

**In Confidence**

Office of the Minister of Transport

Cabinet

**Land Transport (Clean Vehicle Discount Scheme Repeal) Amendment Bill**

**Proposal**

- 1 This paper provides Cabinet with a draft of the Land Transport (Clean Vehicle Discount Scheme Repeal) Amendment Bill (the Bill). It also seeks Cabinet's agreement to delegate the power to approve the Bill for introduction to the Minister of Transport.

**Relation to government priorities**

- 2 Ending the Clean Car Discount by 31 December 2023 is a commitment under the Government's 100-Day Plan. It is also a commitment under the National Party's 100 Day Action Plan and the National-ACT Coalition Agreement.

**Policy**

- 3 The Clean Car Discount was introduced by the previous Government to accelerate uptake of low-emission vehicles. However, its fiscal sustainability, the impact of charge and rebate changes, and the fairness of the policy are all causes for concern.
- 4 The scheme was intended to be fiscally neutral to the Crown over 10 years, with charges on high-emitting vehicles providing the revenue for rebates and administration costs.
- 5 However, substantially more has been paid out in rebates than has been received in charges. Through to 31 October 2023, \$537.2m was paid out in rebates and \$13.5m spent in costs to establish and operate the scheme. Meanwhile, \$269.3m has been received from charges. The \$281.5m deficit has been funded by the taxpayer through Crown grants provided to administer the scheme and cover cashflow pressures.
- 6 Ending the Clean Car Discount by 31 December 2023 supports this Government's objectives and allows a refocus onto more cost-effective and fair policy responses. For example, by providing convenient and reliable public charging to drive the uptake of electric vehicles (EVs).
- 7 On 4 December 2023, Cabinet agreed [CAB-23-MIN-0471 refers] to:
  - 7.1 cease charges for vehicles registered after 31 December 2023
  - 7.2 end rebate applications after 11:59pm 31 December 2023, with final rebate payments processed by 31 January 2024
  - 7.3 amend primary and secondary legislation to remove or amend provisions relating to the scheme, and instruct the Parliamentary Counsel Office to draft legislation
  - 7.4 the Ministers of Transport and Finance amending the current Funding Deed with the New Zealand Transport Agency (NZTA), and (if necessary) agreeing

a new Deed with NZTA to terminate the existing funding arrangements and enable the wind-down of the scheme.

- 8 The Bill is necessary to give effect to Cabinet's decisions on 4 December 2023.

### Impact analysis

- 9 Cabinet has decided to suspend the requirement for Regulatory Impact Statements for decisions relating to 100-Day Plan Proposals (taken within the 100 Days) which solely involve the repeal of legislation. Based on this, a regulatory impact statement has not been included.

### Compliance

- 10 The Bill complies with each of the following:
- 10.1 the principles of the Treaty of Waitangi
  - 10.2 advice from the Treaty Provisions Officials Group (no advice was sought as there are no applicable Treaty of Waitangi provisions included in the Bill)
  - 10.3 the rights and freedoms contained in the New Zealand Bill of Rights Act 1990 (NZBORA) and the Human Rights Act 1993 (see additional comments below)
  - 10.4 the disclosure statement requirements (a disclosure statement has been prepared and is attached to the paper)
  - 10.5 the principles and guidelines set out in the Privacy Act 2020
  - 10.6 relevant international standards and obligations (see additional comments below)
  - 10.7 the Legislation Guidelines (2021 edition), which are maintained by the Legislation Design and Advisory Committee.

### *NZBORA vetting*

- 11 The draft Bill has been sent to NZBORA vetting team at the Ministry of Justice for review.

### *Relevant international standards and obligations*

- 12 Domestic emissions budgets are set with a view to meeting New Zealand's 2050 target and contributing to the global effort under the Paris Agreement to limit the global average temperature increase to 1.5° Celsius above pre-industrial levels.
- 13 Cabinet considered the impact of discontinuing the scheme on domestic emissions budgets [CAB-23-MIN-0471 refers] and noted that, based on current modelling, removal of the Clean Car Discount is not expected to affect achievement of the transport sector's contribution to the first emissions budget.

## Consultation

### *Government departments*

- 14 Officials have consulted with the following departments: the NZTA, Ministry of Business, Innovation and Employment, Treasury, Ministry of Justice, Crown Law, Parliamentary Counsel Office, Ministry for the Environment, Ministry of Foreign Affairs and Trade, Department of Inland Revenue, and the Energy Efficiency and Conservation Authority. The Department of Prime Minister and Cabinet has been informed.

### *Private sector organisations and the public*

- 15 Officials have not consulted with private sector organisations or the public on the Bill, due to time constraints.

### *Government caucus and other parties*

- 16 I have consulted with the following parties: Act New Zealand and New Zealand First.

## Binding on the Crown

- 17 On 4 December 2023, Cabinet decided that the Bill should state that the Act will be binding on the Crown [CAB-23-MIN-0471 refers].

## Creating new agencies or amending law relating to existing agencies

- 18 The Bill does not create a new agency. However, it does remove a general function of the NZTA to administer the Clean Vehicle Discount Scheme.

## Associated regulations

- 19 The Bill does not propose to include any provision empowering the making of other instruments that are deemed to be legislative instruments or disallowable instruments (or both).

## Other instruments

- 20 No other instruments are included in the Bill.

## Definition of Minister/department

- 21 The Bill does not contain a definition of Minister, department (or equivalent government agency), or chief executive of a department (or equivalent position).

## Allocation of decision-making powers

- 22 The Bill does not involve the allocation of decision-making powers between the executive, the courts, and tribunals.

## Commencement of legislation

- 23 The Bill will come into force on 1 January 2024.

### Parliamentary stages

- 24 The Bill should be introduced at the latest on 19 December 2023 so that it may complete all stages and be passed before the final sitting date of the year on 21 December 2023.
- 25 For this timeline to be met, I recommend the Bill be accorded urgency.

### Proactive release

- 26 This paper will be proactively released within 30 days of final decisions being taken by Cabinet.

### Recommendations

I recommend that Cabinet:

- 1 **note** that on 4 December 2023, Cabinet agreed that a bill be drafted to remove the Clean Car Discount;
- 2 **note** that the attached draft Land Transport (Clean Vehicle Discount Scheme Repeal) Amendment Bill (the Bill) supports recommendation 1;
- 3 **note** that the Parliamentary Counsel Office (PCO) has advised that the Bill is not yet ready for introduction and that more time is required to ensure that the transitional provisions have been carefully worked through and to complete pre-introduction consultation and quality assurance steps;
- 4 **agree** that the Minister of Transport may continue to issue instructions to the PCO to make any changes to the draft Bill consistent with the overall policy following consideration of the draft Bill by Cabinet;
- 5 **authorise** the Minister of Transport, in consultation with the Leader of the House, to approve the Bill for introduction, subject to the final approval of the Government caucuses and sufficient support in the House of Representatives;
- 6 **agree** that the Government propose that the Bill be:
  - 6.1 introduced and complete all stages under urgency before the final sitting day of the year
  - 6.2 enacted by 21 December 2023.

Authorised for lodgement.

Hon Simeon Brown  
Minister of Transport