

## Proactive Release

This document is proactively released by Te Manatū Waka the Ministry of Transport.

Some information has been withheld on the basis that it would not, if requested under the Official Information Act 1982 (OIA), be released. Where that is the case, the relevant section of the OIA has been noted and no public interest has been identified that would outweigh the reasons for withholding it.

Listed below are the most commonly used grounds from the OIA.

<u>Section</u>	<u>Description of ground</u>
6(a)	as release would be likely to prejudice the security or defence of New Zealand or the international relations of the New Zealand Government
6(b)	as release would be likely to prejudice the entrusting of information to the Government of New Zealand on a basis of confidence by <ul style="list-style-type: none"> <li>(i) the Government of any other country or any agency of such a Government; or</li> <li>(ii) any international organisation</li> </ul>
6(c)	prejudice the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial
9(2)(a)	to protect the privacy of natural persons
9(2)(b)(ii)	to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information
9(2)(ba)(i)	to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public
9(2)(ba)(ii)	to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest
9(2)(f)(ii)	to maintain the constitutional conventions for the time being which protect collective and individual ministerial responsibility
9(2)(f)(iv)	to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials
9(2)(g)(i)	to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty
9(2)(h)	to maintain legal professional privilege
9(2)(i)	to enable a Minister of the Crown or any public service agency or organisation holding the information to carry out, without prejudice or disadvantage, commercial activities
9(2)(j)	to enable a Minister of the Crown or any public service agency or organisation holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)



19 January 2024

OC231156

Hon Simeon Brown

Action required by:

Minister of Transport

Wednesday, 31 January 2024

## PROPOSED TIMETABLE AND APPROACH FOR THE 2024 CLEAN CAR STANDARD'S CO2 TARGETS REVIEW

### Purpose

Propose and seek your views on the timing for the Clean Car Standard target review.


### Key points

- In line with your direction we have started preliminary work to conduct the review of the Clean Car Standard's annual CO2 targets. The timeline we propose will ensure that the review is completed in time to secure an amendment to the Land Transport Act 1998 this year, if targets need to change. Targets for 2025–2027 are set out in the Act and can not be changed through secondary legislation.
- s 9(2)(ba)(ii), s 9(2)(f)(iv)  
[Redacted text block]
- We are arranging meetings with key representatives of the vehicle industry to discuss their view of the best approach for the review and how they would like to be involved. They have previously emphasised the need for certainty and lead-in times for any changes.
- On your direction we will progress work on excluding disability vehicles from the Clean Car Standard alongside this review.
- Under the Clean Car Standard scheme you will need to gazette weight and emission data of last year's light vehicle registrations by the end of March 2024. We will provide a briefing to you on this once we have analysed and reviewed the data.

## Recommendations

We recommend you:

- 1 **agree** that the review of the Clean Car Standard's annual CO2 targets be designed so it satisfies the section 175A requirements to initiate a review of the 2025–2027 targets by 30 June 2024 and with a scope limited to:
  - the anticipated impact of the targets on vehicle carbon dioxide emissions, vehicle safety, and the affordability and availability of vehicles Yes / No
  - the levels of ambition of other jurisdictions, in terms of their existing and proposed carbon dioxide emissions targets
  - any other matter the Minister considers relevant in carrying out the review.
- 2 **discuss** with officials your comfort with the suggested approach for the review and provide any further direction on the scope or other matters as you see fit. Yes / No
- 3 **direct** officials to also progress work on excluding disability vehicles from the Clean Car Standard alongside this review. Yes / No
- 4 **note** under the Clean Car Standard scheme you will need to gazette weight and emission data relating to 2023 by the end of March 2024. We will provide a briefing to you on this once we have analysed and reviewed the data.

  
 Siobhan Routledge  
 Acting Deputy Chief Executive Policy  
 .... / .... / .....

\_\_\_\_\_  
 Hon Simeon Brown  
 Minister of Transport  
 .... / .... / .....

Minister's office to complete:

☐ Approved

☐ Declined

☐ Seen by Minister

☐ Not seen by Minister

☐ Overtaken by events

Comments

### Contacts

Name	Telephone	First contact
Siobhan Routledge, Acting Deputy Chief Executive Policy	s 9(2)(a)	✓
Nick Paterson, Manager, Environment		
Gayelene Wright, Principal Advisor, Environment		

## PROPOSED TIMETABLE AND APPROACH FOR THE 2024 CLEAN CAR STANDARD'S CO2 TARGETS REVIEW

### We have commenced the review and propose the scope be specified by the Act

- 1 Section 175A of the Land Transport Act (the Act) states that you “*must, not later than 30 June 2024, initiate a review of the targets for reducing carbon dioxide emissions*” of the Clean Car Standard. The review is also a National Party manifesto commitment.
- 2 Officials have started preliminary work on the review, and seek your confirmation for the timeline, scope and approach for the review.
- 3 The Act specifies a scope appropriate for a comprehensive review. We therefore recommend using this scope, which is for the review to consider:
  - 3.1 “the anticipated impact of the targets on vehicle carbon dioxide emissions, vehicle safety, and the affordability and availability of vehicles”; and
  - 3.2 “the levels of ambition of other jurisdictions, in terms of their existing and proposed carbon dioxide emissions targets”; and
  - 3.3 “any other matter the Minister considers relevant in carrying out the review”.

### We propose to conclude the work this year, working closely with industry

- 4 We propose that by 29 July 2024 we complete the review and secure Cabinet decisions. This will allow the second half of the year for amending legislation, if targets need to change. We have proposed a timeline for the review at Appendix 1.
- 5 This timing would align with the development and decisions on ERP2. The timing would also align with Australia’s decisions on its new fuel efficiency standard that will be akin to our Clean Car Standard. This provides an opportunity for New Zealand to consider its targets in light of Australia’s.
- 6 We recommend in the coming weeks that we begin targeted consultation and engagement with relevant stakeholders. We consider that the Motor Industry Association (MIA) and Imported Motor Vehicle Industry Association (VIA) are the two key domestic key stakeholders to gain views on achievability of targets and should be engaged with most closely.
- 7 We also consider that Motor Trade Association (MTA) and Automobile Association (AA) should also be approached for views. Additionally, we consider that we should consult relevant foreign manufacturers and foreign government officials, so that we can understand the “the levels of ambition of other jurisdictions, in terms of their existing and proposed carbon dioxide emissions targets”. You may also want to direct us to approach organisations that would have a high level of interest in the review, such as Drive Electric.

- 8 s 9(2)(ba)(ii), s 9(2)(f)(iv)

**Any changes to the targets would require primary legislative change**

- 9 If targets for 2025-2027 are to change, an amendment will be needed to section 175 of the Land Transport Act 1998. While section 167C(1)(j) of the Act allows targets after 2027 to be set by regulation, the targets before 2028 have been explicitly excluded from this provision. Specifically, section 167C(1)(j)(iv) limits the regulation making power to “targets in respect of any calendar year after 2027”.

10 s 9(2)(ba)(ii), s 9(2)(f)(iv)

11

**Disability vehicles exemption can progress at the same time**

- 12 The National Party manifesto also commits to exclude disability vehicles from being captured by the Clean Car Standard. An exemption can be granted through regulatory change. This work can be streamlined by being progressed alongside the review on your direction.

**Weight adjustment information to be gazetted by April**

- 13 The Clean Car Standard sets different targets for passenger and commercial vehicles, and within those segments, gives lighter vehicles stricter targets than heavier vehicles to account for the difference in engine size and thus emissions. You will need to gazette weight and emission data relating to 2023 by the end of March 2024. We will provide a briefing to you on this once we have analysed and reviewed the data.

**Appendix 1 – Proposed Timetable (including specific other related work)**

January	<ul style="list-style-type: none"> <li>• Letter to vehicle industry (done)</li> <li>• Minister discusses approach to review with officials</li> </ul>
February	<ul style="list-style-type: none"> <li>• Officials engage with vehicle industry on best approach to review</li> <li>• Officials begin desk research and modelling</li> <li>• Minister receives briefing on weight/emissions data for 2023, for gazettal in March</li> <li>• Confirm 2024 legislative programme</li> </ul>
March	<ul style="list-style-type: none"> <li>• Officials engage with domestic vehicle industry and selected international contacts</li> </ul>
April	<ul style="list-style-type: none"> <li>• Ministers discuss cross-sector approaches regarding ERP2</li> <li>• Minister receives briefing on the outcomes of the industry and international engagement.</li> </ul>
May	<ul style="list-style-type: none"> <li>• Ministers expected to agree draft ERP2, and commence public consultation</li> <li>• Minister receives briefing on outcome of the review and recommendations for the targets</li> </ul>
June	<ul style="list-style-type: none"> <li>• Minister receives draft Cabinet paper</li> </ul>
July	<ul style="list-style-type: none"> <li>• Minister receives policy approval Cabinet paper, regulatory impact statement (RIS), and climate impact of policy assessment (CIPA)</li> <li>• Cabinet policy decisions</li> </ul>
<i>If Cabinet seeks to change targets:</i>	
August	<div> <div>s 9(2)(ba)(ii), s 9(2)(f)(iv)</div> <div></div> </div>
September October	
November	
December	

## Appendix 2 – Relevant except from Land Transport Act

*The following section of the Land Transport Act 1998 sets out the targets under review, and sets out the requirements for the review:*

### 175 Targets for reducing carbon dioxide emissions

- (1) The targets for the purposes of calculating the weight-adjusted target applicable to each vehicle importer in accordance with the regulations are,—
  - (a) for the calendar year beginning on 1 January 2023,—
    - (i) for Type A vehicles, 145 grams; and
    - (ii) for Type B vehicles, 218.3 grams; and
  - (b) for the calendar year beginning on 1 January 2024,—
    - (i) for Type A vehicles, 133.9 grams; and
    - (ii) for Type B vehicles, 201.9 grams; and
  - (c) for the calendar year beginning on 1 January 2025,—
    - (i) for Type A vehicles, 112.6 grams; and
    - (ii) for Type B vehicles, 155 grams; and
  - (d) for the calendar year beginning on 1 January 2026,—
    - (i) for Type A vehicles, 84.5 grams; and
    - (ii) for Type B vehicles, 116.3 grams; and
  - (e) for the calendar year beginning on 1 January 2027 and, subject to paragraph (f), any subsequent year,—
    - (i) for Type A vehicles, 63.3 grams; and
    - (ii) for Type B vehicles, 87.2 grams; and
  - (f) for any calendar year after 2027, any target set by regulations made under section 167C(1)(j)(iv).
- (2) Every reference to grams in subsection (1) must be read as a reference to grams of carbon dioxide per kilometre.

### 175A Minister must review targets

- (1) The Minister must, not later than 30 June 2024, initiate a review of the targets for reducing carbon dioxide emissions set out in section 175 or prescribed in any regulations made under section 167C(1)(j)(iv).
- (2) The review must take into account—
  - (a) the anticipated impact of the targets on vehicle carbon dioxide emissions, vehicle safety, and the affordability and availability of vehicles; and
  - (b) the levels of ambition of other jurisdictions, in terms of their existing and proposed carbon dioxide emissions targets; and
  - (c) any other matter the Minister considers relevant in carrying out the review.
- (3) The review may be undertaken by any method the Minister considers appropriate.
- (4) In conducting the review, the Minister must consult such persons as the Minister considers appropriate.





6 March 2019

OC240160

Hon Simeon Brown

Action required by:

Minister of Transport

Friday, 15 March 2024

## UPDATE ON ISSUES RELATED TO THE CLEAN CAR IMPORTER STANDARD

### Purpose

To seek your agreement on the timeline and scope for the review of the Clean Car Importer Standard's targets and your direction on the basis to progress partial cost-recovery for the Standard's administration. The paper also responds to your request for further information on Australia's proposed vehicle fuel efficiency standard.

### Key points

- To provide certainty as early as possible, the vehicle industry would prefer to have Cabinet decisions on the targets review made by 30 June 2024 rather than our proposed deadline of 31 July 2024. At the same time, they would like the scope of the review widened to respond to issues that affect their ability to achieve the Standard's targets.
- A wider scope will enable the issues the industry is facing to be responded to with a mix of changes to the Standard, which includes a revision of targets. A mix of changes is more likely to preserve the value New Zealand gains from the Standard in reducing emissions and lowering motoring costs, than a blunter approach of reducing targets. To provide the time a widened scope will need we recommend proceeding with our proposed deadline for Cabinet decisions of 31 July 2024.
- It would be possible to include an amendment in Budget night legislation that provides an order-in-council process to change the 2025–2027 targets, and an empowering provision for cost-recovery. However, we do not recommend this legislative pathway. This is because if you agree to widen the scope of the review, legislation would still be required for the remainder of the likely changes from the Standard's review. [s 9\(2\)\(ba\)\(ii\), s 9\(2\)\(f\)\(iv\)](#)



## Recommendations

We recommend you:

- 1 **agree** that the timeline for the review of the Clean Car Importer Standard's targets be: Yes / No
  - the review is completed by 17 May enabling you to consider its recommendations by 31 May 2024
  - Cabinet decisions on any changes by 31 July 2024
  - s 9(2)(ba)(ii), s 9(2)(f)(iv)
- 2 **agree** that the scope of the review be widened beyond that required by the Land Transport Act 1998 to include consideration of: Yes / No
  - targets levels for the period 2025–2029, rather than 2025–2027, to align with Australia's proposed targets for its vehicle fuel efficiency standard
  - the desirability of having uniform targets for light passenger vehicles rather than weight-adjusted ones
  - enhancing the Standard's flexibility mechanisms to make it easier and cheaper for importers to meet the targets
  - introducing elements into the calculation of importers' CO2 results that compensate for the supply constraint for used-import EVs. These elements could be designed to also incentivise the increased import of EVs by new vehicle distributors
- 3 **agree** that all the legislative changes required to give effect to the review of the Standard and the introduction of cost recovery be achieved in s 9(2)(ba)(ii), s 9(2)(f)(iv) Yes / No
- 4 **agree** that officials progress cost recovery of the Standard's administration costs with two alternative options to recover the industry share, which are to charge: Yes / No
  - all vehicle importers an annual fee
  - fees per imported vehicle
- 5 **agree** that officials begin in-confidence consultation with the Motor Industry Association and the Imported Motor Vehicle Industry Association on the two cost-recovery options in recommendation (4) above, noting that the decision to remove Crown funding from the Standard's administration costs is Budget sensitive Yes / No

- 6 **note** there is an immediate requirement to publish a gazette notice with updated data for the formula that adjusts the Standard's targets by vehicle weight, and we will provide a briefing, by 22 March 2024, that seeks your approval to publish its attached notice.

*Siobhan Routledge*

Siobhan Routledge  
Acting Deputy Chief Executive Policy

05 / 03 / 2024

Hon Simeon Brown  
Minister of Transport

..... / ..... / .....

Minister's office to complete:

☐ Approved

☐ Declined

☐ Seen by Minister

☐ Not seen by Minister

☐ Overtaken by events

Comments

#### Contacts

Name	Telephone	First contact
Siobhan Routledge, Acting Deputy Chief Executive Policy	s 9(2)(a)	✓
Nick Paterson, Manager Environment		
Gayelene Wright, Principal Advisor, Environment		

## UPDATE ON ISSUES RELATED TO THE CLEAN CAR IMPORTER STANDARD

### We have engaged with the vehicle industry on the proposed timeline

- 1 On 19 January 2024 we provided a briefing on the timeline, approach and scope for the review of the Clean Car Importer Standard's targets [OC231156 refers]. Before taking decisions on the briefing, you directed us to engage with the Motor Industry Association (MIA), the Imported Motor Vehicle Industry Association (VIA) and the Motor Trade Association (MTA) on the proposed timeline and scope.
- 2 The feedback we received from the industry associations is that they prefer having Cabinet decisions by 30 June 2024 rather than our proposed date of 31 July 2024. This would give them an additional month of certainty and more time for importers to adjust their vehicle orders with overseas suppliers if needed.
- 3 However, the industry acknowledge that it will take time to consider the impact different target options will have, and to build a consensus across their memberships. The industry also wants the scope of the review widened beyond the level of the targets (see paragraphs 6 to 15 below).
- 4 In our discussions we suggested that certainty for the industry could be provided by sharing information and regular engagement. This could include you informing the industry of the recommendations you intend to take to Cabinet once you have taken those decisions in late May 2024.
- 5 Considering the feedback and to provide sufficient time for the necessary analysis and testing, we recommend proceeding with the timeline we originally proposed with the key dates being:
  - 5.1 the review is completed by 17 May enabling you to consider the recommendations by 31 May 2024
  - 5.2 Cabinet decisions on any changes by 31 July 2024
  - 5.3 s 9(2)(ba)(ii), s 9(2)(f)(iv)

### We recommend four expansions to the review's scope to help overcome issues the industry is facing in meeting the targets

- 6 Our previous briefing recommended limiting the review to the level of the CO2 targets for 2025–2027 using the scope set out in Section 175A of the Land Transport Act 1998. Section 175A requires these targets to be reviewed through a consideration of:
  - 6.1 the anticipated impact of the targets on vehicle carbon dioxide emissions, vehicle safety, and the affordability and availability of vehicles
  - 6.2 the levels of ambition of other jurisdictions, in terms of their existing and proposed carbon dioxide emissions targets
  - 6.3 any other matter the Minister considers relevant in carrying out the review.

- 7 However, based on your direction to consider alignment with Australia, and our discussions with the vehicle industry, we recommend four expansions to the review's scope.
- 8 **The first is to consider target recommendations for the years 2025–2029** rather than 2025–2027. This is to enable our target period to be consistent with Australia.
- 9 **The second is to consider having uniform targets for light passenger vehicles** rather than weight-adjusted ones. This would simplify the Standard and reduce industry compliance costs and administration costs.
- 10 Until recently, weight-adjusted targets have been needed to ensure heavier vehicles are not disadvantaged by having to meet the same target as lighter ones. However, with increased electrification and fuel efficiency the strong relationship that had existed between vehicle weight and CO2 emissions for cars and SUVs has become very weak<sup>1</sup>.
- 11 Appendix 1 provides the linear regressions showing the relationship between CO2 emissions and vehicle weight for the light passenger and light commercial vehicles that were imported in 2023. For the latter, CO2 emissions are higher the greater the vehicle weight. Consequently, there remains a strong rationale for weight-adjusting targets for light commercial vehicles.
- 12 **The third consideration is to enhance the Standard's flexibility mechanisms to make it easier and cheaper for importers to meet the targets.** For example, allowing the trading of emission credits between new vehicle distributors and used vehicle importers, and/or increasing the lifespan of emission credits from three to four years.
- 13 These enhancements would help respond to issues the vehicle industry is facing in meeting the targets. Specifically, the
- 13.1 short-term impact the removal of the Clean Car Discount is having on 2024 vehicle sales for new vehicle distributors. Distributors are using their CO2 emission credits built up over 2023 to cover the fall in EV sales and increase in sales of high emission vehicles. This has created concern for some distributors that they will not have sufficient CO2 credits to help them meet the 2025–2027 targets
- 13.2 impact the constrained global supply of used-EVs will have on used-importers' ability to achieve the targets beyond 2025. The lack of used-EV supply will put used-importers at a disadvantage in achieving the CO2 targets relative to new vehicle distributors. This is because the targets force a progressive reduction in the average level of vehicle CO2 emissions over time. The quickest way for suppliers to achieve those reductions is by increasing the number of EVs they import.
- 14 **The last consideration is to introduce elements into the calculation of importers' CO2 results to also help compensate for the supply constraint for**

<sup>1</sup> For example, the 2023 model large Toyota hybrid RAV4 produces 121 grams of CO2 per kilometre. This is lower than the small used-import petrol Suzuki Swift (134 grams CO2/km) that entered the fleet in 2023, and like other small 2023 used-petrol imports, such as, the Nissan Note (120 grams CO2/km) and Mazda Demio (117 grams CO2/km).

**used-import EVs.** These elements could be designed to also incentivise the increased import of EVs by new vehicle distributors. For example, a multiplier could be applied for battery EVs for a limited period. This would mean that each EV in an importer's fleet would be counted as more than one vehicle (eg a vehicle is counted as 1.3 vehicles or higher). This could alleviate the impact of the supply constraint of used-EVs imports, while incentivising the import of EVs by new vehicle distributors.

- 15 Overall, if the above changes to the Standard can be considered alongside revisions to its targets, then it will be easier to respond to the issues industry face in a way that:
  - 15.1 preserves the Standard's neutrality between used-importers and new vehicle distributors. Without neutrality, for example, if used-importers had less stringent targets, the Standard could reduce the quality of competition in the vehicle market
  - 15.2 results in targets that are achievable but still ambitious enough to maximise the benefit New Zealand businesses and consumers gain from the Standard. Apart from reducing CO2 emissions, the Standard forces importers to supply vehicles with better technology that are cheaper to run.

**There is an immediate requirement to publish updated data for the formula that adjusts the Standard's targets by vehicle weight**

- 16 Irrespective of any future change to having weight-adjusted targets, section 9 of the Land Transport (Clean Vehicle Standard) Regulations 2022 (the Regulations) requires regular updates of the:
  - 16.1 arithmetic mean weights of the fleets of light passenger and light commercial vehicles being imported
  - 16.2 slopes of the limit lines used for the weight-adjustment for light passenger and light commercial vehicles. The slopes express the relationship between CO2 emissions and vehicle weight and are calculated through linear regressions.
- 17 Updates are done to maintain the accuracy and fairness of the formulas used to weight-adjust targets. The updating process requires you to publish a notice in the *New Zealand Gazette* that states the two mean weights and the two slopes. The next update is required to be done as soon as possible as it is overdue. The data will be used to weight-adjust the 2025 and 2026 targets.
- 18 As we are recommending that the review consider the desirability of uniform targets for light passenger vehicles, publishing the slope for weight-adjustment could appear to pre-empt the review and Cabinet's decision-making.
- 19 We propose to mitigate the risk of pre-emption by adding a statement to the gazette notice clarifying that the slope for light passenger vehicles may be changed by the review. A briefing seeking your approval to publish the gazette notice will be provided by 22 March 2024.

**The targets for aligning with Australia will be uncertain until Australia finalises its targets**

- 20 You directed us to consider aligning the Standard's targets with those Australia is proposing for its vehicle fuel efficiency standard<sup>2</sup>. The Australian proposal has three target options, and our analysis is focusing on the option preferred by the Australian Government. This option aligns Australia with the United States. The trajectory of the latter's targets is less ambitious than the leading jurisdictions of the European Union and the United Kingdom but is still strong.
- 21 You asked how the timeline for the review aligns with the timing of the proposed Australian standard. From discussions with Australian officials the key dates for the Australian standard are:
- 21.1 consultation on the proposed standard concludes 4 March 2024
  - 21.2 draft legislation is introduced in May 2024 for consideration by the Australian Parliament. The intention is to have the legislation passed and enacted by 31 December 2024
  - 21.3 the standard comes into effect from 1 January 2025.
- 22 With this timeline Australia's targets will not be finalised until later in the year. This will make our May proposals on the target levels uncertain. This uncertainty could be managed by:
- 22.1 using the targets as introduced into the Australian Parliament
  - 22.2 recalibrating our targets if the Australian Parliament changes the Australian targets. This would be done through an order-in-council process once established by the proposed Amendment Bill.

**The proposed Australian standard is very similar to our Standard**

- 23 You also asked for information on the differences between our Standard and Australia's proposed standard. The table over the page summarises the key differences, based on the standard preferred by the Australian Government. Overall, the standards are very similar. There are some differences in the settings, but these reflect differences in our vehicle markets, including vehicle needs of businesses and consumers.

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<sup>2</sup> <https://www.infrastructure.gov.au/departments/media/publications/cleaner-cheaper-run-cars-australian-new-vehicle-efficiency-standard-consultation-impact-analysis>



Element	Clean Car Importer Standard	Australian Government's preferred proposal
Application	New vehicles and used imports Up to 3.5 tonne (same as UK/Europe/Japan)	New vehicles only as used-imports for commercial sale are prohibited  Up to 4.5 tonne (similar to USA). This higher weight reflects the increasing consumer preference for larger USA style utes
Penalty level  (per gram CO2 for every vehicle that exceeds its target)	NZ\$67.50 –new vehicles  NZ\$27 – used-imports  (These are the rates from 2025. The current rates are \$45 for new vehicles and \$22.50 for used imports. Lower rates apply for dealers using the "Category Two" compliance model)	AU\$100 (NZ\$107)
Compliance model	Two compliance models  "Category One": an importer's fleet average CO2 emissions is calculated annually. This is mostly used by new vehicle distributors. Businesses must meet financial criteria and demonstrate an ongoing market presence  "Category Two": importers comply on a vehicle-by-vehicle basis, paying a penalty on each vehicle above their CO2 target and receiving a credit for every vehicle below its target. This model is designed to support used-importers	One model that is the same as our "Category One"
Vehicle weights above, or below, which the same weight adjustment is applied	Cars below 1,200 kg are subject to the same target  Cars and SUVs above 2,000 kg are subject to the same target  Vans, utes and light trucks above 2,200 kg are subject to the same target	Cars below 1,500 kg are subject to the same target  Same  Same

#### Initial advice on cost recovery

- 24 We are currently assessing ways to move the administrative costs of the Standard to be 'user pays'. You have indicated that you expect that the vehicle industry will pay a



maximum of \$3 million per annum and that the New Zealand Transport Agency (NZTA) must make efficiency gains to bring down the cost to their baseline.

- 25 We seek your direction on two initial options for recovering the industry's share of the costs. These would be further developed prior to consultation with the industry.

26 s 9(2)(f)(iv)

27

- 28 If you are comfortable with these two options, we seek your agreement to begin in-confidence consultation with the Motor Industry Association and the Imported Motor Vehicle Industry Association. We note that the decision to remove Crown funding from the Standard's administration costs is Budget sensitive until Budget 2024 is announced on 30 May 2024.

#### **The legislative timeline options for securing the changes on the review and introducing cost recovery**

- 29 In your feedback on the legislative bid for the s 9(2)(ba)(ii), s 9(2)(f)(iv) you directed that it should provide an order-in-council process for any change to the level of the 2025–2027 targets. As well as provision for cost-recovery for the Standard.

- 30 You also queried whether the s 9(2)(ba)(ii), s 9(2)(f)(iv) could be introduced and passed with the legislation for Budget 2024. This would be possible if:

30.1 Cabinet policy decisions are gained by 31 March 2024

30.2 the Parliamentary Counsel Office draft the Amendment Bill by 10 May 2024

30.3 the Ministry of Justice completes the Bill of Rights by 17 May 2024

30.4 Cabinet approval to introduce the Amendment Bill is gained prior to 30 May 2024.

- 31 However, Cabinet policy decisions by 31 March 2024 would be inconsistent with the understanding the vehicle industry has that they will be engaged in the development of the advice as much as possible. It would also limit the extent to which the review can adequately analyse and consider the items in the widened scope (in paragraphs 6 to 15 above).

- 32 An alternative option would be to introduce and pass a very short Amendment Bill with the Budget 2024 legislation that only secures the order-in-council process for changes to the 2025–2027 targets, and an empowering provision for cost-recovery.

s 9(2)(ba)(ii), s 9(2)(f)(iv)

- 33 In our view it would be preferable to secure all the changes needed in one amendment bill. This is because two bills would likely require a greater amount of drafting, Ministerial and House time relative to proceeding with one amendment bill

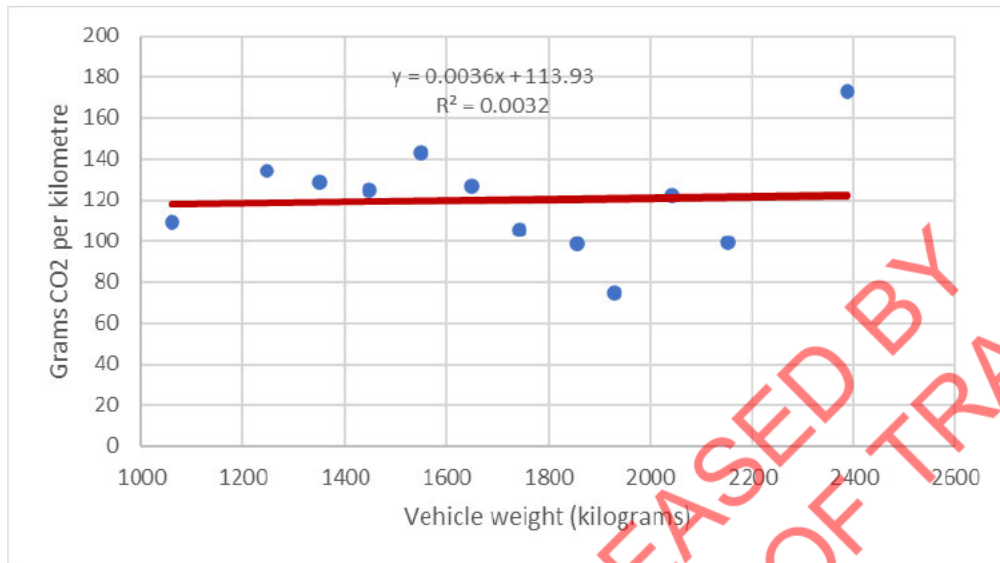
s 9(2)(ba)(ii), s 9(2)(f)(iv)

**Next steps**

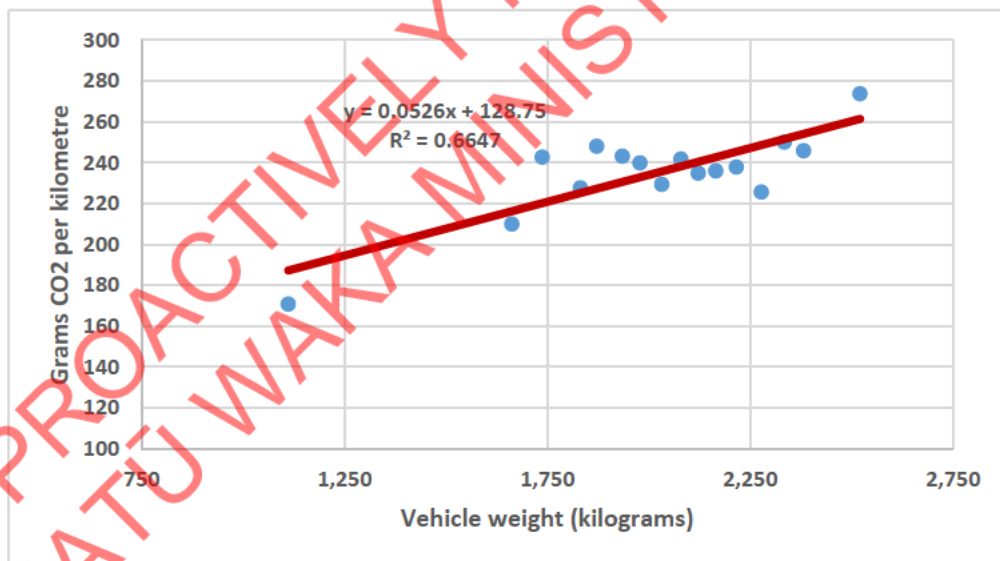
- 34 During our discussions with the vehicle industry on the targets review, we gave them a set of questions to help gather the information and analysis needed. Once the industry has responded, we will convene workshops with them to discuss the options and recommendations to make to you.
- 35 We will provide a briefing seeking your approval to publish the gazette notice with the updated information for the Standard's target weight-adjustment formula by 22 March 2024.
- 36 If you agree we can begin in-confidence consultation with the Motor Industry Association and the Imported Motor Vehicle Industry Association on the two cost-recovery options in recommendation (4), we will also provide a briefing that updates you on the outcome of that consultation.

# Appendix 1 - Regression results showing the relationship between CO2 emissions and vehicle weight

## Light passenger vehicles imported in 2023



## Light commercial vehicles imported in 2023





25 March 2024

OC240279

Simeon Brown

Action required by:

Minister for Transport

Tuesday, 26 March 2024

## CLEAN CAR IMPORTER STANDARD: BUDGET NIGHT LEGISLATION

### Purpose

Provide a draft Cabinet paper seeking policy decisions to amend the Land Transport Act 1998 (the Act) to provide for secondary legislation for:

- the 2025-2027 Clean Car Importer Standard (the Standard) targets to be amended, and
- to recover costs of administering the Clean Vehicle Standard.

### Key points

- Annual CO<sub>2</sub> emissions targets for the Standard are set out in the Land Transport Act 1998 (the Act) through to the end of 2027. The Act enables CO<sub>2</sub> emissions targets from 2028 onward to be set and amended by secondary legislation. You have requested to enable targets from 2025-2027 to be amended by secondary legislation.
- You have also requested that the Act be amended to enable cost-recovery for the administration of the Standard
- The attached Cabinet paper seeks policy approval and for instructions to be issued to amend the Act to give effect to these changes.
- You have requested to make these amendments through Budget-night legislation. We have proposed a timeline to meet this timeframe. There are some potential risks, notably:

- s 9(2)(h)

- This and other legal risks are outlined in the body of the briefing.

- A new bid for the Legislation Programme 2024 (the Programme) will be required to support the above amendments to the Act as part of Budget night legislation. We

have sought approval for this bid to be added to the Programme in the attached Cabinet paper.

## Recommendations

We recommend you:

- 1 **agree** to seek Cabinet approval to issue drafting instructions to the Parliamentary Counsel Office for amendments to the Land Transport Act 1998 (the Bill) to implement the proposals in this briefing regarding allowing targets and cost-recovery to be enabled through secondary legislation. Yes / No
- 2 **approve** release of the draft Bill to the New Zealand Transport Agency for consultation under clause 9.4 of Cabinet Office Circular CO (19) 2 Yes / No
- 3 **note** the legal risks outlined in this briefing in paragraphs 12-16 Yes / No
- 4 **agree** to progress according to the timeline in paragraph 7 Yes / No
- 5 **agree** to begin Ministerial consultation on the attached Cabinet paper Yes / No

Paul O'Connell  
Deputy Chief-Executive – Sector  
Strategy

..... / ..... / .....

Simeon Brown  
Minister for Transport

..... / ..... / .....

Minister's office to complete:

☐ Approved

☐ Declined

☐ Seen by Minister

☐ Not seen by Minister

☐ Overtaken by events

## Comments

## Contacts

Name	Telephone	First contact
Nick Paterson, Manager, Environment	s 9(2)(a)	✓
Paul O Connell, Deputy Chief Executive, Sector Strategy		

## CLEAN CAR IMPORTER STANDARD: BUDGET NIGHT LEGISLATION

### We are progressing legislative amendments to enable the Standard's targets to be changed by secondary legislation

- 1 The National Party's 2023 election manifesto commits to reviewing the Standard's CO<sub>2</sub> targets to ensure they are achievable. Section 175A of the Land Transport Act 1998 (the Act) also requires a review of the targets to be initiated no later than 30 June 2024.
- 2 Section 175 of the Act sets the Standard's targets for 2023-2027. Changing the Standard's targets therefore requires an amendment to the Act. You have asked us to progress work to enable the targets for 2025-2027 to be amended by secondary legislation. This will be progressed through an amendment Bill introduced on Budget night and passed under urgency. The CO<sub>2</sub> target figures will not be amended on Budget night and instead may be amended later this year following the review presently underway.
- 3 The review of the targets is part of the wider review of the Standard (the Clean Car Importer Standard review), which aims to better realise the benefit of the Standard in reducing CO<sub>2</sub> emissions and lowering motoring costs. Alongside ensuring the targets are achievable, the scope of the wider review includes:
  - exempting disability vehicles from the Standard to ensure people needing modified vehicles do not face increased costs,
  - considering uniform targets for light passenger vehicles rather than weight-adjusted targets. This would simplify the Standard and reduce industry compliance costs and administration costs, and
  - enhancing flexibility mechanisms to make it easier and cheaper for importers to meet the targets, for example, allowing the trading of CO<sub>2</sub> emission credits between new vehicle distributors and used vehicle importers.

### We are progressing work to make the Standard user-pays

- 4 The Standard is currently administered by the NZTA under the Act.

5

s 9(2)(f)(iv)

- 6 The cost-recovery process will enable the NZTA to use cost-recovery to offset administration costs of the Standard established under Part 13 of the Act. The NZTA receives Government funding of \$11.842 million for administration. You have instructed the NZTA to streamline its administration of the Standard to minimise the costs to industry.

- 7 The Ministry and the NZTA will keep you updated on the development of a proposed user-pays model and the anticipated costs through the weekly report.

### **The attached draft Cabinet paper seeks agreement to progress legislative amendments**

- 8 The attached Cabinet paper seeks Cabinet's approval to:
- 8.1 enable the 2025-2027 Standard targets to be changed by secondary legislation and
  - 8.2 amend the Act to enable the NZTA to use cost recovery to offset administration costs of the Standard.
- 9 We expect there may be a need for decisions to be made between the Cabinet paper being considered by ECO and the LEG paper being considered by LEG. This may be required to ensure proper drafting of the enabling provisions for enable the NZTA to recover the cost of administering the Standard. We have included a recommendation in the Cabinet paper that authorises you to make decisions that are consistent with the overall policy, provided that these decisions are confirmed when the Bill is considered for introduction.

### **Timeline**

- 10 Timeline of actions up until Budget day.

Action	Date
Briefing and draft Cabinet paper (policy) provided to the Minister's Office	5pm, 25 March 2024
Comments from Minister's Office received	5pm, 26 March 2024
Updated Cabinet paper (policy) provided to the Office for Ministerial Consultation	5pm, 27 March 2024
Ministerial and Departmental consultation	28 March – 2 April 2024
Updated Cabinet paper (policy) provided to Office for lodgement	5pm, 3 April 2024
Cabinet paper (policy) lodged	10am, 4 April 2024
ECO	10 April 2024
Cabinet	15 April 2024
Drafting instructions issued	Once Cabinet minute received – approx 16 April 2024
Drafting	16 April - 16 May 2024 (4 weeks)
Draft LEG paper and draft Bill provided to Minister's office	26 April 2024
Comments from Minister's Office received	5pm, 2 May 2024
Updated LEG paper provided to the Office for Ministerial Consultation	5pm, 3 May 2024
Ministerial and departmental consultation	6 May - 14 May 2024



Action	Date
BORA vetting and consultation	10 - 14 May 2024 (concurrent with drafting and consultation)
Updated LEG paper provided to Office for lodgment	5pm, 15 May 2024
LEG paper lodged	10am, 16 May 2024
LEG	23 May 2024
Cabinet	27 May 2024
Budget day	30 May 2024

### Legislation Programme 2024 bid required for Bill

- 11 On 14 February 2024, you approved for lodgement the legislation bids for inclusion in your transport portfolio. A new bid for the Legislation Programme 2024 (the Programme) will be required to support the above amendments to the Act as part of Budget night legislation. We have sought approval for this bid to be added to the Programme in the attached Cabinet paper.

### Risks

- 12 We expect that industry will not support the proposal to introduce an enabling power for cost-recovery for the administration of the Standard. The risk to the relationship with industry can be mitigated by consulting on the detailed design of the cost-recovery regulations once the amendment is passed.

s 9(2)(h)

- 16 We will keep you informed through the weekly report and regular communication with the office throughout the development of the Bill.

### We continue to engage with NZTA on the proposed amendments

- 17 We propose to share the draft legislation produced with NZTA under CO (19) 2, clause 9.4 to allow further consultation. With your approval, we can release the draft

IN CONFIDENCE

legislation with NZTA on an in-confidence basis and subject to legal professional privilege. We suggest that proposed release is appropriate for the Cabinet process, to ensure that the legislation is fit for purpose and able to be implemented.

PROACTIVELY RELEASED BY  
TE MANATŪ WAKA MINISTRY OF TRANSPORT

IN CONFIDENCE

**ANNEX 1: CABINET PAPER ON URGENT LEGISLATION CHANGES  
FOR CLEAN CAR STANDARD**

PROACTIVELY RELEASED BY  
TE MANATŪ WAKA MINISTRY OF TRANSPORT

**[In Confidence]**

Office of the Minister of Transport

Cabinet Economic Policy Committee

**Clean Vehicle Standard - Budget night legislation****Proposal**

- 1 This paper seeks agreement to amend the Land Transport Act 1998 through Budget night legislation to provide for secondary legislation for enabling:
  - 1.1 the 2025-2027 Clean Vehicle Standard (the Standard) CO<sub>2</sub> emission targets to be amended, and
  - 1.2 recovering the costs of administering the Clean Vehicle Standard.

**Relation to Government priorities**

- 2 The Government has retained the Standard to accelerate the supply of low and zero emission vehicles. To better realise the benefit of the Standard in reducing CO<sub>2</sub> emissions and lowering motoring costs it has committed to a review of the Standard (the Clean Car Importer Standard review). This includes reviewing the CO<sub>2</sub> targets for 2025–27 to ensure they are achievable.
- 3 This proposal will support ongoing administration of the Standard, and the implementation of any target amendments that arise from the Clean Car Importer Standard review. This supports our commitment to meeting New Zealand's emissions reduction commitments.
- 4 Taking steps to transition the Standard to cost-recovery for administration will contribute to the Government's ongoing cost saving measures.

**Background**

- 5 The Standard aims to encourage the supply of low and zero emission vehicle imports by charging importers for vehicles with high CO<sub>2</sub> emissions and giving credits for vehicles with low CO<sub>2</sub> emissions. Charges only apply to importers if their high emission vehicles are not sufficiently offset by lower emission vehicles.
- 6 The Standard regulates vehicle importers to reduce CO<sub>2</sub> emissions to specific annual targets. Targets for the years 2023-2027 are set in the Land Transport Act 1998 (the Act). The Act enables targets from 2028 onwards to be set and amended by secondary legislation. The existing targets cannot be changed by regulation and can only be changed by an amendment to the Act.
- 7 A review of the targets for 2025-2027 is currently underway, in line with our manifesto commitments and as required by section 175A of the Act. This is part of a wider review of the Standard (the Clean Car Importer Standard review), which aims to better realise the benefit of the Standard in reducing CO<sub>2</sub> emissions and lowering motoring costs. Alongside ensuring the targets are achievable, the scope of the wider review includes:
  - exempting disability vehicles from the Standard to ensure people needing modified vehicles do not face increased costs

- considering uniform targets for light passenger vehicles rather than weight-adjusted targets. This would simplify the Standard and reduce industry compliance costs and administration costs
- enhancing flexibility mechanisms to make it easier and cheaper for importers to meet the targets. For example, allowing the trading of CO<sub>2</sub> emission credits between new vehicle distributors and used vehicle importers.

8 Administration of the Standard is funded by a Crown appropriation of \$11.8 million per year.

### **I am proposing legislative amendments relating to the Standard**

#### *Enabling the 2025-2027 Standard targets to be amended by secondary legislation*

- 9 I expect to receive recommendations from officials by 17 May 2024 on the outcome of the review. These recommendations will include proposals for amending the 2025–2027 targets. Following consideration of this advice I intend to bring recommendations for Cabinet's approval by 31 July 2024
- 10 Amending the Act to enable the 2025-2027 targets to be changed by secondary legislation will streamline the implementation of Cabinet's decisions on the Standard's targets. This is critical to ensure that any changes to the 2025 targets can be made as soon as possible to increase certainty for the vehicle industry. This is because until decisions are made on the targets, the industry's vehicle purchasing plans can not be finalised with certainty

#### *Enabling cost-recovery for the administration of the Standard*

- 11 Administration of the Standard is funded by government funding of \$11.8 million per year. I propose to provide for secondary legislation that enables the recovery of the costs of administering the Clean Vehicle Standard.
- 12 I have asked the Ministry of Transport and the New Zealand Transport Agency (NZTA) to begin work on options for a cost-recovery model. I have asked the NZTA to find savings to reduce its administration costs.

s 9(2)(h)

### **Cost-of-living Implications**

- 15 There are no significant cost-of-living implications.

### **Financial Implications**

- 16 Ministry of Transport officials and NZTA officials will design a cost-recovery scheme for the administration of the Standard established under Part 13 of the Act. The

specific financial implications will be provided to Cabinet when the cost-recovery regulations are considered at Cabinet.

### Legislative Implications

- 17 This proposal requires amendments to the Land Transport Act 1998 through a Bill, which I propose be introduced as part of the Budget night urgency motion on 30 May 2024.
- 18 A new bid for the Legislation Programme 2024 will be required to support the above amendments.
- 19 The Bill will bind the Crown, as it amends the Land Transport Act 1998. Under CO (02) 4, Bills that amend an existing Act should be consistent with the Act which they amend.
- 20 Secondary legislation will be required to implement the details of cost-recovery and the proposals from the review of the Standard (with respect to the level of the annual targets). A subsequent Bill (currently on the legislation program) would be required to implement any other proposals from the review of the Standard. I intend to come back to Cabinet for further policy and legislative approvals by 31 July 2024.

### Regulatory Impact Statement

- 21 The Treasury's Regulatory Impact Analysis team has determined that the proposal to enable emissions targets to be set by secondary legislation is exempt from the requirement to provide a Regulatory Impact Statement on the grounds that it has no or only minor impacts on businesses, individuals, and not-for-profit entities.
- 22 A Stage 1 Cost Recovery Impact Statement has been completed to enable the NZTA to cost recover for the Clean Vehicle Standard and is attached in appendix 1. The panel said:

*"This Cost Recovery Impact Statement (CRIS) has been reviewed by a panel of representatives from Ministry of Transport Te Manatū Waka. It has been given a 'partially meets' rating against the quality assurance criteria for the purpose of informing Cabinet decisions. The rating reflects the limited consultation and lack of available information due to time constraints on the process. The Panel expects these deficits will be further addressed in the Stage 2 CRIS."*

### Climate Implications of Policy Assessment

- 23 The Climate Implications of Policy Assessment (CIPA) team has confirmed that CIPA requirements do not currently apply to this proposal as it not expected to result in significant direct emissions impacts. CO<sub>2</sub> targets will not be changed by this proposal. Subject to later review, CO<sub>2</sub> targets may be changed by a separate Cabinet proposal thus requiring a CIPA assessment at that time. The CIPA team will be kept updated on the progress of this work.

### Population Implications

- 24 This paper has no population implications.

### Human Rights

- 25 This paper has no human rights implications.

### Use of external Resources

26 No external resources were used in the drafting of this paper.

### Consultation

27 The NZTA have been consulted.

### Proactive Release

28 I propose to delay the proactive release of this paper until after Budget 2024, subject to redaction as appropriate under the Official Information Act 1982.

### Recommendations

The Minister of Transport recommends that the Committee:

- 1 **agree** to amend the Land Transport Act 1998 to enable:
  - 1.1 the 2025-2027 Clean Vehicle Standard CO<sub>2</sub> targets to be set by secondary legislation
  - 1.2 fees to be set by secondary legislation to recover costs of administering the Clean Vehicle Standard.
- 2 **note** that there is not an appropriate bid on the Legislation Programme 2024 (the Programme) to support the amendments proposed in recommendation 2.
- 3 **agree** to include a Land Transport Amendment Bill (the Bill) implementing the amendments proposed in recommendation 2 on the Legislation Programme 2024, with a priority of Category 2 (must be passed in 2024).
- 4 **invite** the Minister of Transport to issue drafting instructions to the Parliamentary Counsel Office to give effect to these decisions (including for primary legislation), including any necessary consequential amendments, savings, and transitional provisions.
- 5 **authorise** the Minister of Transport to make decisions that are consistent with the overall policy, provided that these decisions are confirmed when the Bill is considered for introduction.
- 6 **agree** that the Bill should bind the Crown.
- 7 **agree** that the Bill be included in the Budget night urgency motion and passed under all stages.
- 8 **note** that a subsequent Bill and secondary legislation changes will be required to implement the proposals from the wider review of the Clean Vehicle Standard, including to its targets, and the Minister of Transport will come back to Cabinet for further policy and legislative approvals by 31 July 2024.

Hon Simeon Brown

Minister of Transport



**From:** [Paul Hawkes](#)  
**To:** [Natasha Rave](#); [Siobhan Routledge](#); [Gayelene Wright](#); [Phoebe Moir](#); [Dawn Kerrison](#); [Erin Wynne](#); [Michael Machin](#)  
**Subject:** RE: FOR DOM: Clean Vehicle Standard Amendment Bill - LEG Cabinet Paper  
**Date:** Monday, 29 April 2024 4:43:03 pm  
**Attachments:** [image001.jpg](#)  
[image002.png](#)

Hi all

Dom rang to say that the Minister would want to see the bill prior to the weekend. I played it with a straight bat and noted that we could send up a caveated draft bill for the weekend bag, [s 9\(2\)\(h\)](#) (and related to the weekly report entry I'll draft). Dom was happy with this approach.

I'll draft up the covering note tomorrow for review and we can provide a draft bill with it.

Cheers,

Paul

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**From:** Paul Hawkes  
**Sent:** Monday, April 29, 2024 4:15 PM  
**To:** 'Dominic Cowell-Smith' <[Dominic.Cowell-Smith@parliament.govt.nz](mailto:Dominic.Cowell-Smith@parliament.govt.nz)>; [Natasha Rave](mailto:N.Rave@transport.govt.nz) <[N.Rave@transport.govt.nz](mailto:N.Rave@transport.govt.nz)>; [Siobhan Routledge](mailto:Siobhan.Routledge@transport.govt.nz) <[Siobhan.Routledge@transport.govt.nz](mailto:Siobhan.Routledge@transport.govt.nz)>; [Gayelene Wright](mailto:Gayelene.Wright@transport.govt.nz) <[Gayelene.Wright@transport.govt.nz](mailto:Gayelene.Wright@transport.govt.nz)>; [Phoebe Moir](mailto:Phoebe.Moir@transport.govt.nz) <[Phoebe.Moir@transport.govt.nz](mailto:Phoebe.Moir@transport.govt.nz)>; [Dawn Kerrison](mailto:Dawn.Kerrison@transport.govt.nz) <[Dawn.Kerrison@transport.govt.nz](mailto:Dawn.Kerrison@transport.govt.nz)>; [Erin Wynne](mailto:Erin.Wynne@transport.govt.nz) <[Erin.Wynne@transport.govt.nz](mailto:Erin.Wynne@transport.govt.nz)>; [Michael Machin](mailto:Michael.Machin@transport.govt.nz) <[Michael.Machin@transport.govt.nz](mailto:Michael.Machin@transport.govt.nz)>  
**Subject:** RE: FOR DOM: Clean Vehicle Standard Amendment Bill - LEG Cabinet Paper

Hello Dom,

Hope you had a good weekend.

Just to update you on the draft Bill, [s 9\(2\)\(h\)](#) and we expect to be able to share a finalised Bill with the office on Friday. We're mindful that the Bill is the Minister's (like the cabinet paper), and if the Minister would prefer to see a draft Bill earlier than Friday, we can share with you a caveated draft, explaining what changes PCO have been instructed to make.

We will also update the Minister on progress via the Weekly Report, much like we did in an earlier weekly report that tested the Minister's comfort on a range of options. This update will test the Minister's comfort on a number of minor changes being made to the Bill:

- Being able to charge a reasonable fee to cover administering payment of the user-pays fee,
- Allowing the Agency or the Director of Land Transport to decline to process car entry certification/car registration if the relevant fee has not been paid (this is similar to existing legislation in the Civil Aviation Act 2023),
- debt recovery on behalf of the Crown if fees aren't paid, and
- allowing penalties to be added in the case of late payment, similar to how the RUC system works.

Have you received any feedback on the Cabinet paper we sent up on Wednesday? If the Minister would like any changes made, we could send an updated paper to you on Friday with the bill – mindful that the original plan is to have Ministerial consultation begin on Monday 6 May, to allow for lodgement on the 16<sup>th</sup>, ahead of LEG on the 23<sup>rd</sup>, Cabinet on the 27<sup>th</sup>, Budget on 30<sup>th</sup>.

Cheers,

**Paul Hawkes**

Senior Adviser, 2<sup>nd</sup> Emissions Reduction Plan, [s 9\(2\)\(a\)](#)

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**From:** Paul Hawkes <[P.Hawkes@transport.govt.nz](mailto:P.Hawkes@transport.govt.nz)>  
**Sent:** Wednesday, April 24, 2024 4:36 PM  
**To:** [Dominic Cowell-Smith](mailto:Dominic.Cowell-Smith@parliament.govt.nz) <[Dominic.Cowell-Smith@parliament.govt.nz](mailto:Dominic.Cowell-Smith@parliament.govt.nz)>; [Abby McRoberts](mailto:Abby.McRoberts@parliament.govt.nz) <[Abby.McRoberts@parliament.govt.nz](mailto:Abby.McRoberts@parliament.govt.nz)>; [Helen FionaWhite](mailto:Helen.FionaWhite@parliament.govt.nz) <[Helen.FionaWhite@parliament.govt.nz](mailto:Helen.FionaWhite@parliament.govt.nz)>; [Kate Rose](mailto:Kate.Rose@parliament.govt.nz) <[Kate.Rose@parliament.govt.nz](mailto:Kate.Rose@parliament.govt.nz)>; [Matthew Winthrop](mailto:Matthew.Winthrop@transport.govt.nz) <[Matthew.Winthrop@transport.govt.nz](mailto:Matthew.Winthrop@transport.govt.nz)>; [OCU](mailto:OCU@transport.govt.nz) <[OCU@transport.govt.nz](mailto:OCU@transport.govt.nz)>; [Peta Baily Gibson](mailto:Peta.BailyGibson@transport.govt.nz) <[Peta.BailyGibson@transport.govt.nz](mailto:Peta.BailyGibson@transport.govt.nz)>; [Suzanne Cookson](mailto:Suzanne.Cookson@transport.govt.nz) <[Suzanne.Cookson@transport.govt.nz](mailto:Suzanne.Cookson@transport.govt.nz)>  
**Cc:** [Natasha Rave](mailto:N.Rave@transport.govt.nz) <[N.Rave@transport.govt.nz](mailto:N.Rave@transport.govt.nz)>; [Siobhan Routledge](mailto:Siobhan.Routledge@transport.govt.nz) <[Siobhan.Routledge@transport.govt.nz](mailto:Siobhan.Routledge@transport.govt.nz)>

**Subject:** RE: FOR DOM: Clean Vehicle Standard Amendment Bill - LEG Cabinet Paper

Hi Dom,

I'll try find out for you and have a colleague respond to you on Friday.

Cheers,

Paul

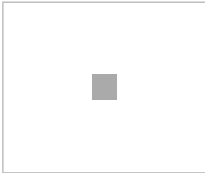
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**From:** Dominic Cowell-Smith <[Dominic.Cowell-Smith@parliament.govt.nz](mailto:Dominic.Cowell-Smith@parliament.govt.nz)>  
**Sent:** Wednesday, April 24, 2024 4:33 PM  
**To:** Paul Hawkes <[P.Hawkes@transport.govt.nz](mailto:P.Hawkes@transport.govt.nz)>; Abby McRoberts - parliament <[Abby.McRoberts@parliament.govt.nz](mailto:Abby.McRoberts@parliament.govt.nz)>; Helen FionaWhite <[helen.fionawhite@parliament.govt.nz](mailto:helen.fionawhite@parliament.govt.nz)>; Kate Rose <[Kate.Rose@parliament.govt.nz](mailto:Kate.Rose@parliament.govt.nz)>; Matthew Winthrop <[M.Winthrop@transport.govt.nz](mailto:M.Winthrop@transport.govt.nz)>; OCU <[ocu@transport.govt.nz](mailto:ocu@transport.govt.nz)>; Peta Baily Gibson <[P.BailyGibson@transport.govt.nz](mailto:P.BailyGibson@transport.govt.nz)>; Suzanne Cookson <[S.Cookson2@transport.govt.nz](mailto:S.Cookson2@transport.govt.nz)>  
**Cc:** Natasha Rave <[N.Rave@transport.govt.nz](mailto:N.Rave@transport.govt.nz)>; Siobhan Routledge <[S.Routledge@transport.govt.nz](mailto:S.Routledge@transport.govt.nz)>  
**Subject:** RE: FOR DOM: Clean Vehicle Standard Amendment Bill - LEG Cabinet Paper

Hi Paul

No problem, thanks for the update. Do you know roughly when in the week we can expect the draft bill to come through?

Cheers  
Dom



**Dominic Cowell-Smith**  
Private Secretary (Transport) | Office of Hon Simeon Brown  
Minister of Transport | Minister for Auckland | Minister for Energy | Minister for Local Government  
  
s 9(2)(a) [ment.govt.nz](mailto:ment.govt.nz) Website: [www.Beehive.govt.nz](http://www.Beehive.govt.nz)  
Private Bag 18041, Parliament Buildings, Wellington 6160, New Zealand

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**From:** Paul Hawkes <[P.Hawkes@transport.govt.nz](mailto:P.Hawkes@transport.govt.nz)>  
**Sent:** Wednesday, April 24, 2024 3:52 PM  
**To:** Dominic Cowell-Smith <[Dominic.Cowell-Smith@parliament.govt.nz](mailto:Dominic.Cowell-Smith@parliament.govt.nz)>; Abby McRoberts <[Abby.McRoberts@parliament.govt.nz](mailto:Abby.McRoberts@parliament.govt.nz)>; Helen FionaWhite <[Helen.FionaWhite@parliament.govt.nz](mailto:Helen.FionaWhite@parliament.govt.nz)>; Kate Rose <[Kate.Rose@parliament.govt.nz](mailto:Kate.Rose@parliament.govt.nz)>; Matthew Winthrop <[M.Winthrop@transport.govt.nz](mailto:M.Winthrop@transport.govt.nz)>; OCU <[ocu@transport.govt.nz](mailto:ocu@transport.govt.nz)>; Peta Baily Gibson <[P.BailyGibson@transport.govt.nz](mailto:P.BailyGibson@transport.govt.nz)>; Suzanne Cookson <[S.Cookson2@transport.govt.nz](mailto:S.Cookson2@transport.govt.nz)>  
**Cc:** Natasha Rave <[N.Rave@transport.govt.nz](mailto:N.Rave@transport.govt.nz)>; Siobhan Routledge <[S.Routledge@transport.govt.nz](mailto:S.Routledge@transport.govt.nz)>  
**Subject:** RE: FOR DOM: Clean Vehicle Standard Amendment Bill - LEG Cabinet Paper

Hello Dom,

Regarding the draft bill, s 9(2)(h)

Cheers,

Paul

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**From:** Dominic Cowell-Smith <[Dominic.Cowell-Smith@parliament.govt.nz](mailto:Dominic.Cowell-Smith@parliament.govt.nz)>  
**Sent:** Wednesday, April 24, 2024 2:26 PM  
**To:** Paul Hawkes <[P.Hawkes@transport.govt.nz](mailto:P.Hawkes@transport.govt.nz)>; Abby McRoberts - parliament <[Abby.McRoberts@parliament.govt.nz](mailto:Abby.McRoberts@parliament.govt.nz)>; Helen FionaWhite <[helen.fionawhite@parliament.govt.nz](mailto:helen.fionawhite@parliament.govt.nz)>; Kate Rose <[Kate.Rose@parliament.govt.nz](mailto:Kate.Rose@parliament.govt.nz)>; Matthew Winthrop <[M.Winthrop@transport.govt.nz](mailto:M.Winthrop@transport.govt.nz)>; OCU <[ocu@transport.govt.nz](mailto:ocu@transport.govt.nz)>; Peta Baily Gibson <[P.BailyGibson@transport.govt.nz](mailto:P.BailyGibson@transport.govt.nz)>

Suzanne Cookson <[S.Cookson2@transport.govt.nz](mailto:S.Cookson2@transport.govt.nz)>

**Cc:** Natasha Rave <[N.Rave@transport.govt.nz](mailto:N.Rave@transport.govt.nz)>; Siobhan Routledge <[S.Routledge@transport.govt.nz](mailto:S.Routledge@transport.govt.nz)>

**Subject:** RE: FOR DOM: Clean Vehicle Standard Amendment Bill - LEG Cabinet Paper

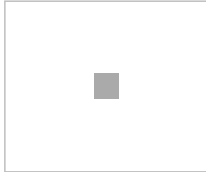
Kia ora Paul

Thanks very much for sending this through, confirming receipt. Receiving the additional material on the 8<sup>th</sup> sounds good, but will be in touch if we need material any sooner. Appreciate the timeline as well – very helpful thank you!

Will be in touch if there are any queries on this one.

Cheers

Dom



**Dominic Cowell-Smith**

**Private Secretary (Transport)** | Office of Hon Simeon Brown  
Minister of Transport | Minister for Auckland | Minister for Energy | Minister for Local Government

**s 9(2)(a)**

Email: [dominic.cowell-smith@parliament.govt.nz](mailto:dominic.cowell-smith@parliament.govt.nz) Website: [www.Beehive.govt.nz](http://www.Beehive.govt.nz)  
Private Bag 18041, Parliament Buildings, Wellington 6160, New Zealand

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**From:** Paul Hawkes <[P.Hawkes@transport.govt.nz](mailto:P.Hawkes@transport.govt.nz)>

**Sent:** Wednesday, April 24, 2024 1:56 PM

**To:** Abby McRoberts <[Abby.McRoberts@parliament.govt.nz](mailto:Abby.McRoberts@parliament.govt.nz)>; Dominic Cowell-Smith <[Dominic.Cowell-Smith@parliament.govt.nz](mailto:Dominic.Cowell-Smith@parliament.govt.nz)>; Helen FionaWhite <[Helen.FionaWhite@parliament.govt.nz](mailto:Helen.FionaWhite@parliament.govt.nz)>; Kate Rose <[Kate.Rose@parliament.govt.nz](mailto:Kate.Rose@parliament.govt.nz)>; Matthew Winthrop <[M.Winthrop@transport.govt.nz](mailto:M.Winthrop@transport.govt.nz)>; OCU <[ocu@transport.govt.nz](mailto:ocu@transport.govt.nz)>; Peta Baily Gibson <[P.BailyGibson@transport.govt.nz](mailto:P.BailyGibson@transport.govt.nz)>; Suzanne Cookson <[S.Cookson2@transport.govt.nz](mailto:S.Cookson2@transport.govt.nz)>

**Cc:** Natasha Rave <[N.Rave@transport.govt.nz](mailto:N.Rave@transport.govt.nz)>; Siobhan Routledge <[S.Routledge@transport.govt.nz](mailto:S.Routledge@transport.govt.nz)>

**Subject:** FOR DOM: Clean Vehicle Standard Amendment Bill - LEG Cabinet Paper

Hi Dom,

Please find attached the draft Cabinet LEG paper for the Clean Vehicle Standard Amendment Bill, in word and PDF format. This refers to establishing the 2025-2027 CO2 targets via secondary legislation, and cost recovery for the Scheme.

Please note that this includes material stating that the revenue arising from cost-recovery should not be considered NLTF or land transport revenue. This is because:

- Cost recovery good practice guidelines issued by the Treasury states that cost recovery should only be used to collect the minimum funds required to administer the relevant policy.
- The vehicle importing sector will expect that costs recovered will be only used to administer the Standard. Were funds collected to sit within the National Land Transport Fund (NLTF), transparency would be reduced, and the government could not fully commit that it would not be benefiting from over-recovery of costs.
- We're currently working with NZTA to ascertain whether or not we could use a similar model to how RUC or driver licensing administration is paid for - collected revenue sits in a 'memorandum account', and sits outside of the NLTF.
- Under this system, if fees collected exceed the administration costs in a given year, additional revenue can be held in the account to make up potential future shortfalls, ensuring the scheme remains cost-neutral to operate and reducing the risk of requiring Crown appropriation or additional NLTF funding.
- In line with cost recovery best practice, there should be little to no possibility of being able to use additional funding for other purposes, given the funds collected should only be sufficient to administer the Clean Car Standard.  
Given that the Minister has directed NZTA to minimise the cost of running the scheme is minimised to lessen the burden on payees, it follows that there is not going to be much, if at any, leftover revenue collected to then be used for other projects.
- The exact mechanism will be decided by the Minister following consultation and further policy development, but given Budget sensitivities, consultation will not occur until after Budget.

You will receive the draft legislation (coming back from PCO) hopefully later today, but at the latest on Friday (given ANZAC Day). **s 9(2)(h)**

On the **8<sup>th</sup> of May** we will share with you the 1<sup>st</sup>, 2<sup>nd</sup>, third reading speeches, draft media release, associated talking points and talking points for LEG. Please let us know if you would like this to be sped up.

The Minister will receive briefing in August-September (timing will be dependent upon the consultation and policy design process) asking him to make final decisions on how cost recovery for the CCS is implemented.

I’ve also outlined a timeline as an FYI.

Task	Timing	Comment
LEG	23 May	
Cabinet	27 May	
Budget day	30 May	
Consultation and Policy design	June-July	Policy design will be occurring in lead up to consultation but cannot be finalised without extensive consultation with the sector.
Finalisation of policy	August-September	The Minister will be asked to make the final decision on the cost recovery mechanism
Drafting of Order in Council	November	
Order in Council	December	This may be pushed out to February 2025 depending on Government priorities and potential for congested policy agendas in lead up to Christmas.

Cheers,

Paul

**Paul Hawkes**  
Senior Adviser, 2<sup>nd</sup> Emissions Reduction Plan, s 9(2)(a)  
**Te Manatū Waka Ministry of Transport**  
E: [P.Hawkes@transport.govt.nz](mailto:P.Hawkes@transport.govt.nz) | [transport.govt.nz](http://transport.govt.nz)



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**From:** Paul Hawkes  
**To:** Phoebe Moir; Siobhan Routledge; Natasha Rave; Michael Machin; Gayelene Wright; Dawn Kerrison; Erin Wynne  
**Subject:** Friday 10 May: update on Clean Car Standard Amendment Bill cabinet paper and draft Bill  
**Date:** Friday, 10 May 2024 4:21:32 pm  
**Attachments:** image001.png  
image002.jpg

Hi all,

An update for Friday.

- The 1/2/3 reading speeches and reactive talking points have gone to the Minister's Office (Wednesday bag) for submission to the Minister.
- Ministerial consultation (truncated) was undertaken and the Office informs me nothing was raised during consultation.
- Departmental consultation finishes CoP Tuesday. Treasury have asked a question about the mechanism we are proposing to use, which we will be answering on Monday. A couple of other agencies yet to send in any feedback but not predicting any major curve balls. Treasury did ask us to check if the Bill was going through on Budget night; Dom confirms that that is the understanding of the Minister's office and that it is being handled by advisers and he'll let us know if he hears to the contrary.
- Legal and PCO are working towards finalising the Bill for lodgement on Thursday.
- The LEG talking points will be sent in the bag this coming Wednesday. Legal are hoping to get these to @Siobhan along with the departmental disclosure and legislative statements late Monday.
- I've started work on a project plan utilising the Project Management Office's new template. Very much a work in progress, and @Gayelene Wright I'll appreciate your input on the targets side of the work early next week as I look to get a draft finalised next week.

- s 9(2)(f)(iv)

- 
- 
- s 9(2)(f)(iv)

Cheers,

Paul

---

**From:** Paul Hawkes  
**Sent:** Friday, May 3, 2024 5:38 PM  
**To:** Phoebe Moir <P.Moir@transport.govt.nz>  
**Cc:** Siobhan Routledge <S.Routledge@transport.govt.nz>; Natasha Rave <N.Rave@transport.govt.nz>; Michael Machin <M.Machin@transport.govt.nz>; Gayelene Wright <g.wright@transport.govt.nz>; Dawn Kerrison <D.Kerrison@transport.govt.nz>; Erin Wynne <e.wynne@transport.govt.nz>  
**Subject:** RE: FOR DOM: Clean Car Standard Amendment Bill cabinet paper and draft Bill

Hi all,

Thanks Phoebe for sending around the updated Bill, and thanks for all your work on this this week!

And some further updates in this space:

- On Monday I will pass the 1/2/3 reading speeches and reactive talking points to Tash for review, and then we will run them past you as well, Siobhan, ahead of being sent to the Minister's office on Wednesday prior to the 5pm bag cut off. The reactive points will go to comms, who are working to provide an overall Budget Day package to the Minister the following week.
- On consultation, NZTA is sharing with us next week a short consultation document (that will be used post Budget day) to guide our co-engagement with the sector. NZTA and MoT are on the same page with the Bill.
- I've been engaging with comms on the public aspect of this work. It is not part of the Budget day legislation that the Minister's Office commissioned a media release for. Comms will incorporate our reactive points into their own messaging, and may look to include mention of this work in other comms – I'll alert everyone to whether or not this eventuates.

- Over the next week I will be drafting a longer term plan and timeline of this work to flesh out more of the detail. I've been working with Victoria from the Project Management Office on how this could look, and they're considering whether or not the PMO should report on this work stream.
- We'll draft an update for the weekly report.

Happy weekend,

Paul

---

**From:** Phoebe Moir <[P.Moir@transport.govt.nz](mailto:P.Moir@transport.govt.nz)>  
**Sent:** Friday, May 3, 2024 5:17 PM  
**To:** Dominic Cowell-Smith <[Dominic.Cowell-Smith@parliament.govt.nz](mailto:Dominic.Cowell-Smith@parliament.govt.nz)>  
**Cc:** Paul Hawkes <[P.Hawkes@transport.govt.nz](mailto:P.Hawkes@transport.govt.nz)>; Siobhan Routledge <[S.Routledge@transport.govt.nz](mailto:S.Routledge@transport.govt.nz)>; Natasha Rave <[N.Rave@transport.govt.nz](mailto:N.Rave@transport.govt.nz)>; Michael Machin <[M.Machin@transport.govt.nz](mailto:M.Machin@transport.govt.nz)>; Gayelene Wright <[g.wright@transport.govt.nz](mailto:g.wright@transport.govt.nz)>; Dawn Kerrison <[D.Kerrison@transport.govt.nz](mailto:D.Kerrison@transport.govt.nz)>  
**Subject:** RE: FOR DOM: Clean Car Standard Amendment Bill cabinet paper and draft Bill

Kia ora Dom,

Please find attached an updated version of the Bill to be used for consultation next week.

We still have a few things to work on next week in terms of drafting, which are likely to result in changes.

We will continue to keep you informed as drafting progresses.

Let us know if you have any questions.

Ngā mihi nui,

**Phoebe Moir** (*she/her*)  
Rōia | Solicitor  
Regulatory Group  
**Te Manatū Waka | Ministry of Transport**  
§ 9(2)(a) | E: [p.moir@transport.govt.nz](mailto:p.moir@transport.govt.nz) | [transport.govt.nz](http://transport.govt.nz)

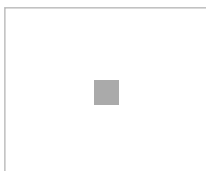
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**From:** Dominic Cowell-Smith <[Dominic.Cowell-Smith@parliament.govt.nz](mailto:Dominic.Cowell-Smith@parliament.govt.nz)>  
**Sent:** Wednesday, May 1, 2024 4:45 PM  
**To:** Paul Hawkes <[P.Hawkes@transport.govt.nz](mailto:P.Hawkes@transport.govt.nz)>; Ministers Office <[MinistersOffice@transport.govt.nz](mailto:MinistersOffice@transport.govt.nz)>; Siobhan Routledge <[S.Routledge@transport.govt.nz](mailto:S.Routledge@transport.govt.nz)>; Natasha Rave <[N.Rave@transport.govt.nz](mailto:N.Rave@transport.govt.nz)>; Phoebe Moir <[P.Moir@transport.govt.nz](mailto:P.Moir@transport.govt.nz)>; Michael Machin <[M.Machin@transport.govt.nz](mailto:M.Machin@transport.govt.nz)>; Gayelene Wright <[g.wright@transport.govt.nz](mailto:g.wright@transport.govt.nz)>  
**Subject:** RE: FOR DOM: Clean Car Standard Amendment Bill cabinet paper and draft Bill

Confirming receipt, many thanks Paul! Will be in touch with any queries, otherwise will let you know when we are good to begin consultation

Cheers  
Dom



**Dominic Cowell-Smith**  
**Private Secretary (Transport)** | Office of Hon Simeon Brown  
Minister of Transport | Minister for Auckland | Minister for Energy | Minister for Local Government

§ 9(2)(a)  
Email: [dominic.cowell-smith@parliament.govt.nz](mailto:dominic.cowell-smith@parliament.govt.nz) Website: [www.Beehive.govt.nz](http://www.Beehive.govt.nz)  
Private Bag 18041, Parliament Buildings, Wellington 6160, New Zealand



**From:** Paul Hawkes <[P.Hawkes@transport.govt.nz](mailto:P.Hawkes@transport.govt.nz)>

**Sent:** Wednesday, May 1, 2024 3:34 PM

**To:** Ministers Office <[MinistersOffice@transport.govt.nz](mailto:MinistersOffice@transport.govt.nz)>; Siobhan Routledge <[S.Routledge@transport.govt.nz](mailto:S.Routledge@transport.govt.nz)>; Natasha Rave <[N.Rave@transport.govt.nz](mailto:N.Rave@transport.govt.nz)>; Phoebe Moir <[P.Moir@transport.govt.nz](mailto:P.Moir@transport.govt.nz)>; Michael Machin <[M.Machin@transport.govt.nz](mailto:M.Machin@transport.govt.nz)>; Gayelene Wright <[g.wright@transport.govt.nz](mailto:g.wright@transport.govt.nz)>

**Subject:** FOR DOM: Clean Car Standard Amendment Bill cabinet paper and draft Bill

Hello Dom

Please find attached the LEG paper and draft Bill.

The LEG paper has been updated to get sign off on a couple of extra additions to the Bill, as flagged in our email to you on Monday. For convenience in the box below I have repeated what those are.

s 9(2)(h) These have been flagged in the Weekly Report, too. If the Minister is comfortable with them, consultation on the paper can begin on Monday as planned

We are working with PCO on finalising the Bill, s 9(2)(h)

Cheers,

Paul

Weekly report items to test the Minister's comfort on a number of minor changes being made to the Bill and that have been included in the LEG paper for sign off:

- Being able to charge a reasonable fee to cover administering payment of the user-pays fee,
- Allowing the Agency or the Director of Land Transport to decline to process car entry certification/car registration if the relevant fee has not been paid (this is similar to existing legislation in the Civil Aviation Act 2023)
- debt recovery on behalf of the Crown if fees aren't paid, and
- allowing penalties to be added in the case of late payment, similar to how the RUC system works.

**Paul Hawkes**

Senior Adviser 2<sup>nd</sup> Emissions Reduction Plan, s 9(2)(a)

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**From:** [Paul Hawkes](#)  
**To:** [Ministers Office](#)  
**Cc:** [Gayelene Wright](#); [Phoebe Moir](#); [Siobhan Routledge](#); [Natasha Rave](#); [Michael Machin](#); [Erin Wynne](#)  
**Subject:** FOR DOM: Land Transport (Clean Vehicle Standard) Amendment Bill - Cabinet Paper for lodgment  
**Date:** Wednesday, 15 May 2024 3:55:27 pm  
**Attachments:** 

Hi Dom,

Please find attached in PDF and Word format the Cabinet paper, departmental disclosure statement, legislative statement and the speaking points for LEG next week.

s 9(2)(h)

There are a few differences from the paper that we shared with you last week. These mainly relate to paragraph 10, detailing the regulations to enable cost recovery. None of the changes affect the overall direction or purpose of the Paper, they just reflect the Bill being tightened up by legal and PCO.

We've also strengthened paragraph 8 (relating to cost recovery) as per the Minister's feedback this morning.

s 9(2)(h)

s 9(2)(f)(iv), s 9(2)(h)

There is also a reference to how using a memorandum account to collect fees is similar to how RUC is processed, an inclusion that Treasury asked for to highlight that this approach is in line with other cost recovery mechanisms in the transport sector.

For LEG next week it'll be myself, Phoebe, and Gayelene.

Cheers,

Paul

**Paul Hawkes**

Senior Adviser, 2<sup>nd</sup> Emissions Reduction Plan, s 9(2)(a)

**Te Manatū Waka Ministry of Transport**

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## Cabinet Committee Background Information and Talking Points

**Cabinet Committee:** *Cabinet Legislation Committee (LEG)*

**Paper Title:** Land Transport (Clean Vehicle Standard) Amendment Bill

**Portfolio:** *Transport*

**Officials Attending:**

- *Phoebe Moir, Solicitor*
  - *Gayelene Wright, Principal Adviser*
  - *Paul Hawkes, Senior Advisor*
- 

**Background Information:**

- *On 15 April 2024, Cabinet agreed to amend the Land Transport Act 1998 to enable:*
  - *the 2025-2027 Standard carbon dioxide targets to be set by secondary legislation, and*
  - *fees to be set by secondary legislation to recover costs of administering the Standard.*

**Talking Points:**

- *I am seeking your approval of the Land Transport (Clean Vehicle Standard) Amendment Bill (the Bill) for introduction as part of the Budget Day urgency motion on 30 May 2024.*
- *The Bill introduces changes to the Clean Vehicle Standard (the Standard), which aims to encourage the supply of low and zero emission vehicle imports by charging importers for vehicles with high carbon dioxide emissions and giving credits for vehicles with low carbon dioxide emissions.*

**Targets for reducing carbon dioxide emissions:**

- *The Standard regulates importers to reduce carbon dioxide emissions to specific annual targets, which are currently set in the Land Transport Act 1998 for 2023-2027. This means that primary legislation is required to amend these targets.*
- *There is currently a review of the targets from 2025-2027 underway, which is part of a wider review of the Standard that aims to better realise the benefits of the Standard in reducing carbon dioxide emissions and lowering motoring costs.*

- *This Bill enables the carbon dioxide targets for vehicle importers to be set by regulations for the years from the end of 2024 onwards. This will streamline the implementation of Cabinet's decision on the Standard's targets and increase certainty for the vehicle industry.*

*Enabling a cost recovery scheme for the Standard:*

- *Administration of the Standard is currently funded by a Crown appropriation of \$11.8 million per year.*
- *The Bill introduces two new sections to the Land Transport Act 1998 which enable fees to be set through regulations to recover costs of administering the Standard.*
- *Consistent with Cabinet's agreement, I have made decisions on the enabling framework, though I intend for details such as the level of fees to be determined when regulations are made, in consultation with the vehicle industry.*
- *I also expect fees and charges to be set in accordance with usual principles and available guidance. This includes, for example, that cost recovery mechanisms will be set at the minimum level required to fund the Clean Vehicle Standard and will not contribute to other land transport purposes.*

*Compliance and consultation:*

- *I am not aware of any issues that have arisen regarding compliance or during consultation.*
- *I have consulted with both Act New Zealand and New Zealand First on this proposal.*

*Next steps:*

- *I propose that the Bill be introduced and passed through all stages on Budget night.*

**From:** Nick Paterson  
**To:** Dominic Cowell-Smith  
**Cc:** Siobhan Routledge; Paul O'Connell; Chris Nees; Gayelene Wright  
**Subject:** CCS - Ministry action from Officials  
**Date:** Friday, 21 June 2024 4:01:00 pm  
**Attachments:** Table explaining the changed CCS modelling - Final.docx  
image001.png  
image002.jpg

Hi Dom,

Following Officials earlier in the week please find attached an explanation of the changes to the modelling for the Clean Car Standard. We also have an action to get the updated Cabinet paper, CIPA, and RIS to you ahead of lodgement next Thursday (noting the timeline agreed below). I have put the deadline for this in the Weekly Report as Wednesday 26 June, but we actually have made most of the updates required to these documents they just need a final check and approval. Provided we get those approvals early in the week (including a review from the CIPA team at MFE) I am hoping to get these to you either on Monday or Tuesday.

Cheers

Nick

**Nick Paterson**

T: s 9(2)(a) E: [n.paterson@transport.govt.nz](mailto:n.paterson@transport.govt.nz) | [www.transport.govt.nz](http://www.transport.govt.nz)



---

**From:** Dominic Cowell-Smith <[Dominic.Cowell-Smith@parliament.govt.nz](mailto:Dominic.Cowell-Smith@parliament.govt.nz)>

**Sent:** Tuesday, June 18, 2024 10:24 AM

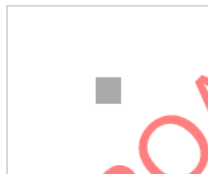
**To:** Nick Paterson <[N.Paterson@transport.govt.nz](mailto:N.Paterson@transport.govt.nz)>

**Subject:** RE: CCS papers

Hey Nick, no worries – the office is comfortable with the timeline proposed below

Cheers

Dom



**Dominic Cowell Smith**

Private Secretary (Transport) | Office of Hon Simeon Brown  
Minister of Transport | Minister for Auckland | Minister for Energy | Minister for Local Government

s 9(2)(a)

Email: [dominic.cowell-smith@parliament.govt.nz](mailto:dominic.cowell-smith@parliament.govt.nz) Website: [www.Beehive.govt.nz](http://www.Beehive.govt.nz)  
Private Bag 18041, Parliament Buildings, Wellington 6160, New Zealand

---

**From:** Nick Paterson <[N.Paterson@transport.govt.nz](mailto:N.Paterson@transport.govt.nz)>

**Sent:** Tuesday, June 18, 2024 10:23 AM

**To:** Dominic Cowell-Smith <[Dominic.Cowell-Smith@parliament.govt.nz](mailto:Dominic.Cowell-Smith@parliament.govt.nz)>

**Subject:** FW: CCS papers

Hi Dom,

Apologies, I meant to suggest a timeline of lodgement on 27 June (not 4 July), for consideration at Cabinet on 3 July. Can you please let me know if this timeline works.

Cheers

Nick

**Nick Paterson**

T: s 9(2)(a) | E: [n.paterson@transport.govt.nz](mailto:n.paterson@transport.govt.nz) | [www.transport.govt.nz](http://www.transport.govt.nz)

**From:** Nick Paterson

**Sent:** Monday, June 17, 2024 3:08 PM

**To:** Dominic Cowell-Smith <[Dominic.Cowell-Smith@parliament.govt.nz](mailto:Dominic.Cowell-Smith@parliament.govt.nz)>

**Cc:** Siobhan Routledge <[S.Routledge@transport.govt.nz](mailto:S.Routledge@transport.govt.nz)>; Chris Nees <[C.Nees@transport.govt.nz](mailto:C.Nees@transport.govt.nz)>; Joanne Leung <[j.leung@transport.govt.nz](mailto:j.leung@transport.govt.nz)>; Roselle Thoreau <[R.Thoreau@transport.govt.nz](mailto:R.Thoreau@transport.govt.nz)>; Gayelene Wright <[g.wright@transport.govt.nz](mailto:g.wright@transport.govt.nz)>

**Subject:** CCS papers

Hi Dom,

Following Officials we have had a chat with Siobhan. We will get the table the Minister asked for on the impacts of the CCS over to you asap this week.

With respect to the Cabinet paper, CIPA, and RIS, we think it would be best to move the lodgement date to 4 July. This will allow sufficient time to do a more through check of the modelling, have the CIPA updated and reviewed by MFE, and make the consequential changes to the RIS. Please let me know if the Office is comfortable with that timeline.

Cheers

Nick

**Nick Paterson** (he / his / Mr)

Manager – Environment

**Te Manatū Waka Ministry of Transport**

T: s 9(2)(a) | E: [n.paterson@transport.govt.nz](mailto:n.paterson@transport.govt.nz) | [www.transport.govt.nz](http://www.transport.govt.nz)

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## The Ministry's estimates of the gross emissions abatement from the Clean Car Standard have changed, leading to a better emissions impact than previously modelled

- Under our previous model for the Clean Car Standard (the Standard) we estimated gross CO<sub>2</sub>-e emission reductions of 4.1 – 5 megatonnes (Mt) to 2050. However, as per our earlier advice, it is unlikely that the current targets under the Standard could be achieved.
- When we applied the same modelling approach to assess the impact that the *proposed* target settings would have, we estimated a lower gross reduction from the Standard of 3.6–4.5 Mt CO<sub>2</sub>-e.
- We have since updated our modelling approach to reflect further information provided by the vehicle industry on their forward purchasing plans and global trends.
- Our new modelling finds that the current settings under the Standard would deliver around 10.1–10.8 Mt CO<sub>2</sub>-e emission reductions, noting that the current targets under the Standard are unlikely to be achieved. The *proposed* settings of the Standard, which are more achievable than current settings, are estimated to deliver 8.2–9.6 Mt CO<sub>2</sub>-e. This is a greater level of gross reductions than our original estimate of the Standard with its current settings.
- These changes in the gross CO<sub>2</sub>-e reduction estimates are set out in the following table.

Modelling	Projected gross emissions abatement for 2022–2050
Previous modelling <sup>1</sup> of the Standard with current settings	4.1–5 Mt CO <sub>2</sub> -e Targets under the Standard likely to be unachievable
Previous modelling of the Standard with proposed settings	3.6–4.5 Mt CO <sub>2</sub> -e Targets under the Standard more likely to be achievable
New modelling <sup>2</sup> of the Standard with current settings	10.1–10.8 Mt CO <sub>2</sub> -e Targets under the Standard likely to be unachievable
New modelling of the Standard with proposed settings	8.2–9.6 Mt CO <sub>2</sub> -e Targets under the Standard more likely to be achievable

- The bigger picture is that the difference between the emission reductions scenarios under the new modelling is very small (1.2-1.9Mt over 28 years) and therefore not material in the context of New Zealand's emissions budgets. They are also subject to significant uncertainty given the long time horizon for the modelling.

<sup>1</sup> For the projected gross emissions abatement, for the 'previous modelling', the lower end of the range represents our previous 'base case low emission vehicle uptake scenario' and the upper end of the range represent our previous 'fast low emission vehicle uptake scenario'.

<sup>2</sup> For the projected gross emissions abatement, for the 'new modelling', the lower end of the range is based on projected low emission vehicle uptake under a 'global trend scenario' and the upper end of the range is based on a projected low emission vehicle uptake under a 'industry view scenario'.

- From a net perspective, gross emissions are not relevant as these emissions are all covered by the NZETS and therefore must all be offset through the surrender of NZUs.

PROACTIVELY RELEASED BY  
TE MANATŪ WAKA MINISTRY OF TRANSPORT

**From:** [Nick Paterson](#)  
**To:** [Dominic Cowell-Smith](#)  
**Cc:** [Gayelene Wright](#); [Siobhan Routledge](#); [Phoebe Moir](#)  
**Subject:** Letter from Tesla - CCS Review - Legal Privilege  
**Date:** Monday, 24 June 2024 3:43:00 pm  
**Attachments:** [image002.png](#)  
[Tesla Submission - NZ Clean Car Standard Review.pdf](#)  
[image001.png](#)  
s 9(2)(ba)(i)

Hi Dom,

As you may be aware, the Ministry received the attached letter from Tesla on 13 June 2024. We have reviewed the letter and provide our responses to it below (including legal advice with respect to a matter raised in the letter). s 9(2)(ba)(i)

In the attached letter from Tesla, Tesla expresses its:

- opposition to any weakening of the Clean Car Standard's targets
- concern at the targeted consultation process for the review of the targets
- view that any weakening of the Clean Car Standard's targets risk being ultra vires.

We have considered the points Tesla raises for maintaining the current targets. In our view they do not change our advice that it is desirable to reset the targets because:

- the current CO2 targets are not considered achievable. They place New Zealand as a global leader in reducing vehicle CO2 emissions despite half the vehicles imported each year being used-imports, with old technology. For new vehicles, overseas vehicle manufacturers are highly unlikely to match our globally leading targets with the top priority for the supply of low and zero emission vehicles
- the targets for commercial vehicles are especially stringent, being the strictest globally in 2026 and 2027. The targets assume there are multiple models of electric utes available for consumers to buy. In reality BYD will be selling one model soon but it will take time before electric utes are well established in our market. The slow introduction of electric utes resulted in the 2023 target not being achieved and is why the 2024 target is not expected to be achieved
- if the current targets are kept, the Motor Industry Association expects that by 2027 65% of new vehicles will attract charges. If these charges are spread across all new vehicles this would lead to a per-vehicle price increase of around \$5,400. If they are spread across the vehicles that attracted the charges, the per-vehicle price rise would be around \$8,300
- vehicle supply could also be reduced as importers will likely be unable to source sufficient volumes of affordable low emission vehicles. In particular, the supply of used-EVs is significantly constrained. The VIA expect that over 2025–2027 at best 4,000–6,000 battery EVs could be sourced from Japan, this would only be around 5% of used-imports. It also considers it virtually impossible to source used-hybrid vehicles that meet the 2026 and 2027 target to compensate for the lack of used-EVs.

We are also satisfied that targeted consultation was appropriate due to the technical nature of the proposals and given that vehicle importers are most affected by any policy changes. It is in line with requirements under the Land Transport Act 1998 (the Act) that "In conducting the review, the Minister must consult such persons as the Minister considers appropriate."

The MIA, VIA, MTA are the key representatives of the New Zealand vehicle industry and the AA is the prime representative of New Zealand motorists.

Tesla also submit that any weakening of the Clean Car Standard's targets risk being ultra vires. Our legal team has considered this and their advice is as follows.

**[Legally Privileged]**



s 9(2)(h)

PORT

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s 9(2)(h)

Cheers

Nick

**Nick Paterson** ([he / his / Mr](#))

Manager – Environment

**Te Manatū Waka Ministry of Transport**

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PROACTIVELY RELEASED BY  
TE MANATŪ WAKA MINISTRY OF TRANSPORT

13 June 2024

**RE: Tesla response to the review of the Clean Car Standard**

The following is a submission by Tesla on the Ministry of Transport's review of the Clean Car Standard, carried out in accordance with s175A of the Land Transport Act. We are aware that the Minister of Transport has only invited submissions from four handpicked organisations, but we hope that the Ministry will nonetheless take on board the information in this submission, and any other submissions from those the Minister has not formally invited comment from.

Tesla is the world's largest producer of electric vehicles, and the largest supplier of new electric vehicles to the New Zealand market. Our mission is to accelerate the world's transition to sustainable energy, which we are achieving by producing highly efficient vehicles that are less costly to operate than their fossil fuelled peers. In 2023, our Model Y was the best-selling vehicle in the world.

Our position at the forefront of the electric vehicle transition gives us insight into policies and market dynamics in numerous countries. A key observation is that, while the total cost of ownership of EVs is now lower than fossil fuel vehicles, the initial higher upfront cost remains a significant barrier for many buyers and government policy regarding purchase cost strongly influences the pace of EV adoption.

**Tesla strongly opposes any weakening of the Clean Car Standard.** The removal of the Clean Car Discount has set back the environmental and financial health of New Zealand, locking in higher emissions and higher fuel bills for decades to come. That experience should be proof that the transition to sustainable transport is not yet a foregone conclusion, particularly the pace at which it occurs in individual countries. Governments still need to set supportive policy settings if they want to reduce their emissions and reduce their dependency on expensive oil imports.

The Clean Car Standard is having an influence in holding emissions of vehicle imports lower than they would otherwise be, and its influence will grow if the targets reduce as planned in coming years. Conversely, if the Clean Car Standard is weakened or frozen at current levels, then the emissions costs and financial burden of cancelling the Clean Car Discount will grow even further. It also appears likely that any weakening of the Clean Car Standard via regulation under 167C(1)(j)(iv) of the Land Transport Act (once the current targets have been deleted from the Act by the Government's Land Transport (Clean Vehicle Standard) Amendment Bill) will fail the test under 167C(3)(c) and could be ultra vires.

Further details are provided in the response that follows, and we welcome ongoing engagement with the Ministry on this key issue, alongside sustainable energy and transport policies and development opportunities more broadly.

Kind regards,

Thom Drew

Country Director  
Tesla New Zealand ULC

### Comments on the conduct of this review

The Clean Car Standard is an important determinant of the shape of New Zealand's future light vehicle fleet, which were subject to years of public consultation when they were created. All stakeholders should have the opportunity to contribute to decisions on the future of the policy, not just handpicked allies of the current Government. Therefore, we are disappointed that Minister Brown has instructed the Ministry of Transport to only seek feedback on this review from the MIA, MTA, VIA, and AA. This list excludes any stakeholders who advocate for sustainable transport and includes groups who have strongly campaigned against the Clean Car Standard and Clean Car Discount.

It is also disappointing that the Minister has failed to give any public indications of the detailed plans to weaken the Clean Car Standard. Instead, stakeholders are forced to rely on rumours.

Proper consultation requires proper input from the public and all stakeholders, not just supportive ones. The Clean Car Discount was repealed under Urgency with no pre-legislative consultation and no select committee, and the Government intends to similarly pass the Land Transport (Clean Vehicle Standard) Amendment Bill under Urgency and with no opportunity for public input.

We hope that this is only a preliminary consultation and that, before any actual changes to the targets are made, those changes will be subject to full public consultation and accompanied by a discussion document for stakeholders to engage with.

### Good policy matters

We are aware of comments from Prime Minister Luxon and other government figures that electric transport is a "solved problem" and that the Emissions Trading Scheme alone will be sufficient to drive the transition to sustainable transport. These beliefs are incorrect.

While Tesla and others have succeeded in bringing zero emissions EVs to market and making them competitive, most vehicles produced and bought today are still fossil-fuelled. While, eventually, we expect all vehicle production to move to zero emissions solution, the vehicle that is imported today will be in the fleet for 20 or more years to come, so today's decisions on whether to import clean or polluting vehicles will impact a country for decades to come. The pathway to sustainable transport is clear but the policies of today determine how long it will take for countries to benefit from the change.

Relying on the price signal from the ETS alone is manifestly insufficient. This year, the ETS cost per litre of regular petrol in New Zealand has averaged 14c. That is only 5% of the average price of regular petrol and less than the 26c variation in the price of a litre of regular petrol seen so far this year through changes in factors such as the international price and the exchange rate. While we are aware that the Climate Change Commission recommends alterations to the ETS auction volumes and price settings with the goal of doubling or tripling the price of carbon credits by later this decade, we are sceptical as to whether those recommendations will be adopted by the Government, given the cost it will create across the economy. Even if adopted, the carbon cost will still be a small factor in the general variability of petrol prices.

The countries that are the most successful in transitioning to sustainable transport are those with policies that lessen the upfront cost. These countries reap the rewards through lower pollution, lower carbon emissions, the establishment of a second-hand market for EVs, and reduced cost of oil imports, which will be realised over the lifetime of the vehicle. Those countries that are lagging in the transition to EVs are locking themselves into decades more pollution, emissions, and expenditure on oil imports.

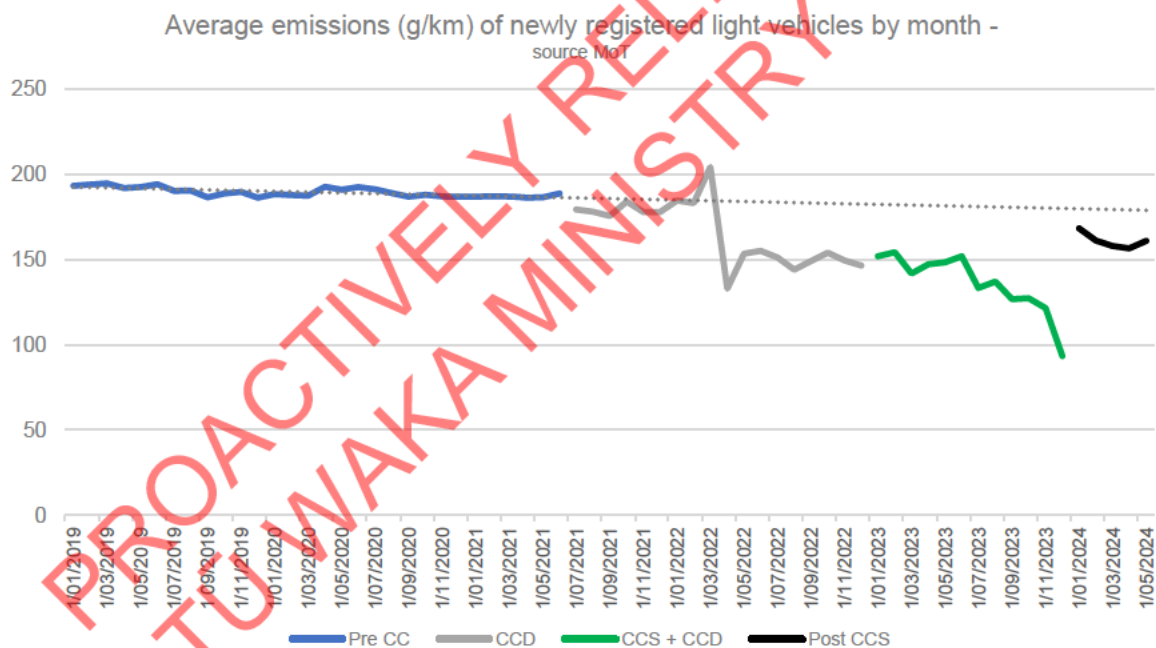
Minister Brown has defended the removal of the Clean Car Discount and plans to weaken the Clean Car Standard on the grounds that transport is on course to achieve its emissions targets under the first New Zealand emissions budget. This is disingenuous - that success is only the result of the Clean Car Discount and Clean Car Standard, and achieving the targets for subsequent emissions budgets is dependent on policies driving further

reductions in average emissions. Every high emissions vehicle imported now will make meeting future emissions budgets harder.

## Average emissions of newly registered light vehicles under different policy settings

It is easy to claim that the rapid decrease in average emissions and adoption of EVs that New Zealand witnessed in recent years was due to a global shift, rather than domestic policy. The data, however, shows this is clearly not the case. Prior to the Clean Car policies, New Zealand's newly registered vehicles were some of the most polluting in the world. The introduction of those policies saw average emissions drop sharply, bringing New Zealand closer to other countries.

Policy regime	Average emissions	Trend during period	Average emissions May 2024 on trend
Jan 2019 to June 2021, pre-Clean Car	189g/km	Decreasing 2.6g/km per year	179 g/km
Clean Car Discount, July 2021 to December 2022	165g/km	Decreasing 30g/km per year	101g/km
Clean Car Discount + Clean Car Standard, January 2023 to December 2023	136g/km	Decreasing 50g/km per year	92g/km
Clean Car Standard only, January 2024 to May 2024	161g/km	Decreasing 28g/km per year	161g/km



**Removing the Clean Car Discount has been an environmental and financial disaster for New Zealand.** In a few short months, New Zealand has moved from being an international leader in transitioning its light vehicle fleet to sustainable energy to becoming a laggard. That is locking in increased future bills for fuel imports and increasing the cost of meeting climate goals by other means.

The introduction of the Clean Car Discount and Clean Car Standard drove a rapid decrease in the average emissions of newly registered light vehicles. Prior to their introduction, average emissions were 189g/km, decreasing at 2.6g/km per year. For the year both policies were in place, emissions averaged 136g/km and exhibited a strong downwards trend. 49% of newly registered light vehicles were low emissions, with 10% being full battery electric.

Average emissions reached a record low of 93g/km in December 2023, a 51% decrease from June 2021, including a decrease of 37% over the year in which both the Clean Car Discount and Clean Car Standard were in effect.

Since the removal of the Clean Car Discount, the average emissions of newly registered light vehicles in the first five months of 2024 have shot up to 161g/km, 69g/km higher compared to the previous trendline. EVs have shrunk to 2% of sales. This is a far worse outcome than was expected by official modelling when the Clean Car Discount was removed.

This is an environmental and financial disaster for New Zealand. With 250,000 light vehicles imported per year, with an average future life of approximately 20 years and 10,000km driven per year, a 69g/km increase in average emissions works out to an extra 3.5 megatons of emissions from a year's vehicle imports over their lifetime, and an extra 1.5 billion litres of petrol that New Zealand needs to import. The extra fuel cost alone is in the billions of dollars, with the extra cost of having a higher domestic carbon price, subsidising domestic offsets, or purchasing international credits in the hundreds of millions. That is from a single year of higher emissions imports. Every year without effective transport electrification policy, imports of higher emissions vehicles will compound those costs.

The size of the jump in average emissions since the removal of the Clean Car Discount has clearly surprised the Government – it is far worse than officials expected. This only goes to show that the transition to sustainable transport is not a done deal. Governments need to continue to implement wise policies, rather than expect the problem of vehicle emissions to take care of itself.

## **Weakening the Clean Car Standard would push New Zealand further behind**

The surge in average emissions of newly registered vehicles since the removal of the Clean Car Discount, means New Zealand is now missing the Clean Car Standard target for 2024. However, average emissions are still 18g/km below the pre-Clean Car trend, and the CURRENT trend remains downward, albeit at a reduced rate. This suggests both behavioural change and that the Clean Car Standard is still having an impact in reducing emissions, even without the Clean Car Discount.

The Clean Car Standard is designed to have a variable impact on vehicle costs: insignificant for vehicles that are near the target but growing the further above the target vehicles go. This is an effective tool to drive purchasing decisions towards the target level, without imposing large costs when that target is in reach. As such, we expect that as the targets tighten in coming years, the Clean Car Standard will become increasingly more effective at driving down emissions as the cost to high emissions vehicles increases.

However, if the Clean Car Standard is weakened, this price signal to import and buy lower emissions vehicles will be weakened. For example, if the target is frozen, we would expect the underlying decrease in emissions to bring the average down to the 2024 target within one or two years, at which point the Clean Car Standard would cease to have any overall price impact and will become ineffective as a decarbonisation tool.

The Clean Car Standard is the only remaining policy that will drive significant decarbonisation. It is currently having an effect in keeping average emissions lower than they would otherwise be. As the targets reduce in coming years, the Clean Car Standard will be a powerful incentive for importers to reduce the average emissions of the vehicles they import in line with those targets. Neutering it at the request of those who benefit from importing high emissions vehicles will only serve to lock in higher fuel imports for decades to come and make it harder for New Zealand to meet its climate targets.

## **International comparisons**

An argument put forward by stakeholders who want to weaken the Clean Car Standard - ie. importers of high emissions vehicles and their industry groups – is that future Clean Car Standard targets are too ambitious and out of step with the rest of the world.

This claim is false and outdated. As shown by the following graphs from the International Council on Clean Transportation, New Zealand's targets are within the ranges of other countries, particularly for light passenger vehicles. Only in 2026 and 2027, do New Zealand's targets for light commercial vehicles pull significantly ahead of other countries (note, figures are in NEDC, whereas New Zealand uses the WLTP testing standard).

At most, the international comparison suggests that the commercial vehicle target for 2026 and 2027 could be eased to adhere to the international mainstream. There is no case for weakening light passenger vehicle targets based on international comparisons.



Figure 1. Passenger car CO<sub>2</sub> emissions, normalized to NEDC.

Source: International Council on Clean Transportation





Figure 2. Light commercial vehicle CO2 emissions, normalized to NEDC.

### Legal barriers to weakening the Clean Car Standard

It is apparent that Land Transport (Clean Vehicle Standard) Amendment Bill currently before Parliament is intended to allow the Minister of Transport to weaken the Clean Car Standard targets for 2025 and beyond. It would repeal the 2025 to 2027 targets currently set in the statute and give the Minister the power to set those targets by regulation, whereas currently only targets beyond 2027 can be set by regulation.

However, the Minister does not have free rein to set the Clean Car Standard targets at any level he chooses. S167C(3)(c) specifies the Minister must be satisfied:

- (i) that the targets are set at an appropriate level to increase the supply of zero- and low-emission vehicles in the market; and
- (ii) that the targets are consistent with transport-specific policies and strategies set out in the emissions reduction plan made under section 5ZG of the Climate Change Response Act 2002 for meeting the emissions budget set under that Act.

Regarding paragraph (i) - Weakening the Clean Car Standard targets will not increase the supply of zero- and low-emissions vehicles in the New Zealand market. The EV market in New Zealand now is too small to encourage importers to bring more vehicles and new models to market. The Clean Car Standard's current targets will drive increased supply in coming years as those targets fall. Weakening those targets can only serve to decrease supply compared to the status quo.

Regarding paragraph (ii) - Weakening the targets is also inconsistent with the First Emissions Reduction Plan, which includes a target to Increase zero-emissions vehicles to 30 per cent of the light fleet by 2035. The current Clean Car Standard targets are the only policy that gives even a slim chance of meeting that goal. Weakening the Clean Car Standard would, therefore, not be consistent with the transport-specific policies and strategies set out in the emissions reduction plan.

Any weakening of the Clean Car Discount by regulation, therefore, risks being *ultra vires*.

**From:** [Nick Paterson](#)  
**To:** [Dominic Cowell-Smith](#)  
**Subject:** FW: [IN-CONFIDENCE]Update on Cabinet paper on the review of the Clean Car Importer Standard  
**Date:** Thursday, 27 June 2024 3:31:00 pm  
**Attachments:** [image002.png](#)  
[image003.png](#)

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FYI, my response to MFE as discussed.

Cheers

Nick

**Nick Paterson**

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**From:** Nick Paterson

**Sent:** Thursday, June 27, 2024 3:29 PM

**To:** Arek Wojasz <[Arek.Wojasz@mfe.govt.nz](mailto:Arek.Wojasz@mfe.govt.nz)>

**Cc:** Gayelene Wright <[g.wright@transport.govt.nz](mailto:g.wright@transport.govt.nz)>; Chris Nees <[C.Nees@transport.govt.nz](mailto:C.Nees@transport.govt.nz)>; Patricia Parre <[Patricia.Parre@mfe.govt.nz](mailto:Patricia.Parre@mfe.govt.nz)>; Simon Mandal-Johnson <[Simon.Mandal-Johnson@mfe.govt.nz](mailto:Simon.Mandal-Johnson@mfe.govt.nz)>

**Subject:** RE: [IN-CONFIDENCE]Update on Cabinet paper on the review of the Clean Car Importer Standard

Hi Arek,

As discussed the papers were lodged yesterday so I think it would be quite difficult to amend them. I have also attached the RIS and the CIPA (which is at the end of the Cabinet paper) to help explain the change in modelling (see paras 72-75 of the RIS). Our view is the overall impact from the change of modelling for EB2 and EB3 is positive rather than negative (as the modelled abatement on gross emissions is now higher).

Additionally, we note the difference, under the new modelling, between the status quo and the updated targets is very marginal at 1.2–1.9 megatonnes (Mt) CO<sub>2</sub>-e over 28 years, corresponding to 257–318 kilotonnes CO<sub>2</sub>-e over Emissions Budget 2, and 379-572 kilotonnes CO<sub>2</sub>-e over Emissions Budget 3. I think the modelled impact on gross emissions is less than 0.1% for EB2 and 0.2% for EB3.

I have discussed this with the Minister's Office. If you are still concerned about the wording in the Cab paper (after reviewing the attached documents), our suggestion would be for you to raise this with Minister Watts' Office. Minister Watts can then raise this at Cabinet if he wishes.

Cheers

Nick

**Nick Paterson**

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**From:** Arek Wojasz <[Arek.Wojasz@mfe.govt.nz](mailto:Arek.Wojasz@mfe.govt.nz)>  
**Sent:** Thursday, June 27, 2024 2:37 PM  
**To:** Nick Paterson <[N.Paterson@transport.govt.nz](mailto:N.Paterson@transport.govt.nz)>  
**Cc:** Patricia Parre <[Patricia.Parre@mfe.govt.nz](mailto:Patricia.Parre@mfe.govt.nz)>; Simon Mandal-Johnson <[Simon.Mandal-Johnson@mfe.govt.nz](mailto:Simon.Mandal-Johnson@mfe.govt.nz)>; Gayelene Wright <[g.wright@transport.govt.nz](mailto:g.wright@transport.govt.nz)>  
**Subject:** RE: [IN-CONFIDENCE]Update on Cabinet paper on the review of the Clean Car Importer Standard  
**Importance:** High

Hi Nick,

Gayelene asked me to forward this on to you in the hopes that you can help us change our agency comment in the Clean Car Standard paper.

Will it be possible to make that change? You can contact me at s 9(2)(a) to discuss if necessary.

All the best,

**Arek Wojasz**

*Senior Advisor*

*Climate Strategy | Rautaki Ahuarangi*

Ministry for the Environment | Manatū Mō Te Taiao

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**From:** Arek Wojasz  
**Sent:** Thursday, June 27, 2024 12:21 PM  
**To:** Gayelene Wright <[g.wright@transport.govt.nz](mailto:g.wright@transport.govt.nz)>  
**Cc:** Patricia Parre <[Patricia.Parre@mfe.govt.nz](mailto:Patricia.Parre@mfe.govt.nz)>; Simon Mandal-Johnson <[Simon.Mandal-Johnson@mfe.govt.nz](mailto:Simon.Mandal-Johnson@mfe.govt.nz)>

**Subject:** RE: [IN-CONFIDENCE]Update on Cabinet paper on the review of the Clean Car Importer Standard

**Importance:** High

Hi Gayelene,

I just tried ringing you to discuss the updated Cab Paper. With the updated modelling, our agency comment is no longer accurate and needs to be updated. Can you make sure that the MfE agency comment is updated to the below text?

- 1 MfE's view is that this paper would have benefited from considering additional options that could better balance the impact on consumers and ambition for emissions reduction. This could include options to support industry to meet existing targets, options to adjust the level of charges for exceeding targets, and options for more moderate reductions in targets. Substantially reducing ambition from short-term targets should not be the only option considered in response to missing those targets.
- 2 MfE also considers the analysis of the impacts of the proposed changes on the mix of vehicle imports and related emissions to miss an important nuance. The climate impacts section relies on the ETS 'waterbed effect', but the impact of the waterbed effect may be delayed making the achievement of specific emissions budgets more challenging. MfE views that the proposed changes will make achieving emissions budgets two and three materially more difficult, in a context where meeting those budgets is already challenging. We note that the emissions impacts have been incorporated into wider discussions around sufficiency risks for emissions budget two through the development of the second emissions reduction plan discussion document.

Cheers,

Arek

---

**From:** Gayelene Wright <[g.wright@transport.govt.nz](mailto:g.wright@transport.govt.nz)>

**Sent:** Wednesday, June 26, 2024 3:19 PM

**To:** Arek Wojasz <[Arek.Wojasz@mfe.govt.nz](mailto:Arek.Wojasz@mfe.govt.nz)>

**Cc:** Patricia Parre <[Patricia.Parre@mfe.govt.nz](mailto:Patricia.Parre@mfe.govt.nz)>

**Subject:** RE: [IN-CONFIDENCE]Update on Cabinet paper on the review of the Clean Car Importer Standard

Hi Arek

Hope you are doing well too.

Our paper was delayed because the Ministry updated its modelling. I've attached the cab paper

Cheers Gayelene

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**From:** Arek Wojasz <[Arek.Wojasz@mfe.govt.nz](mailto:Arek.Wojasz@mfe.govt.nz)>

**Sent:** Wednesday, June 26, 2024 2:59 PM

**To:** Gayelene Wright <[g.wright@transport.govt.nz](mailto:g.wright@transport.govt.nz)>

**Cc:** Patricia Parre <[Patricia.Parre@mfe.govt.nz](mailto:Patricia.Parre@mfe.govt.nz)>

**Subject:** [IN-CONFIDENCE]Update on Cabinet paper on the review of the Clean Car Importer Standard

Hi Gayelene,

I hope you're doing well. We noticed that the Clean Car Importer Standard paper is on the agenda for CBC next week, but we understood that it was supposed to go to ECO last week. Is that right? Was there a particular reasoning for the delay of the paper? Has there been any major changes since we last saw it?

All the best,

**Arek Wojasz**

*Senior Advisor*

*Climate Strategy | Rautaki Āhuarangi*

Ministry for the Environment | Manatū Mō Te Taiao



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**MINISTRY OF TRANSPORT**

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