



## Cabinet Committee Background Information and Talking Points

**Cabinet Committee:** *Environment, Energy and Climate Committee*

**Paper Title:** *Finalising 2022 clean vehicle programme details*

**Portfolio:** *Transport, and Energy and Resources*

**Officials Attending:**

- *Ewan Delany, Manager, Environment, Emissions and Adaptation, Ministry of Transport*
- *Sigurd Magnusson, Senior Adviser, Environment, Emissions and Adaptation, Ministry of Transport*
- *Suzannah Toulmin, Manager, Energy Markets Policy, Ministry of Business, Immigration and Employment*
- *Rosalinda Pierce, Adviser, Energy Markets Policy, Ministry of Business, Immigration and Employment*

---

**Background Information:**

- Cabinet agreed to introduce a Clean Car Standard (the Standard) in January this year and a Clean Car Discount (the Discount) in April. The Discount began on 1 July 2021 with rebates being given to electric and plug-in hybrid vehicles. Legislative change is needed to fully enact the full Discount scheme, allowing for charges for high emitting vehicles.
- The Discount is helping new and used car buyers overcome the higher upfront cost of low-emission vehicles compared to internal combustion engine vehicles. The Discount will complement the Clean Car Standard, which regulates the supply of low-emission vehicles, while the Discount will encourage demand for zero or low-emission vehicles.
- This paper seeks decisions on some final details of the Discount scheme and drafting of Land Transport (Clean Vehicles) Amendment Bill (the Clean Vehicles Bill) and associated rule and regulations.

**Executive Summary**

- The Government introduced the Clean Vehicles Bill to the House on 8 September 2021. The Clean Vehicles Bill advances this Government's work on rapidly decarbonising New Zealand's light vehicle fleet.
- The Bill provides for policies that act on the supply and demand of new and used light vehicles imported into New Zealand, to lower overall carbon dioxide emissions (CO<sub>2</sub>) over time.

***I am proposing to retain the in-principally agreed rebate and charge levels for 2022***

- In May 2021, Cabinet agreed in principle to the dollar amounts that would apply to the rebates and charges in the complete Discount scheme, and these have been socialised with industry and the public. The record increases in EV sales since July 2021, together with the positive response to the Discount scheme supports adopting the planned 2022 figures without change.

***Utes need to remain as part of the Discount scheme***

- While some industry sectors have recommended that utes be removed from the Discount scheme, I consider they feature very strongly in our decarbonisation goals and should be kept in.

***The full Discount scheme is now expected to start in April 2022***

- Delays to introducing the Clean Vehicles Bill due to the recent COVID-19 Delta outbreak mean that the complete Discount scheme is now expected to commence in April 2022 rather than January 2022 as originally announced.
- I issued a press release about the new timing on 21 September 2021. The current rebates for EVs and PHEVs will continue unchanged until the complete Discount scheme commences.

[REDACTED]

Under active consideration

- [REDACTED]
- [REDACTED]

***I recommend that the Clean Vehicles Bill be amended to empower rules***

- The Clean Vehicles Bill provides for amendments to the Land Transport Act 1998 to empower regulations concerning the manner in which CO<sub>2</sub> emissions of vehicles must be determined. This includes determining CO<sub>2</sub> emissions where insufficient data is available and to prescribe formulas for the purposes of converting CO<sub>2</sub> emissions calculated using one testing cycle to another testing cycle. I recommend that the Clean Vehicles Bill be amended to empower rules for these purposes.
- The Land Transport Rule: Fuel Consumption Information 2008 (FCI Rule) is the current legislative vehicle used to capture CO<sub>2</sub> emissions data. Changes need to be made to the FCI Rule to require vehicle importers to provide accurate CO<sub>2</sub> information, make conversions between different test cycles and provide other data to support the complete Discount scheme.

***I seek Cabinet confirmation of a number of minor technical changes to the Clean Vehicles Bill***

- I also seek that Cabinet agree to delay a previously agreed plan for importers to provide more accurate emissions testing information from January 2022 by two more years to January 2024.

- Many of these matters were discussed on 15 October 2021 at a Climate Response Ministerial Group (CRMG) meeting, and its discussions and recommendations are reflected in this paper.

***Cabinet has also agreed for labelling to be updated to at point-of-purchase for consumers***

- Cabinet has also agreed to make the following information regarding the Clean Car Standard and Clean Car Discount visible to consumers at the point-of-purchase through clear labelling on the vehicle, and through electronic labelling if the vehicle is advertised online [CAB-21-MIN-0128.01 refers]:
  - a vehicle's CO<sub>2</sub> emissions in grams per kilometres,
  - a star rating (for the CO<sub>2</sub> emissions), and
  - the monetary amount of any rebates or fees/charges.
- To implement Cabinet's decision, Ministers Woods and I are also seeking Cabinet's approval to release the discussion document 'Options for providing Clean Vehicle information to consumers'. It presents the preferred option of amending the existing vehicle fuel economy labelling scheme to include information about vehicle emissions and any rebates or charges associated with those emissions at point-of-purchase.
- The Minister of Energy and Resources intends to have a minimum four week period of public consultation pending your approval to release the discussion document.

PROACTIVELY RELEASED BY THE MINISTRY OF TRANSPORT  
TE MANATŪ WAKA THE MINISTRY OF TRANSPORT