used in the Bill is the same as that used in the EU, and that its scheme does not treat 4WDs separately.
- We do not recommend any change.

There were comments requesting the removal of the zero-emission mandate from the Bill

- The Bill enables regulations to establish a minimum percentage share that vehicle importers must meet for the sale of zero emission vehicles, but it does not propose that it is implemented at this time.
- Some submitters wanted this provision removed from the Bill, while two asked for the provision to be kept.
- The provision is included in the Bill to mitigate the risk that the CO₂ standard alone will not achieve the outcomes sought.
- Cabinet has agreed it would review the need for implementing any additional requirement for zero emission vehicles in 2024. If the provision was to be used, it would be subject to normal regulation making procedures, including public consultation.

Submitters commented on opportunities for consultation and review, as provided for in the Bill

- Five submitters asked for the Bill to include a requirement for the Minister to consult before making or amending regulations. Similarly, while Cabinet has already agreed to review targets in 2024, some submitters asked that the review be mandated through the Bill.
- We consider there is merit with both suggestions.
- We recommend that the Bill is amended to require the Minister to consult with any such persons as the Minister considers appropriate in each case.
- *[We consider this regulatory design appropriate given the specific stakeholders that must be consulted are not necessarily known or remain the same over time.]*
- We also recommend that the 2024 review be included in the Bill as a helpful way to mitigate submitters concerns about the suitability of the targets for 2026 and beyond. It would also provide the public with transparency on the timing and scope of the review.
- We recommend that the review take into account the anticipated impact of the targets on vehicle emissions, safety, affordability and availability, movement in international standards and any other matter that the Minister considers relevant.

How refunds are handled was also raised

- Two submitters raised a concern that a consumer may reject a vehicle under the Consumer Guarantees Act for failing to comply with a guarantee and return the vehicle to its dealer, while keeping the rebate amount received from Waka Kotahi.
- This matter is related to the administration of rebates and/or charges and sits outside the Bill. The Discount Regulations can provide for any refund of charges if deemed appropriate.
- These regulations will be progressed after the changes in the Bill, so no changes to the Bill are required.

There were a number of other matters and technical matters raised by submitters

- These are covered in page 35 to 43 in the report.
- Mitsubishi Motors submitted that the definition of ‘new vehicle’ in the Bill should be amended. They argued it could be construed that the current wording meant that if a vehicle is road tested by a customer before being registered, it is no longer ‘new’ for purposes of the Standard.
- We recommend that the definition of ‘used vehicle’ in clause 7, section 172(1) of the Bill is amended to deal with this and align with the definition of used light vehicle in the Vehicle Standards Compliance Rule.
- This will clarify that vehicles will not be “used vehicles” when they have been used for demonstration or road testing purposes
- A technical matter was raised around determination and conversion of CO₂ emissions on vehicles.
- Officials have determined that a land transport rule is the most fit for purpose legislative vehicle to prescribe how CO₂ emissions will be determined for the Discount and the Standard.

- The methodology and conversion formulas are highly technical and including this content in a land transport rule will allow for adjustments to keep pace with advances in technology and will avoid unnecessary duplication across the regulations for the Discount and the Standard.
- We recommend changes to the Bill (within clause 7) that will allow this to happen.

A number of matters outside the Bill were raised...

...And some submitters asked for exclusions for utes

- Submitters argued that utes should be excluded from the Discount scheme, based on there being no zero emission utes available as alternatives.
- We acknowledge that there are not yet low or zero emissions utes available in New Zealand. We also recognise that concerns about the possible impact of the Clean Car programme on the supply of utes is a particular concern for some sectors. However, removing utes would compromise the policy intent given their large contribution to transport emissions. The MIA, which represents new vehicle importers, have stated that ten different models of low and zero emission ute will be introduced to NZ within four years.
- We have engaged with the Minister who has confirmed that the Government's policy position remains that utes will be covered.

Concerns were raised around what vehicles would be excluded from Discount charges

- Some submitters consider the Bill should exclude certain types of specialist vehicles from charges under Clean Car Discount scheme: vehicles modified for disabled drivers and passengers; motorsport vehicles almost never driven on roads; modern "specialist" vehicles newer than thirty years old, such as the so-called 'golden era' of high-performance Japanese sedans from the 1990s; and motorhomes.
- The Bill provides for regulations to prescribe any vehicles that are to be excluded from the Clean Vehicle Standard or Discount scheme.
- It is appropriate for this detail to be prescribed in regulations rather than the Bill to ensure that exclusions can be adjusted, if necessary, from time to time.
- Cabinet has already agreed that special interest vehicles, vintage and veteran vehicles will be excluded from the Discount and the Standard.
- Special interest vehicles is a legally defined class of vehicles that are permitted under a quota system and may be non-compliant with other minimum requirements for safety and emissions standards in some manner. Vintage and veteran vehicles include those manufactured at least 40 years before registration.
- In drafting the regulations, the Ministry will review the submissions made in relation to excluded vehicles.
- For disability vehicles, while we have not undertaken a detailed assessment and Cabinet has not decided whether to exclude these vehicles from charges under the Discount scheme, based on the submissions received their appears to be a strong basis for this proposal in the interests of fairness and ensuring a just transition.

- Whilst outside the scope of the Bill, we do note that many vehicles imported are modified for a disability purpose after being imported, so it may be difficult to implement a general exclusion under the Standard.
- We will need to give this further consideration, alongside all other vehicle exclusion matters, as part of developing the transport regulations.

As departmental advisers, we have raised some clarifications to the Bill

- These clarifications are listed in a table on pages 50-52 of the report. The amendments and technical corrections are to clarify the intent and improve the workability of the Bill.
- There are no substantive matters in this area I wish to draw to the Committee's attention, but we are happy to address any questions you may have.

We have also answered the questions raised by the Committee during oral submissions

- Select Committee members asked officials a number of questions during the oral submissions and we have answered these on pages 53 to 60, with answers to questions raised in the legislative scrutiny briefing following.

Annex 2 lists our recommended amendments to the Bill, Annex 3 is clause by clause analysis and Annex 4 is a list of submitters

- I will now take you through the recommended amendments in Annex 2, which incorporates all recommended amendments [flip to report – pages 63 -64 and go through each row].

Are there any questions?