



Cabinet

Minute of Decision

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Ending the Clean Car Discount Scheme

Portfolio Transport

On 4 December 2023, Cabinet:

- 1 **agreed** to end Clean Car Discount charges for all vehicles registered after 11:59pm on 31 December 2023;
- 2 **agreed** to end Clean Car rebate applications from 11:59pm on 31 December 2023;
- 3 **agreed** to update the vehicle energy economy labelling requirements to remove the Clean Car Discount's rebate and charge information from 1 January 2024;

Legislative amendments

- 4 **invited** the Minister of Transport to issue drafting instructions to the Parliamentary Counsel Office to give effect to the decisions above, including any necessary consequential amendments, savings and transitional provisions;
- 5 **authorised** the Minister of Transport to make any minor or technical amendments that arise during the drafting of legislative amendments to give effect to these decisions;
- 6 **noted** that the Minister of Transport intends to seek Cabinet's approval to introduce and pass a Bill, under urgency, to end the Clean Car Discount scheme (the Scheme) by 31 December 2023;

Binding on the Crown

- 7 **noted** that it is appropriate for the Bill to be binding on the Crown because the principal Act which it amends, the Land Transport Act 1998 (the Act), is binding on the Crown;
- 8 **agreed** that the Bill should include a provision stating that the Act will bind the Crown;
- 9 **noted** that the implications for government departments of the Act binding the Crown are likely to be minimal;

Funding Deed with New Zealand Transport Agency (NZTA)

- 10 **invited** the Minister of Finance and Minister of Transport to amend the existing Funding Deed and, if necessary, agree a new Deed with NZTA that enables the wind-down of administration of the Scheme, and terminates the existing Funding Deed;

Direction to NZTA

11 **noted** that once legislative amendments have passed, the Minister of Transport will issue Ministerial Direction to NZTA to:

11.1 no longer accept rebate applications after 31 December 2023;

11.2 complete processing of outstanding rebate payments by 31 January 2024;

Financial implications

12 **noted** that the funding available in the Crown Grant (Non-Departmental Other Expense, - Clean Vehicle Discount Scheme – Rebates MYA) as at 31 October 2023 is \$119.900 million;

13 **agreed** that, following the decision to end the Scheme by 31 December 2023, \$50.000 million in surplus funding is able to be returned from the Crown Grant now, s 9(2)(f)(iv)

14 **noted** the following changes to revenue and appropriations in accordance with Section 9(1F) of the Land Transport Management Act 2003, reflecting the decision to end the scheme in paragraph 1 above, with no corresponding impact on the operating balance and/or net debt:

Vote Transport Minister of Transport	\$m – increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & outyears
Non-Tax Revenue Infringements	(68.000)	(141.101)	(122.184)	(115.977)	(115.977)
Non-departmental Other Expense: Clean Vehicle Discount Rebates PLA	(68.000)	(133.101)	(114.184)	(107.977)	(107.977)
Non-departmental Output Expense: Clean Vehicle Discount Administration Costs PLA		(8.000)	(8.000)	(8.000)	(8.000)
Total Operating	-	-	-	-	-

15 **approved** the following changes to appropriations to give effect to the decision in paragraph 13 above, with the following impact on the operating balance and net debt:

Vote Transport Minister of Transport	\$m – increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & outyears
Non-departmental Other Expense: Clean Vehicle Discount Scheme – Rebates MYA	(50.000)				
Total Operating	(50.00)	-	-	-	-
Total Capital	-	-	-	-	-

16 **noted** that the Minister of Finance intends to report back to Cabinet seeking agreement to a Mini Budget package;

- 17 **agreed** that final decisions about the fiscal treatment from the decision in paragraph 13 will be made by Cabinet when considering the Mini Budget package;
- 18 **agreed** that the changes to appropriations in the paragraphs above be included in the 2023/24 Supplementary Estimates;

Climate impacts

- 19 **noted** that the discontinuation of the Clean Car Discount scheme is expected to result in a total cumulative increase in emissions of approximately 1,100 to 2,200 Kt CO₂-e by 2050;
- 20 **noted** that, based on current modelling, removal of the Clean Car Discount scheme is not expected to affect achievement of the transport sector's contribution to the first emissions budget (as agreed within the first emissions reduction plan);
- 21 **noted** that the development of the second emissions reduction plan will be an opportunity for Ministers and Cabinet to make decisions on the cross-sector policy mix to achieve the second emissions budget and to consider the impact of other policies such as increased roll out of an EV charging network;

Communications

- 22 **noted** that the Minister of Transport will issue a media release following Cabinet's approval of the policy decisions in the paper under CAB-23-SUB-0471;

Implementation

- 23 **authorised** the Minister of Transport to work with other relevant Ministers to manage operational and technical issues that arise during the implementation of the policy decisions in the paper under CAB-23-SUB-0471.

Rachel Hayward
Secretary of the Cabinet