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MINISTRY OF TRANSPORT

Proactive Release

These documents are 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.

Section	Description of ground
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 (i) the Government of any other country or any agency of such a Government; or (ii) any international organisation
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)

#	Title	Date
1	Clean Vehicle Discount – Introductory discussion on charge/rebate settings - Powerpoint 1	2-Sep-22
2	Clean Vehicle Discount – Introductory discussion on charge/rebate settings - Powerpoint 2	2-Sep-22
3	OC221115 Crown grant for the Clean Car Discount Fund - Briefing - Policy	18-Jan-23
4	OC220603 Clean Car Discount - Review and Recommendations Regarding Scheme Settings - Briefing	2-Feb-23
5	OC230139 Clean Car Discount - Further analysis and draft cabinet paper - Briefing	1-Mar-23
6	OC230139 Clean Car Discount - Further analysis and draft cabinet paper - Schedule Calculator.xls	1-Mar-23
7	Budget 2023 - CCD Increased Crown grant - for CFISnet - 01.03.2023	1-Mar-23
8	Ute emission analysis	10-Mar-23
9	Ute emission analysis (updated)	22-Mar-23
10	CCD Schedule Calculator - potential options and top 40 vehicles - 23.03.2023	23-Mar-23
11	Clean Car Discount - Changes to Manage High Uptake of the Scheme - Cabinet Paper (DEV - Paper)	5-Apr-23
12	Clean Car Discount - Changes to Manage High Uptake of the Scheme - Cabinet Paper (Talking Points)	5-Apr-23
13	Clean Car Discount - Changes to Manage High Uptake of the Scheme - Cabinet Paper (DEV - Minute)	5-Apr-23
14	Clean Car Discount - Changes to Manage High Uptake of the Scheme - Cabinet Paper (CAB - Minute)	6-Apr-23
15	OC230331 Clean Car Discount Changes - Clean Vehicle Standard and Clean Vehicle Discount Scheme Charges Amendment Regulations 2023	26-Apr-23
16	Clean Car Discount Updates - Clean Vehicle Standard and Clean Vehicle Discount Scheme Charges Amendment Regulations 2023 (LEG - Paper)	12-May-23
17	Aide Memoire to Associate Minister of Transport Kiritapu Allan	15-May-23
18	Clean Car Discount Updates - Clean Vehicle Standard and Clean Vehicle Discount Scheme Charges Amendment Regulations 2023 (Talking Points)	12-May-23
19	Clean Car Discount Updates - Clean Vehicle Standard and Clean Vehicle Discount Scheme Charges Amendment Regulations 2023 (LEG - Minute)	18-May-23
20	Clean Car Discount Updates - Clean Vehicle Standard and Clean Vehicle Discount Scheme Charges Amendment Regulations 2023 (CAB - Minute)	22-May-23

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Clean Vehicle Discount

Introductory discussion on fee/rebate settings

2 Sept 2022

IN CONFIDENCE

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Background:

- Due to a more rapid shift towards low emission vehicles than forecast, rebate payments are exceeding income from fees
  - CBA assumed ~5% BEV+PHEV share in new passenger + commercial vehicle market in 2022. We are tracking 12.5% YTD.
  - Disincentive for high-emission vehicles stronger than expected. Rising fuel prices may have aided.
- April-August 2022 average is close to $6M/month deficit.
- Close to $200M funding remains; adjustment is important but not yet urgent.

Initial feedback sought on:

- Openness to changing thresholds for rebates and fees as well as the level of these. Preferred notice period to market and timing of changes.

Next steps:

- Complete review of Discount settings
- Consider amending fee/rebate thresholds and level of fee/rebate. Repeat process every 1-2 years as sales mix changes.

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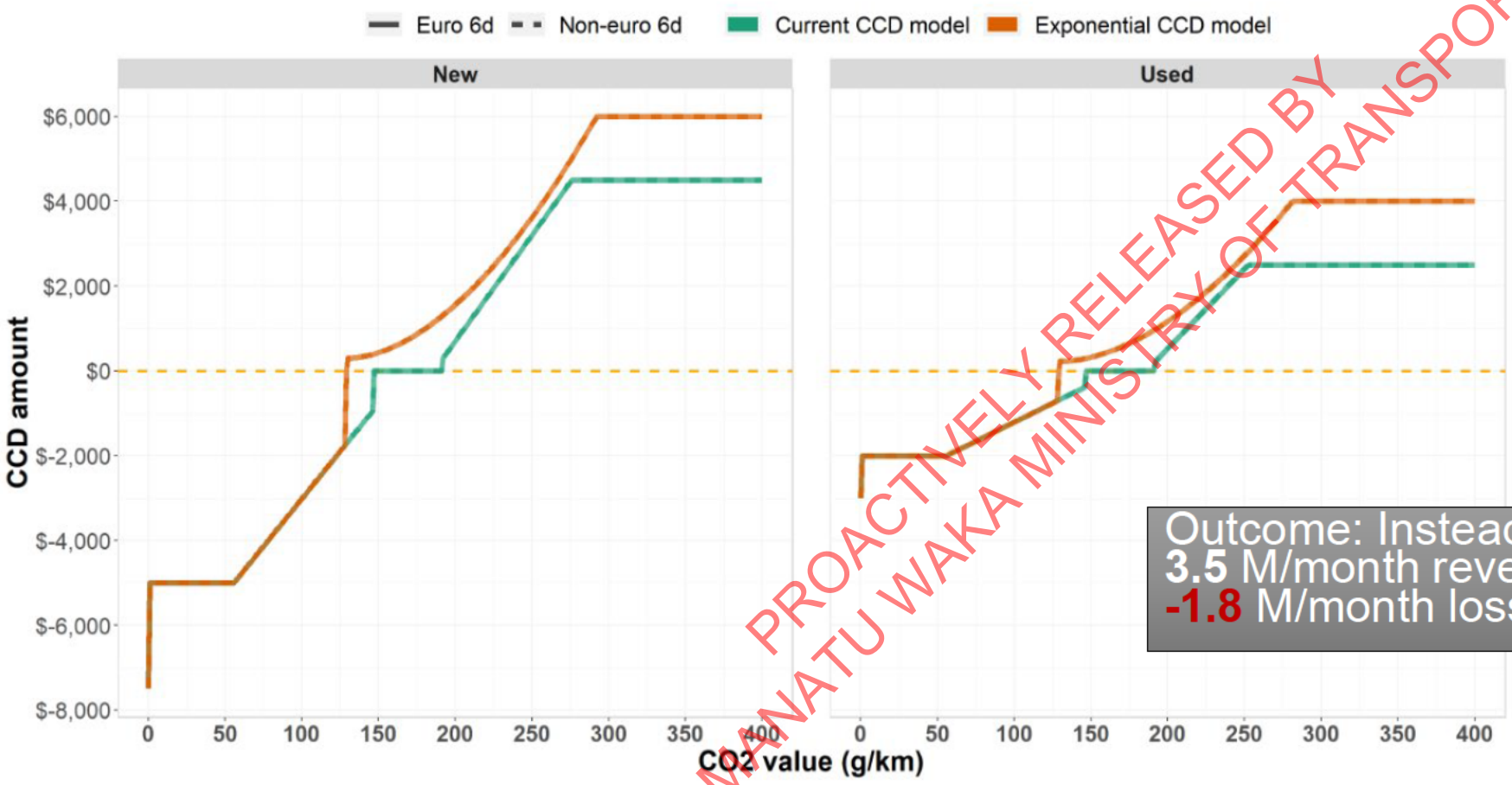
Initial analysis of market trends and opportunities

- **The Standard target for 2024 is stricter than current point of rebate eligibility**. Consider lowering rebate CO2 eligibility to bring these in sync.
- **Used hybrids roughly match used petrol imports**. Not viable to continue to subsidise them and begs question whether rebates necessary; could be more focussed?
- **About 30% of vehicle sales don't attract a charge nor a rebate**. This 'zero band' could be reduced.
- **Very few used EVs registrations**; consider increasing rebates, especially for 'young' used EVs.
- **New EV registrations growing fast**. Cost premium for these remains significant, and with RUC exemption ending in 2024, retaining current rebate levels preferable to reinforce market position.
- **Ute sales are recovering** (1500 in May/June, 2500 August, historically often 3000-4000 per month); new normal difficult to determine yet.
- **Average van emissions have dropped** 5-10% since April
- **Ute emissions remain unchanged** and high (240g). Charges could be raised above this 240g average to incentivise more efficient utes?
- **Euro6d vehicles being adopted slowly**; incentivise health benefits through preferential pricing?

Raising charges would likely be revenue positive until ~early 2024.

Preliminary analysis

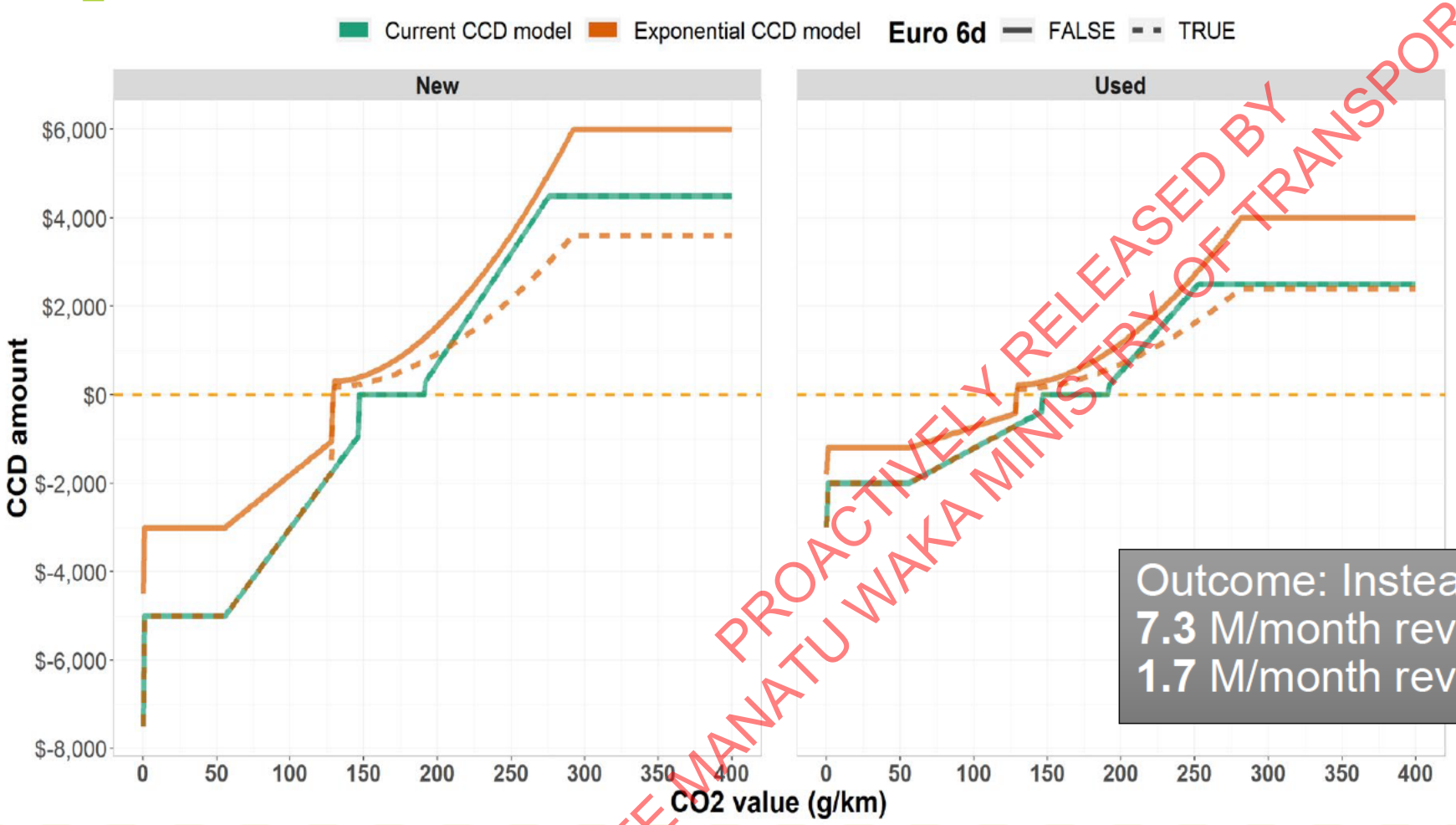


- Rebates unchanged
- Charges cover more of market, using a curve.

Outcome: Instead of loss making;
3.5 M/month revenue with current sales mix
-1.8 M/month loss with future sales mix

Incentivising Euro 6d could also enable positive revenues for longer

Preliminary analysis

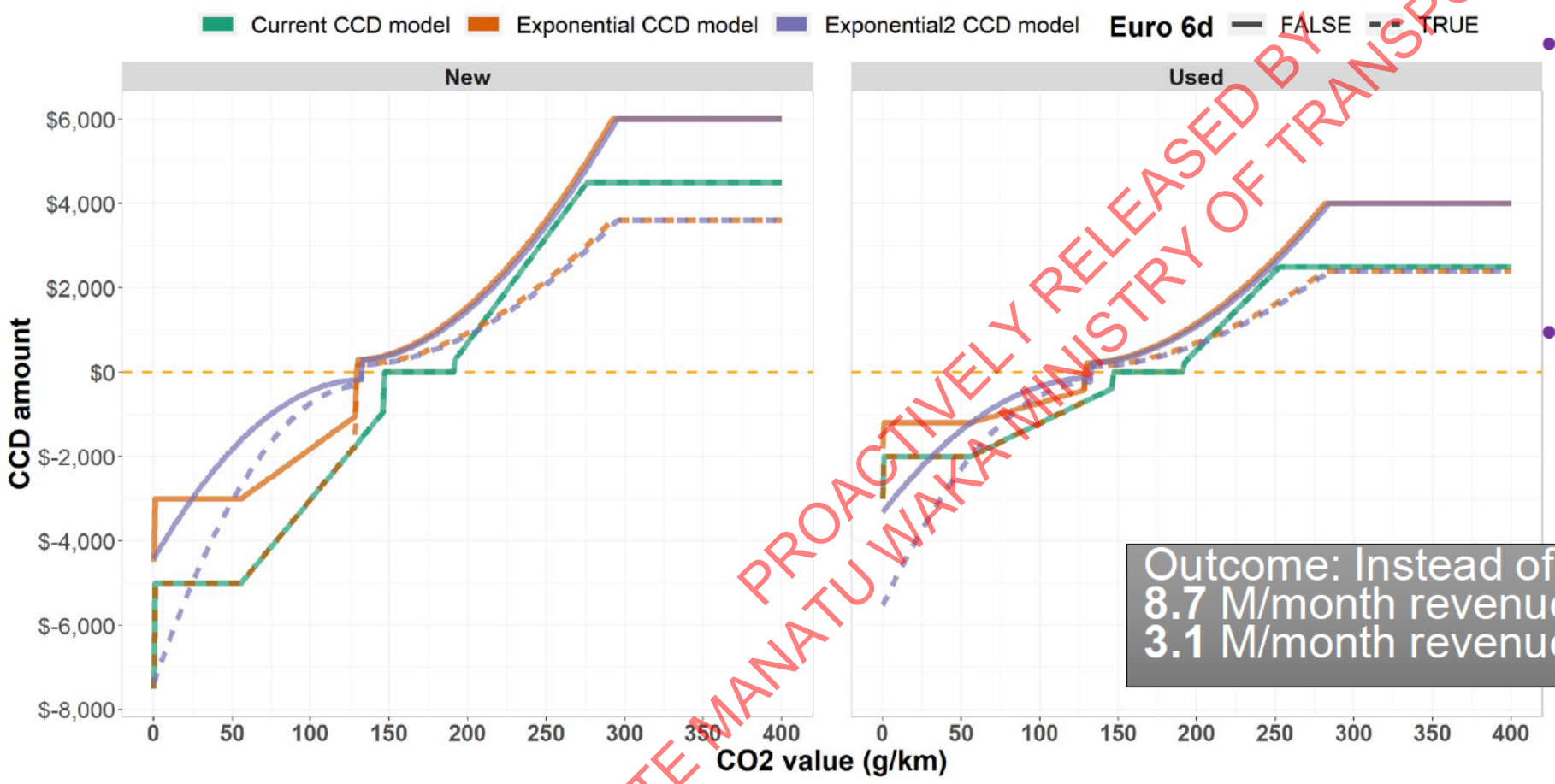


- Rebates reduced if *not* Euro6 (BEVs unchanged)
- Charges reduced if *is* Euro6d. (Euro6 ute charged less than ute today.)

Outcome: Instead of loss making;
7.3 M/month revenue with current sales mix
1.7 M/month revenue with future sales mix

Option for rebates to follow curve (various options available)

Preliminary analysis



- Changing rebates to curve shape could encourage lower CO_2 vehicles being selected (purple line)
- Can experiment with different curve rates to achieve goals sought.

Outcome: Instead of loss making;
8.7 M/month revenue with current sales mix
3.1 M/month revenue with future threshold

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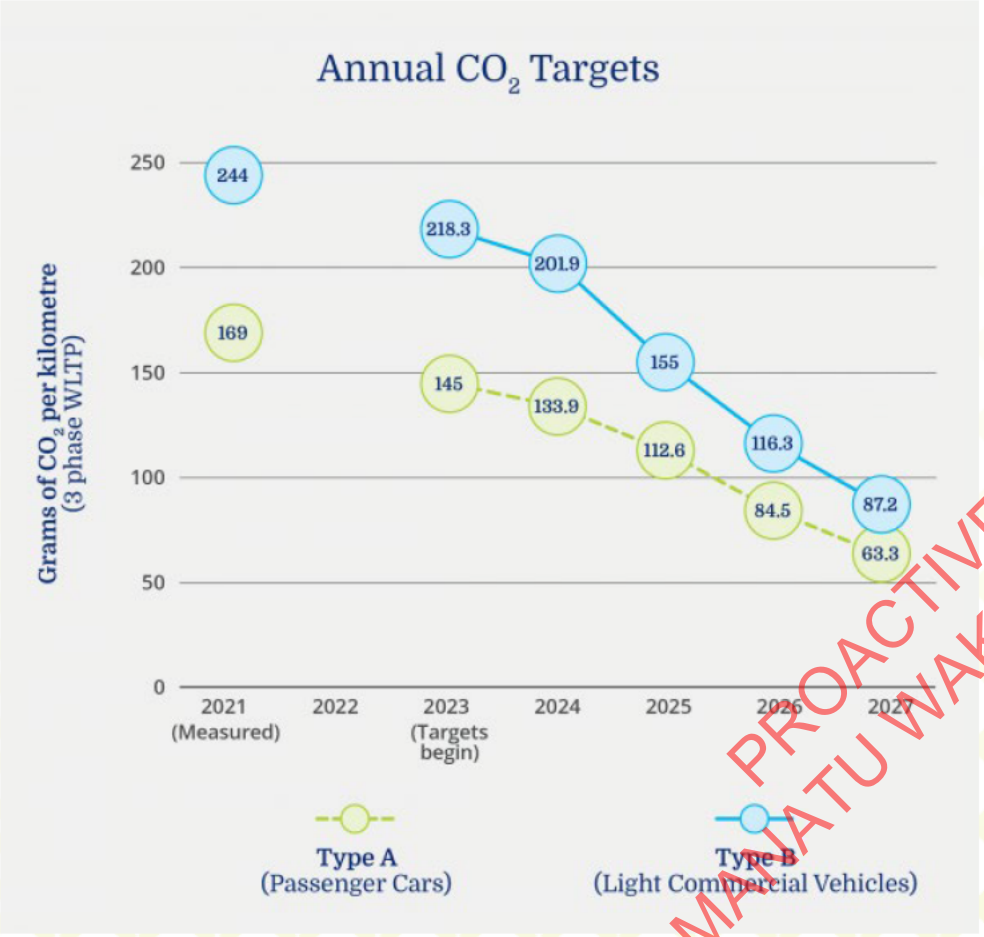
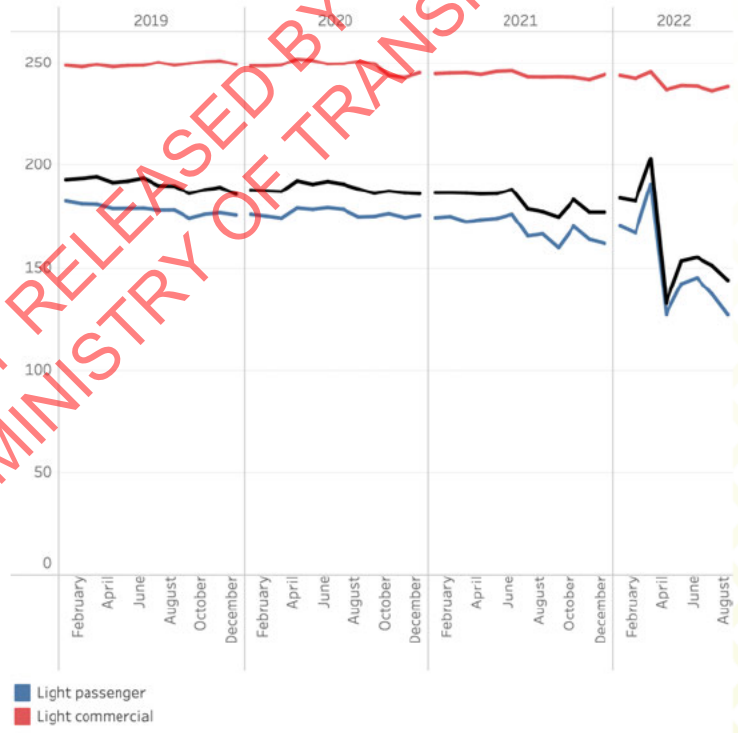
Appendices

Appendix 1 – targets vs current performance
Appendix 2 – examples of other countries' incentive settings

2 Sept 2022

Appendix 1 – CO_2 Clean Car Targets for future years & recent performance:





August 2022:

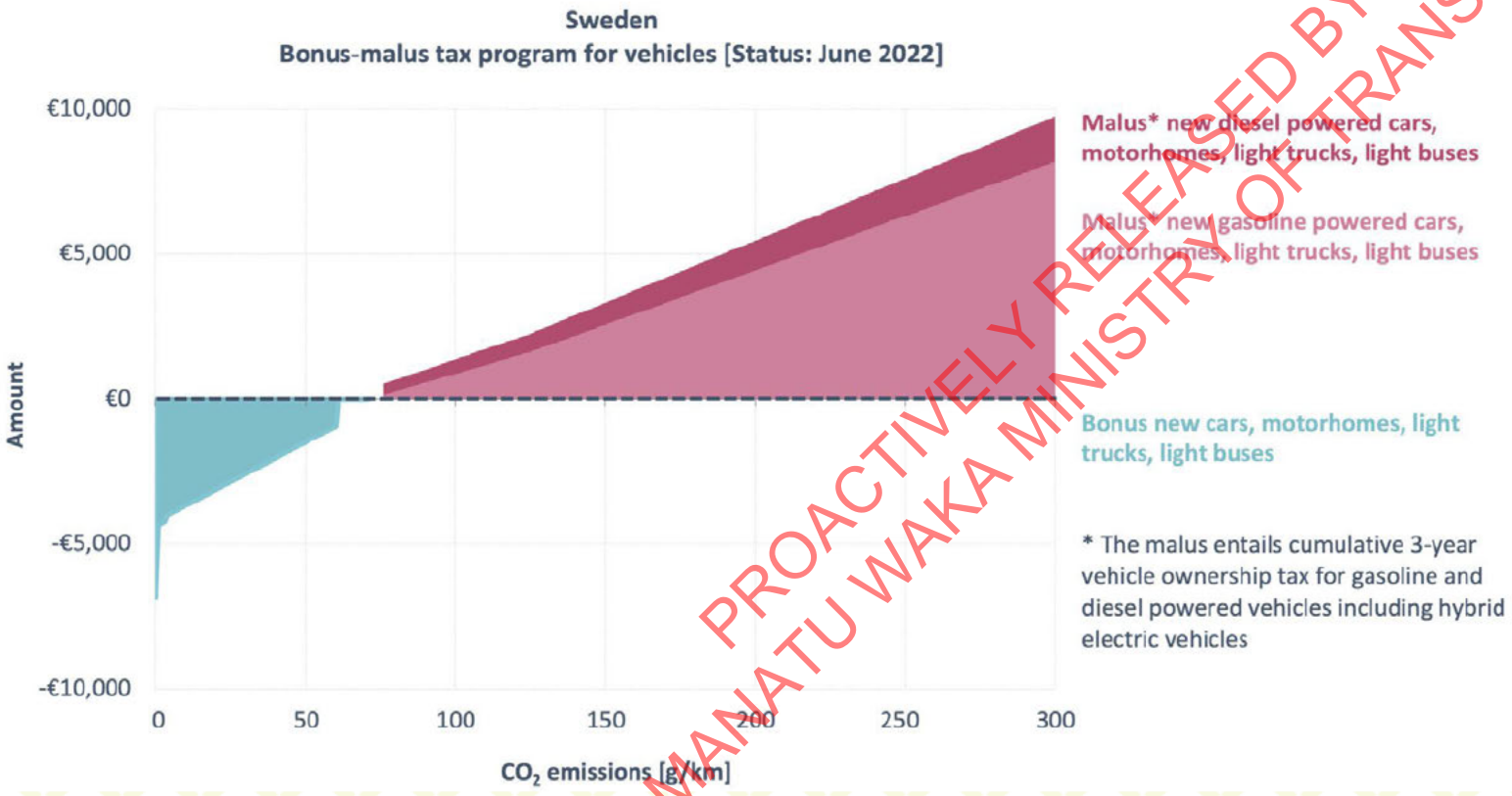
239g Commercial

126g Passenger

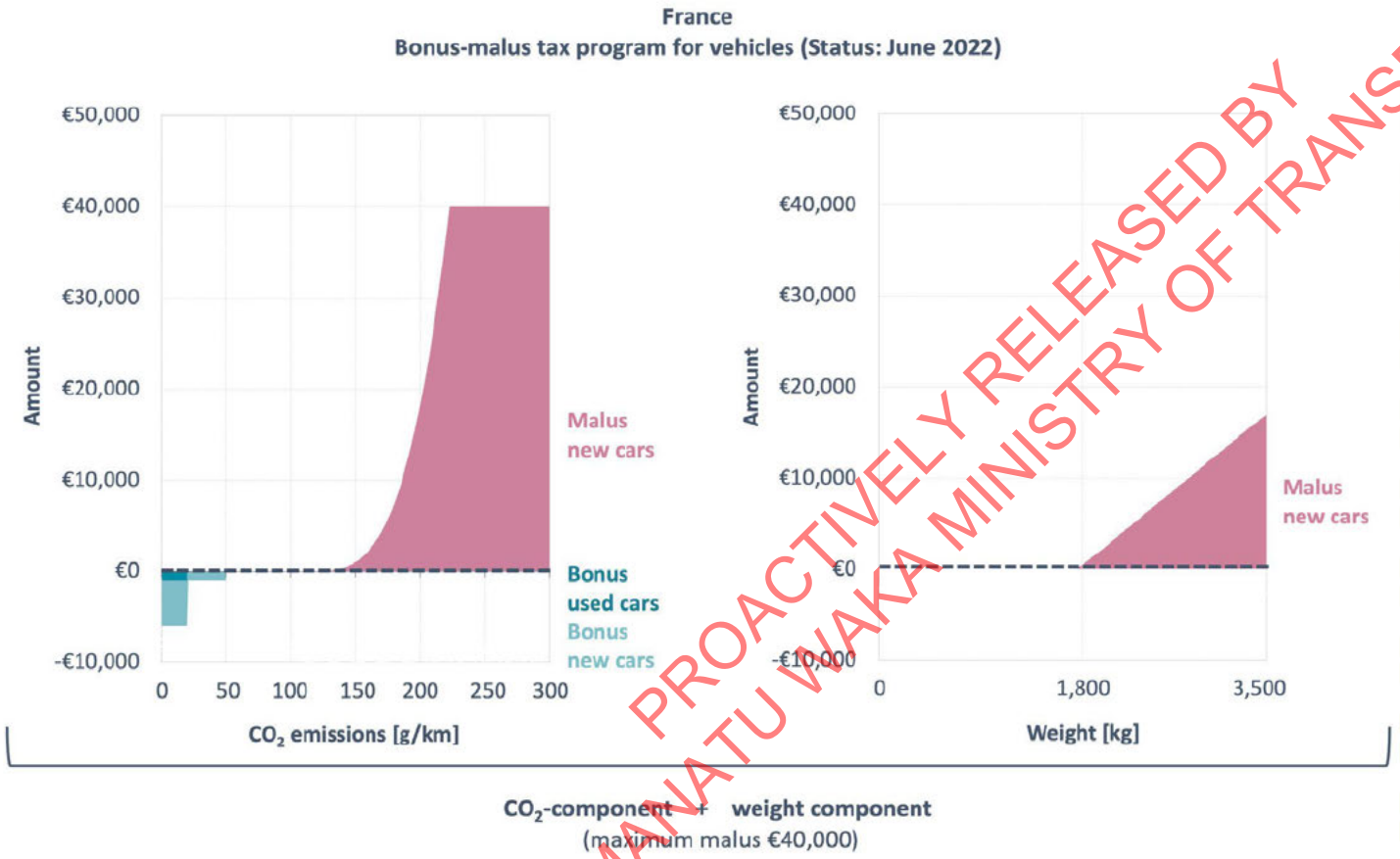
(143g average)

Appendix 2 – Other Schemes

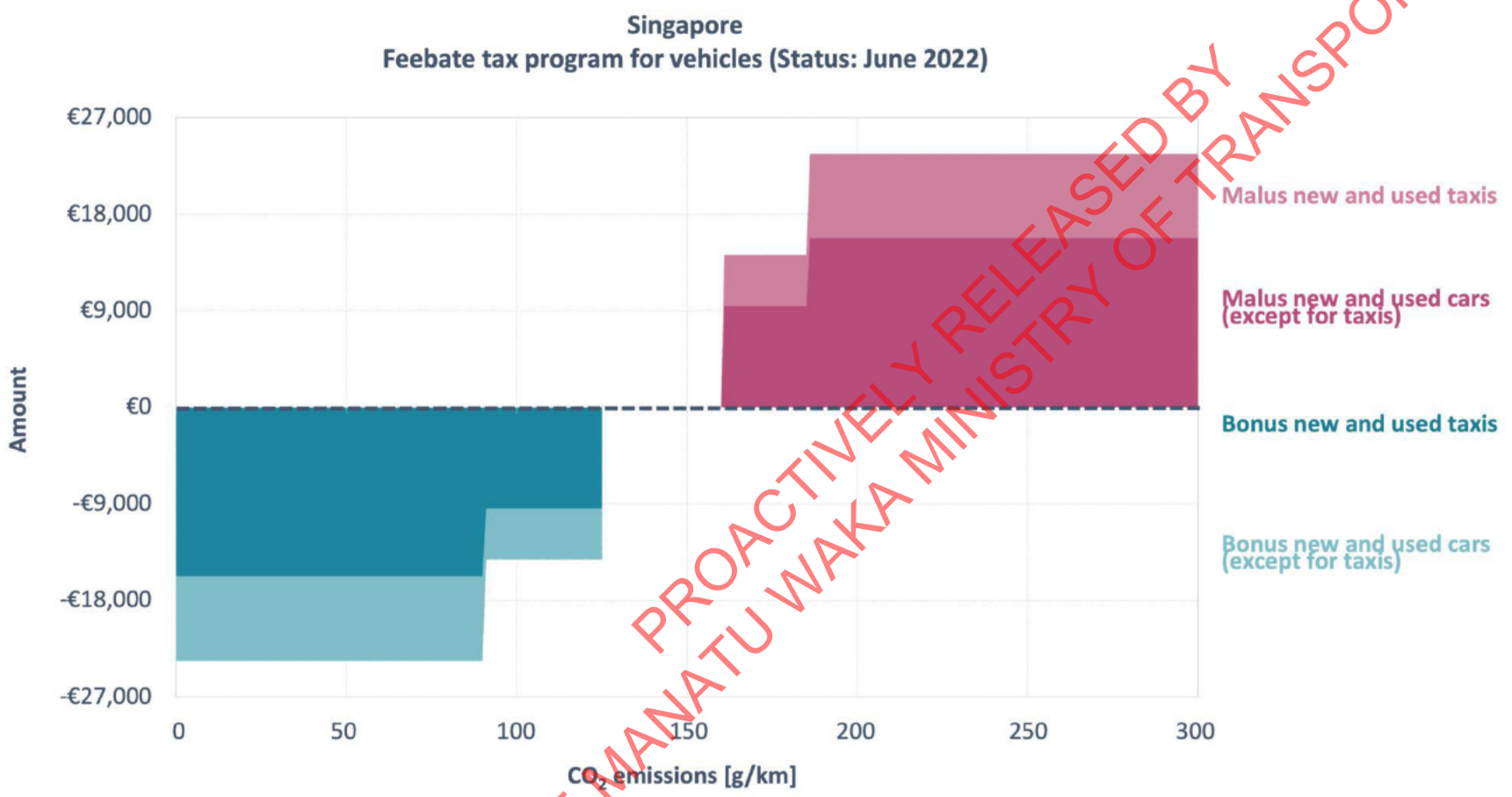
Sweden – even hybrids incur charges (75g +)



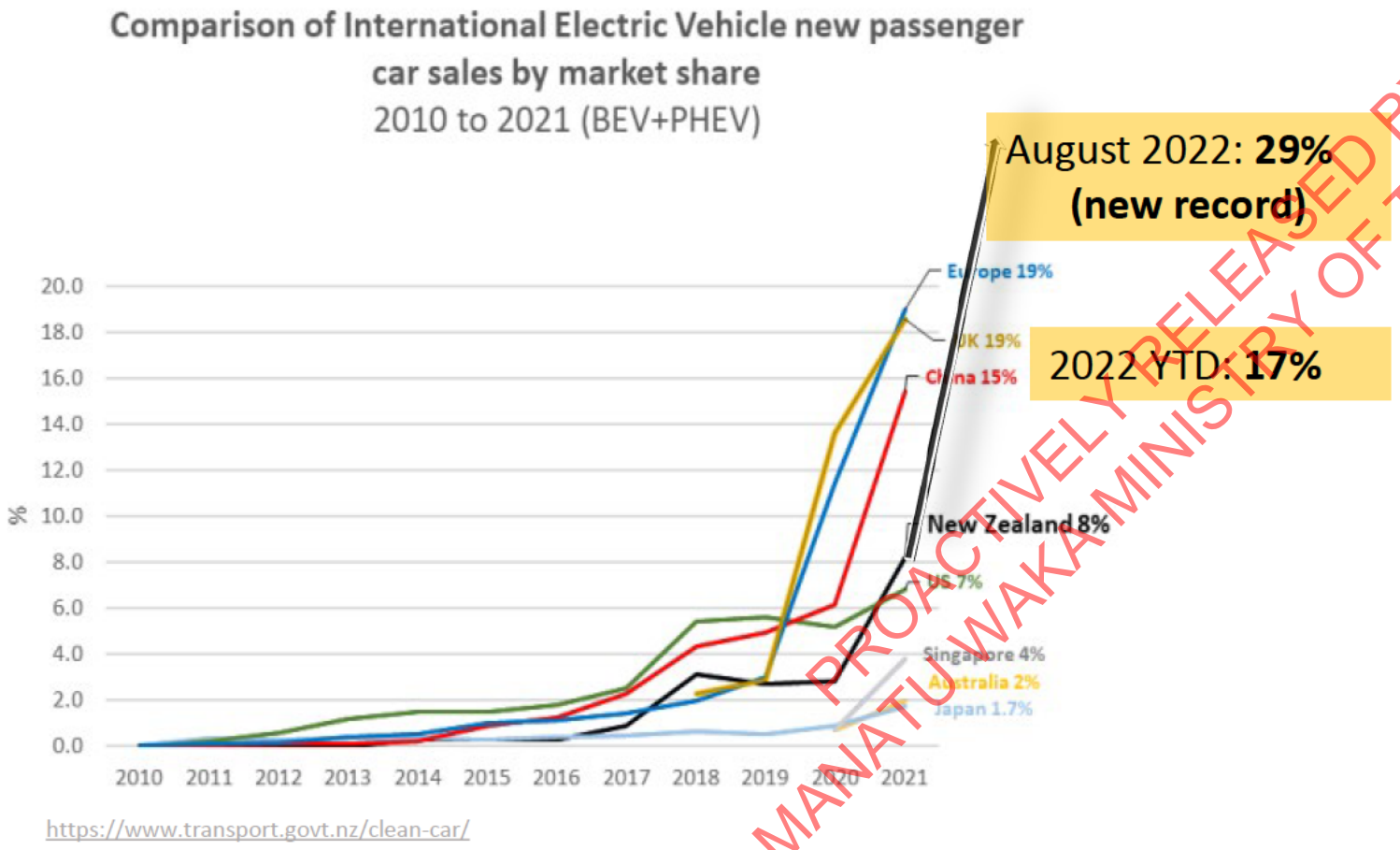
France – Very high charges imposed on vehicles



Singapore – Very high rebates/charges, but does not target 0 grams



Brand new EV passenger car sales: from 3% in 2020 to almost 30% last month.



August 2022: **29%** **(new record)**

2022 YTD: **17%**

https://www.transport.govt.nz/clean-car/

Top selling new passenger cars, August 2022:

1. Tesla Model 3 **(Electric)**
2. Tesla Model Y **(Electric)**
3. Mitsubishi Outlander (Petrol)
4. BYD Atto 3 **(Electric)**
5. KIA EV6 **(Electric)**

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MINISTRY OF TRANSPORT

18 January 2023 OC221115

Hon Michael Wood

Minister of Transport

CLEAN CAR DISCOUNT – SHORT-TERM FUNDING PRESSURES

Purpose

To advise you on the financial position of the Clean Car Discount scheme and to seek your direction on the option you would like progressed to replenish the funding to operate the scheme.

Key points

- The Clean Car Discount is performing strongly and in combination with several external factors has led to an uptake of low-emission vehicles that has exceeded government and industry expectations. The number of vehicles qualifying for rebates has now reached a level that our 2019 modelling expected would be reached in 2027.
- Consequently, Waka Kotahi continues to pay substantially more in rebates than it collects in charges. This trend is likely to continue and will result in the Clean Car Discount's repayable Crown grant, which funds rebates when charge revenue is insufficient, being exhausted at some point over February–March 2023.
- A review is underway to recalibrate the levels of rebates and charges so that the scheme can be financially sustainable and self-financing over 10 years. However, the changes will likely not be able to come into effect until mid-2023, which would not be soon enough to ensure rebates can continue to be paid beyond the expected February–March 2023 exhaustion point.
- Three alternative options could be pursued to replenish the funding prior to the review's changes taking effect and they are to:
    - temporarily suspend the payment of rebates until sufficient revenue has built-up from charges. This option would keep the scheme revenue neutral, but temporarily removing rebates risks undermining public support for the scheme. This is the default option if no further funding is provided and the repayable Crown grant is exhausted
    - increase the Clean Car Discount's repayable Crown grant. This option would avoid the scheme losing momentum, but will require further increases to charges and reductions in rebates to enable the increased Crown grant to be repaid
    - provide a non-repayable Crown grant. This option would avoid the scheme losing momentum without increasing the cost to charge payers, but the scheme would no longer be fiscally neutral to the Crown.

- We also propose allowing Waka Kotahi to use the $40 million of the Crown repayable grant currently reserved for administration costs for the payment of rebates. This will require a fiscally neutral transfer from the Clean Vehicle Discount Scheme – Administration multi-year appropriation (MYA) to the Clean Vehicle Discount Scheme – Rebates MYA.

Recommendations

We recommend you:

1	**note** that immediate action is needed to prevent the Clean Car Discount scheme's repayable Crown grant being exhausted over February–March 2023	
2	**note** that once the repayable Crown grant is exhausted rebates will not be able to be paid as the scheme's funding sources are limited to the repayable Crown grant that established the cash reserve and revenue collected from charges	
3	**inform** officials of the option you prefer to be progressed to replenish the repayable Crown grant with the options being to seek Cabinet agreement to either:	
	• temporarily suspend the payment of rebates until sufficient revenue has been accumulated from charges, or	Yes / No
	• increase the Clean Car Discount's repayable Crown grant by around $300 million to be drawdown as required, or	Yes / No
	• provide a non-repayable Crown grant of around $300 million with half of the amount provided as a tagged contingency with drawdown subject to an updated projection, potentially by 31 July 2023, of the funding needed to operate the scheme through 2023	Yes / No
4	**agree** to allow the repayable Crown grant funding that has been reserved for administration costs to be transferred and used for the payment of rebates and	Yes / No
5	**sign** the attached letter to the Minister of Finance seeking his approval to this transfer	Yes / No
6	**refer** a copy of this briefing to the Minister of Finance.	Yes / No

Matt Skinner
Manager, Environment & Emissions Policy Design
18 / 01 / 2023

Hon Michael Wood
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
Matt Skinner, Manager, Environment & Emissions Policy Design	s 9(2)(a)	✓
Gayelene Wright, Principal Adviser, Environment & Emissions Policy Design	s 9(2)(a)	

CLEAN CAR DISCOUNT – SHORT-TERM FUNDING PRESSURES

Background on the Clean Car Discount and its financing

1 On 19 April 2021 Cabinet agreed to proceed with the Clean Vehicle Discount (the scheme) as a key policy to speed-up the transition to low-emission light vehicles [CAB-21-Min-0128.01 refers]. Under the scheme, people who buy low-emitting vehicles[1] are eligible for a rebate, while those who buy high emitting ones[2] must pay a charge. Rebates and charges apply to vehicles sold for the first time in New Zealand, and do not apply to vehicles in the existing fleet.

2 The scheme is intended to be fiscally neutral to the Crown, with the scheme's charges providing the revenue for the payment of rebates and the scheme's implementation and administration costs.

3 To establish the scheme, a $301.8 million repayable Crown grant was approved through Budget 2021. This grant provided $6.8 million for the scheme's implementation and $295 million as a cash reserve for Waka Kotahi to:

- operate the scheme from 1 July 2021 with rebates for EVs and PHEVs available prior to the commencement of charges on 1 April 2022, and the expansion of rebates to include all vehicles with per kilometre carbon dioxide (CO2) emissions of 146 grams and lower
- cover its costs in administering the scheme, which are capped at $8 million per year
- manage the scheme's likely cashflow pressures caused by timing differences between the payment of rebates and the receipt of sufficient revenue from charges.

4 The Crown grant is to be repaid by Waka Kotahi in periodic payments over 10 years. However, Waka Kotahi is only required to make repayments to the extent that the scheme is in surplus.

5 As the scheme is intended to be self-financing over time, a risk to continuously manage is to avoid the level of charges received being lower than the level of rebates paid. This risk is an inherent part of the scheme as predicting future vehicle purchasing patterns and the resultant flow of funds in and out of the scheme will always be subject to a high level of uncertainty.

6 To manage this risk, particularly as vehicle supply and demand tilts increasingly to low-emission vehicles, Cabinet agreed on 19 April 2021 that the schedule of rebates and charges would be regularly reviewed and recalibrated [CAB-21-Min-0128.01 refers]. The first review has commenced, and a briefing is due to you in February 2023.

7 The timeline we are working to for the review envisages Cabinet decisions on an amended schedule of rebates and charges in March 2023, amendments to the regulations secured by June 2023, with the amended schedule being in effect from July 2023.

[1] Low-emitting vehicles are those with per kilometre CO2 emissions of 146 grams or lower.
[2] High-emitting vehicles are those with per kilometre CO2 emissions of 192 grams or higher.

The repayable Crown grant is likely to be exhausted before the amended schedule of rebates and charges comes into effect

8 Unfortunately, this timeline means the review will not address the scheme's current substantial imbalance between rebates and charges quickly enough to maintain the full operation of the scheme through 2023.

9 Since the scheme began Waka Kotahi has paid out close to three times the amount of funding it has collected in charges. Over the period 1 July 2021–31 December 2022, Waka Kotahi received claims for $312 million in rebates[3]. This compares with $108 million that it received from charges over 1 April–31 December 2022. The $204 million difference has been funded from the repayable Crown grant.

10 We have only recently been able to advise you with certainty that the repayable Crown grant is being depleted at an increasing pace. This is because:

10.1 this conclusion has been dependant on the availability of EV sales data for late-2022 to confirm the pattern of growth

10.2 of the change in processing times for accepting rebate applications. Over August–October 2022 the average processing time was around 20 days. However, since November Waka Kotahi has reduced the average time to 7-days. The slower processing times over August–October artificially lowered the monthly number of rebates being paid, while the faster processing significantly raised the amount paid for November compared to previous months.

11 As part of the Clean Car Standard, vehicle importers have provided their estimates for the number of different vehicle types they will import over 2023. This data suggests that the high numbers of clean vehicle imports seen in the second half of 2022 will continue into 2023.

12 This continuation in vehicle purchasing trends and volumes continue will result in the scheme's repayable Crown grant being exhausted at some point over February–March 2023. When this occurs, rebates will not be able to be paid until sufficient revenue from charges has been accumulated. This is because the funding sources for the scheme are limited to the repayable Crown grant and revenue collected from charges.

13 The table on the next page provides three estimates of when the repayable Crown grant is likely to be exhausted. All three scenarios assume that the monthly number and mix of vehicles bought over August–December 2022 continues into 2023.

14 The estimates suggest that the repayable Crown grant could be exhausted as early as February 2023. The central estimate suggests that the fund would be exhausted in early March 2023, with the slow estimate suggesting the end of March 2023.

[3] The rebate and charge amounts are higher than the ones Waka Kotahi has given to the media as the ones here include amounts owed as well as paid, whereas those provided to the media are based on money paid.

Scenario of Fund depletion	2023 likely exhaustion date	Key assumptions and comment
Fast depletion	February	• This estimate assumes that the December 2022 average difference between rebates received and charges paid of -$3 million per working day continues in 2023. • This estimate may overstate when the cash reserve will be exhausted as over November and December Waka Kotahi reduced the time taken to process rebate applications from a high of 20 days to around 7 days. This has the impact that the amount of rebates paid in November and December is artificially higher as it includes applications from previous months.
Central depletion	Early March	• This estimate assumes that the average difference between rebates received and charges paid over September to December 2022 of -$1.7 million per working day continues in 2023. • This scenario may be a better predictor of the cash reserve's exhaustion point as it includes two months where the backlog of rebate payments built up and two where it was reduced.
Slow depletion	End March	• This estimate assumes that the average difference between rebates received and charges paid over August to November 2022 of -$0.7 million per working day continues in 2023. • This estimate may understate when the cash reserve will be exhausted. This is because it reflects three months where the amounts of rebates paid were artificially lowered through longer application processing times.

The repayable Crown grant has been drawn down at a much faster rate than anticipated in 2021

15 The Budget bid establishing the repayable Crown grant for the scheme was approved in early 2021. At this time, $295 million was considered sufficient to manage the scheme's likely cashflow pressures caused by timing differences between the payment of rebates and the receipt of sufficient revenue from charges.

16 However, since early 2021 a number of factors have coalesced to increase the demand for low and zero emission vehicles. These factors include the:

16.1 scheme being more effective in encouraging people to purchase low emission vehicles than the Ministry's modelling anticipated. In part this is because our modelling was based on 2019 vehicle registration data and vehicle purchasing patterns at that time. Use of this data meant the modelling did not anticipate the size of the two shifts that have led to a higher level of rebates paid, which are that:

- sales of new EVs as a share of new vehicle purchases increased from 3.5 percent in January 2022 to 19.4 percent in December 2022

- petrol hybrids as a share of used-vehicle imports increased from 20 percent in December 2021 to 38 percent in December 2022

16.2 release of the first Emissions Reduction Plan in May 2022 that will have contributed to raising awareness of the actions people can take to reduce emissions, including shifting to low emission vehicles

16.3 rises in global oil prices that resulted in New Zealand's retail petrol price increasing from around $2 per litre in the March 2021 quarter to around $3 per litre in the March 2022 quarter

16.4 growth in the variety and affordability of new EV models available in New Zealand. In particular, the entry of new EV supplier BYD has meant that a new 5-seater passenger EV can now be purchased from $55,490 (exclusive of a rebate). Previously the most affordable one was available from $65,000 (exclusive of a rebate).

17 These factors have had significant flow-on effects for the scheme. The number of vehicles qualifying for rebates is reaching levels that in 2021 we expected would be reached around 2027. However, the level of charge revenue received is in line with our expectations.

Actions that will ensure the scheme is sustainable through 2023

18 Immediate action is needed to prevent the repayable Crown grant being exhausted over February–March 2023. In our view three alternative options could be pursued and we seek your direction on the one you prefer to be progressed.

19 In developing these options, we considered the option of immediately limiting rebates to battery EVs (BEVs). In 2023 this would reduce the cost of rebates by about half. However, this option alone will not restore the cash reserve in 2023 as the current rebate for a new BEV is high at $8,625 (GST inclusive) and the Motor Industry Association expects sales of BEVs to continue to be strong. Over 2022, sales of new BEVs increased exponentially from 6,897 in 2021 to 16,223, and BEVs outsold PHEVs by almost two to one[4].

20 Moreover, the option to limit rebates to BEVs is being considered in the review of rebates and charges. In our view, rather than deciding on this option immediately, it is preferable to consider it in light of the range of options being assessed in the review.

Suspend the payment of rebates until sufficient revenue is accumulated from charges

21 The first option is to temporarily suspend the payment of rebates until the cash reserve has been sufficiently replenished through the build-up of charge revenue. The ability to do this is part of the policy design of the scheme agreed by Cabinet.

22 Specifically, on 19 April 2021 Cabinet agreed that "unless otherwise agreed by Cabinet, if the full amount of rebate funding is exhausted at any given time, rebates would not be issued until more funding is available, and that withheld rebates will not

[4] 7,259 PHEVs were registered in 2022.

be queued up for later payment" [CAB-21-Min-0128.01 refers]. Moreover, temporary suspension is the default option if no further funding is provided and the repayable Crown grant is exhausted.

23 The key advantage of a temporary suspension is that it would lower the amount by which charges will need to increase and rebates reduced to maintain the fiscal neutrality of the scheme. The levels of potential charge increases and rebate reductions are being considered in the review.

24 The key disadvantage of temporary suspension is that it is likely to take many months to accumulate sufficient charge revenue to build a workable cash reserve. For example, over the three months to 31 December 2022 $41 million was received in charges. A sum of this amount could plausibly be required for a single month of rebate payments at current levels.

25 Temporary suspension also has the disadvantages that it risks:

25.1 losing some of the momentum that has been achieved in encouraging people to switch to low and zero emission vehicles

25.2 undermining public support for the scheme. It would frustrate buyers of low-emission vehicles who wish to buy vehicles at a time when rebates are suspended (particularly those who have already ordered a vehicle assuming they will get a rebate but are still awaiting the vehicle's arrival). As well, if suspension lasts several months the social license for the scheme's implicit "off-setting contract" between charge-payers and rebate receivers could be lost. People who, for whatever reason, buy a high emission vehicle pay a charge to lower vehicle prices for those who are willing to purchase a low-emission vehicle. This contract could be perceived to be broken if charges exist in the absence of rebates

25.3 a marked spike in the purchase of low-emitting vehicles once rebates commence that could undermine the recovery of the scheme's financial position. This would occur if the magnitude of the spike was under-estimated in the decision on when to resume the payment of rebates

25.4 increasing cash-flow pressures for the vehicle industry, especially if the suspension lasts several months. For example, vehicle distributors and dealers could be left holding large volumes of low-emission vehicles that they are unable to sell until the suspension is lifted.

26 If you prefer temporary suspension, we will provide further advice on a recommended suspension period. We will also investigate whether suspension would give rise to any legal issues, and if so, how they could be addressed. We would also consider how best to involve the vehicle industry in the design of the suspension. Industry input would be critical to implementing suspension in a way that best minimises disruption in the vehicle market.

Replenish the funding available to pay rebates by increasing the repayable Crown grant

27 The second option is to increase the existing repayable Crown grant by an amount sufficient to maintain a positive cash reserve through 2023.

28 The key advantage of this option is that it would allow the uninterrupted operation of the scheme's rebates. This is important as switching the light vehicle fleet to zero

emissions is critical to achieving the transport CO2 reduction targets as the fleet is responsible for two-thirds of transport emissions.

29 Although the scheme has enabled significant progress to be made, we have a long way to go to meet the 2035 Emission Reduction Plan target of a light vehicle fleet that is 30 percent zero emission vehicles. To reach this target we need 1.5 million more BEVs in the fleet by 2035. To put this in perspective in 2022 20,909 BEVs entered the fleet.

30 While increasing the repayable Crown grant will increase the initial Crown investment into the scheme, it is important to recognise the comparable value of the investment it enables in carbon mitigation. The scheme is estimated to have a negative marginal abatement cost (MAC) per tonne of CO2 ranging from -$170 to -$199. This means it saves the economy money in reducing CO2, rather than increasing costs. This is primarily due to the savings in fuel costs that are made possible by people being able to afford to buy a zero or low emission vehicle through the scheme. In comparison many other CO2 abatement policies, like biofuels, have a positive MAC.

31 Increasing the repayable Crown-grant will increase the MAC but not by so much that it becomes positive.

32 The other advantage of increasing the repayable Crown grant is that it would maintain a fiscally neutral scheme without the risks that would accompany temporary suspension (outlined in paragraphs 24–25).

33 The key disadvantage is that fiscal neutrality would be preserved but at a higher cost to charge payers, and/or future rebate receivers, than temporary suspension. For the increased Crown grant to be repaid the level of charges would need to further increase, and the level of rebates further reduce.

34 Increasing the level and coverage of the scheme's charges will likely have negative impacts for New Zealand's equity outcomes. Survey data from EECA's Consumer Monitor shows that those who are more financially privileged are more likely to adopt EVs, and by implication benefit from the scheme. While the survey does not specifically ask about high-emission vehicles that attract a charge, it is likely that the scheme's charges cause additional financial burden for the financially disadvantaged.

35 If you prefer increasing the repayable Crown grant, we will work with the Treasury to progress a Cabinet proposal seeking an increase in the order of $300 million. This amount would provide for a difference between rebates paid and charges received of -$2.5 million per working day for six months. We selected this difference as the base to use by discounting the December 2022 average difference between rebates received and charges paid of -$3 million per working day.

36 As with the previous repayable Crown grant, the additional $300 million would only be drawn down as required.

37 To avoid excessive sudden changes to rebates and charges, the review of the scheme is currently proposing to seek to balance rebates and charges over 2023–2024 (i.e. so rebate payments equal charge revenue). Future changes will be required to generate a surplus from 2025 and beyond, to ensure we will be in a position to be able to repay the repayable Crown grant over the next 10 years (including the increased repayable Crown grant if this option is progressed).

38 Funding for the grant would need to be found from either repurposing existing transport funding, or seeking new funding from the between budget contingency, or

from a pre-commitment against Budget 2023. We will work further with Treasury if you prefer this option.

Replenish the funding available for rebates through a non-repayable Crown grant

39 Instead of a repayable Crown grant, the additional $300 million could be provided as a non-repayable one.

40 The advantage of a non-repayable Crown grant is that it would allow the scheme's rebates to continue uninterrupted, but with a lower future cost to charge payers. Consequently, it would avoid the equity impact that increased charges would have especially for the financially disadvantaged. This could have an additional advantage of maintaining public support for the scheme for a longer period.

41 As explained in paragraph 37 above, this option would likely result in the same level of rebates and charges as the repayable Crown grant option over 2023–2024. However, this option would allow for higher rebates and/or lower charges from 2025 and beyond, given a smaller surplus would be required over that period to repay a smaller Crown grant.

42 The key disadvantage is that the scheme would no longer be fiscally neutral for the Crown. Funding would need to be found from either repurposing existing transport funding, or seeking new funding from the between budget contingency, or from a pre-commitment against Budget 2023.

43 As with the previous option, we would work with the Treasury to progress a Cabinet proposal for a cash-injection in the order of $300 million if this is your preferred option. Funding for the grant would need to be found from either repurposing existing transport funding, or seeking new funding from the between budget contingency, or from a pre-commitment against Budget 2023.

44 To mitigate the risk that we have overestimated the level of the increase required, we could consider options such as including half of the funding in a tagged contingency, with drawdown subject to updated projections at a future date.

45 As with the previous option, it is not possible to completely mitigate the risk that we again under-estimate the level of the cash reserve needed to operate the scheme.

Allowing the funding reserved for administration costs to be used for rebates

46 Currently, $40 million of the Crown repayable grant is reserved for administration costs in the Clean Vehicle Discount Scheme – Administration multi-year appropriation (MYA). To help ease funding pressure in the short-term we propose that this funding be transferred and used for the payment of rebates. This will require a fiscally neutral transfer from the administration appropriation to the Clean Vehicle Discount Scheme – Rebates MYA.

47 The proposed transfer will not affect the funding for administration costs incurred by Waka Kotahi as currently this cost is being met from charge revenue. The risk of any future escalation in administration costs is mitigated by the costs being capped at $8 million per year in the Clean Car Discount Scheme Funding Deed.

48 This proposed transfer requires approval by yourself and the Minister of Finance. The attached letter to the Minister of Finance has been prepared for your signature and seeks the Minister's agreement to proceed with the transfer.

49 There is some urgency for this approval, as our estimates of when the current repayable Crown grant funding will be exhausted (i.e. February– March 2023) assume that the $40 million funding for administration is used for the payment of rebates.

View of the Treasury

50 We consulted the Treasury in the preparation of this briefing. Treasury is broadly comfortable with its contents but prefers that:

- Cabinet consider all three options given they represent substantive policy choices, or at a minimum you gain agreement from the Minister of Finance on the option you progress at Cabinet
- the option to immediately limit rebates to BEVs be included and considered by Ministers. This option would be presented as limiting rebates to BEVs coupled with a $150 million repayable Crown grant. As per paragraphs 19–20, the Ministry considered this option, but considers the review a more appropriate forum for considering this option.

Next steps

51 Once you have informed officials of your preferred direction, we will prepare a Cabinet paper for your consideration.

TE MANATŪ WAKA
MINISTRY OF TRANSPORT

2 February 2022 OC220603

Hon Michael Wood **Action required by:**

Minister of Transport Monday, 6 February 2023

CLEAN CAR DISCOUNT — REVIEW AND RECOMMENDATIONS REGARDING SCHEME SETTINGS

Purpose

Recommend changes to the Clean Car Discount to restore financial balance, while continuing to rapidly accelerate the uptake of zero emission vehicles.

Key points

- Recent uptake of zero and low-emission vehicles has exceeded government and industry expectations, likely due to a combination of the Clean Car Discount coupled with other external factors. The average CO_2 emissions of imported light vehicles has improved significantly since the introduction of the scheme.
- As a result, the policy is facing cost pressures due to rapid increase in rebates issued; close to three times the amount of rebates has been paid out than has been collected in charges.
- This paper covers our review of the scheme We propose possible reductions to rebates and increases in charges to ensure it remains self-financing, but that could reduce the incentive for consumers to upgrade to low emission vehicles. An alternative approach not considered in this paper would be to depart from the self-financing principle, with Crown funding provided to maintain rebates at higher levels, and retaining strong incentives for purchase of low emission vehicles.
- The review has found that rebalancing the settings in 2023 is the only way to ensure the scheme is self-financing. We have identified two potential options:
    - Option 1 *(Recommended)*: Many changes, consistent with original expectations. This includes reducing rebates for low emission vehicles and limiting eligibility; lowering the emissions threshold at which charges apply; and increasing charges on high emission vehicles.
    - Option 2: Ending rebates on low emission vehicles, thus limiting rebates to battery electric vehicles (BEVs) only and reducing those rebates, with increases in the number of higher emission vehicles subject to charges and the size of those charges.

- We also propose:
    - that vehicles meeting the Euro 6 harmful emission and improved CO2 accuracy standard would receive an additional rebate of $500–$1,000 (if low-emission), or a 50% reduction in charges (if high emission) to encourage reduced air pollutant emissions; this will also improve scheme finances.
    - providing 3 months' notice of the changes to reduce the impact on vehicle buyers, while minimising the risk of a surge in vehicle purchases.
- We will include the changes to the scheme in the Cabinet paper seeking an increase to the repayable Crown grant to address the scheme's immediate revenue short-fall.

Recommendations

We recommend you:

1 **agree** to seek Cabinet approval to make the Clean Car Discount (the scheme) rebates and charges balance over 2023–2024 by reducing total rebates paid and increasing charges — Yes / No

EITHER

2 **agree** to Option 1 — make a number of changes to rebates available to both zero and low emission vehicles: (all figures include GST)

2.1. reducing the rebates for battery electric vehicles (BEVs) from $8,625 for new BEVs to $7,015 and amending rebates from $3,450 for used-import BEVs up to $3,507 — Yes / No

2.2. lowering the retail price cap for rebates for cars and SUVs from $80,000 to $75,000, with no change to the rebate price cap for vans and utes — Yes / No

2.3. narrowing rebate eligibility by lowering the emissions threshold from 146 grams of carbon per kilometre to 100 grams — Yes / No

2.4. altering the formula for low emission rebates to be:
new vehicles: $575, plus $57.50 for every gram below 100 grams,
used vehicles: half the rate of new vehicles ($287.50 plus $28.75 per gram) — Yes / No

2.5. reducing maximum rebates for plug-in hybrid electric vehicles (PHEVs) from $5,750 for a new PHEV to $2,875, and from $2,300 to $1,437.50 for a used-import PHEV — Yes / No

OR

3 **agree** to Option 2 — significantly reduce the costs of the scheme by offering rebate to zero emission vehicles only: (all figures include GST)

3.1. limiting rebates to BEVs only, excluding PHEVs and all other low emission vehicles from receiving rebates. — Yes / No

3.2. reducing the rebates for BEVs from $8,625 for new BEVs to $7,015 and increasing rebates for used-import BEVs from $3,450 to $3,507. — Yes / No

3.3. lowering the retail price cap for rebates for cars and SUVs from $80,000 to $75,000, with no change to the price cap for vans and utes — Yes / No

Other changes

4 **agree** to offering a reward for used and new vehicles that achieve the latest Euro 6 harmful emissions (i.e. air pollutant emissions) and more accurate CO_2 emissions testing (WLTP) standard (refer definitions in Appendix 6):

- vehicles eligible for rebates would attract an additional incentive amount of $1,150 if new, and $575 if used, over and above the maximum for PHEVs in the recommendation above.
- vehicles imposed with charges would attract a 50% reduction to the charge payable.

Yes / No

5 **agree** to increase revenue by widening the pool of vehicles subject to charges, via lowering the emissions threshold from 192 grams of carbon per kilometre to 150 grams and amending the formula for calculating changes as follows:

- for new vehicles, from: $345.00 plus $57.50 per gram above 192 grams, to $575 plus $57.50 per gram above 150 grams;
- for used vehicles: from $258.75 plus $43.13 per gram above 192 grams, to $287.50 plus $28.75 per gram above 150 grams

Yes / No

6 **agree** to increase the maximum level of charges for vehicles with very high emissions from $5,175 to $6,900 for new and from $2,875 to $3,450 for used-imports — Yes / No

7 **note** that recommendations 4 and 5 would result in a brand new vehicle with the average emissions of a diesel ute (236 grams) having no increase in charges if it is Euro6 compliant, but an increase of over $1000 if does not achieve Euro6.

8 **agree** that 3 months' notice be provided to industry and the public before changes come into effect mid 2023 — Yes / No

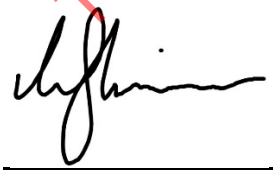
9 **agree** to offer disability vehicles with a rebate of $11,500 (BEVs) and $5,750 (hybrids, PHEVs) — Yes / No

10 **note** further changes will likely be needed in 2024 and potentially annually to ensure the scheme is self-financing over its lifetime and to be consistent with emissions reductions goals and the Clean Vehicle Standard targets — Yes / No

11 **note** that the likely changes would include limiting rebates to BEVs only by 2028 and further expanding the emissions threshold for charges in 2024 or 2025

12 **agree** to seek Cabinet approval for changes to the scheme, in line with your decisions above, at the same time as seeking an increase in the repayable Crown grant to address the immediate funding pressures (OC221115 refers) — Yes / No

13 **refer** this briefing to Minister for Climate Change and Minister of Finance. — Yes / No



Matt Skinner
Manager, Environment & Emissions Policy Design
3 / 2 / 2023

Hon Michael Wood
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
Sigurd Magnusson, Senior Policy Advisor, Environment & Emissions Policy Design	s 9(2)(a)	✓
Matt Skinner, Manager, Environment & Emissions Policy Design	s 9(2)(a)	

CLEAN CAR DISCOUNT — REVIEW AND RECOMMENDATIONS REGARDING SCHEME SETTINGS

The Clean Car Discount is due to be reviewed

1 On 19 April 2021, Cabinet agreed to proceed with the Clean Vehicle Discount (the scheme) to speed up the transition to low-emission light vehicles (CAB-21-MIN-128.1 refers). In agreeing to the scheme, Cabinet also agreed:

1.1 "that in 2023, and then at 24 month or less intervals, Transport officials perform a review of income and expenditure of the scheme, together with motor vehicle purchasing trends and the availability and affordability of vehicles at different CO_2 emission levels, and advise the Minister of Transport on whether corresponding corrections need to be made to the level of rebates and fees (including any exemptions, price caps, or related policy design)"; and

1.2 "that the Clean Car Discount be designed and managed to be fiscally neutral over its lifetime".

2 This briefing provides a review and recommends new settings in line with the above Cabinet direction.

Since the scheme commenced, sales of electric vehicles have exceeded forecasts

3 The volume of car buyers claiming rebates under the Clean Car Discount (the scheme) accelerated well beyond forecasted levels from August 2022.

4 The market share that battery electric vehicles (BEVs) achieved since August 2022 reached rates officials had forecasted wouldn't be achieved until 2027. However, the assumptions for how the scheme would be designed to work in 2027 are fundamentally different to those in operation today. By 2027, we expected to have significantly lowered rebate values, and limited the pool of vehicles eligible for them.

5 Our market share of low-emission vehicles is now in line with markets such as the United Kingdom and Europe, ahead of the global sales average, and much ahead of the United States, Japan and Australia (see Appendix 1). Leading countries have altered their subsidy programmes in recent months in response to the changing vehicle mix entering their fleets.

6 We do not have evidence to identify how much of our growth has resulted from the scheme itself. We expect that a combination of factors, such as the scheme, the Clean Car Standard, vehicle cost and availability, and fuel prices have all had a compounding effect. Our initial forecasts were also conservative relative to other forecasts.

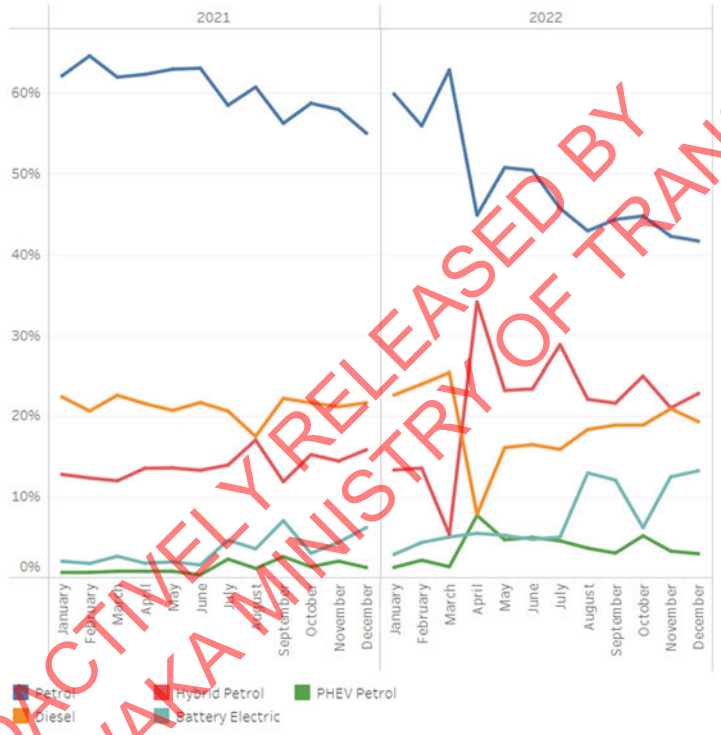
A two-to-one cost imbalance in 2022 is forecast to exceed a four-to-one imbalance this year

7 Revenue from high emission vehicles is on track with 2022 forecasts, averaging around $15m per month, but will reduce as fewer people buy high emitting vehicles.

8 Much of this income has come from utes (despite dropping 25% in sales volume, the Ford Ranger and Toyota Hilux utes retained position as the top two best selling vehicle models of 2022).

9 Most petrol cars are not currently imposed with charges because their emissions are below the threshold at which charges are imposed. Petrol-only vehicle sales dropped from 60% of all vehicle sales in January 2022 to 42% by December 2022.

Figure 1. Monthly share of vehicle registrations by fuel type. (Includes passenger and commercial, new and used imports.) The reduction of petrol vehicles and significant rise of hybrids and BEVs is apparent over 2022.



10 Since April 2022, when the scope of the rebates were expanded to more low emission vehicle types, rebate spending has been approximately evenly split between BEVs and vehicles that produce emissions (PHEVs, hybrids, fuel efficient cars).

11 2022 rebate expenditure is double the income generated. However, we expect sales of vehicles eligible for rebates to grow in 2023, and charge revenue to remain steady.[1] If the current settings continue and the growth occurs, the scheme's financial position during calendar year 2023 could face forecast spending of around $400m against a revenue forecast of around $150m, producing a potential deficit of around $250m.

Caution should be exercised when reducing rebate levels on BEVs

12 Changes to the scheme will be required to ensure it is financially balanced, through a combination of reductions to rebates paid and increases to charges collected.

[1] Informed by assessing detailed confidential plans from key domestic suppliers, discussions with industry bodies, analysing domestic and international sales statistics, and a consumer survey on the Clean Car programme

13 Dropping rebate levels by too much or too quickly risks disrupting progress. Research by EECA around 2019 showed rebates above $5,000 would strongly motivate purchasing.

14 BEV prices are reducing, but they remain higher than equivalent petrol and diesel vehicles. BEVs are expected to reach price parity with petrol and diesel vehicles in the final years of this decade, meaning subsidy rates can be confidently reduced over the course of the decade.

15 When Cabinet took decisions on rebate levels, the cheapest new battery EV had a retail price of around $65,000. Eight models are now available below $65,000, with the cheapest model having a recommended retail price of $49,990. (Refer Appendix 5 for further details on rebate price bands statistics).

We recommend a series of changes to rebates for 2023

16 Over this decade, the scheme will need to be managed in a way that creates a surplus in order to pay back the repayable Crown grant. Attempting to create a significant surplus immediately would result in reductions of rebates and increases in charges that would decelerate BEV adoption, and impose significant new costs on hybrid, petrol and diesel car buyers. We propose to balance charge revenue and rebates over 2023–2024, and utilising future reviews from 2024 onwards to achieve a greater surplus.

Option 1: A series of changes to rebates and charges

17 The cost of the scheme can be reduced and revenue increased, while maintaining the current emphasis on lowering emissions, through a number of co-ordinated changes to rebates, eligibility for rebates, and charges settings. This would involve applying the following principles and assumptions for 2023–2024:

17.1 Reducing BEV rebates is appropriate to reduce overall spending, but, should be as high as possible to maintain impact, and should not yet go beneath $5,000 incl GST. Used import BEV rebates are a small cost on the scheme as they are not yet frequently purchased, and any reduction may limit their growth.

17.2 Rebates on PHEVs, hybrids, and fuel-efficient vehicles can be reduced, potentially significantly, so long as there is corresponding discouragement placed on petrol and diesel vehicles to maintain emissions progress.

17.3 Used import hybrids no longer warrant broad subsidisation, as they now represent almost half of monthly used imports.

17.4 Rebates should only be offered to vehicles with emissions below (better than) the annual Clean Car Standard Type A (passenger car) vehicle targets.

17.5 The $80,000 rebate purchase price cap should be reviewed, and lowered, as there is sufficient volume and variety of BEVs at lower prices.

17.6 Petrol passenger car sales (both new and used) can be discouraged because a wide variety and sufficient supply of alternatives at various different price points

have now emerged in both the brand-new market (i.e .hybrids, PHEVs, BEVs) and used import market (hybrids).

17.7 Careful consideration needs to be given to diesel utes. In 2022, less than 1% of ute sales were electric. One BEV model was introduced at the end of 2022, and a hybrid and another BEV model is likely over the next year. All of these are two wheel drive only. This suggests there are insufficient alternatives available to justify increasing charges.

17.8 Electric van sales by comparison are growing. Electric model market-share more than doubled, from 2% to 5% of van sales from the 9 months before to the 9 months following 1 April 2022 (the point the full scheme began), and several additional BEV models are expected to enter over 2023 and 2024.

17.9 Almost all vehicles entering New Zealand are tested using inaccurate methodologies, meaning their CO_2 value is not as accurate as it can be, and have high levels of harmful emissions (being Euro 4 or Euro 5, rather than Euro 6). This is despite several key distributors being in a position to supply better vehicles now. Encouraging the uptake of accurate CO_2 values and low harmful emissions should be pursued if this can be incorporated in a reasonable fashion that remains consistent with CO_2 emission reduction.

17.10 Very high emission vehicles (above the level of a typical 4WD diesel ute) should be discouraged via higher charges. (This would support an action under the government's Emission Reduction Plan (ERP) as noted in Appendix 8).

18 The following table proposes changes to rebate and charge settings in line with the above principles. This option seeks to ensure that the scheme breaks even in 2023–2024, and continues to deliver the outcomes sought from emissions and equity perspectives.

19 Appendix 2 provides information on the impact of these changes on top-selling vehicles, and Appendix 3 and Appendix 4 provide a visual representation of how the rebate and charge settings would change.

20 The immediate changes we propose are in the table below.

Proposal	Settings (all rebate/charges figures are GST inclusive)	Key impacts
Lower the CO2 emissions threshold for rebates	The eligibility for rebates would lower from 146 grams of CO2 per kilometre to 100 grams.	**$64 to $65** million reduction in estimated 2023 rebate expenditure.[2] Based on the vehicles entering the fleet in December 2022, the percentage of vehicles receiving rebates would potentially reduce from 46 percentage to 27 to 33 percent, though the actual percentage will depend on market behaviour and may not drop that much. The vehicles no longer receiving rebates would be internal combustion vehicles and over half of the hybrids that are currently being imported. Top-selling new and used hybrids such as the Toyota Prius and Aqua remain eligible.
Reduce the rebate for battery EVs (BEV)	The rebate would reduce from $8,625 to $7,015 for a new BEV and change from $3,450 to $3,507.50 for a used-import BEV (so that it is half that of brand new).	**$27 to $34** million reduction in estimated 2023 rebate expenditure. (The slight increase on used imports is only $0.3 million increase in overall spending, because used BEVs are not yet frequently purchased) This change is unlikely to significantly reduce the number of people encouraged to buy a new EV. This is because over 2022 there was a marked increase in EV models available between $50,000–$65,000. When the scheme commenced the cheapest EV was $65,000.

[2] This figure is based on not paying rebates out on vehicles from 101 to 146 grams but assuming rebates 100 grams and below remained the same.

Reduce the rebate for eligible low emission vehicles	The rebate for eligible hybrids would roughly halve through a new formula for low emission rebates as follows. Used vehicles would be set to half that of new vehicles, to simplify calculations. *Proposed:* New vehicles: $575 plus $57.50 for every gram below 100 grams. Maximum rebate is $2875. Used vehicles: $287.50 plus $28.75 for every gram below 100 grams. Maximum $1,437.50. *Current figures:* New vehicles: $1098.45 plus $51.55 for every gram below 146 grams; maximum rebate is $5750. Used vehicles: $439.38 plus $20.62 for every gram below 146 grams; maximum rebate $2300.	**$86 to $102** million reduction in estimated 2023 rebate expenditure.[3] The change to PHEV rebates could reduce the number of PHEVs purchased. However, it may encourage people to opt for a BEV over a PHEV. Currently twice as many new BEVs are sold than PHEVs. The reduced hybrid rebates could encourage some people to opt for cheaper petrol vehicles over hybrids. This impact would be greatest in the used-import sector. Based on the vehicles entering the fleet in December 2022 almost 40 percent of used-imports were hybrids. In comparison the hybrid share for new vehicles was around 10 percent.
Lower the retail price cap for cars and SUVs to be eligible for rebates	The retail price cap would reduce from $80,000 to $75,000 for cars and SUVs. It would remain at $80,000 for utes and vans as only 2 percent of their sales were electric in 2022.	**$29 to $36** million reduction in estimated 2023 rebates expenditure. (This figure will be slightly lower than shown above, if done in conjunction with reducing BEV rebates.) Currently 26 new BEVs are eligible for a rebate. The lowered price cap would disqualify nine of these vehicles. However, distributors could choose to reduce their retail prices to retain rebate eligibility for their vehicles.
Lower the CO2 emissions threshold for charges	The emissions threshold for vehicles to be subject to charges would lower from 192 grams of carbon per kilometre to 150 grams, and amending the formula for calculating changes as follows: For new vehicles, from: $345.00 plus $57.50 per gram above 192 grams, to $575 plus $57.50 per gram above 150 grams; For used vehicles: from $258.75 plus $43.13 per gram above 192 grams, to $287.50 plus $28.75 per gram above 150 grams (this being 50% the rate of new vehicles).	**$229 to $255** million increase in estimated 2023 charge revenue.[4] Based on the vehicles entering the fleet in December 2022, the percentage of vehicles attracting a charge would increase from about 31 percent to around 37 to 40 percent, though the actual percentage will depend on market behaviour and may not rise as much. The level of change would be greatest in the used-import sector with the percentage attracting a charge increasing from almost 17 percent to 44 percent. For new vehicles the percentage attracting a charge would increase from almost 40 percent to 59 percent.

[3] This figure is based on reducing what is paid on vehicles from 1 gram to 100 grams only, to isolate the change from others noted in this table.

[4] This figure is based on the increase to charges on vehicles 150 grams and higher, while retaining the existing maximum charges cap of $5175 on new vehicles and $3450 on used imports.

		However, 17% of new and 25% of used import petrol/diesel passenger car registrations were 149 grams or lower in 2022, and such vehicles would attract no charge. Their marketshare would likely rise due to this change, as well as due to the 2023 Clean Car Standard target given that requires cars on average to be below 149 grams. Example costs for petrol/diesel vehicles: • Efficient car/SUV (125g): No charge. • Moderate car/SUV (150g): $575 (half that if Euro6, or, a used import). • Inefficient car/SUV (180g): $2300 (half that if Euro6, or, a used import). • Average ute (236 grams): $5520, but if Euro6 the figure is $2760, which is $100 less than their present charge. Refer Appendices for further detail.
Increase the level of charges for vehicles with emissions over 242 grams of CO2 per kilometre (or 313 grams in the case of Euro 6) (this is above the level of a typical 4WD diesel ute)	The maximum charge would increase from $5,175 to $6,900 for new vehicles and from $2,875 to $3,450 for used-imports	**$27** million increase in estimated 2023 charges *This value is the additional revenue on top of the recommendation in the row above.* The highest emitting light vehicles tend to be luxury vehicles rather than commercial vehicles needed for towage and carrying capacity. The increase will strengthen the signal for people to opt for zero-emission luxury vehicles rather than fossil fuel ones.
Reward for used and new vehicles that achieve both the Euro 6 harmful emissions (i.e. air pollutant emissions) and more accurate CO2 emissions testing (WLTP)	Vehicles eligible for rebates would attract an additional incentive amount of $1150 if new, and $575 if used. Vehicles imposed with charges would attract a 50% reduction to the charge payable. These dollar amounts should be more than sufficient to offset the additional cost of the engine technology that supports this higher standard. (For budgeting purposes officials have assumed up to 50% marketshare uptake of this standard with respect to rebates, and up to 20% uptake with respect to charges, which allows for a generous level of uptake)	$102 to 111 million increase in net expenditure ($59 to 71 million more rebates, less $40 to 43 million in reduced fees) *The figure will be lower if done in conjunction with reducing rebate levels and other changes in this table.* Almost no vehicles entering New Zealand currently meet this standard, despite some distributors being in position to import them, but unwilling to do so until there is a reason to justify their sale. This proposal will provide an immediate acceleration of their uptake, ahead of an eventual regulatory requirement. This could deliver significant health benefits and will improve assessment of CO2 emission values of vehicles.

21 The proposals above would have the following estimated funding in 2023 and 2024:

2023	Rebate expenditure	Charges revenue	Net position
Forecast (no changes)	$369 to 438 million	$141 to $145 million	-$224 to -$297 million
Total impact of above changes	-$139 to 154 million	+$216 to 239 million	
Forecast (with above changes)	$230 to 284 million (of which $138 to 173 million relates to zero emission vehicle rebates)	$356 to 384 million	$73 to $155 million

2024	Rebate expenditure	Charges revenue	Net position
Forecast (no changes)	$420 to 536 million	$124 to $135 million	-$285 to -$412 million
Total impact of above changes	-$152 to 178 million	+$181 to $222 million	
Forecast (with above changes)	$268 to 358 million (of which $164 to 224 million relates to zero emission vehicle rebates)	$306 to $357 million	-$52 to $89 million

22 The 2023 table above assumes figures would run for the whole calendar year. As the policy would run for only half of the 2023 calendar year, the actual adjustments would be about half of the above figures. A significant deficit position will be generated during the first half of calendar 2023, expected to be similar to or even larger that the surplus range above, meaning the 2023 calendar period is still expected overall to result in a cash neutral or deficit position.

23 The dollar ranges above are based on differing assumptions around the future vehicle mix, including that combined new and used import BEV uptake (which was 7% in 2022) grows to 11% in 2023 and 14% in 2024 (high uptake) or only 9% in 2023 and 10% in 2024 (low uptake).

24 The types of changes that will need to be considered in 2024, to take effect by 2025, to enable the scheme to generate a surplus of charge revenue received over rebates paid are to:

24.1 limit rebates to BEVs and further reduce the amount of the BEV rebate

24.2 further reduce which PHEVs/hybrids get rebates and/or reduce the dollar amount they receive

24.3 further reduce the retail price cap

24.4 further widen the pool of vehicles subject to charges and/or increase the charges payable on vehicles

24.5 tighten or remove the reward framework extended to Euro6/WLTP vehicles.

25 The proposal to reward vehicles that meet Euro6/WLTP standards is a shift from the currently policy. The Euro6 standard does not reduce GHG emissions, but it does

greatly improve harmful emissions from vehicles so has significant health benefits. It would give suppliers an option to reduce charges to an amount similar to current charges, and as a result will likely make the increases we propose to charges (or the changes we propose that would subject additional vehicles to charges) more palatable to the market. This proposal would also improve the accuracy of CO_2 emissions testing for the eligible vehicles, which limits the ability for abuse of the rebate/charge system through understating vehicle emissions. Originally Cabinet agreed to make WLTP a legal requirement on all vehicles manufactured from 2022 (CAB-21-MIN-0004 refers). This was delayed and a new date has not been considered, because not all distributers were able to achieve that standard by that date.

26 Aside from the proposal above, this option retains a system similar to the status quo, is consistent with initial expectations for of future changes to the scheme, and continues to incentivise the purchase of BEVs, PHEVs, and hybrids. However, the incentives will be materially lower than they are currently, and charges would increase for all vehicles above 150 grams of CO_2. This is consistent with the Clean Vehicle Standard. It does however place an additional imposition on brand new utes and van distributors until such time as they begin importing models that are either BEVs, hybrids, or, diesel-powered but achieving Euro6/WLTP.

27 We can provide you with the estimated financial impact of adjusting any of the above changes on request.

Option 2: Retaining rebates for BEVs only and decreasing them, and increasing charges

28 This option significantly reduces the rebates paid by removing rebates for non-BEVs and reducing the level of the rebates for BEVs. An increase in total revenue of up to $40 million in 2023 will be required to ensure the scheme remains self-funding (and larger amounts in future years). We propose this increase be achieved through widening the pool of vehicles subject to charges.

Proposal	**Settings (all rebate/charges figures are GST inclusive)**	**Impact on 2023 funding**
Reduce the amount of the rebate for BEVs	From $8,625 for a new BEV to $7,015 and from $3,450 for a used-import BEV to $3,507.	$41 to 49 million (reduction)
Remove rebates for all non-BEVs	End rebates on vehicles 1 – 146 grams	$205 to 232 million (reduction)
Widening the pool of vehicles subject to charges to include most petrol and diesel vehicles and increase the maximum charge	Increase charges as per *Option 1* earlier.	$229 to 255 million (increase)
Reward Euro6/WLTP high emission vehicles	Reduce charges by 50% on applicable vehicles, similar to *Option 1* above. (Does not provide additional rebate if BEVs tested on WLTP)	$31 to 33 million (increase)

Net Position	Overall forecast if Option 2 selected (2023)	$193 to $256 million (surplus)

29 While this option would be highly revenue positive, this option is a departure from the existing policy that also incentivises PHEVs, hybrids, and low emission petrol and diesel vehicles, and when establishing the scheme, such a strict position was not proposed to be adopted until 2028. However, this option could limit the need for large increases to changes, and could be justified by the stronger than expected uptake in low emission vehicles.

30 This option would treat all PHEVs, hybrids, and many petrol cars identically, providing neither a rebate nor a charge, so would not encourage the purchase of lower emission vehicles in most cases.

31 In the case of used imports, it may be seen as unfair, as BEVs make up only 3% of imports, while many petrol and diesel vehicles would be imposed with charges. While hybrids would avoid charges, there would be very little opportunity to take up rebates given the lack of used import BEVs out of Japan.

We propose disability vehicles stay excluded from charges and get better rebates

32 Each year, several hundred disability vehicles enter New Zealand. These are either vans with ramps for wheelchair access, or cars with swivel seats. Such vehicles are excluded from being imposed with charges under the scheme. As no battery electric, and almost no hybrid disability vehicles are entering New Zealand today, we suggest that more encouragement should be offered to them. Many buyers of such vehicles are reliant on grants and have limited budgets, meaning the incentive needs to be larger than is the case for the general market.

33 We recommend a fixed rebate of $11,500 (GST inclusive) for BEV and $5,750 (GST inclusive) for PHEV or hybrid disability vehicles apply, irrespective of being brand-new or used. The small size of the disability vehicle market means that it is unlikely to place a strain on the scheme's finances, and that this can be offered irrespective of the Option 1 or 2 chosen earlier.

Officials recommend signalling to the industry that further changes are expected to ensure the scheme remains cost neutral and reduces emissions.

34 The changes to rebates and charges under either Options 1 or 2 should put the scheme into financial balance for 2023–2024. By 2025, further changes will be needed as the availability and affordability of vehicles attracting rebates grows, and to put the scheme in a position to repay the Crown grant by the end of the decade.

35 Under the Emissions Reduction Plan (ERP), and to meet international and domestic climate commitments, our electric vehicle sales need to continue to rise sharply. The ERP target for 30% of our fleet to be zero emissions by 2035 would require all new vehicle sales (including utes and vans) to be zero emission from January 2030, and for very high rates of brand new and used vehicle BEV adoption before then.

36 One option would to be set a schedule of changes to the scheme now that would occur over the course of the decade, to be consistent with long term emissions

pathway and to repay the Crown funding. This would offer some certainty to the market. However, the changes in the market are highly unpredictable and it is possible that any schedule of changes proposed could require to be dramatically altered, potentially at short notice to ensure financial balance. A change could give rise to judicial review and market dissatisfaction.

37 We recommend that you publicly reiterate that:

37.1 changes to the scheme will be required often over the course of the scheme,

37.2 rebate eligibility and dollar amounts will be progressively tightened in future years, and likewise charges raised and/or imposed over more of the market,

37.3 the policy appears to be working very effectively, and that regular, potentially annual, changes were always planned.

38 s 9(2)(f)(iv) [redacted]

[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted] is.

Timing of changes to the scheme

39 Decisions and implementation need to move quickly to balance funding. Even with additional Crown funding, we recommend new settings be in effect by July in order to minimise financial risk.

40 Vehicle buyers who are in the process of having ordered but not yet received a vehicle could be caught out by changes to the scheme. Once the vehicle arrives and is registered, they are likely to receive a smaller rebate or be imposed with a higher charge than they had expected. To mitigate this, you could:

40.1 Consider a notice period between announcing changes and them being in force. Depending on the length of time, this could allow existing orders to be fulfilled ahead of the changes. With some vehicles taking a year to deliver, some buyers will not be covered. Conversely, providing a notice period will cause a rush of buyers looking to maximise rebate eligibility and reduce charges payable.

40.2 Consider a retrospective eligibility provision. If consumers can show specific evidence of making a deposit prior to an announcement about changes, then that vehicle could be handled under the earlier schedule of rebates and charges. This would limit any rush of sales post announcement and not disadvantage anyone who placed an order prior to the changes. Waka Kotahi does not have a facility for providing this and it would need to be developed.

41 We propose providing a 3-month notice period, without any retrospective eligibility. This provides some balance, with many orders still able to be fulfilled at current rebate/charge rates, while limiting any significant impact of a purchasing rush.

Industry views

42 Officials have met and spoken with the Motor Industry Association (MIA) and Imported Motor Vehicle Industry Association (VIA) about changes to the scheme at a general level. We have not discussed specific numbers or proposals indicated by this briefing, but have made it clear that significant and large changes would be needed. Both the MIA and VIA have supported officials by providing forecasted levels of vehicle types for 2023, and by offering other feedback as follows.

Industry Feedback	Ministry position
Adopt a set of changes proposed by the MIA, which they state would be financially self-sustaining: 1. Reduce BEV rebates to $5000 2. Drop rebate eligibility to 100g. 3. Exempt most utes from charges 4. Impose charges on cars from 175g. 5. Raise maximum charge to $7500. 6. Trigger these changes in 2024.	Very useful industry contribution however is not financially sustainable, though it provides useful insights. Our modelling suggests the MIA proposal would generate up to a $50m loss if it were adopted in 2023, and would generate a $39 to $125 million loss in 2024. 1. Reducing rebates to $5000 may slow EV uptake; our proposal is to retain at a slightly higher level of $7015. 2. Dropping rebate eligibility to 100g included in our proposal. 3. This is the biggest difference between the MIA and our proposal. Exempting most utes could cause regressive behaviour and encourage more ute sales, and discourage the most fuel efficient utes being purchased. This could slow or reverse emission reduction progress. 4. Imposing charges on cars from 175g is a useful step but insufficient to deliver revenue needed; hence our proposal to impose charges from 150g instead. However, our proposal is broadly aligned with the MIA proposal in that both impose similar dollar amounts on large fuel inefficient cars and SUVs (190 grams and higher). 5. Raising maximum charges to a similar level is included in our proposal (we have suggested a slightly lower figure of $6900) 6. We do not have the funding available to wait until 2024 to make changes, and even if we did, it would mean having to work our way our of a larger deficit.
Provide market with advance notice of changes (MIA, VIA)	We support providing certainty where possible, but significant change is required now to ensure a sustainable financial position of the scheme. Agreeing a set of long term changes could be risky if they need to be changed later.
Different charges on passenger cars and commercial vehicles (MIA)	Could cause a negative shift to people buying high emission utes instead of low/medium emission cars to avoid costs.
Increase the $80,000 price cap (MIA)	Financially difficult to do so, and likely unnecessary given the popularity of BEVs under the current cap. We can retain the existing cap on utes and vans.
Rebate reductions should be small (less than 20%) if made without notice, and notice should be at least a year (MIA)	Would be challenging to follow given the scale of the deficit.
Three-month notice period sufficient (VIA)	The used market typically turns vehicles over within a 3-month period.
Near-new used imports should receive a greater rebate (VIA)	Our proposal does not lower the existing rebate for used BEVs, and thus this narrows the gap between new and used.
Keep PHEVs eligible for rebates (VIA)	Our proposal provides this.

Implementation

43 Any change to rebate or charge pricing or criteria will rely on implementation by Waka Kotahi. A period of several months between a decision being made by Cabinet and

implementation in the market is therefore essential. Waka Kotahi has advised that its provider should have the capacity and ability to give effect to the changes, and could be funded within existing administration funding allowances. However, because of the short timeframes within which this advice has been prepared, we intend to work further with Waka Kotahi to ensure that this is the case for all of the proposed changes. (For example, differentiated rebate cap limits between cars versus utes, and the Euro 6/WLTP proposal are not part of the current scheme design).

Next steps

44 You have agreed to seek Cabinet agreement to increase the repayable Crown grant (OC221115 refers). We recommend that as part of that Cabinet paper, you also seek Cabinet approval of the changes to the regulations as proposed in this paper.

45 Policy decisions relating to amending rebate levels can occur through Cabinet decisions alone. Decisions relating to amending charges imposed rely on updating the Clean Vehicle Standard Regulations 2022.

46 We will provide a draft Cabinet paper once you have advised on your preferred approach based on the options in this paper. We propose that, in the interests of time, we will undertake departmental consultation concurrently with your review of the first draft. Ideally, Cabinet approval will be in February 2023 to ensure that funding is secured to enable the current scheme arrangements to continue, and to enable a three month notice period to industry.

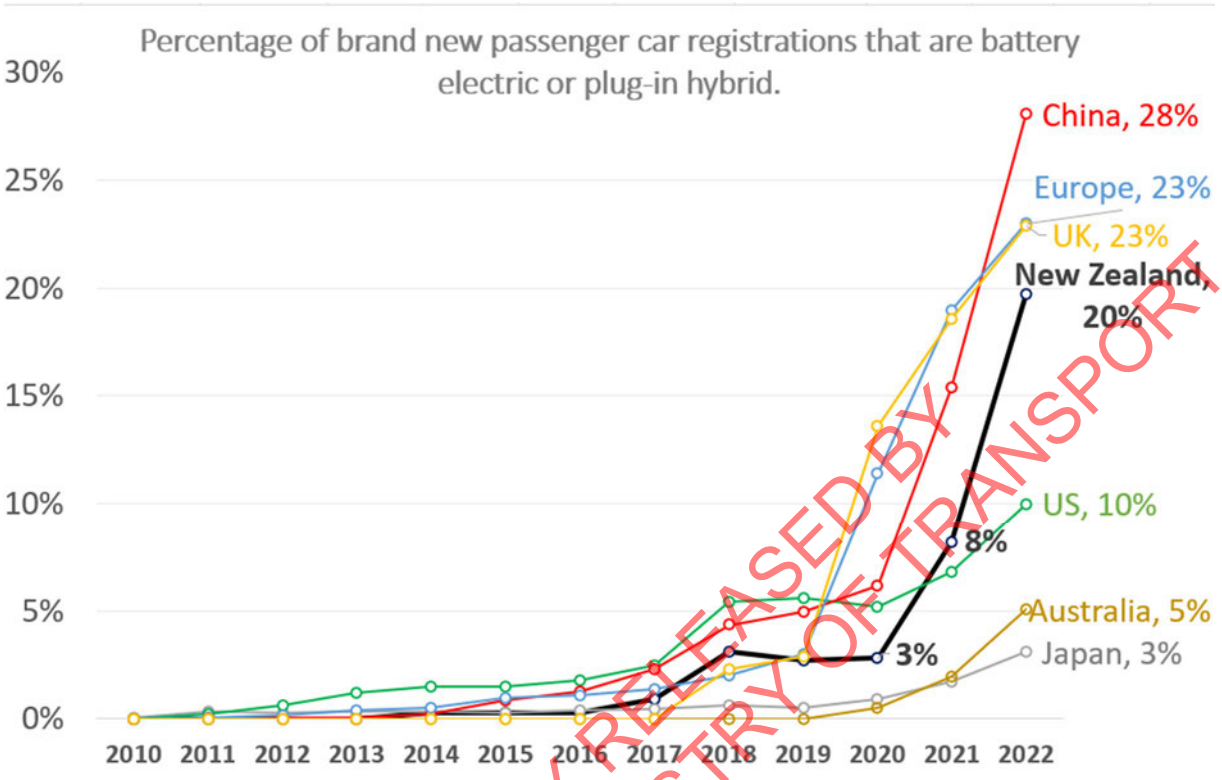
47 Under the Clean Vehicles Amendment Act passed in 2022, when amending the Clean Vehicle Standard Regulations, you are required to consider to consult “who you consider appropriate”, and, to not make an amendment until you are satisfied that any changes are appropriate against a number of criteria to do with financial health of the scheme and emissions reduction. See Appendix 8 for a list of the relevant conditions and comments from officials.

48 We seek your direction on how much detailed information you wish to share with the MIA and VIA ahead of Cabinet decisions being made, in order to get feedback on the design and ambition levels proposed.

49 We recommend that at the least, these stakeholders are provided with a few weeks to review draft regulations for technical correctness, as had been done to support the Clean Vehicle Standard 2022 regulations. This does not need to occur if you wish to give no notice period about fee and rebate level changes.

50 In addition to the information provided in this paper, we are progressing a full evaluation of the scheme to date, and will endeavour to provide full results prior to the final Cabinet paper being submitted.

Appendix 1. Strong EV sales growth in New Zealand over the past 24 months puts us alongside other global leaders.



The 2022 global average is understood to be around 10% using preliminary figures.

Market leader Norway progressed from 20% BEV uptake (i.e. excluding PHEVs) in 2017 to 80% in 2022 over a five year period and is not shown. Norway has a goal for all light vehicle sales be zero emissions by January 2025, aided by BEVs being excluded from high purchase taxes on petrol and diesel vehicles.

Recent changes to subsidy programmes due to EV uptake:

1. *China ended EV manufacturing subsidies in 2023, having reached 28% uptake in 2022, comprising around one half of the world's EV sales. In 2022, China manufactured over 5 million BEVs (up 82% YoY) and over 1.5 million PHEVs (up 113%), of which around 700,000 were exported to foreign markets (double 2021).*
2. *The UK narrowed EV subsides to only taxis, vans, trucks, motorbikes, and other nascent segments in mid 2022, having exceeded 20% uptake.*
3. *France and Germany narrowed subsidies to BEVs only (removing PHEVs) and lowered rebate amounts in 2023 to NZ$7500-8500. Approaching 30% EV uptake.*
4. *The US increased subsidy coverage in 2023. Their ~NZ$12,000 subsidy now includes Tesla and other top selling brands again, who had reached subsidy limits.*
5. *Australian states offer subsidies of around NZ$3000, plus some discounts and exemptions from various duties and taxes. These were increased in 2022.*

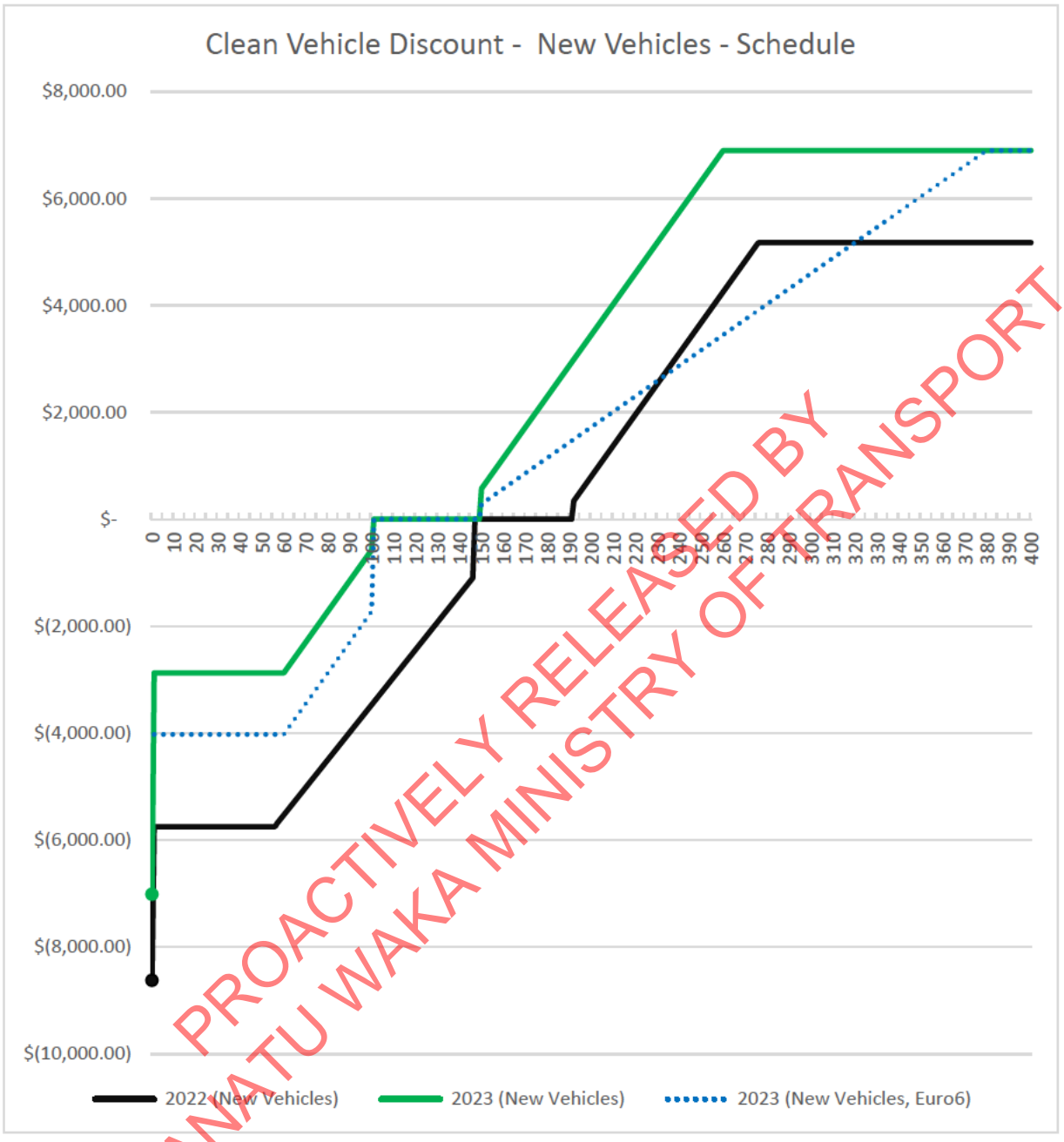
Appendix 2: Impact on top 10 selling vehicles – most vehicles still attract a rebate, or at least, not a charge by being in the zero-band:

Based on Q4 2022 sales. Note that passenger car model rankings could change early 2023 as the Clean Car Standard target of 145 grams motivates suppliers towards lower emission models

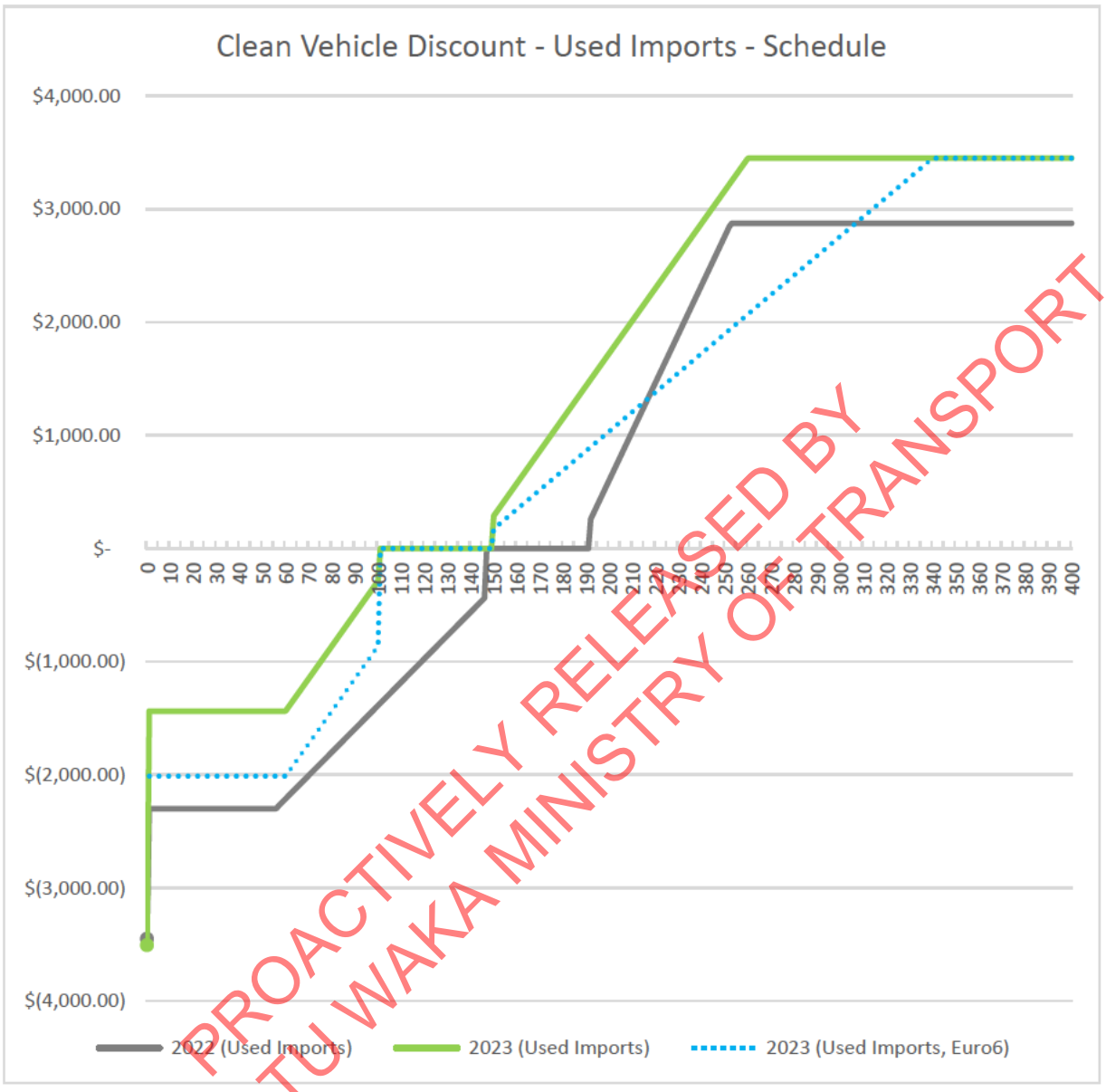
Brand New				
Vehicle	**Average Emissions**	**Rebate? (0-100g)**	**Zero-band? (101-149g)**	**Notes**
Ford Ranger	238 (diesel)	No	No	Buyers could move to LDV electric ute if 2WD, or some other vehicle type, but only if that meets their needs.
Tesla Model Y	Zero emissions (BEV)	Yes	n/a	
Toyota Hilux	237 (diesel)	No	No	Buyers could move to LDV electric ute if 2WD, or some other vehicle type, but only if that meets their needs.
Mitsubishi Outlander	194 (petrol) / 38 (PHEV)	Yes	n/a	PHEV with 38 grams would still be eligible for the maximum PHEV rebate
Toyota RAV4	166 (petrol) / 121 (hybrid)	No	Yes	Hybrid used to get rebates but would now be in zero zone
Suzuki Swift	132 (petrol) / 106 (hybrid)	No	Yes	Petrol and hybrid used to get rebates would now be in zero zone
Mitsubishi ASX	192 (petrol)	No	No	Buyers could select one of many other mid-sized SUVs available in market with lower emissions
MG ZS	Zero emissions (BEV)	Yes	n/a	
BYD Atto3	Zero emissions (BEV)	Yes	n/a	
Mitsubishi Eclipse Cross	187 (petrol) / 47 (PHEV)	Yes	n/a	PHEV with 47 grams would still be eligible for the maximum PHEV rebate

Used Imports				
Vehicle	**Average Emissions**	**Rebate?**	**Zero-band?**	**Notes**
Toyota Aqua	89 (hybrid)	Yes	n/a	Consistently number one imported vehicle (new or used) in New Zealand each month
Toyota Prius	93 (hybrid), 68 (PHEV)	Yes	n/a	PHEV is not yet imported in high volume, as hybrid is available in higher volume in Japan
Mazda Axela	167 (petrol), 99 (hybrid)	Yes	n/a	Petrol version moves into charge zone, hybrid remains in rebate zone (just)
Toyota Corolla	141 (petrol), 91 (hybrid)	Yes	n/a	Hybrid version now outsells petrol version significantly and would retain rebates
Mazda Demio	118 (petrol)	No	Yes	Moves from rebate to zero zone
Honda Fit	131 (petrol), 105 (hybrid)	No	Yes	Hybrid will no longer receive rebates
VW Golf	162 (petrol), 69 (PHEV)	Yes	(Petrol - no)	PHEV is not yet imported in high volume, current popular petrol model would now incur a charge
Nissan Leaf	Zero emissions (BEV)	Yes	n/a	Consistently number one used imported BEV, but limited to several hundred units per month volume.
Subaru Impreza	169 (petrol), 137 (hybrid)	No	Yes	Hybrid will no longer receive rebates
Mazda CX5	170 (petrol)	No	No	Buyers would need to select another similar vehicle to avoid paying a charge.

Appendix 2: Feebate Schedule for New Vehicles



Appendix 4: Feebate schedule for Used Import Vehicles.

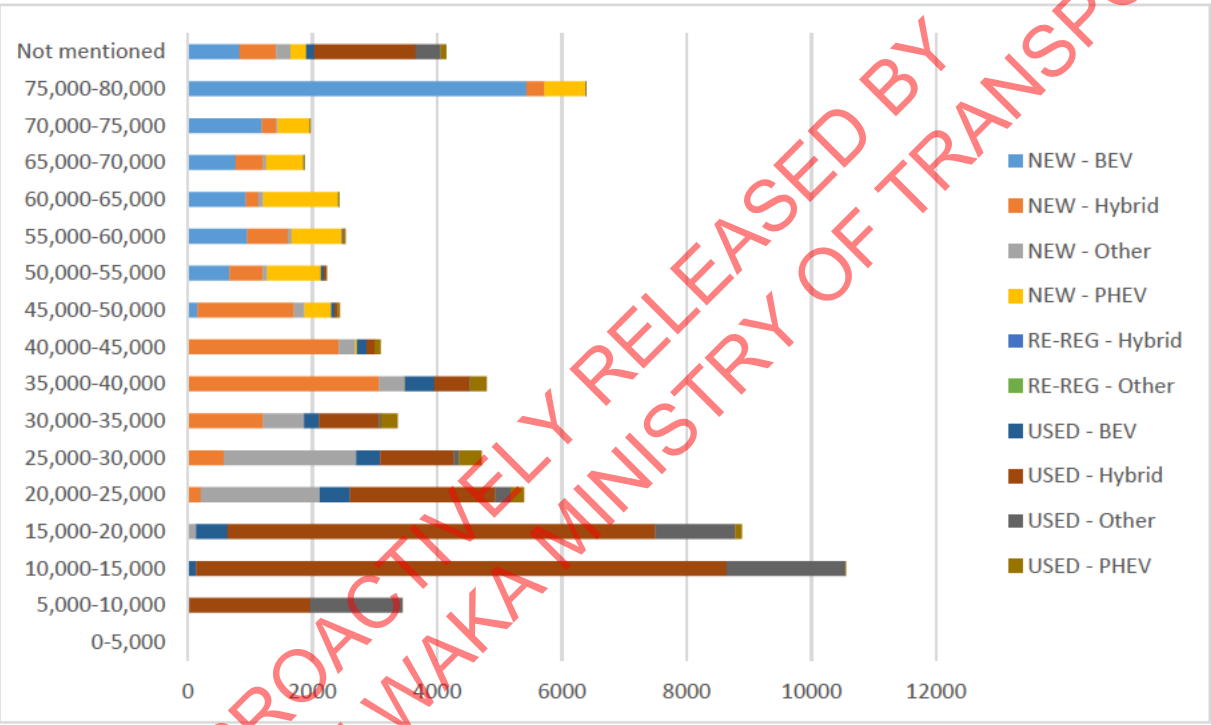


Appendix 5: Rebate Purchase Price Eligibility Statistics

1. Statistics – Top selling brand new BEVs and their current purchase price:

Top 5 Selling Brand New BEVs	Registrations July - Dec 2022	Retail price as at Jan 2023 (excl rebate)
Tesla Model Y	4,217	$78k
BYD Atto 3	1,686	$59k
Tesla Model 3	1,477	$73k
MG ZS	868	$50k
Kia EV6	450	$76k

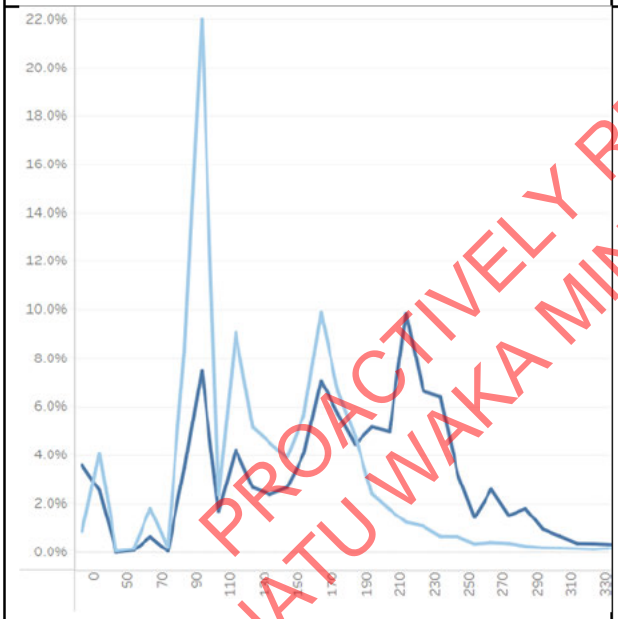
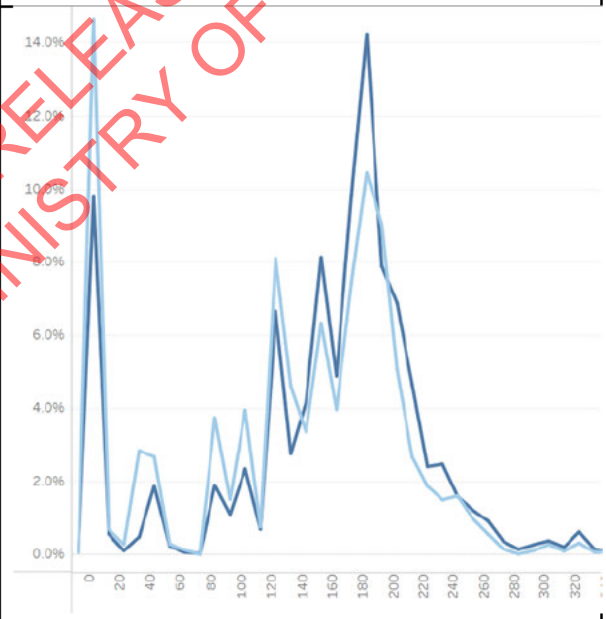
2. Statistics - Number of vehicle rebates paid, grouped by fuel type and purchase price



(Data covers rebates paid April – December 2022).

Appendix 6: Changes to vehicle emission levels following the full scheme

The following graphs show percentage market share in 10 gram increments for passenger car sales in the 9 months before (up to 31 March 2022) and 9 months after (April to December 2022) the introduction of the full scheme. Rebates were offered on vehicles at 146 grams and below, and from April 2022, charges were imposed on vehicles at 192 grams and higher. Rebates on BEVs and on most PHEVs were unchanged over the entire period.

Used passenger vehicles:	New passenger vehicles:
• A dramatic reduction in vehicles from 190 grams and higher • A pronounced increase in vehicles just below 100g (i.e. hybrids), roughly tripling. • Small increase to BEVs (now 4%) and PHEVs (now 2%). • Reducing rebates to 100 grams, and lowering charges to begin at 150 grams could therefore cause a similar positive effect, given the availability of suitable vehicles.	• A noticeable reduction in vehicle sales in the high emission 180-189 gram band. • A noticeable increase in vehicle sales in the low emission 80-149 gram bands (hybrids) • A large increase in BEVs, which averaged 15% of market share (and even higher late 2022). • Reducing rebates to 100 grams and lowering charges to 150 grams is likely to support greater BEV and hybrid uptake, and a further reduction of the very high (180-189 gram) band.
	

Key: light blue = after scheme introduced; dark blue = prior to scheme introduced.

Changes to vans and utes between the two time periods were more subtle:

- For utes, there was a rise in sales of slightly more fuel efficient models (210-219 grams now comprise 20% of sales) but BEV share remained below 1%.
- For vans, there was a rise in slightly more fuel efficient versions (at 190 to 229 grams), and BEV share more than doubled, from 2% to 5%.

The above information is likely the total impact that a number of factors had across the market (including the scheme, the Clean Car Standard, fuel prices, new vehicles coming to market). We will seek to undertake future work to identify the specific impact of the scheme.

Appendix 7: Emissions Testing and Harmful Emissions

For the purposes of higher rebates or reduced charges, “Euro 6” means –

1. European Commission standard “Euro 6d” until 31 December 2024, replaced by “Euro 6e” from 1 January 2025 onwards, or
2. A UNECE Regulation 83 if equivalent to the above (The UNECE world forum is scheduled to adopt a regulation equivalent to Euro 6e in June 2023), or,
3. The Japan 2018 Regulation harmful emissions standard as evidenced by a 6xx code (of any fuel type) or a 5xx code (hybrids and PHEVs only), or,
4. United States EPA “Tier 3” regulation.

Other than where a US regulation is used, the vehicle must be tested to WLTP (Worldwide Harmonized Light-Duty Test Procedure). This procedure results in more accurate emissions tests, and limits the potential for CO2 levels to be understated to attract lower charges or higher rebates.

Zero emission vehicles are not subject to the above because they offer even lower harmful emission levels than Euro 6 vehicles.

Appendix 8 - Response to requirements when amending Clean Vehicle Discount regulations:

The Minister must not recommend the making of regulations unless the Minister is satisfied—	**Summary response:**
(a) that the fees or charges are appropriate to sustain a scheme designed to increase consumer demand for zero- and low-emission vehicles and decrease consumer demand for high-emission vehicles:	Rebates and charges have been set to carefully balance a number of needs around accelerating zero emission vehicles in the short term (through maintaining high rebates) and the long term (by increasing charges over the broader vehicle market), and can be sustained by ensuring the scheme is revenue neutral.
(b) that the imposition and level of fees or charges are appropriate, after considering—	-
(i) the variety and availability of zero- and low-emission vehicles expected to enter the New Zealand light vehicle market in the following 12 to 24 months; and	The variety and availability of zero emission vehicles is expected to grow rapidly, including affordable (sub $50,000) cars, hybrid/electric utes and vans. Tesla and BYD are expected to be in a position to provide high volumes of vehicles, sufficient to be top selling passenger car models of any fuel type. Used import low emission hybrids are available in very high volume, sufficient to support them being the top selling models in the market. Refer Appendix 6 for impacts on top-selling models, showing most car types can be bought with rebates, though there is limited choice available in the case of diesel utes.
(ii) the market behaviour of consumers, including the nature of any continued demand for high-emission vehicles; and	Consumers are turning to zero and low emission vehicles faster than anticipated. Continued demand for high emission vehicles remains primarily for diesel utes; a BEV alternative has become available late 2022 and two or three additional hybrid and BEV utes are expected over the coming 12 to 24 months.
(iii) international and domestic climate change ambitions and commitments; and	This proposal supports the Emissions Reduction Plan target of 30% of our light fleet being zero emission by 2035, by strongly encouraging ZEVs through rebates in the short term, however will need to be strengthened later as the ERP target assumes all new vehicle sales are zero emission from 2030. That in turn contributes to our domestic and international commitments to a net zero 2050 economy. This proposal, if subsequent ongoing revisions are made in the future, also aligns to two key initiatives under the ERP action titled "Action 10.2.1: Accelerate the uptake of low-emissions vehicles", as follows: 1. “Consider further measures needed from 2027 – to increase the fuel efficiency of the imported fleet and avoid high-emitting vehicles being dumped onto our market. This will help avoid Aotearoa becoming a dumping ground for high emitting vehicles.” 2. “Set a maximum CO2 limit or penalties for individual light internal combustion engine vehicle imports to tackle the highest emitting vehicles”

(iv) the anticipated impact of the fees and charges on the market; and	Fees and charges have been arranged to discourage high emission vehicles, especially in circumstances where there is good choice for low emission alternatives Refer Schedule 6 for impact on top-selling vehicles. Distributors of high emission vehicles most subject to charges (vans, utes) can opt to avoid such significant increases in charges by transitioning to a more accurate CO2 framework (WLTP) and low harmful emission standard (Euro 6); consumers then can opt to select vehicles from such distributors.
(v) whether the estimated revenue to be received from the charges is sufficient to meet the costs and expenses of the clean vehicle discount scheme funded under section 9(1E) and (1F) of the Land Transport Management Act 2003.	Modelling indicates the scheme will be profitable once embedded in 2023. Ongoing changes will be needed to repay crown funding by the end of the decade.

TE MANATŪ WAKA
MINISTRY OF TRANSPORT

1 March 2023 OC230139

Hon Michael Wood **Action required by:**

Minister of Transport Monday, 6 March 2023

CLEAN CAR DISCOUNT - FURTHER ANALYSIS AND DRAFT CABINET PAPER

Purpose

Addresses questions and feedback on last month's briefing (OC220603), attaches a draft Cabinet paper, and a report for further insights.

Key points

- The attached draft Cabinet paper proposes a suite of changes to the Clean Car Discount scheme (the scheme). We are seeking your initial feedback to enable consideration by Cabinet in March 2023 to enable changes to the scheme to be announced well before coming into force in the middle of the year.
- A budget bid has been submitted seeking funding to keep the scheme running in the short-term, and to remove the need to increase charges on higher-emission vehicles over 2023–2024. The changes to the scheme proposed in the draft Cabinet paper will be required alongside the budget bid to ensure the scheme can continue to operate.
- The Cabinet paper reflects our previous advice, and responds to some of the initial feedback that you provided, including:
    - strengthened rebates for hybrids and Plug-In Hybrid Electric Vehicles (PHEVs), to encourage their popularity over petrol and diesel alternatives.
    - an exemption from charges for the lowest emission utes (those at and below 218g of CO_2 emissions) for a 12-month period only.
- We do not propose offering retrospective eligibility for buyers who committed to a vehicle purchase before the announcement. Industry raised concerns around the difficulty of providing sufficient proof of purchase, and it could be challenging for Waka Kotahi to implement this feature ahead of changes being made. If you still have concerns, a 9-month notice period would be an alternative option that would be less likely to catch out buyers, though it would increase the cost.
- While the budget bid would provide sufficient funding to avoid the need to increase charges, not increasing charges for any vehicles would mean the majority of petrol cars would receive neither rebates nor charges. As a result, emissions are expected

to rise relative to current settings. To mitigate this risk, we have included in the Cabinet paper an alternative option for increasing revenue from charges by:

  - imposing charges on vehicles above 150g, which we consider can be avoided by most buyers of used imports and price sensitive buyers of new vehicles
  - increasing the maximum charges for the highest emitting vehicles.

- This briefing provides additional advice in response to your questions, and we seek further guidance from you prior to finalising the Cabinet paper.

Recommendations

We recommend you:

Amendments to rebates: (all figures in the recommendations include GST)

		Yes / No
1	**agree** to reducing the rebates for battery electric vehicles (BEVs) from $8,625 for new BEVs to $7,015 and amending rebates from $3,450 for used-import BEVs up to $3,507	
2	**agree** to lowering the retail price cap for rebates for cars and SUVs from $80,000 to $75,000, with no change to the rebate price cap for vans and utes	**Yes / No**
3	**agree** to narrowing rebate eligibility by lowering the emissions threshold from 146 grams of carbon per kilometre to 100 grams	**Yes / No**
4	**agree** to offer new and used disability vehicles (as defined by the Clean Vehicle Discount Regulations) with a rebate of $11,500 (BEVs) and $5,750 (hybrids, PHEVs)	**Yes / No**
5	EITHER **agree** to different rates of rebates for Euro 5 and Euro 6 by altering the formula for low emission rebates to be: *Where Euro 5:* new vehicles: $575, plus $57.50 per gram below 100 grams, capped at $2875. used vehicles: half the rate of new vehicles, meaning $287.50 plus $28.75 per gram below 100 grams, capped at $1437.50, *Where Euro 6, a higher rebate recognising lower harm and better CO_2 accuracy:* new vehicles: $1725, plus $57.50 per gram below 100 grams, capped at $4025. used vehicles: half the rate of new vehicles, meaning $862.50 plus $28.75 per gram below 100 grams, capped at $2012.50,	**Yes / No**
6	OR **agree** to the same rates of rebates for Euro 5 and Euro 6 vehicles by altering the formula for low emission rebates to be: new vehicles: $1725, plus $57.50 per gram below 100 grams, capped at $4025.	**Yes / No**

used vehicles: half the rate of new vehicles, meaning $862.50 plus $28.75 per gram below 100 grams, capped at $2012.50

Amendments to Charges:

7 **agree** to retain decarbonisation ambition and increase revenue by widening the pool of vehicles subject to charges, via lowering the emissions threshold from 192 grams of carbon per kilometre to 150 grams and amending the formula for calculating changes as follows: **Yes / No**

- for new vehicles: to $575 plus $57.50 per gram above 150 grams, capped at $6900;
- for used vehicles: to $287.50 plus $28.75 per gram above 150 grams, capped at $3450.

8 **agree** to a 12-month duration exclusion from charges for utes that have emissions of 218 grams or lower. **Yes / No**

9 **agree** to accelerate the timeline of Euro 6 diesel utes and other high emission vehicles entering New Zealand by offering them with charges reduced by 50% (or by a smaller percentage you otherwise instruct) **Yes / No**

Timing of changes

10 **indicate** your preferred date for reductions to rebates to take effect, and for increases to charges to take effect, noting that officials consider these should occur on 1 July 2023 at the earliest and 1 December 2023 at the latest, and noting the implications of the dates chosen on emissions reduction and Crown Funding needed.

11 **instruct** officials on desired changes to the attached Cabinet Paper, and seek Cabinet approval on a finalised paper by the end of March 2023 **Yes / No**

12 **refer** this briefing to the Minister for Climate Change and Minister of Finance. **Yes / No**

Matt Skinner
Manager, Environment & Emissions Policy Design
01 / 03 / 2023

Hon Michael Wood
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
Sigurd Magnusson, Senior Policy Advisor, Environment & Emissions Policy Design	s 9(2)(a)	✓
Matt Skinner, Manager, Environment & Emissions Policy Design	s 9(2)(a)	

CLEAN CAR DISCOUNT - FURTHER ANALYSIS AND DRAFT CABINET PAPER

We proposed an approach to make the Scheme financially sustainable

1 On 2 February 2023 we provided the briefing entitled, Clean Car Discount – Review and Recommendations that identified a range of changes to make charges and rebates balance over the period 1 July 2023–31 December 2024 (OC220603 refers). You subsequently discussed this briefing at the Ministerial meeting with Te Manatū Waka on 7 February 2023.

2 This briefing addresses your questions and feedback on the previous briefing. It also attaches a draft Cabinet paper that has been prepared in line with your direction to give Ministers the option of making a number of changes to rebates and providing Crown funding in lieu of increasing charges.

3 A monitoring report is also attached, which provides further insights on vehicle purchase patterns over the past 18 months in relation to the scheme.

We have adjusted the proposed approach and developed additional scenarios in response to your feedback

Time limited exemption from charges for lowest emission utes

4 In response to the suggestion from the Motor Industry Association (MIA) and your feedback, the Cabinet paper includes the proposal to have a specific emission threshold for charges for utes of 218 grams CO_2 per kilometre. Utes with emissions at and under this threshold would attract no charge. This would encourage people who require utes to opt for ones with the lowest emissions.

5 A threshold of 218 grams CO_2 per kilometre has been selected based on the best performing diesel utes offered by Ford, Toyota, Nissan, Isuzu and VW. It includes two brands that are both four-wheel drive and have five seats (Ford and VW). In 2022 a third of New Zealand's top selling ute, the Ford Ranger, were at or below 218 grams (4,280 out of 12,552 sales) and roughly half were 4WD models. Only small volumes from other brands met this threshold.

6 As it is likely that the specific threshold will encourage people to opt for utes over lower emission cars and SUVs, we have presented the threshold as applying for one-year, starting 1 July 2023. This shift will increase emissions and is likely because over the last decade utes have been marketed and bought as passenger vehicles.

7 The impact of a one-year exemption below 218 grams on the finances of the scheme would be minimal. To date[1], the scheme has collected $65 million dollars in charges from utes, and only $7m (11%) of this was collected on utes at 218g and below.

8 Officials do not recommend an exemption above a CO_2 emissions level of 218 grams. This is because it would be inconsistent with the Clean Car Standard targets for 2023

[1] 31 January 2023.

of 218.6 grams and 2024 of 201.9 grams, and could put our emission reductions at significant risk.

9 A more generous threshold, for example setting a rate of 227 grams, which would include Toyota Hilux 4WD models, would mean nearly a third of all ute sales would be exempted. That would be costly for the scheme and would undermine the shift to low-emission vehicles. That would also give no encouragement to buyers towards the lowest emission models available, and it could remove some competitive pressure on importers to introduce lower emission models.

10 The MIA's proposal, to exempt utes 250 grams and below, would remove about half of the revenue collected from utes, or about a quarter of all charge revenue collected to date.

11 Introducing an exemption may prompt intervention into current marketing practices. Several distributors of utes today prominently claim in their marketing that "no ute tax applies". This appears to be claimed where the marketing includes the cost of charges imposed by the scheme within the advertised price. If an exemption is given you and officials may need to work with the industry to encourage them to distinguish between a ute that does not have a charge versus those that do. While it is mandatory to display labels showing CO_2 information and applicable charges, this applies to individual vehicle units for sale, not generalised advertising and marketing on models. It is currently very difficult to find out the CO_2 information and charges applicable by visiting the websites of many brands selling utes in New Zealand.[2]

We have removed the Euro 6 reward proposal from the draft Cabinet paper, but suggest it is considered if implementation of Euro 6 regulations are phased in slowly.

12 The previous briefing (OC220603) proposed to reward vehicles achieving lower harmful emissions (Euro 6) and better CO_2 testing accuracy (WLTP), with an additional rebate of $1000, or half the charges. You noted some concern with this proposal given it targets different outcomes to the current scheme (reducing harmful emissions rather than CO_2). We have since recalculated the financial impact, and believe it would have a relatively minimal impact on the cost of the scheme.

13 The draft Cabinet paper and figures elsewhere in this briefing do not contain this proposal.

14 If a regulatory requirement for Euro 6 and WLTP on light vehicles is delayed until the dates floated by your February 2023 letter to the Motor Industry Association (i.e. not required until early 2026), then officials recommend this scheme is still used to encourage uptake in the meantime.

15 Officials recommend you confirm whether you wish to drop, vary, or retain the idea.

Questions and alternative pricing formulas regarding rebates.

16 You suggested you were broadly comfortable with the following proposed changes to rebates:

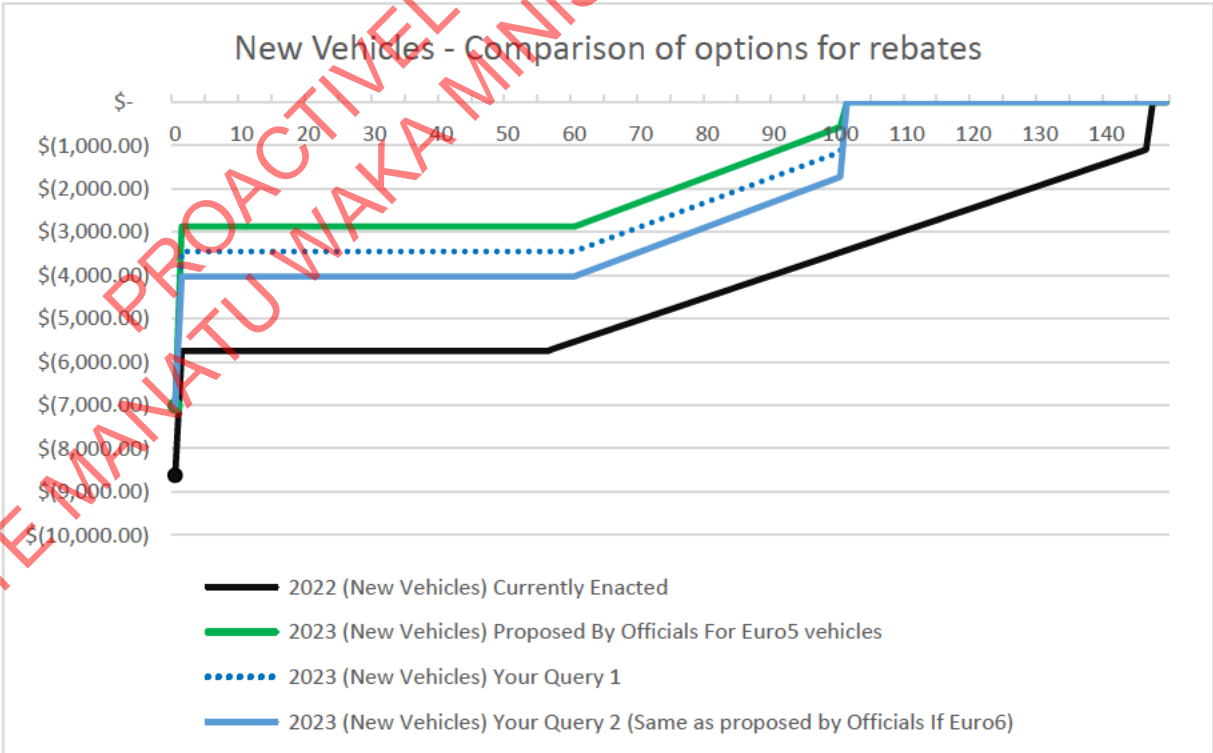
[2] Toyota's and VW's website shows charges and CO_2. Nissan and Izusu only charges (but hard to find). Ford and Mitsubishi and LDV show neither.

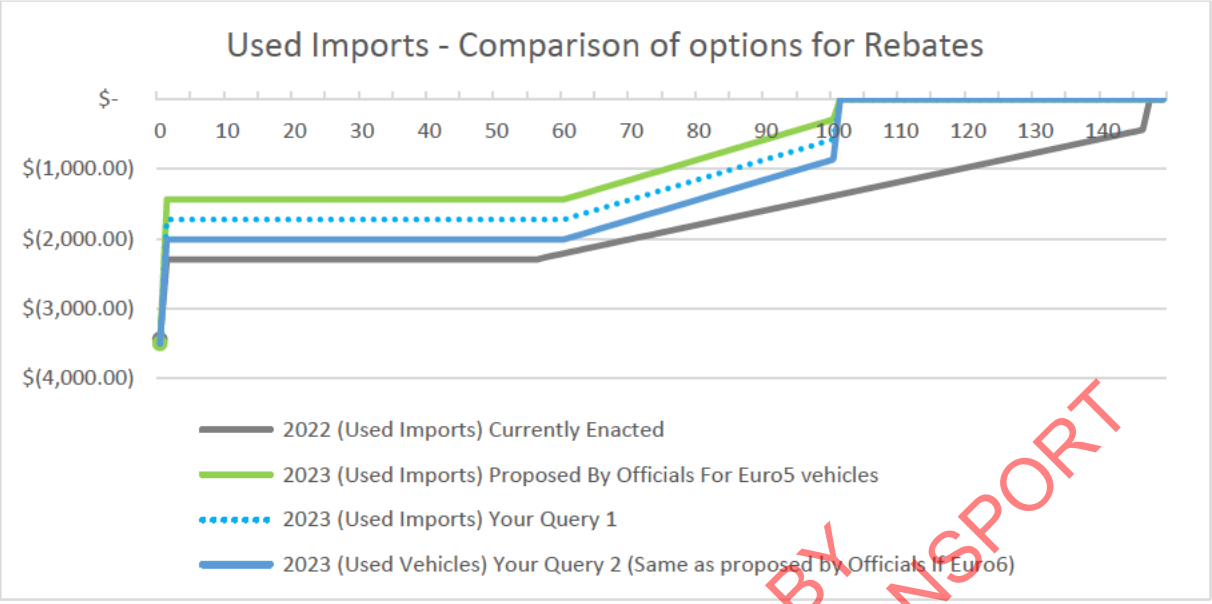
- Vehicles from 101 to 146 grams would stop being eligible,
- New BEV rebates would reduce by almost 20% to $7015 and the rebate for used-import BEVs would increase slightly from $3450 to $3507.50 (so that it is one half of the value of brand new vehicles).
- Purchase price eligibility on cars would reduce to $75k (but stay $80k for utes and vans)
- A special rebate would be offered to disability vehicles.

17 You queried how many rebates were offered on vehicles above $75,000. For 2022, 54% of BEV rebates, 11% of PHEV rebates, and 4% of hybrid rebates were on vehicles priced above $75,000. The vast majority of these were for a single model. (The Tesla Model Y, currently priced at $76k).

18 You also queried whether rebates on vehicles with emissions of 1 to 100 grams (i.e. PHEVs and hybrids) could be retained at higher levels. The options are bulleted and graphed below:

- *Prior briefing proposed:* *$565 to $2875, but Euro 6 vehicles $1725-4025.*
- *Your Query 1:* *$1150 to $3450 (this being $500+GST higher).*
- *Your Query 2:* *$1725 to $4025 (this being $1000+GST higher)*
  (This is the same as what officials had proposed for Euro6 vehicles)





All the above scenarios work as follows:
The minimum rebate is offered to vehicles at 100 grams. The rebate increases by $50+GST for every gram of CO_2 reduction. But the maximum offered is capped as above. This means vehicles from 1 to 60 grams (which covers nearly all plug-in hybrids in the market) get this capped amount, and this cap ensures that BEVs, which have the best decarbonisation potential, are given materially stronger encouragement than a plug-in hybrid. This design is already in place today; just with different dollar amounts. Used imports would get one half of the dollar amounts above.

19 The difference in the options above is quite small in 2023 (the scheme would be about $11 to 24m less financially positive) but larger in 2024 (about $21m-$57m less positive). Therefore any of these options is workable within the finances of the scheme, but the more generous options could consume the Crown Funding quicker and may result in having to implement subsequent changes before the end of 2024, rather than at the end of 2024.

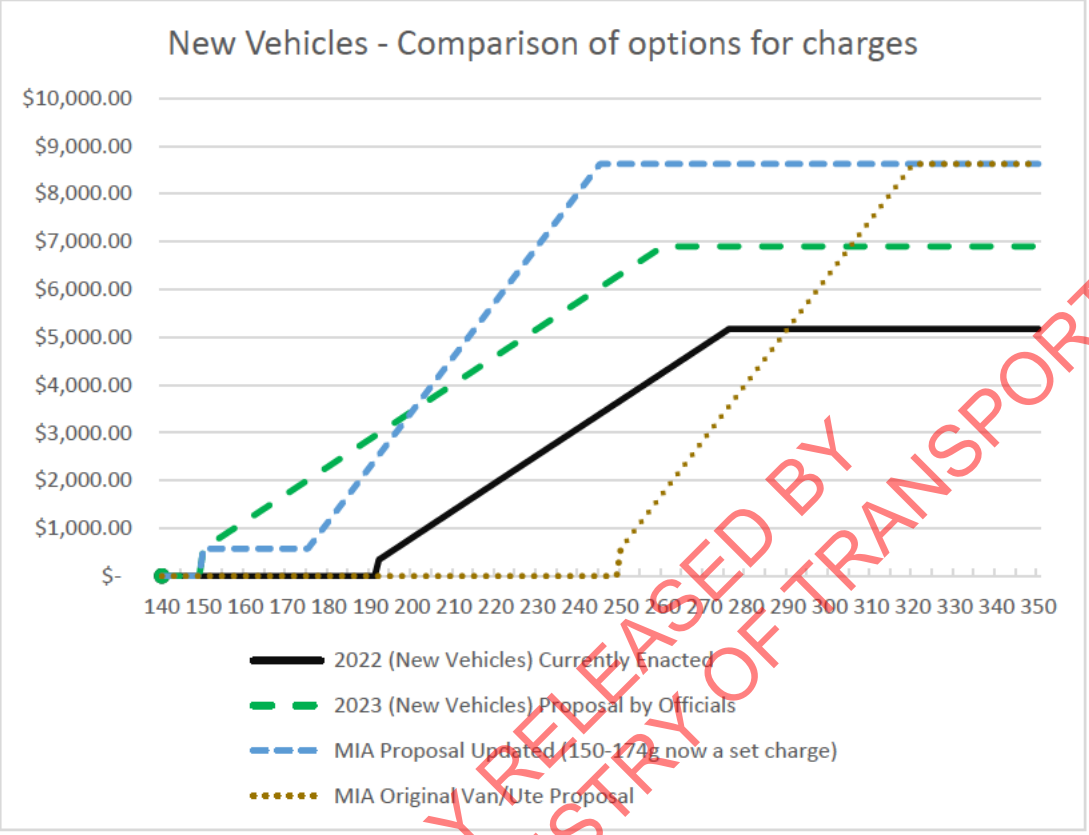
20 We recommend the rebates should be available to low emission vehicles of a range between $1725 to $4025 to encourage uptake of hybrids and plug-in hybrids and to differentiate them sufficiently from vehicles in the neutral zone.

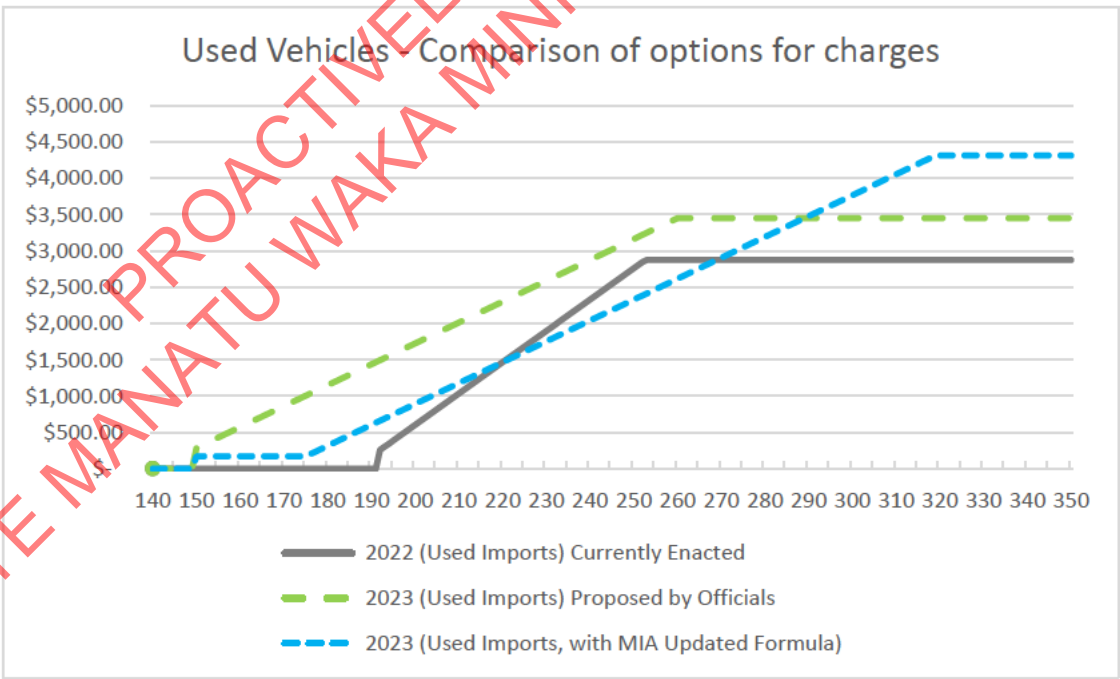
The MIA and officials appear to support two options for charges starting at 150g

21 Officials have discussed the rebate and charges proposals with MIA further. The MIA have indicated they could support rebates on vehicles at 100g and below, and charges at 150g and above. They have indicated they would be comfortable with either the dollar amounts and design of the option recommend by officials (as described earlier by this briefing), or alternatively, by altering the MIA proposal such that charges begin at the same point (150g). Their support for either option is however conditional on there being a credible ability for buyers to get a capable 4WD ute without a charge.

22 Officials have also sought preliminary feedback from the VIA about the official's option for used vehicles. The VIA consider that the proposed rebate and charge settings strike a "fair balance" but consider that importers are unlikely to be happy about any change. The VIA suggest there is a good supply of vehicles below 150g, enabling consumers to avoid charges. The VIA considers used importers might support the amendments better if they do not update until later in the year, as this would prevent a scramble at auctions to restock yards with lower emission vehicles.

23 The two options for charges supported by the MIA, and discussed with the VIA, are illustrated and contrasted below in the form of the blue and green dashed lines:





24 Summary of impacts of the two options for charges:

	Original proposal by officials **(Green dashed lines in graph)**	**MIA proposal updated** **(Blue dashed lines in graph)**

Formula	Charges begin with $565 at 150g and rise $56.50 per gram to a maximum of $6900. Used imports: half the above. ($287.50 at 150g + $28.75/g, max $3450)	Charges are $565 for vehicles 150 to 175g, then from that rise $115/g (i.e. twice as steep), to a maximum of $8625. Used imports: ($287.50 for 150-175g, plus $28.75/g above 175g, max $4313. NB. Not steeper than other proposal)
Revenue	Both are now broadly balanced and the more significant factor on scheme finances relates to uptake rates of different vehicle types.	
New car/SUV buyers	Price sensitive buyers unaffected (e.g. Suzuki Swift petrol model is well below 150g). Buyers of cars above 150g generally now have options to buy a car with lower emissions to avoid a charge, if they choose.	Price sensitive buyers and buyers of small to moderate sized petrol car buyers will be unaffected (e.g. Suzuki Swift petrol model is well below 150g). Those who buy continue to buy large petrol/diesel SUVs will face large charges, so may be more likely to be influenced to buy a lower emission model (hybrid or BEV), which are now widely available, and could help reduce emissions. The MIA states that buyers of such vehicles tend to have larger budgets.
New ute buyers	Low emission utes pay no charge (at and under 218g) (time bound for 1-year) Moderate emission utes (236g) pay about $5500, about double today's rate. This will encourage people towards better utes. The impact on utes is closer to the original MIA proposal, so might have greater industry support.	Low emission utes pay no fee (at and under 218g). (time bound for 1-year) Moderate emission utes (236g) pay about $7500, about three times today's rate and is much higher than the original MIA proposal. This will heavily encourage people towards better utes.
Used import buyers	Almost all buyers unaffected. Updated information shows that buyers are likely to be flexible and move to affordable hybrids and petrol cars to avoid charges.	Almost all buyers unaffected. The tradeoff is that because charges on petrol cars would be smaller under this option, more buyers could continue to buy them, and thus fewer New Zealanders would buy hybrids,

	The assessment is different to and corrects a figure in our previous briefing that 44% of vehicles would attract charges as that assumed no behaviour change on the part of consumers. Officials have further reviewed the impact of expanding charges to include vehicles from 150 to 191 grams. Officials are confident that there is widespread availability of used import passenger cars with emissions below 150 grams that can be bought at affordable prices ($15,000 and below).. This includes several 7-seater hybrids. This means that while charges would rise by $300-$1000 on some vehicles, in practice this would not be borne by most buyers. Refer Annex 1.	locking them into higher fuel costs. To prevent charges being excessively severe on some used imports, such as diesel vans and high performance cars, the formula should be $28.75/g, which is one quarter of that of new. This would reduce charges on a small section of vehicles and increase charges on others.

25 Overall we recommend the officials' option. If charges are not updated then it will create a very wide neutral zone, where the majority of passenger cars receive neither rebates nor charges. This means vehicle buyers are expected to switch direction and start buying higher emission vehicles than they do today.

26 Not raising charges would then place ongoing costs on motorists: this is because the range of vehicles from 101 grams to 191 grams is a difference of nearly four litres of fuel consumption per hundred kilometers. At up to $10-$12 per 100km (increasing as fuel costs rise), this is a significant amount of money over the life of the vehicle.

There is still a key question as to timing of the changes vs retrospective eligibility proposal

27 You were interested in retrospective eligibility where vehicle buyers could provide proof they ordered a vehicle prior to the changes coming in, to avoid buyers of vehicles being caught out by reduced rebates or increase charges.

28 We have engaged with Waka Kotahi and the vehicle industry, and their views were:

28.1 MIA have reiterated concerns with retrospectivity. They state it could be gamed by parties (sellers or buyers) and are concerned about the additional administrative requirements. They also note that distributors have vehicles committed to be supplied in coming months, even where no customer is assigned; retrospectivity does not help them in this case.

28.2 The VIA would rather have a sufficient notice period rather than retrospectivity. The longer the period of notice, the better used import distributors are able to clear their current stock and to alter their vehicle mix to conform to the new rebate/charge design.

28.3 Waka Kotahi consider the proposal difficult to implement and are not confident a system could be up and running in time (i.e. 1 July 2023). Different approaches would be needed to support retrospectivity on rebates and on charges, meaning two sets of changes are needed, if both sides are amended.

29 Officials consider it would be very difficult to determine how much it would cost to offer retrospectivity. If an announcement were made about changes in March, it is possible backlogs on vehicles would continue into 2024 (which would vary by vehicle manufacturer).

30 We do not recommend this approach. Instead, we propose that you consider either a 3 month lead-in or a 9 month one. A comparison is in the table below.

	Three month notice period (Announced March 2023 and changes apply 1 July 2023)	**Nine month notice period (Announced March 2023 and changes apply 1 December 2023)**
New vehicle buyers	Likely to have insufficient notice given wait times for new vehicles, but it depends on the vehicle. New buyers of new vehicles will be impacted with charges because distributors will still have stock of high emission models	Likely sufficient notice for most vehicles, although some importers have longer wait times New buyers of new vehicles can largely avoid charges because distributors have more time to restock yards with lower emission models.
Used vehicle buyers	Sufficient notice, though competition between distributors at Japanese auctions could temporarily inflate vehicle prices.	Sufficient notice
Scheme finances	Impact would be limited to a possible surge in buying of vehicles already in New Zealand. (It is possible some vehicles could be shipped in haste, too.)	Continues current subsidies for new EVs, used-import hybrids and fuel-efficient petrol vehicles, which are higher than needed to incentivise purchasing. Greater need for government funding to make the scheme financially sustainable.
Waka Kotahi implementation	Places pressure on Waka Kotahi to implement changes rapidly.	More time for Waka Kotahi to implement.
Incentives on vehicle purchase activity	Could create a sudden burst of vehicle purchasing activity	Likely to cause strong EV and hybrid uptake during 2023

31 The timing has significant implications on costs and decarbonisation outcomes. The following table outlines options on whether rebates are reduced in July or December this year, and if charges are raised in July, December, or not at all:

Option	Phasing		Top-up needed (Considers current $100m fund balance)	Decarbonisation Impact
	Rebates reduce	Charges increase		
1a: Rebate changes, rapid	July 2023	No increase	$350m	**Worst** (would increase CO_2 compared to now)
1b: Rebate changes, slow	Dec 2023	No increase	$450m	**Poor** (would increase CO_2 compared to now)
2a: Rapid transition	July 2023 for both		$150m	Best at reducing CO_2 emissions
2b: Split transition	July 2023	Dec 2023	$200m	Moderate at reducing emissions
2c: Slow transition	Dec 2023 for both		$300m	Best at reducing CO_2 emissions

32 Officials consider **Option 2c**, where rebates and charges change at the end of the year, strikes the best balance between prudent management of scheme finances, sufficient notice allowing a smoother transition for buyers and sellers of vehicles while being strong at reducing CO_2 emissions, helping to reduce the gap left by the removal of the Sustainable Biofuels Mandate. Option 2a (Rapid Transition of both charges and rebates) has benefits but is less fair on the market, especially buyers of new cars and SUVs. These options are subject to Crown funding availability and Cabinet's willingness to increase charges.

33 If Cabinet is not willing to increase charges, Option 1a (Rapid July change) is likely necessary because Option 1b (Slow December change) is very expensive. However, Option 1a has the poorest outcome of all the options from a decarbonisation point of view.

Next steps

34 We seek to discuss this paper with you and finalise your proposed changes that you wish to take to Cabinet. Once we have feedback, we will update the draft Cabinet paper attached to this briefing and circulate it for departmental consultation. As you are aware we have lodged a Budget bid with the Treasury to secure $350 million to fund the proposals in the Cabinet paper.

35 The paper will need to be considered by Cabinet by the end of March due to the upcoming period of Budget moratorium and Cabinet's two week recess for Easter. If left until after Easter, there will be insufficient notice to the industry about the upcoming changes, and potentially, too little time for Waka Kotahi to implement the changes by 1 July 2023.

36 Following Cabinet's consideration we will proceed to secure an amendment to the Land Transport (Clean Vehicle Discount) Regulations 2022 if required. We have yet to engage with the Parliamentary Counsel Office on the potential amendment.

37 A further review shall be required at the beginning of 2024, likely to recommend changes that occur by the end of 2024, so to ensure the scheme has appropriate settings for the 2025 calendar year.

You raised a number of questions and asked for more detail on our previous paper

38 We have included information in the Appendices to address your technical questions in response to the previous advice.

39 Annex 1: Detail review of top selling vehicles at various CO_2 bands.

40 Annex 2: The most up to date data on total average emissions profile.

41 In addition, a draft *Cabinet paper* and a *Monitoring Report* accompany this paper.

ANNEX 1 – TOP SELLING VEHICLES AT VARIOUS CO_2 BANDS:

Top Selling Models By Band.

Vehicles that would still get rebates (BEVs)

Top 10 selling BEVs during Q4 2022. Only one used import model has any significant volume.

Vehicle	New Sales	Used Imports
Tesla Model Y	2134	-
BYD Atto 3	998	-
Tesla Model 3	681	1
MG ZS	664	-
Nissan Leaf	42	570
Polestar 2	211	1
Hyundai Kona	173	1
Peugeot 208	147	-
Kia Niro	94	-
LDV ET80 (Ute)	88	-
TOTAL (not just top 10)	**6239**	**629**

New BEVs ordered by purchase price (price is the average since April 2022 to December 2022):

Rank	Make	Model	Average price
1	MG	ZS	$52,320
2	BYD	ATTO 3	$59,194
3	OPEL	CORSA	$59,375
4	RENAULT	KANGOO	$60,883
5	HYUNDAI	IONIQ	$61,036
6	PEUGEOT	208	$63,974
7	KIA	NIRO PLUS	$64,013
8	OPEL	MOKKA	$64,074
9	LDV	EDELIVER 3	$65,765
10	MINI	HATCH	$66,012
11	VOLVO	C40	$66,105
12	NISSAN	LEAF	$68,050
13	KIA	NIRO	$68,395
14	TESLA	MODEL 3	$72,517
15	HYUNDAI	KONA	$72,562
16	PEUGEOT	2008	$73,825
17	LDV	ET60	$74,742
18	MAZDA	MX-30	$75,611
19	MERCEDES-BENZ	EQA	$76,235
20	FIAT	500	$77,572
21	POLESTAR	POLESTAR 2	$77,675
22	LDV	EDELIVER 9	$78,410
23	KIA	EV6	$78,721
24	TESLA	MODEL Y	$79,026
25	LEXUS	UX300E	$79,286
26	HYUNDAI	IONIQ 5	$79,322

Vehicles that would still get rebates that are not BEVs (emissions of 1 to 100 grams).

Based on last quarters' vehicle sales the top ten selling vehicles getting rebates are as follows.

Brand New vehicles with 1 to 100 grams – top selling Q4 2022			
Vehicle	**Average Emissions**	**Sales** 1-100g	**Notes**
Mitsubishi Eclipse Cross	47 (PHEV)	753	
Mitsubishi Outlander	38 (PHEV)	530	Available in 5 or 7-seater form.
Honda Jazz	87 (hybrid)	523	
Toyota Yaris Cross	95 (hybrid)	433	
Toyota Yaris	84 (hybrid)	248	
MG HS	14 (PHEV)	141	
Ford Escape	36 (PHEV)	131	
Hyundai Ioniq	87 (hybrid) 28 (PHEV)	107	Also available as BEV but model being superseded.
Mini Countryman	59 (PHEV)	58	Also available as BEV.
Toyota Corolla	90 (hybrid)	45	Much more common as used import.
		3185 total new vehicles were registered with 1-100 grams.	
Used Imports with emissions from 1 to 100 grams – top selling Q4 2022			
Vehicle	**Average Emissions**	**Sales** 1-100g	**Notes**
Toyota Aqua	89 (hybrid)	3255	Available in high volume, a high-selling model Japan
Toyota Prius	99 (hybrid), 68 (PHEV)	1363	
Toyota Corolla	91 (hybrid) 139 (petrol)	602	
Mitsubishi Outlander	64 (PHEV), 205 (petrol)	388	PHEV outsells petrol version already.
Toyota CHR	99 (hybrid) 135 (petrol)	354	Petrol version not commonly bought.
Nissan Note	90 (hybrid), 121 (petrol)	283	Hybrid and petrol versions similar in popularity today
Honda Fit	105 (hybrid), 131 (petrol)	211	Hybrid Fit commonly bought at 87g so often in 1-100g band
Mazda Axela	99 (hybrid) 168 (petrol)	118	Petrol version has historically been popular in NZ
Toyota Vitz	90 (hybrid), 118 (petrol)	106	Similar to Toyota Yaris / Aqua. Petrol version as popular as hybrid today.
Honda Grace	94 (hybrid), 121 (petrol)	75	
		7019 total used vehicles were registered with 1-100 grams.	

Key: 0-100 grams in green; 101-150 grams in blue; 151-174 grams yellow; 175+ gram red.

Vehicles that would stop getting rebates (emissions of 101 to 146 grams).

You asked *which vehicles would stop receiving rebates if the eligibility drops from 146 to 100g.*
The following tables show top 10 sold vehicles Q4 2022 with emissions 101-146 grams (inclusive).
The following vehicles would not be imposed with a charge, but they would lose a rebate, unless a buyer bought a lower emission alternative. Alternatives are illustrated for the same body type:

Brand New vehicles with 101 to 149 grams – top selling Q4 2022			
Vehicle	**Average Emissions**	**Sales** 101-149g	**Alternative available that gets rebate? (i.e. 100g or better)**
Toyota RAV4	121 (hybrid), 168 (petrol)	1209	**Yes** - Smaller SUV, e.g. Toyota Yaris Cross hybrid, or, buy a full-sized SUV as a PHEV or BEV. (Toyota has a PHEV model of RAV4 in the UK, not NZ)
Suzuki Swift	125 (petrol) 106 (hybrid)	965	**Yes** - Buyers seeking rebate on a compact hatchback could get one of several hybrids from other brands, e.g. Toyota Yaris. However, the Suzuki Swift without a rebate is already affordably priced.
Toyota Corolla	100 (hybrid). 154 (petrol)	504	**Yes** - Similar options from Toyota and others below 100g, or buy a used import Toyota hybrid car below 100g.
Toyota Corolla Cross	107 (hybrid)	420	**Yes** - *Refer RAV4 comment.*
Toyota Yaris Cross	138 (petrol) 95 (hybrid)	278	**Yes** - Buy the hybrid instead of the petrol model. Note the petrol model is no longer for sale, likely due to the CCS scheme.
Haval H6	133 (hybrid) 202 (petrol)	270	**Yes** - SUV as a PHEV/BEV from another brand (e.g. Mitsubishi Outlander)
Ford Puma	124 (hybrid)	243	**Yes** - Other hybrids, PHEV, and BEV hatchbacks are below 100g.
Toyota C-HR	107 (hybrid) 168 (petrol)	229	**Yes** - Other hybrids, PHEV, and BEV hatchbacks are below 100g.
Kia Stonic	145 (petrol)	209	**Yes** - Other hybrids, PHEV, and BEV hatchbacks are below 100g.
Suzuki Ignis	125 (hybrid)	191	**Yes** - Other hybrids, PHEV, and BEV hatchbacks are below 100g.
		6440 total new vehicles were registered in this time period 101-149 grams.	
Used Imports with emissions from 101 to 149 grams – top selling Q4 2022			
Vehicle	**Average Emissions**	**Sales** 101-149g	**Alternative available that gets rebate? (i.e. 100g or better)**
Mazda Demio	118 (petrol)	729	**Yes** - There are a lot of other affordable small hatchbacks that *do* get a rebate under 100g, e.g. Toyota Aqua, Toyota Vitz, Nissan Note …
(Some) Toyota Prius	99 (hybrid), 68 (PHEV)	395	**Yes** - Model is available in variety of engine specifications, almost always under the 100 gram threshold. Some versions are in 101-149g band, such as the 7-seat model.
Honda Fit	131 (petrol), 105 (hybrid)	394	**Yes** - Some models (0 – 9 years old) are below 100g.
Suzuki Swift	134 (petrol), 107 (hybrid)	304	**Yes** – but relies on switching brand.
Mazda Axela	168 (petrol), 99 (hybrid)	286	**Yes** – hybrid. Many of the petrol models are just below 150g, avoiding fee.
Nissan Note	121 (petrol), 91 (hybrid)	259	**Yes** – hybrid (91g) more popular than petrol version already.
Toyota Sai	126 (petrol)	222	**Yes** – Camry hybrid or similar.
VW Golf	163 (petrol), 69 (PHEV), 0 (BEV)	199	**Yes** - either Golf PHEV/BEV, or a hybrid from another brand. (Average petrol is 163g, about half of petrol models sales are below 150g).
Toyota Camry	120 (petrol)	174	**Yes** – Corolla sedan/Fielder stationwagon available.
Toyota Vitz	90 (hybrid), 118 (petrol)	162	**Yes** - Hybrid available.
		5060 total used vehicles were registered in this time period with 101-149 grams.	

Key: **0-100 grams in green**; **101-150 grams in blue**; **151-174 grams yellow**; **175+ gram red**.

Study into used import 7 seaters below 150g:

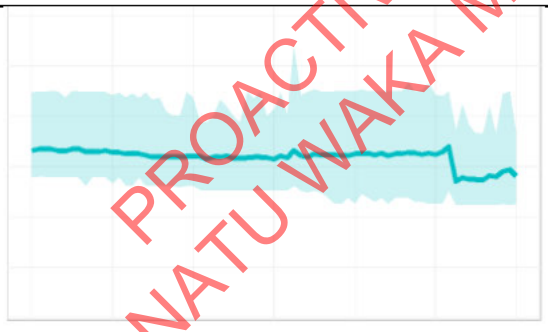
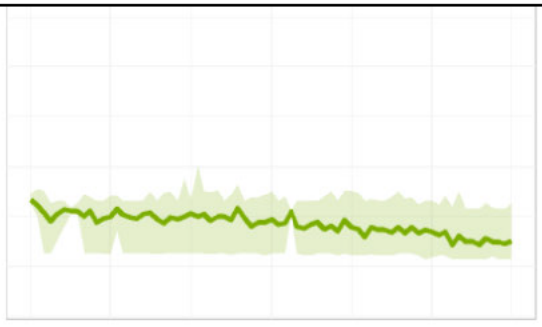
The previous page does not show vehicles with 7 seats, because they are not top-selling models. This page confirms that during 2022, several 7-seater / people-mover models, with under 150 grams of emissions were registered, including:

Model	Size	Emissions / Fuel Type	Age Of Import Available
Honda Freed	Medium - Minivan	128g hybrid	0-11 years old
Honda Odyssey	Medium - Minivan	116g hybrid	0-9 years old
Nissan Serena	Large - peoplemover/van	116g hybrid	0-6 years old
Toyota Alphard/Vellfire	Large - peoplemover/van	147g hybrid	0-9 years old
Toyota Prius V	Small - Stationwagon	<125g hybrid	0-11+ years old
Toyota Sienta	Medium – Minivan	107g hybrid / 144g petrol	0-9 years old
Toyota Voxy	Medium – Minivan	120g hybrid	0-11 years old

The Prius and Freed hybrids are available at time of writing on TradeMe below $15,000. The other models are more often $15,000 to $20,000, but price varies widely on age.

No battery electric 7-seater models are commonly used imports, yet.
(A 7-seater Nissan eNV200 is however available and imported occasionally from Japan).

It is important that 7-seater buyers are encouraged from petrol to hybrid models:

CO_2	**Petrol** used import 7 seaters Average has dipped just below 200g since the introduction of the Clean Car Discount. None are below 150g (other than Toyota Sienta).	**Hybrid** used import 7 seaters Nearly all sales are already below 150g. Average is around 125g and steadily reducing. This is a significant improvement over petrol, both in terms of lower emissions and fuel bills.
300 250 200 150 100 50		
	2018 2020 2022	2018 2020 2022

High emission vehicles that could be imposed with charges (emissions 150-174g):

Top 10 vehicles 150 to 174 grams inclusive Q4 2022, and alternatives noted.

Brand New			**(3233 new vehicles total in this band)**
Vehicle	**Average Emissions**	**Sales** 150-174g	**Rebate or zero band model alternative? (under 150, or 100g?)**
Suzuki Vitara	158 (petrol) *tbc* (hybrid)	483	**Yes** – hybrid version has just begun being offered in NZ (emissions level TBC)
Toyota Corolla	154 (petrol), 100 (hybrid)	450	**Yes** – hybrid version in zero zone, and alternatives could get rebate. Lower prieed options like Ford Focus, Suzuki Swift petrol in neutral band.
Suzuki Swift	133 (petrol) 106 (hybrid)	247	**Yes** – most Swift petrol models are around 125g, or lower if hybrid. Few are over 150g.
Hyundai Kona	169 (petrol) 101 (hybrid) 0 (BEV)	180	**Yes** –hybrid and a BEV.
VW T-Roc	172 (petrol)	179	**Yes** – either smaller VW T-Cross is below 150g or shift brand.
Toyota RAV4	168 (petrol) 121 (hybrid)	140	**Yes** – hybrid version already more popular than petrol version.
Suzuki Jimny	171 (petrol)	135	**No** obvious compact offroad 4WD alternative at this time, similar sized SUVs available in AWD would get rebates or in zero zone.
Mazda Mazda3	163 (petrol), 155 (hybrid)	110	**Yes** – but reliant on another brand or model; No Mazda3 model available below 150grams as hybrid has limited CO_2 impact.
Nissan Qashqai	153 (petrol), *tbc* (hybrid)	103	**Yes** – Hybrid model available since January 2023.
Suzuki S-Cross	154 (petrol),	100	**Yes** – similar Suzuki Vitara available in hybrid, slightly larger. S-Cross hybrid in UK but not yet NZ.
Used Imports			**(4188 used import vehicles total in this band)**
Vehicle	**Average Emissions**	**Sales** 150-174g	**Rebate or zero band model alternative? (under 150, or 100g?)**
Mazda CX5	170 (petrol) 168 (diesel)	475	**Yes** – substitute with Toyota CHR hybrid our Outlander PHEV (below 100g) or one of several hatchbacks/SUVs in neutral zone. CX5 is also bought as a diesel model.
Subaru Impreza	170 (petrol), 137 (hybrid)	455	**Yes** – hybrid below 150g, or substitute with Toyota Fielder hybrid or similar below 100g.
Mazda Axela	168 (petrol), 99 (hybrid)	410	**Yes** – hybrid and petrol models below 150g.
Nissan X-Trail	179 (petrol), 136 (hybrid)	256	**Yes** – hybrid.
Nissan Serena	182 (petrol), 170 (hybrid), 111 (2018 hybrid)	251	**Yes** – newer hybrid ~2018 onwards has only 111g but costs more at present.
Mazda Atenza	181 (petrol)	198	**Yes** – substitute with hybrid Mazda Axela, Toyota Corolla, Toyota Fielder or similar. *Note, many Atenza petrol sales are below 175g.*
Subaru XV	163 (petrol), 138 (hybrid)	195	**Yes** – hybrid
VW Golf	163 (petrol), 69 (PHEV) 0 (BEV)	164	**Yes** – most petrol models are actually just below 150g. PHEV also available.
Nissan Juke	162 (petrol)	124	**Yes** – other small SUVs available. Juke hybrid available but not being imported yet.
BMW 116i	166 (petrol)	107	**Yes** – substitute with another European/Japanese hatchback.

Key: 0-100 grams in green; 101-150 grams in blue; 151-174 grams yellow; 175+ gram red.

Very high emission vehicles that could be imposed with charges (emissions 175-191g):

Top 10 vehicles 175 to 191 grams inclusive Q4 2022, and alternatives noted.

Brand New			**(4894 new vehicles total in this band)**
Vehicle	**Avg Emissions**	**Sales** 175-191g	**Rebate or zero band model available (174 or better)?**
Mitsubishi Outlander	194 (petrol), 38 (PHEV)	555	**Yes** – PHEV gets rebate. Petrol version very popular in NZ and available above and below 175g mark. Hybrid SUVs from other brands are below 150g.
MG ZS	181 (petrol), 0 (BEV)	410	**Yes** – PHEV and BEV gets rebate.
Mazda CX5	188 (petrol)	405	**Yes** – similar CX60 available in hybrid and PHEV this year, and MX30 in BEV and hybrid now. CX5 hybrid not available in NZ.
Hyundai Santa Fe	187 (diesel), 144 (hybrid)	328	**Yes** - hybrid
Suzuki Jimny	171 (petrol)	261	**Partial** - lower emission petrol averages 171g so not in 175-192 band, but no obvious 4WD alternative below 150g at this price tier.
Kia Sportage	197 (petrol)	234	**Yes** – need to select other model or brand (e.g. RAV4 hybrid)
Toyota RAV4	168 (petrol), 121 (hybrid)	232	**Yes** – hybrid. Or, more fuel efficient petrol at 168g avoids 175-192 gram band.
Honda CRV	186 (petrol)	219	**Yes** – buyer would need to select another brand/model of SUV. This model is available as a hybrid in the UK and US but not NZ yet.
Subaru Outback	193 (petrol)	217	**Yes** – Subaru XV and Forester are available in hybrid (163, 169g)
Kia Sorento	186 (diesel), 135 (hybrid) 35 (PHEV)	193	**Yes** – hybrid and PHEV options.
Used Imports			**(1850 used import vehicles total in this band)**
Vehicle	**Avg Emissions**	**Sales** 175-191g	**Rebate or zero band option available? (i.e. 174 or better)**
Mazda Axela	168 (petrol), 99 (hybrid)	284	**Yes** – hybrid (below 100g) and more fuel-efficient petrol versions available (below 174g).
VW Golf	163 (petrol), 69 (PHEV) 0 (BEV)	168	**Yes** – PHEV Golf. Or hatchbacks by other brands. Golf commonly available above and below the 175g mark.
Mazda Premacy	180 (petrol)	146	**Yes** – several other brand 7-seater hybrids are below 150g. Some Premacy models are ~163g.
Nissan Serena	182 (petrol), 170 (petrol), 111 (2018 hybrid)	94	**Yes** – newer hybrid (if ~2018 onwards)
Toyota Wish	175 (petrol)	92	**Yes** – several other 7-seater hybrids are below 150g.
Subaru Forester	188 (petrol)	75	**Yes** – other large used hybrids, e.g. RAV4/Outlander/XTrail SUV.
Toyota Avensis	191 (petrol)	66	**Yes** – other sedans available below 150g (Camry hybrid).
Subaru Legacy	203 (petrol)	57	**Yes** – if 2WD other brands; **No** – if high performance/4WD sought.
Mazda CX5	170 (petrol)	54	**Yes** – other larger used hybrids, e.g. RAV4 hybrid/Outlander PHEV.
Subaru Outback	196 (petrol)	51	**Yes** – Toyota hybrid stationwagon, or RAV4/Outlander/XTrail SUV.

Key: 0-100 grams in green; 101-150 grams in blue; 151-174 grams yellow; 175+ gram red.

Vehicles already imposed with charges (192g and higher)

This table offers a different format to earlier, by showing top selling Q4 2022 and Q4 2021, thereby showing what changed when charges were imposed on these vehicles last year.

Brand New Earlier (2021 Q4)			→	**Brand New** Later (2022 Q4)		
Vehicle	**Avg Emissions**	**Sales** 192g+		Vehicle	Avg Emissions	Sales 192g+
Ford Ranger (Ute)	236 diesel	3938		Ford **Ranger** (Ute)	233 diesel	4127
Toyota Hilux (Ute)	234 diesel	1897		Toyota **Hilux** (Ute)	236 diesel	2169
Nissan Navara (Ute)	235 diesel	1189		Mitsubishi **ASX** (SUV)	197 petrol	992
Mitsubishi Triton (Ute)	255 diesel	1151		Mitsubishi Outlander (SUV)	194 petrol 38 (PHEV)	880
Nissan X-Trail (SUV)	212 petrol	1146		Mitsubishi **Triton** (Ute)	256 diesel	820
Mitsubishi ASX (SUV)	197 petrol	927		Ford **Everest** (SUV)	241 diesel	
Toyota Hiace (Van)	245 diesel	860		Nissan **X-Trail** (SUV)	209 petrol 154 hybrid	612
Isuzu D-Max (Ute)	236 diesel	518		Kia Sportage (SUV)	197 petrol	375
Ford Everest (SUV)	211 diesel	514		Nissan **Navara** (Ute)	233 diesel	337
Haval Jolion (SUV)	209 petrol	412		Toyota **Hiace** (van)	244 diesel	314
Total (not just top 10)		**19,492**				**16,082**
Used Imports Earlier (2021 Q4)			→	**Used Imports Later (2022 Q4)**		
Vehicle	**Avg Emissions**	**Sales** 192g+		Vehicle	Avg Emissions	Sales 192g+
Nissan X-Trail (SUV)	197 petrol 136 hybrid	706		Toyota **Hiace** (van)	234 diesel 258 petrol	457
Subaru Legacy (car)	211 petrol	691		Nissan NV350 (van)	233 diesel 258 petrol	208
Toyota Vanguard (SUV)	215 petrol	637		Subaru **Legacy** (car)	203 petrol	123
Toyota Hiace (van)	238 diesel 272 petrol	607		Mitsubishi **Outlander** (SUV)	205 petrol 64 PHEV	106
Mitsubishi Outlander (SUV)	224 petrol 64 PHEV	595		Toyota 86 (car)	205 petrol	89
Toyota Markx (car)	218 petrol	454		Nissan **X-Trail** (SUV)	179 petrol 136 hybrid	83
Nissan Skyline (car)	251 petrol	353		Mazda **Atenza** (car)	181 petrol 143 diesel	82
Mazda Atenza (car)	202 petrol 155 hybrid	320		Subaru Impreza (car)	170 petrol 137 hybrid	57
Honda CRV (SUV)	220 petrol	313		Nissan Caravan (van)	255 petrol	56
Honda Odyssey (SUV)	223 petrol 113 hybrid	282		VW Golf (car)	163 petrol 69 PHEV	56
Total (not just top 10)		**13,937**				**3,448**

New vehicles were largely unchanged in terms of the most popular models. The top two, Ranger and Hilux, maintained similar sales volumes. Eight of the top ten most sold vehicles from 192g+ in Q4 2022 were also featured in the top ten for 2021. However, overall volume reduced from 19,492 to 16,418 units in that CO_2 band.

Used vehicles volume plummeted, showing vehicle buyers avoiding charges and buying other forms of vehicles instead (from 13,937 to 3,448). Only the Toyota Hiace van has remained in reasonably high volume, all others have reduced materially (note the blue highlight). Other than diesel vans and high-performance cars (e.g. Nissan Skyline) the prior list of top models have clear substitutes available in the market at lower emissions.

Key: 0-100 grams in green; 101-150 grams in blue; 151-174 grams yellow; 175+ gram red.

ANNEX 2 – OVERALL CO_2 EMISSIONS:

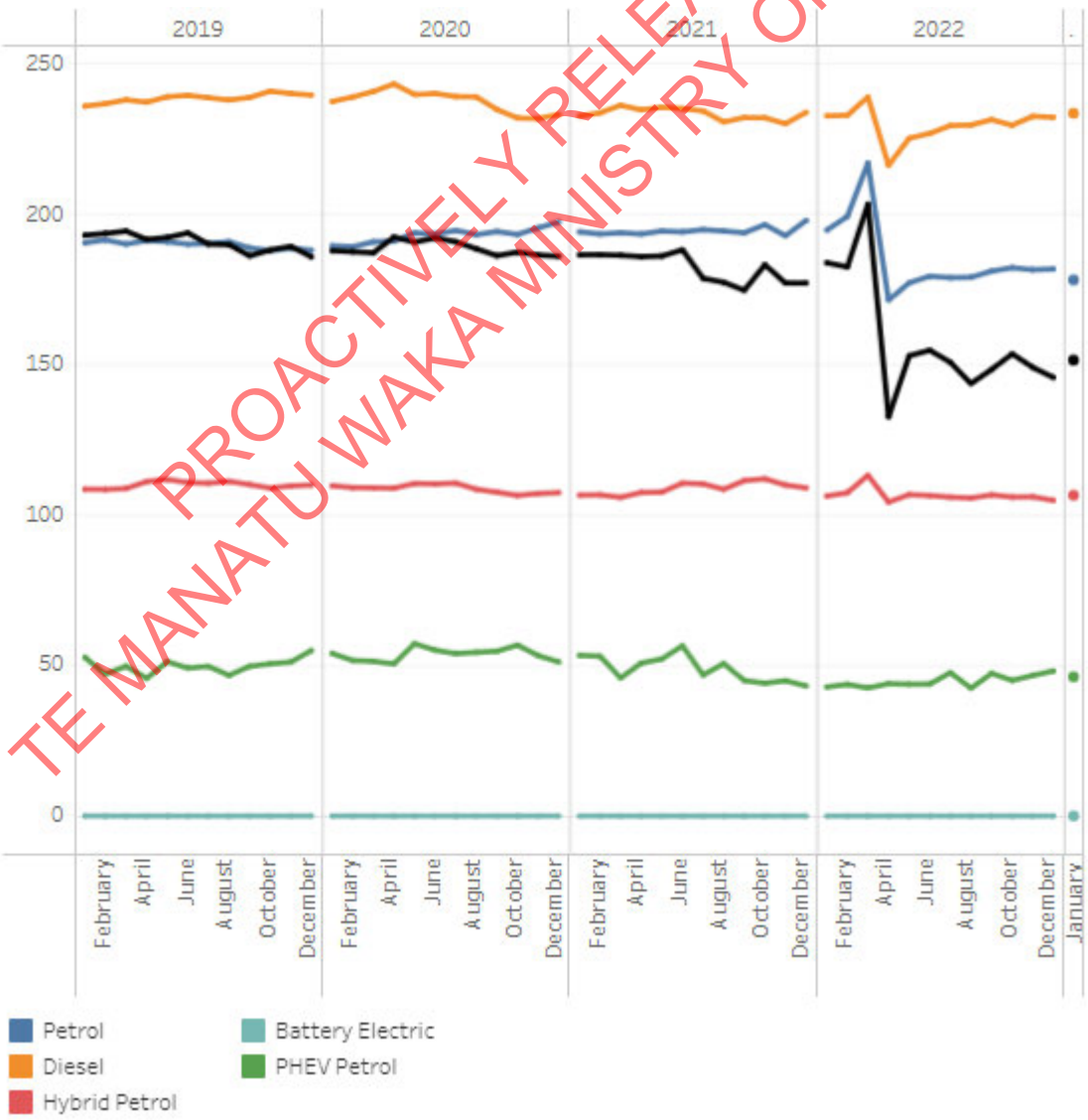
This annex responds to a request for the most up to date data on total average emissions profiles for vehicles:

The below graph shows that average monthly emissions dropped significantly since April 2022 (black line), correlating with the introduction of the Clean Car Discount.

Observe that petrol vehicle emissions (blue line) dropped at the same time, crossing and resting well below the 192g threshold where charges are imposed. Last month average petrol vehicle emissions were 178g.

Note that overall emissions reduction has been twice the reduction observed by petrol vehicles. This means that the popularity of brand new electric vehicles and used import hybrids have had about the same impact as the improvement within petrol cars has made. Average emissions last month was 151g.

There has been very little reduction in average emissions from diesel vehicles (orange). While hybrid vehicles (red) and plugin-hybrids (green) have become much more popular over 2022, their actual average emission levels are fairly static.

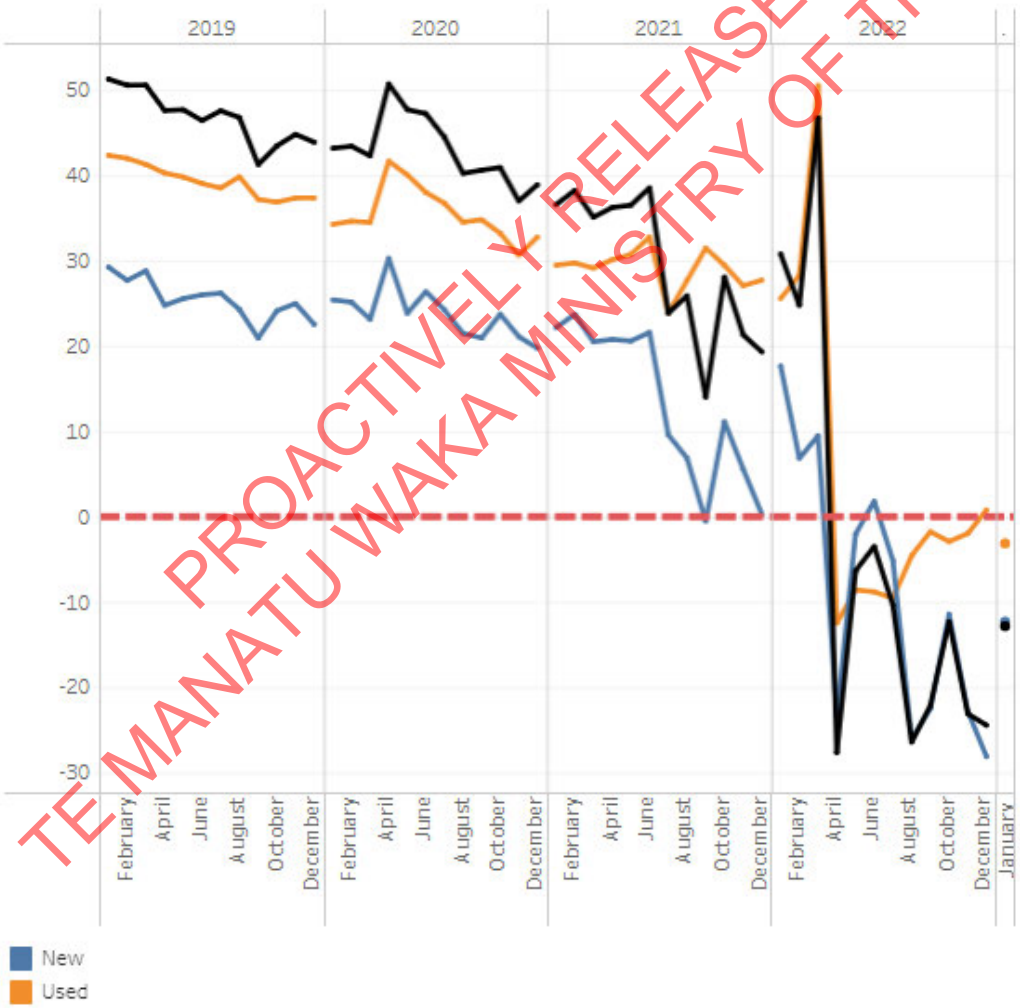


Estimate of performance against Clean Car Standard 2023 CO_2 target.

Targets for the Clean Car Standard change annually and are weight-adjusted.

This means vehicles with a low weight have stricter targets than those with a heavy weight.

- The new vehicle segment (blue) is significantly overachieving their 2023 targets, and is already achieving the 2024 target, one year early.
- As a result, the overall market (black) is overachieving.
- The used import market segment (orange) is just achieving the 2023 target. If the used import market increases the proportion of hybrids sold, its performance can improve further.
- (Not shown below) In isolation, the brand new passenger segment achieved the 2025 target for four months of last year, due to the popularity of electric vehicles. This is more than offsetting emissions of brand new utes, which are not yet achieving their targets.



For brand new commercial vehicles, vans (pink) have been over-achieving their 2023 target for nearly a year, whereas utes (red) are still to achieve their targets.

The “improvement” shown by utes is supported by the increase in average weight from 2058kg in January 2022 to 2144kg in January 2023, which offers them an easier target to achieve. There was only a 2g difference of CO_2 average ute emissions between those two months, whereas the graph shows a 5g improvement in relation to targets for utes.

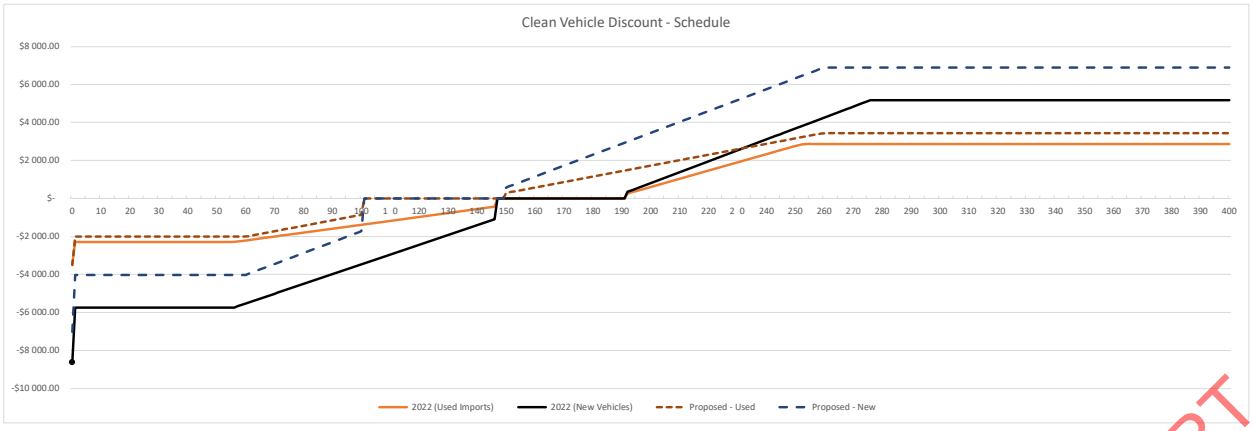
The average performance of all new commercial vehicles (black) is similar to the performance of utes because they vastly outnumber vans.

Information on this and the prior page may not line up exactly with final Clean Car Standard calculations. This is because these graphs rely on date of registration, rather than date of ‘entry compliance’ which is what the Standard is implemented using; the timing of vehicles through those steps will vary by some number of days and change the data slightly.

[Options Proposed 1.03.2023 - Not Final Decision]

Clean Car Discount schedule in 3P-WLTP scale (at 1 gram increments)

Prices Include 15% GST. Emissions are in 3pWLTP grams of CO2/km



Settings:	2022 (New Vehicle	2022 (Used Imp	Proposed - New	Proposed - Used
BEV Rebate	-$ 8,625.00	-$ 3,450.00	-$ 7,015.00	-$ 3,507.50
Start/Min Rebate (g)	146	146	100	100
Start/Min Rebate ($)	-$ 1,098.4483	-$ 439.3793	-$ 1,725.00	-$ 862.50
Rebate per gram reduction ($)	-$ 51.5517	-$ 20.6207	-$ 57.50	-$ 28.75
Rebate per gram reduction (^n)	1.00	1.00	1.00	1.00
End/Max Rebate, PHEV (g) *optional*	56	56		
End/Max Rebate, PHEV ($)	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
Start/Min Charge (g)	192	192	150	150
Start/Min Charge ($)	$ 345.00	$ 258.75	$ 575.00	$ 287.50
Charge per gram increase begins (g)			$ 150.00	$ 150.00
Charge per gram increase ($)	$ 57.50	$ 43.1250	$ 57.50	$ 28.75
Charge per gram increase (^n)	1.00	1.00	1.00	1.00
Max Charge $	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00

Schedule and graph data:

Emissions (g CO2/km, 3P-WLTP test)	2022 (New Vehicle	2022 (Used Imp	Proposed - New	Proposed - Used
0	-$ 8,625.00	-$ 3,450.00	-$ 7,015.00	-$ 3,507.50
1	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
2	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
3	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
4	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
5	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
6	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
7	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
8	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
9	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
10	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
11	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
12	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
13	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
14	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
15	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
16	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
17	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
18	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
19	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
20	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
21	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
22	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
23	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
24	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
25	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
26	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
27	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
28	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
29	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
30	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
31	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
32	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
33	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
34	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
35	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
36	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
37	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
38	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
39	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
40	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
41	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
42	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
43	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
44	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
45	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
46	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
47	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
48	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
49	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
50	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
51	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
52	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
53	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
54	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
55	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
56	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50
57	-$ 5,686.55	-$ 2,274.62	-$ 4,025.00	-$ 2,012.50
58	-$ 5,635.00	-$ 2,254.00	-$ 4,025.00	-$ 2,012.50
59	-$ 5,583.45	-$ 2,233.38	-$ 4,025.00	-$ 2,012.50
60	-$ 5,531.90	-$ 2,212.76	-$ 4,025.00	-$ 2,012.50
61	-$ 5,480.34	-$ 2,192.14	-$ 3,967.50	-$ 1,983.75
62	-$ 5,428.79	-$ 2,171.52	-$ 3,910.00	-$ 1,955.00
63	-$ 5,377.24	-$ 2,150.90	-$ 3,852.50	-$ 1,926.25
64	-$ 5,325.69	-$ 2,130.28	-$ 3,795.00	-$ 1,897.50
65	-$ 5,274.14	-$ 2,109.66	-$ 3,737.50	-$ 1,868.75
66	-$ 5,222.59	-$ 2,089.03	-$ 3,680.00	-$ 1,840.00
67	-$ 5,171.03	-$ 2,068.41	-$ 3,622.50	-$ 1,811.25
68	-$ 5,119.48	-$ 2,047.79	-$ 3,565.00	-$ 1,782.50
69	-$ 5,067.93	-$ 2,027.17	-$ 3,507.50	-$ 1,753.75
70	-$ 5,016.38	-$ 2,006.55	-$ 3,450.00	-$ 1,725.00

71	-$ 4,964.83	-$ 1,985.93	-$ 3,392.50	-$ 1,696.25
72	-$ 4,913.28	-$ 1,965.31	-$ 3,335.00	-$ 1,667.50
73	-$ 4,861.72	-$ 1,944.69	-$ 3,277.50	-$ 1,638.75
74	-$ 4,810.17	-$ 1,924.07	-$ 3,220.00	-$ 1,610.00
75	-$ 4,758.62	-$ 1,903.45	-$ 3,162.50	-$ 1,581.25
76	-$ 4,707.07	-$ 1,882.83	-$ 3,105.00	-$ 1,552.50
77	-$ 4,655.52	-$ 1,862.21	-$ 3,047.50	-$ 1,523.75
78	-$ 4,603.97	-$ 1,841.59	-$ 2,990.00	-$ 1,495.00
79	-$ 4,552.41	-$ 1,820.97	-$ 2,932.50	-$ 1,466.25
80	-$ 4,500.86	-$ 1,800.34	-$ 2,875.00	-$ 1,437.50
81	-$ 4,449.31	-$ 1,779.72	-$ 2,817.50	-$ 1,408.75
82	-$ 4,397.76	-$ 1,759.10	-$ 2,760.00	-$ 1,380.00
83	-$ 4,346.21	-$ 1,738.48	-$ 2,702.50	-$ 1,351.25
84	-$ 4,294.66	-$ 1,717.86	-$ 2,645.00	-$ 1,322.50
85	-$ 4,243.10	-$ 1,697.24	-$ 2,587.50	-$ 1,293.75
86	-$ 4,191.55	-$ 1,676.62	-$ 2,530.00	-$ 1,265.00
87	-$ 4,140.00	-$ 1,656.00	-$ 2,472.50	-$ 1,236.25
88	-$ 4,088.45	-$ 1,635.38	-$ 2,415.00	-$ 1,207.50
89	-$ 4,036.90	-$ 1,614.76	-$ 2,357.50	-$ 1,178.75
90	-$ 3,985.34	-$ 1,594.14	-$ 2,300.00	-$ 1,150.00
91	-$ 3,933.79	-$ 1,573.52	-$ 2,242.50	-$ 1,121.25
92	-$ 3,882.24	-$ 1,552.90	-$ 2,185.00	-$ 1,092.50
93	-$ 3,830.69	-$ 1,532.28	-$ 2,127.50	-$ 1,063.75
94	-$ 3,779.14	-$ 1,511.66	-$ 2,070.00	-$ 1,035.00
95	-$ 3,727.59	-$ 1,491.03	-$ 2,012.50	-$ 1,006.25
96	-$ 3,676.03	-$ 1,470.41	-$ 1,955.00	-$ 977.50
97	-$ 3,624.48	-$ 1,449.79	-$ 1,897.50	-$ 948.75
98	-$ 3,572.93	-$ 1,429.17	-$ 1,840.00	-$ 920.00
99	-$ 3,521.38	-$ 1,408.55	-$ 1,782.50	-$ 891.25
100	-$ 3,469.83	-$ 1,387.93	-$ 1,725.00	-$ 862.50
101	-$ 3,418.28	-$ 1,367.31	$ -	$ -
102	-$ 3,366.72	-$ 1,346.69	$ -	$ -
103	-$ 3,315.17	-$ 1,326.07	$ -	$ -
104	-$ 3,263.62	-$ 1,305.45	$ -	$ -
105	-$ 3,212.07	-$ 1,284.83	$ -	$ -
106	-$ 3,160.52	-$ 1,264.21	$ -	$ -
107	-$ 3,108.97	-$ 1,243.59	$ -	$ -
108	-$ 3,057.41	-$ 1,222.97	$ -	$ -
109	-$ 3,005.86	-$ 1,202.34	$ -	$ -
110	-$ 2,954.31	-$ 1,181.72	$ -	$ -
111	-$ 2,902.76	-$ 1,161.10	$ -	$ -
112	-$ 2,851.21	-$ 1,140.48	$ -	$ -
113	-$ 2,799.66	-$ 1,119.86	$ -	$ -
114	-$ 2,748.10	-$ 1,099.24	$ -	$ -
115	-$ 2,696.55	-$ 1,078.62	$ -	$ -
116	-$ 2,645.00	-$ 1,058.00	$ -	$ -
117	-$ 2,593.45	-$ 1,037.38	$ -	$ -
118	-$ 2,541.90	-$ 1,016.76	$ -	$ -
119	-$ 2,490.34	-$ 996.14	$ -	$ -
120	-$ 2,438.79	-$ 975.52	$ -	$ -
121	-$ 2,387.24	-$ 954.90	$ -	$ -
122	-$ 2,335.69	-$ 934.28	$ -	$ -
123	-$ 2,284.14	-$ 913.66	$ -	$ -
124	-$ 2,232.59	-$ 893.03	$ -	$ -
125	-$ 2,181.03	-$ 872.41	$ -	$ -
126	-$ 2,129.48	-$ 851.79	$ -	$ -
127	-$ 2,077.93	-$ 831.17	$ -	$ -
128	-$ 2,026.38	-$ 810.55	$ -	$ -
129	-$ 1,974.83	-$ 789.93	$ -	$ -
130	-$ 1,923.28	-$ 769.31	$ -	$ -
131	-$ 1,871.72	-$ 748.69	$ -	$ -
132	-$ 1,820.17	-$ 728.07	$ -	$ -
133	-$ 1,768.62	-$ 707.45	$ -	$ -
134	-$ 1,717.07	-$ 686.83	$ -	$ -
135	-$ 1,665.52	-$ 666.21	$ -	$ -
136	-$ 1,613.97	-$ 645.59	$ -	$ -
137	-$ 1,562.41	-$ 624.97	$ -	$ -
138	-$ 1,510.86	-$ 604.34	$ -	$ -
139	-$ 1,459.31	-$ 583.72	$ -	$ -
140	-$ 1,407.76	-$ 563.10	$ -	$ -
141	-$ 1,356.21	-$ 542.48	$ -	$ -
142	-$ 1,304.66	-$ 521.86	$ -	$ -
143	-$ 1,253.10	-$ 501.24	$ -	$ -
144	-$ 1,201.55	-$ 480.62	$ -	$ -
145	-$ 1,150.00	-$ 460.00	$ -	$ -
146	-$ 1,098.45	-$ 439.38	$ -	$ -
147	$ -	$ -	$ -	$ -
148	$ -	$ -	$ -	$ -
149	$ -	$ -	$ -	$ -
150	$ -	$ -	$ 575.00	$ 287.50
151	$ -	$ -	$ 632.50	$ 316.25
152	$ -	$ -	$ 690.00	$ 345.00
153	$ -	$ -	$ 747.50	$ 373.75
154	$ -	$ -	$ 805.00	$ 402.50
155	$ -	$ -	$ 862.50	$ 431.25
156	$ -	$ -	$ 920.00	$ 460.00
157	$ -	$ -	$ 977.50	$ 488.75
158	$ -	$ -	$ 1,035.00	$ 517.50
159	$ -	$ -	$ 1,092.50	$ 546.25
160	$ -	$ -	$ 1,150.00	$ 575.00
161	$ -	$ -	$ 1,207.50	$ 603.75
162	$ -	$ -	$ 1,265.00	$ 632.50
163	$ -	$ -	$ 1,322.50	$ 661.25
164	$ -	$ -	$ 1,380.00	$ 690.00
165	$ -	$ -	$ 1,437.50	$ 718.75
166	$ -	$ -	$ 1,495.00	$ 747.50
167	$ -	$ -	$ 1,552.50	$ 776.25
168	$ -	$ -	$ 1,610.00	$ 805.00
169	$ -	$ -	$ 1,667.50	$ 833.75
170	$ -	$ -	$ 1,725.00	$ 862.50
171	$ -	$ -	$ 1,782.50	$ 891.25
172	$ -	$ -	$ 1,840.00	$ 920.00
173	$ -	$ -	$ 1,897.50	$ 948.75
174	$ -	$ -	$ 1,955.00	$ 977.50
175	$ -	$ -	$ 2,012.50	$ 1,006.25
176	$ -	$ -	$ 2,070.00	$ 1,035.00
177	$ -	$ -	$ 2,127.50	$ 1,063.75
178	$ -	$ -	$ 2,185.00	$ 1,092.50
179	$ -	$ -	$ 2,242.50	$ 1,121.25
180	$ -	$ -	$ 2,300.00	$ 1,150.00
181	$ -	$ -	$ 2,357.50	$ 1,178.75
182	$ -	$ -	$ 2,415.00	$ 1,207.50
183	$ -	$ -	$ 2,472.50	$ 1,236.25
184	$ -	$ -	$ 2,530.00	$ 1,265.00
185	$ -	$ -	$ 2,587.50	$ 1,293.75
186	$ -	$ -	$ 2,645.00	$ 1,322.50
187	$ -	$ -	$ 2,702.50	$ 1,351.25
188	$ -	$ -	$ 2,760.00	$ 1,380.00
189	$ -	$ -	$ 2,817.50	$ 1,408.75
190	$ -	$ -	$ 2,875.00	$ 1,437.50
191	$ -	$ -	$ 2,932.50	$ 1,466.25
192	$ 345.00	$ 258.75	$ 2,990.00	$ 1,495.00
193	$ 402.50	$ 301.88	$ 3,047.50	$ 1,523.75
194	$ 460.00	$ 345.00	$ 3,105.00	$ 1,552.50

[Options Proposed 1.03.2023 - Not Final Decision]

195	$ 517.50	$ 388.13	$ 3,162.50	$ 1,581.25
196	$ 575.00	$ 431.25	$ 3,220.00	$ 1,610.00
197	$ 632.50	$ 474.38	$ 3,277.50	$ 1,638.75
198	$ 690.00	$ 517.50	$ 3,335.00	$ 1,667.50
199	$ 747.50	$ 560.63	$ 3,392.50	$ 1,696.25
200	$ 805.00	$ 603.75	$ 3,450.00	$ 1,725.00
201	$ 862.50	$ 646.88	$ 3,507.50	$ 1,753.75
202	$ 920.00	$ 690.00	$ 3,565.00	$ 1,782.50
203	$ 977.50	$ 733.13	$ 3,622.50	$ 1,811.25
204	$ 1,035.00	$ 776.25	$ 3,680.00	$ 1,840.00
205	$ 1,092.50	$ 819.38	$ 3,737.50	$ 1,868.75
206	$ 1,150.00	$ 862.50	$ 3,795.00	$ 1,897.50
207	$ 1,207.50	$ 905.63	$ 3,852.50	$ 1,926.25
208	$ 1,265.00	$ 948.75	$ 3,910.00	$ 1,955.00
209	$ 1,322.50	$ 991.88	$ 3,967.50	$ 1,983.75
210	$ 1,380.00	$ 1,035.00	$ 4,025.00	$ 2,012.50
211	$ 1,437.50	$ 1,078.13	$ 4,082.50	$ 2,041.25
212	$ 1,495.00	$ 1,121.25	$ 4,140.00	$ 2,070.00
213	$ 1,552.50	$ 1,164.38	$ 4,197.50	$ 2,098.75
214	$ 1,610.00	$ 1,207.50	$ 4,255.00	$ 2,127.50
215	$ 1,667.50	$ 1,250.63	$ 4,312.50	$ 2,156.25
216	$ 1,725.00	$ 1,293.75	$ 4,370.00	$ 2,185.00
217	$ 1,782.50	$ 1,336.88	$ 4,427.50	$ 2,213.75
218	$ 1,840.00	$ 1,380.00	$ 4,485.00	$ 2,242.50
219	$ 1,897.50	$ 1,423.13	$ 4,542.50	$ 2,271.25
220	$ 1,955.00	$ 1,466.25	$ 4,600.00	$ 2,300.00
221	$ 2,012.50	$ 1,509.38	$ 4,657.50	$ 2,328.75
222	$ 2,070.00	$ 1,552.50	$ 4,715.00	$ 2,357.50
223	$ 2,127.50	$ 1,595.63	$ 4,772.50	$ 2,386.25
224	$ 2,185.00	$ 1,638.75	$ 4,830.00	$ 2,415.00
225	$ 2,242.50	$ 1,681.88	$ 4,887.50	$ 2,443.75
226	$ 2,300.00	$ 1,725.00	$ 4,945.00	$ 2,472.50
227	$ 2,357.50	$ 1,768.13	$ 5,002.50	$ 2,501.25
228	$ 2,415.00	$ 1,811.25	$ 5,060.00	$ 2,530.00
229	$ 2,472.50	$ 1,854.38	$ 5,117.50	$ 2,558.75
230	$ 2,530.00	$ 1,897.50	$ 5,175.00	$ 2,587.50
231	$ 2,587.50	$ 1,940.63	$ 5,232.50	$ 2,616.25
232	$ 2,645.00	$ 1,983.75	$ 5,290.00	$ 2,645.00
233	$ 2,702.50	$ 2,026.88	$ 5,347.50	$ 2,673.75
234	$ 2,760.00	$ 2,070.00	$ 5,405.00	$ 2,702.50
235	$ 2,817.50	$ 2,113.13	$ 5,462.50	$ 2,731.25
236	$ 2,875.00	$ 2,156.25	$ 5,520.00	$ 2,760.00
237	$ 2,932.50	$ 2,199.38	$ 5,577.50	$ 2,788.75
238	$ 2,990.00	$ 2,242.50	$ 5,635.00	$ 2,817.50
239	$ 3,047.50	$ 2,285.63	$ 5,692.50	$ 2,846.25
240	$ 3,105.00	$ 2,328.75	$ 5,750.00	$ 2,875.00
241	$ 3,162.50	$ 2,371.88	$ 5,807.50	$ 2,903.75
242	$ 3,220.00	$ 2,415.00	$ 5,865.00	$ 2,932.50
243	$ 3,277.50	$ 2,458.13	$ 5,922.50	$ 2,961.25
244	$ 3,335.00	$ 2,501.25	$ 5,980.00	$ 2,990.00
245	$ 3,392.50	$ 2,544.38	$ 6,037.50	$ 3,018.75
246	$ 3,450.00	$ 2,587.50	$ 6,095.00	$ 3,047.50
247	$ 3,507.50	$ 2,630.63	$ 6,152.50	$ 3,076.25
248	$ 3,565.00	$ 2,673.75	$ 6,210.00	$ 3,105.00
249	$ 3,622.50	$ 2,716.88	$ 6,267.50	$ 3,133.75
250	$ 3,680.00	$ 2,760.00	$ 6,325.00	$ 3,162.50
251	$ 3,737.50	$ 2,803.13	$ 6,382.50	$ 3,191.25
252	$ 3,795.00	$ 2,846.25	$ 6,440.00	$ 3,220.00
253	$ 3,852.50	$ 2,875.00	$ 6,497.50	$ 3,248.75
254	$ 3,910.00	$ 2,875.00	$ 6,555.00	$ 3,277.50
255	$ 3,967.50	$ 2,875.00	$ 6,612.50	$ 3,306.25
256	$ 4,025.00	$ 2,875.00	$ 6,670.00	$ 3,335.00
257	$ 4,082.50	$ 2,875.00	$ 6,727.50	$ 3,363.75
258	$ 4,140.00	$ 2,875.00	$ 6,785.00	$ 3,392.50
259	$ 4,197.50	$ 2,875.00	$ 6,842.50	$ 3,421.25
260	$ 4,255.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
261	$ 4,312.50	$ 2,875.00	$ 6,900.00	$ 3,450.00
262	$ 4,370.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
263	$ 4,427.50	$ 2,875.00	$ 6,900.00	$ 3,450.00
264	$ 4,485.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
265	$ 4,542.50	$ 2,875.00	$ 6,900.00	$ 3,450.00
266	$ 4,600.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
267	$ 4,657.50	$ 2,875.00	$ 6,900.00	$ 3,450.00
268	$ 4,715.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
269	$ 4,772.50	$ 2,875.00	$ 6,900.00	$ 3,450.00
270	$ 4,830.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
271	$ 4,887.50	$ 2,875.00	$ 6,900.00	$ 3,450.00
272	$ 4,945.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
273	$ 5,002.50	$ 2,875.00	$ 6,900.00	$ 3,450.00
274	$ 5,060.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
275	$ 5,117.50	$ 2,875.00	$ 6,900.00	$ 3,450.00
276	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
277	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
278	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
279	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
280	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
281	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
282	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
283	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
284	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
285	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
286	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
287	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
288	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
289	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
290	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
291	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
292	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
293	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
294	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
295	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
296	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
297	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
298	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
299	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
300	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
301	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
302	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
303	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
304	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
305	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
306	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
307	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
308	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
309	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
310	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
311	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
312	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
313	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
314	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
315	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
316	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
317	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
318	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00

319	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
320	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
321	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
322	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
323	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
324	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
325	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
326	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
327	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
328	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
329	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
330	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
331	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
332	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
333	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
334	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
335	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
336	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
337	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
338	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
339	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
340	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
341	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
342	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
343	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
344	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
345	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
346	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
347	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
348	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
349	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
350	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
351	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
352	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
353	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
354	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
355	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
356	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
357	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
358	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
359	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
360	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
361	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
362	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
363	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
364	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
365	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
366	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
367	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
368	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
369	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
370	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
371	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
372	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
373	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
374	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
375	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
376	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
377	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
378	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
379	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
380	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
381	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
382	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
383	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
384	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
385	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
386	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
387	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
388	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
389	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
390	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
391	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
392	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
393	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
394	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
395	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
396	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
397	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
398	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
399	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00
400	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00

Budget 2023 Submission for Invited New Spending Priorities and CERF Initiatives

Please ensure the minimum required information is provided for each question. The minimum required information is set out in italics in each of the answer boxes. Additional guidance is available in the Budget 2023 Guidance. **Please read the guidance before filling out this template.** Additional supplementary documents (e.g. relevant reports and Cabinet papers) may also be attached along with this submission.

Section 1: Overview

Section 1A: Basic initiative information

Initiative title (max 120 characters)	Clean Car Discount –Increased Crown grant		
Lead Minister	Transport	**Agency**	Te Manatū Waka Ministry of Transport
Initiative description (max 800 characters)	This initiative would provide funding to make the Clean Car Discount scheme financially sustainable over 2023-2024. Funding of $200 million (or $100 million if scaled) is sought to replenish the scheme's cash reserve, which is expected to be exhausted by the end of April/early May 2023 due to an uptake of low-emission vehicles that exceeded government and industry expectations. This initiative would also provide $250 million to supplement charge revenue while changes to the scheme's rebate are implemented from 1 July 2023, and to provide for the policy option of no increase to charges over 2023 and 2024.		
Priority area	New Spending – Invited operating initiatives ☐	New Spending – Invited capital initiatives (outside the Investment Panel process) ☐	Climate Emergency Response Fund (CERF) ☒
Is this a cross-Vote initiative?	***No***	Click or tap here to enter text.	
Department contact	*Name:* Gayelene Wright *Phone:* s 9(2)(a) *Email:* g.wright@transport.govt.nz	**Treasury contact (Vote Analyst)**	*Name:* Olivia Maxwell *Phone:*, s 9(2)(a) *Email:* Olivia.maxwell@treasury.govt.nz

Section 1B: Summary of funding profile

Operating funding sought through Budget 2023 ($m)

2022/23	2023/24	2024/25	2025/26	2026/27	Total
[●]100	[●]200	[●]150	[●]0	[●]0	**[●]$450**

Section 2: Alignment

Section 2A: Problem definition

The answer to each question must not exceed 2-3 paragraphs

What is the problem that this initiative is trying to solve and why does it need to be solved now?

Describe the problem the initiative is trying to solve by outlining its root cause(s) and consequence(s), and explain why the problem needs to be solved now. The problem should be framed in terms of current and/or future outcome(s) for New Zealanders.

New Zealand's first Emissions Reduction Plan (ERP) sets the target to reduce transport emissions by 41 percent from 2019 levels by 2035. To help achieve this target it has a goal to increase zero-emission vehicles to 30 percent of the light fleet by 2035. The Clean Car Discount is a central policy in achieving this goal. Its rebates help New Zealanders purchase low- and zero-emission vehicles, while its charges discourage the purchase of high emission vehicles.

The uptake of low-emission vehicles has exceeded government and industry expectations suggesting that, coupled with external factors, the Clean Car Discount is performing strongly. Because of the scheme's strong performance substantially more in rebates has been paid out than has been received in charges. This trend is likely to continue and will result in the Clean Car Discount's repayable Crown grant, which funds rebates when charge revenue is insufficient, being exhausted by the end of April/early May 2023.

To make the scheme financially sustainable, the Minister of Transport will bring a proposal to Cabinet in late March 2023 to adjust the levels of rebates and charges. Adjustments are also required to rebate levels given the improvements in the pricing of new EVs.

However, the changes will not come into effect soon enough to enable the scheme to continue to pay rebates beyond the end of April/early May 2023. If rebate payments are suspended for a period, we risk losing momentum in efforts to decarbonise light vehicles.

The momentum loss will be at a time when there is a significant opportunity for vehicles damaged by the Auckland floods and cyclone Gabrielle to be replaced with low and zero emission vehicles. It is also at a time when cost-of-living pressures are reducing economic well-being. Low and zero emission vehicles offer an immediate opportunity for New Zealanders to reduce their transport costs.

Describe the existing arrangements for the asset or service

The Clean Car Discount is administered by Waka Kotahi.

The scheme is intended to be self-financing over 10 years. Its charges provide the revenue for the payment of rebates and the scheme's implementation and administration costs.

To establish the scheme, a $301.8 million repayable Crown grant was approved through Budget 2021. This grant provided $6.8 million for the scheme's implementation and $295 million as a cash reserve for Waka Kotahi to:

- operate the scheme from 1 July 2021 with rebates for EVs and PHEVs available prior to the commencement of charges on 1 April 2022, and the expansion of rebates to include all vehicles with per kilometre carbon dioxide (CO_2) emissions of 146 grams and lower
- cover its costs in administering the scheme, which are capped at $8 million per year
- manage the scheme's likely cashflow pressures caused by timing differences between the payment of rebates and the receipt of sufficient revenue from charges.

The Crown grant is to be repaid by Waka Kotahi in periodic payments over 10 years. However, Waka Kotahi is only required to make repayments to the extent that the scheme is in surplus.

Rebates and charges apply to vehicles sold for the first time in New Zealand. They do not apply to the sale of used vehicles that have already been registered in New Zealand.

What key partners/stakeholders/customers (including iwi and Māori) have been engaged to understand the problem and develop the initiative? How have you worked with them and how has their input affected the understanding of the problem?

	The initiative has been developed in consultation with Waka Kotahi. The Treasury were also consulted. Officials consulted the Motor Industry Association and Imported Motor Vehicle Industry Association about changes to the scheme's rebates and charges at a general level. Their feedback informed advice about the level and timing of adjustments to rebates and charges that could be made without disrupting vehicle supply or disadvantaging consumers with vehicles on order.
	Has the initiative been developed in collaboration with any other relevant agencies? No
What needs to improve and/or change to address the problem?	*Describe the department's needs in terms of the improvements and/or changes that are required to address the problem. Outline specifically what will be changed or improved relative to existing arrangements.* The Minister of Transport will bring a proposal to Cabinet in late March 2023 to adjust rebates and charges to ensure they remain appropriate and to make the scheme financially sustainable. The details of this proposal have yet to be finalised. However, it is likely that the proposal will include rebate reductions given the improvements in the supply and pricing of low and zero emission vehicles. If reductions are not made, there is a risk that rebates are higher than they need to be to encourage purchases. The exception is the supply and pricing of quality used-import battery EVs. It is also likely that rebate eligibility will be narrowed to encourage people to buy the lowest emission vehicles. The shifts in the vehicles people are buying suggest rebates are no longer warranted for: • the most fuel-efficient internal combustion vehicles. These vehicles currently attract 7 percent of rebate revenue. However, there is now a wide variety and sufficient supply of low-emission alternatives at different price points (i.e hybrids, PHEVs, BEVs) • hybrids other than the most carbon efficient. In the used-import sector, hybrids are around 40 percent of vehicles entering the fleet. Over new and used-imports, hybrids account for 53 percent of the number of rebates paid and 31 percent of the amount paid. This level of adoption suggests that broad subsidisation of hybrids is no longer required. It is also likely that the retail price cap would be lowered from $80,000 to $75,000 (GST inclusive). This reflects the increase in the number of EV models available below $75,000. The scheme's charges need to be increased and apply to more vehicles if the scheme is to be financially sustainable and self-financing over 10 years. However, proceeding with charge increases in the current economic climate risks elevating financial stress for many New Zealanders. This would be inconsistent with the Government's commitment that the cost of living is a top priority. Therefore, this initiative includes a Crown contribution of around $250 million to approximate the amount the increased charges would have raised. Should this part of the initiative be accepted as part of the Cabinet decisions approving changes to the scheme, we will recommend Ministers agree to a second review of rebates and charges being done that allows Cabinet to decide by 30 June 2024: • whether the scheme should revert to being managed to be self-financing over 10 years • if a partially self-financing scheme is preferred, the proportion that should be sought from charge revenue • the changes to rebates and charges needed to achieve the preferred degree of self-financing.

Section 2B: Alignment

The answer to each question must not exceed 1-2 paragraphs. If the initiative has more than one intended outcome, select one of the rows below and click the ⊞ button that appears at the bottom right to duplicate this section.

Alignment to the Wellbeing Objectives and the economic plan	**Alignment to Wellbeing Objectives** This initiative aligns with the following Wellbeing objectives:

	• **Just Transition** –This initiative supports the transition to a climate-resilient and low-emissions economy by enabling more New Zealanders afford low-emission vehicles. It supports meeting the ERP target to reduce transport emissions by 41% by 2035. • **Physical Wellbeing** – This initiative would, over time, also reduce air pollution from transport. This pollution can cause significant health impacts ranging from respiratory symptoms and illness to premature death. **Alignment with Government's economic plan** This initiative contributes to the Government's economic plan's objective of Low emissions. It does this by encouraging and enabling New Zealanders switch to low-emission vehicles and by discouraging the purchase of high-emission ones. It also aligns with the 'Economic Security' objective by reducing reliance on imported fuel. **CERF eligibility: this initiative relates to a key action in the ERP** This initiative is eligible for CERF funding as it relates to the key action in the Emissions Reduction Plan to: Rapidly adopt low-emissions vehicles by continuing to incentivise the uptake of low- and zero-emissions vehicles through the Clean Vehicle Discount scheme.
Specific implications regarding the Crown's obligations under the Treaty of Waitangi	As this initiative contributes to climate change mitigation it relates to the Crown's obligations under Article Two of the Treaty of Waitangi.

Section 3: Value

Section 3A: Benefits and outcomes

The answer to each question must not exceed 1-2 paragraphs. If the initiative has more than one intended outcome, select one of the rows below and click the + button that appears at the bottom right to duplicate this section.

What outcome(s) would the initiative achieve?	*What is the initiative intended to achieve in terms of the identifiable and measurable social, economic and/or environmental benefits? What is the specific impact or difference that this initiative will achieve? Provide a brief description of the key benefits that will arise through this initiative, with reference to the wellbeing domain(s) from the Living Standards Framework that each benefit relates to. You may also wish to reference the key principles of He Ara Waiora. The Wellbeing Impacts Template can be attached to support your answer.* *For CERF initiatives, refer to section 3.5 of the Budget 2023 Guidance.* This initiative will enable the uninterrupted operation of the Clean Car Discount. By doing so it supports the achievement of the outcomes of the Clean Car Discount, which are outlined below. **A faster shift to a low-emission vehicle fleet** This benefit aligns with the Living Standard Framework objective of Just Transition, the Low-emission goal of the Government's economic plan and it is an action in the Emissions Reduction Plan. Continuation of the Clean Car Discount will help accelerate the shift to a low-emission vehicle fleet. The Clean Car Discount aims to increase demand for low and zero emission by assisting purchasers overcome the higher upfront purchase price of EVs, PHEVs and hybrids compared to their equivalent internal combustion engine vehicles. It also seeks to reduce demand for high-emission vehicles through the imposition of charges. **Reduction in CO2 emissions** This benefit aligns with the Living Standard Framework objective of Just Transition, the Low-emission goal of the Government's economic plan and contributes to achieving the Emissions Reduction Plan's transport target of a reduction in emissions of 41 percent by 2035. Nearly 70% of all transport CO2 emissions are from cars, SUVs, utes, vans and light trucks. Encouraging consumers to opt for low-emission light vehicles instead of high-emission ones is a substantial, achievable and cost-effective

opportunity to reduce emissions and decarbonise transport. For instance, driving a battery electric vehicle in New Zealand results in 80 percent fewer carbon dioxide (CO_2) emissions than driving an internal combustion engine vehicle. As the renewable proportion of New Zealand's electricity continues to grow, the CO_2 emissions from EVs will reduce further.

Reduction in cost-of-living pressures through reduced vehicle running costs

This benefit aligns with the Living Standard Framework domain: Income and consumption. It contributes to the Government's commitment that reducing the cost of living is a top priority.

The Clean Car Discount contributes to reducing financial pressure for New Zealanders by assisting them to replace a fuel-heavy internal combustion engine vehicle with a low or zero emission one. People who switch to battery electric vehicles, or who drive their PHEVs on electricity only, make significant savings in vehicle running costs. Charging an EV at home, during off-peak hours, is the equivalent to buying petrol at around 40 cents per litre.

If people opt for hybrid vehicles the savings will still be significant. The annual on-road fuel cost of a hybrid 2019 Toyota Corolla is estimated at $1,180 (over 14,000 kilometres). This compares with $1,710 a year for a petrol one.

Reduction in air-pollutant emissions and noise pollution

This benefit aligns with the Living Standard Framework domains: Environmental amenity and Health.

The Health and Air Pollution in New Zealand 2016 (HAPINZ 3.0) study, released in July 2022, shows that transport is responsible for the majority of the harms caused by human-made air pollution.

Transport emissions are responsible for all the health impacts caused by nitrogen dioxide (NO_2) which come from exhaust gas. Transport emissions are also responsible for 17 percent of the health impacts of fine particles in the air we breathe. Each year, this results in:

- the premature deaths of more than 2,200 adult New Zealanders
- more than 9,200 hospital admissions for respiratory and cardiac illnesses,
- over 13,200 cases of childhood asthma

The social cost of the health burden of transport emissions is $15.6 billion.

The Clean Car Discount contributes to a reduction in transport emissions through encouraging an increase in the uptake of EVs and other low emission vehicles. Switching from an internal combustion vehicle to an EV eliminates all toxic tailpipe pollution, e.g., NOx, and carbon monoxide.

As well, internal combustion engine vehicles mainly use disc brakes, which emit particle pollution. In contrast, EVs use "regenerative braking" as it restores braking energy back to the car's battery to power the car. This process reduces the need to use the brakes and therefore reduces particle emissions.

EVs also contribute to a reduction in noise pollution in urban areas.

Improvements in vehicle safety

This benefit aligns with the LSF domain: Safety.

The Clean Car Discount contributes to improving the safety of the vehicle fleet through its requirement that to be eligible for rebates vehicles must have a safety rating of at least 3-stars.

Almost every vehicle has a safety rating from 1 to 5 stars. This rating indicates how well the vehicle is likely to perform in a crash. Vehicles with 4 and 5 stars are the safest, while 1- and 2-star vehicles provide less protection in a crash. Vehicles with 1- and 2-star safety ratings are involved for two out of three death and serious injury crashes on New Zealand roads.

Leverages New Zealand's renewable energy advantage

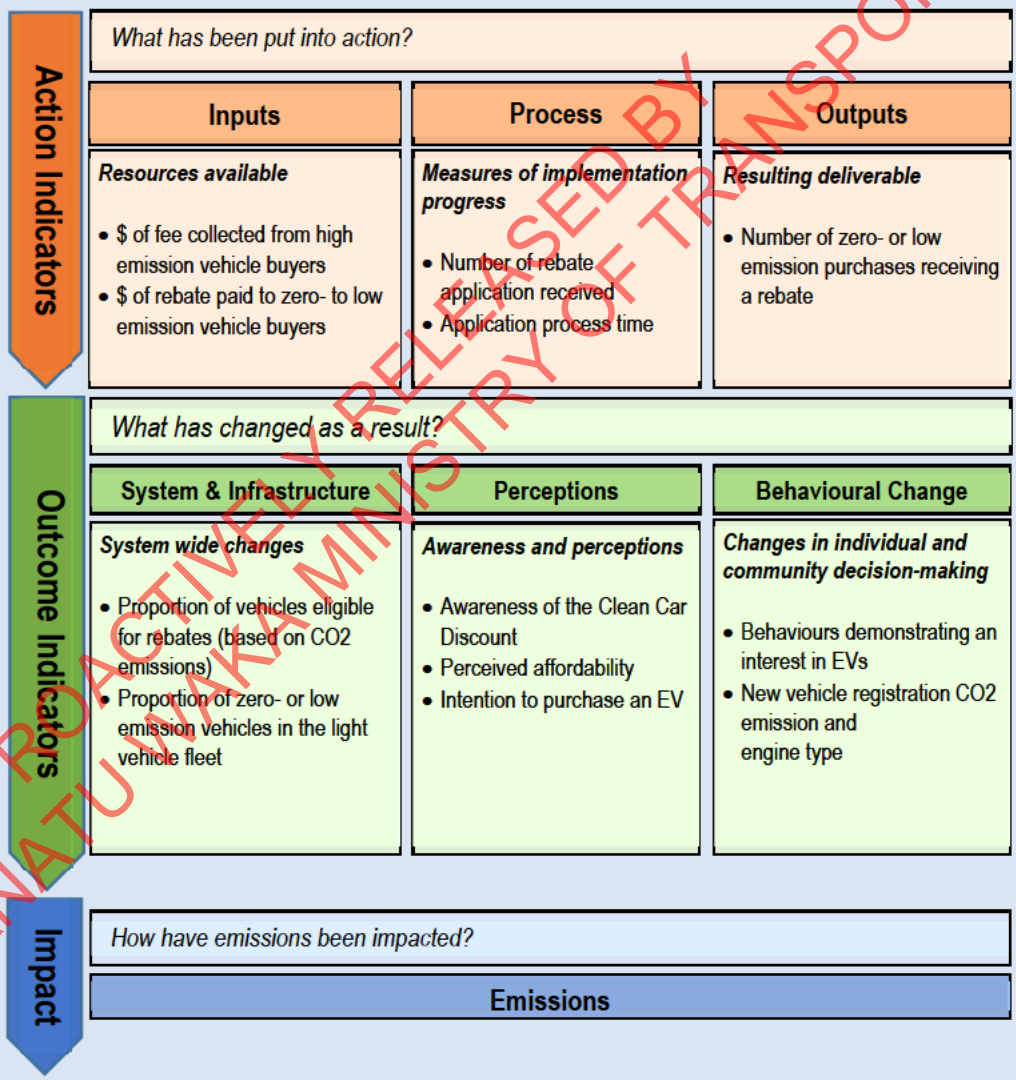
This benefit aligns with the LSF domain: Income, Consumption and Wealth

EVs create an opportunity for New Zealand to benefit from our high level of renewable electricity. As electricity is a cheaper and cleaner source of energy than fossil fuels, EVs enable can contribute to a:

- reduction in transport costs for businesses
- source of competitive advantage and reputational benefit for New Zealand's business in a world that increasingly favours goods and services with a low carbon footprint
- reduced reliance on imported fuels and the economic impact of increases in oil prices.

Explain how the initiative's intended outcomes will be measured after the initiative is implemented.

Te Manatū Waka is monitoring the results of the Clean Car Discount in speeding the transition to a zero- and low emission vehicle fleet as a means to reduce CO2 emissions from transport. The diagram below shows the monitoring framework that is being used.



Distributional/system impacts

If the initiative has any of the following distributional and/or system impacts, tick the relevant impact(s) and answer additional questions in Section 5 of this template, where applicable:

☐ *Māori*	☐ *Pacific Peoples*	☐ *Child Poverty*	☐ *Women and Girls*	☒ *Environment*	☐ *Regulatory Systems*

Timeframes

Indicate if the key benefits will be realised in the short term (<5 years), medium term (5-10 years), long term (>10 years) or inter-generationally. Indicate whether, and why, benefits vary across different timeframes. This can also be done through the Wellbeing Impacts Template (hyperlinked above).

The initiative has short-, medium- and long-term impacts. This reflects that new vehicles are driven until they are, on average, 20 years. Thus, the emission reductions, safety, health and environmental benefits are realised immediately and over the 20 years, on average, that vehicles are driven. Used-import vehicles have a life-span in New Zealand of roughly half that of new vehicles. This reflects the average age of used imports entering the fleet, which is about 10 years.

Evidence and assumptions

Provide evidence (data/other information) and assumptions to support the existence and timeframes of the identified benefits, including any gaps or uncertainties. It is optional to attach the Investment Logic Map. This can also be done through the Wellbeing Impacts Template (hyperlinked above).

Evidence of the benefits is summarised in the table below.

Benefit	Evidence
A faster shift to a low-emission vehicle fleet	To date the Clean Car Discount, coupled with external factors such as the increase in oil prices, has led to an uptake of low and zero emissions vehicles that has exceeded government and industry expectations. Since the scheme's introduction in July 2021: • the share of petrol and diesel vehicles entering the vehicle fleet has fallen from almost 77 percent in 2021 to 61 percent in 2022 • the share of battery EVs entering the fleet has increased from 2 percent in January 2021 to 13 percent in 2022. The increase is greater for new battery EVs (ie excluding used-imports) with the battery EV share of new vehicle registrations increasing from 1.8 percent in January 2021 to 20.3 percent in December 2022 • petrol hybrids as a share of used-vehicle imports have increased from 19 percent in January 2021 to almost 40 percent in December 2022. A key difference between countries with low or high uptake of EVs is the level of policy that lowers purchase prices and increases demand. Countries with high levels of EV uptake, such as Norway, impose fees or taxes on buying high emitting vehicles and provide discounts on low emission ones. Countries such as Australia, with few or no incentives to encourage low emission vehicles, still have relatively low levels of EV and low emission vehicle uptake.
Reduction in CO2 emissions	The cumulative impact of the Clean Car Discount from 2022 to 2050 is estimated to be a reduction of between 2.6 and 9.2 mega tonnes of CO2. To date, the shift in vehicle preferences that the Clean Car Discount has helped facilitate has significantly increased the rate at which the CO2 emissions of vehicles entering the fleet have reduced. The average CO2 emissions of imported light vehicles in 2022, both new and used, have decreased by 14.4 percent when compared to the same 12-month period before the Clean Car Discount was implemented. This represents a large improvement on the 1.9 percent average annual decrease of the five years prior to the Clean Car Discount.
Reduction in cost-of-living pressures through reduced vehicle running costs	Charging an EV at home, during off-peak hours, is the equivalent to buying petrol at around 40 cents per litre. If people opt for hybrid vehicles the savings will still be significant. The annual on-road fuel cost of a hybrid 2019 Toyota Corolla is estimated at $1,180 (over 14,000 kilometres). This compares with $1,710 a year for a petrol one. Compared to other carbon mitigations the Clean Car Discount is an effective and economically efficient policy to reduce emissions. Its marginal abatement cost per tonne of CO2 ranges from -$170 to -$199. This means it saves the economy money rather than places costs on it. This is primarily due to the significantly reduced fuel

	costs New Zealanders can benefit from by being assisted to buy a zero or low emission vehicle.
Reduction in air-pollutant emissions and noise pollution	Replacing internal combustion engine vehicles with electric alternatives results in zero tailpipe air pollutant emissions, reduced pollutants from braking and reduced noise pollution. The latest Health and Air Pollution New Zealand report (HAPINZ 3.0) report found that motor vehicle pollutant emissions contribute to over 60 percent of the total impacts from domestic air pollution, which total approximately $15.6 billion dollars a year.
Improvements in vehicle safety	Road safety impacts associated with rebates being limited to vehicles with a safety rating of 3 or more stars are not being directed estimated.

Section 3B: Expenditure profile and cost breakdown

The answer to each question must not exceed 1-2 paragraphs.

What assumptions, if any, have been used to prepare the costings for this initiative? E.g. for new FTE, salary assumptions, role/seniority, associated overheads. See section 3.3 of the Budget 2023 Guidance on common assumptions.

The key assumptions used in the costings for this initiative are as follows.

- Rate of uptake of low-emission vehicles. Two uptake scenarios were used of five vehicle types (EV, PHEV, hybrid, petrol, diesel). The high uptake scenario assumed the substantial increase in the purchase of new EVs over August–December 2022 will continue and increase into 2023 and 2024. The low uptake scenario assumed a slower rate of uptake.
- Emission levels of the vehicles entering the fleet. Three broad emission bands were used as representative of the vehicles imported in New Zealand. These bands were based on the vehicles entering the fleet in 2022, and it was assumed that the three emission bands will be representative of the vehicles that enter the fleet in 2023 and 2024.
- The number of vehicles imported, by the five vehicle types, for 2023 and 2024 are based on those in the latest Vehicle Fleet Emissions Model.
- Rebate eligibility is assumed to be 88% of EVs and PHEVs entering the fleet and 83% of hybrids. These assumptions are based on the number of these vehicle types that received rebates in 2022.
- The amount of funding Waka Kotahi can deduct from the scheme's revenue for administration remains capped at $8 million per annum.
- The rebate proposals will be agreed by Cabinet and be in effect from 1 July 2023.

Formula and assumptions underlying costings

Provide any formula that has been used to support the calculation of the costings. Alternatively, a spreadsheet of the costing that demonstrates the formula used to calculate the costing can be attached.

The costings compare current rebates and charges against proposed rebates and charges.

Charges

Current charges apply to light vehicles with emissions of 192 grams of CO2 per kilometre and above, and are set using the following formulae (all figures are GST inclusive):

New vehicles: $345.00 plus $57.50 per gram
Used-imports: $258.75 plus $43.13 per gram

Proposed charges would apply to light vehicles with emissions of 150 grams of CO2 per kilometre and above and would be set by the following formulae:

New vehicles: $575 plus $57.50 per gram.
Used-imports: $287.50 plus $28.75 per gram.

Note that the $250 million component of this initiative seeks funding to keep charges at their current levels, and is based on the additional expected revenue that would be generated if the above charges increase progressed).

Rebates

Current rebates apply to light vehicles with emissions of 146 grams of CO2 per kilometre and below, and are as follows (all figures are GST inclusive):

- New battery EV $8,625
- Used import battery EV $3,450
- All other eligible vehicles:
  - New vehicles: $1098.45 plus $51.55 for every gram below 146 grams. Maximum rebate $5,750.
  - Used-imports: $439.38 plus $20.62 for every gram below 146 grams. Maximum rebate $2,300.

A retail price cap of $80,000 applies.

Proposed rebates would be paid to light vehicles with emissions of 100 grams of CO2 per kilometre and below and are as follows (all figures are GST inclusive):

- New battery EV $7,015
- Used import battery EV $3,507
- A disability vehicle, either new or a used-import, would attract a rebate of $11,500 if it is a battery EV, and $5,750 if it is a PHEV or hybrid
- All other eligible vehicles:
  - New vehicles: $575 plus $57.50 for every gram below 100 grams. Maximum rebate is $4,025.
  - Used-imports: $287.50 plus $28.75 for every gram below 100 grams. Maximum rebate $2,012.50.

The retail price cap would reduce from $80,000 to $75,000 for cars and SUVs. It would remain at $80,000 for utes and vans.

Provide a breakdown of total initiative expenditure by individual expense category. Total operating and capital expenses in this section must match the totals in *Section 1B: Summary of funding profile*. To duplicate these rows for additional rows, select the applicable row below and click the + button that appears at the bottom right.

Operating expenses ($m)

Operating expense category	2022/23	2023/24	2024/25	2025/26	2026/27	Total
[Non-departmental Other Expenses: Clean Vehicle Discount Scheme - Rebates	100	200	[●]150	[●]	[●]	[●]$450
Total ($m)	[●]100	[●]200	[●]150	[●]	[●]	[●]$450

*Extend the profile above to a "steady state" if funding into outyears is irregular. Delete "& outyears" for time-limited funding.

# of new FTEs (incl. contractors) over the forecast period	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	[●]	[●]	[●]	[●]	[●]	[●]

Capital expenses ($m)

Capital expense category	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32*	Total
[Name of capital expense category]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
[Name of capital expense category]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
[Name/type of contingency]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total ($m)	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]

*Extend the profile above if funding is needed beyond 2031/32.

Section 3C: Options analysis

The answer to each question must not exceed 1-2 paragraphs.

What were the range of options considered?

Describe how the longlist of options was generated. Briefly summarise each shortlisted option and describe whether and how each shortlisted option would achieve the initiative's intended outcome(s).

The following options were considered to restore the financial sustainability of the Clean Car Discount.

- Temporarily suspend the payment of rebates until the scheme's cash reserve has been sufficiently replenished through the build-up of charge revenue. Temporary suspension is part of the policy design of the scheme agreed by Cabinet. It is the default option if no further funding is provided, and the repayable Crown grant is exhausted.
- Increase charges and reduce rebates to ensure charge revenue matches rebate expenditure. A range of options were canvassed to recalibrate rebates and charges. As well, two implementation dates were considered of July 2023 and December 2023.
- Increase the existing repayable Crown grant by an amount sufficient for the scheme to maintain a positive cash reserve through 2023 and 2024. This option would require additional increases to charges and/or reductions in rebates to enable the increased Crown grant to be repaid.
- Supplement the existing repayable Crown grant with an additional non-repayable grant.

What was the process used to select the preferred option?

Describe what analyses and methodologies were used to evaluate the long-list and short-list options. Attach any further Options Analysis and/or Cost Benefit Analysis to support your answer. This could include any He Ara Waiora and/or the Living Standards Framework considerations.

The options were assessed against the following criteria:

- Maintains momentum in achieving the target to increase zero-emission vehicles to 30 percent of the light fleet by 2035.
- Minimises the level of disruption to vehicle suppliers and disadvantage to consumers.
- Minimises the imposition of charges on vehicle buyers who are currently unable to opt for a low-emission vehicle.
- Rapidly restores the financial sustainability of the scheme.
- Is consistent with achieving a scheme that is self-financing over 10 years.

Detail the monetary and non-monetary costs and benefits to the agency, broader public sector, New Zealand society and environment that were included in the options analysis, and how they were quantified, including from a Te Ao Māori perspective.

Discussion of the rejected options identified the costs and benefits of those options but did not include a monetary quantification. The exception was of the cost savings of the various options to adjust rebates and charges.

No analysis has been undertaken from a distinctly Te Ao Māori perspective.

Describe how engagement/consultation with partners/stakeholders/customers, including iwi and Māori, informed the identification and quantification of costs and benefits.

Officials consulted the Motor Industry Association (MIA) and Imported Motor Vehicle Industry Association (VIA) about changes to the scheme at a general level. This consultation improved understanding about the magnitude of changes to rebates and charges that could be made without disrupting vehicle supply and/or disadvantaging consumers. It also informed advice about the public notice period for the proposed changes.

Describe the climate impacts analysis used to support the options analysis, and the selection of the preferred option. Attach the Climate Implications of Policy Assessment (if relevant) and any other supporting evidence.

The Climate Implications of Policy Assessment for the Clean Car Discount estimated that its cumulative impact from 2022 to 2050 is a reduction of between 2.6 and 9.2 mega tonnes of CO2.

Describe how the preferred option represents best public value.

The relative merits of continuing the scheme versus allowing it to be temporarily suspended was informed by the estimates of the public value of the Clean Car Discount that:

	• compared to other carbon mitigations the Clean Car Discount is an effective and economically efficient policy to reduce emissions. Its marginal abatement cost per tonne of CO2 ranges from -$170 to -$199. This means it saves the economy money rather than places costs on it. This is primarily due to the significantly reduced fuel costs New Zealanders can benefit from by being assisted to buy a zero or low emission vehicle • the cost-benefit analysis done by Te Manatū Waka estimates the scheme has a benefit to cost ratio of 2.3–3.5.
	What sensitivity analysis was undertaken and how did it influence the choice of preferred option? No sensitivity analysis was done for this initiative.
Counter-factual question	*Explain the implications if funding is deferred or not approved. If there are options (e.g. choosing to reduce either output or quality of an existing service if funding is not approved), detail these here. Explain how the department would address the pressure or problem if the funding is not approved.* If funding is deferred or not approved the payment of rebates would be temporary suspended. It is likely to take many months to accumulate sufficient charge revenue to build a workable cash reserve. For example, over the three months to 31 December 2022 $41 million was received in charges. A sum of this amount could plausibly be required for a single month of rebate payments at current levels. Suspension also risks: • losing some of the momentum that has been achieved in encouraging people to switch to low and zero emission vehicles • undermining public support for the scheme. It would frustrate buyers of low-emission vehicles who wish to buy vehicles at a time when rebates are suspended (particularly those who have already ordered a vehicle assuming they will get a rebate but are still awaiting the vehicle's arrival). As well, if suspension lasts several months the social license for the scheme's implicit "off-setting contract" between charge-payers and rebate receivers could be lost. People who, for whatever reason, buy a high emission vehicle pay a charge to lower vehicle prices for those who are willing to purchase a low-emission vehicle. This contract could be perceived to be broken if charges exist in the absence of rebates • a marked spike in the purchase of low-emitting vehicles once rebates commence that could undermine the recovery of the scheme's financial position. This would occur if the magnitude of the spike was under-estimated in the decision on when to resume the payment of rebates • increasing cash-flow pressures for the vehicle industry, especially if the suspension lasts several months. For example, vehicle distributors and dealers could be left holding large volumes of low-emission vehicles that they are unable to sell until the suspension is lifted.

Section 3D: Scaled option

The answer to each question must not exceed 1-2 paragraphs.

	Provide a concise overview of the scaled down option to fund this initiative (the funding level below which it would be better to defer the initiative than fund it). Given the uncertainty in predicting the volumes and types of vehicle purchases it is prudent to provide a cash reserve, which provides additional revenue in case rebates are higher or charges are lower than estimated. This initiative can be scaled down by reducing the amount of cash reserve funding from $200 million to $100 million.
Scaling option overview	*Explain how the initiative's expected outputs and outcomes would differ if fully funded and any risks associated with scaling down.* If the scaled down cash reserve proves to be insufficient the scheme would be temporarily suspended unless additional funding was provided. If the Clean Car Discount were temporarily suspended it is likely to take many months to accumulate sufficient charge revenue to build a workable cash reserve. For example, over the three months to 31 December 2022 $41 million was received in charges. A sum of this amount could plausibly be required for a single month of rebate payments at current levels.

	Provide a concise overview of the scaled down option to fund this initiative (the funding level below which it would be better to defer the initiative than fund it). As above this initiative can be scaled down by reducing the amount of cash reserve funding from $200 million to $100 million.
	Explain the formula and assumptions for the scaled option if they are different from those for the preferred option. The modelling and assumptions are the same as for the preferred option.

Provide a breakdown of what the scaled down option would purchase. Add additional rows to the table as needed by selecting a row and clicking the ⊞ button that appears at the bottom right.

Operating expenses ($m)						
Operating expense category	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**Total**
[Non-departmental Other Expenses: Clean Vehicle Discount Scheme - Rebates	[●]100	[●]150	[●]100	[●]	[●]	**[●]350**
Total ($m)	[●]100	[●]150	[●]100	[●]	[●]	[●]350

Section 4: Delivery

Section 4A: Procurement and workforce requirements

The answer to each question must not exceed 2-3 paragraphs.

What is the initiative purchasing/funding?	*Describe the key resources (workforce, goods, assets, services) that need to be sourced, including any ancillary services. The answer should align with the initiative description and the problem definition in Section 1A and Section 2A respectively. It is optional to attach the Procurement Plan for the initiative.* Not applicable
Is there a market that can meet these needs?	*Describe the market you are looking to procure the above key resources from. Support your answer with evidence of any market testing that has been completed, and any engagement that has been undertaken with the relevant supply markets.* Not applicable
	What is the capacity and capability of the market to provide these resources and how has this been tested? Not applicable
	For new FTEs and/or contractors, outline occupation and skills area and indicate the market capacity to fill these roles. Not applicable
	What potential suppliers have been identified for the initiative, are they interested in participating in the procurement, and do they have the capacity and capability to meet these needs? Not applicable
	What other competitors are there for similar workforce, goods, and services around the same time as this initiative? Have opportunities to collaborate or strategies to deconflict competing timelines been explored? Not applicable
Government Procurement Rules	*Does the proposed approach align with Government Procurements Rules? If not, on what basis is the initiative exempted?* Not applicable

Section 4B: Risks, constraints, and dependencies

The answer to each question must not exceed 1-2 paragraphs

What are the main risks?

Describe the main risks associated with this initiative and the proposed mitigations to address these. Focus on the 20% of risks which are likely to provide 80% of the initiative's risk values. It is optional to attach the Risk Register for the initiative.

Risk	Mitigation
The estimate of the amount of Crown grant funding needed to maintain the operation of the scheme is subject to a high degree of uncertainty and the amount sought could be over- or under-estimated. The uncertainty arises from: • it not being possible to accurately predict vehicle purchase patterns over 2023 and 2024 • the 2023 changes to rebates and charges yet to be considered by Cabinet.	The risk of over-estimation will be reduced by the $450 million only being drawn-down as required.
Providing a non-repayable Crown grant for the scheme in lieu of increasing charges risks setting a precedent that the scheme will receive further government funding in the future.	The Cabinet paper on the review of the scheme's charges and rebates is likely to recommend a second review of rebates and charges be done that allows Cabinet to decide by 30 June 2024: • whether the scheme should revert to being managed to be self-financing over 10 years • if a partially self-financing scheme is preferred, the proportion that should be sought from charge revenue • the changes to rebates and charges needed to achieve the preferred degree of self-financing.
The benefits of the Clean Car Discount do not fall evenly across society. There is survey evidence that those more financially privileged adopt EVs and receive rebates. It is also likely that the scheme's charges increase the burden for those who are financially disadvantaged.	The equity risk of the Clean Car Discount requires complementary policies that assist low-income New Zealanders into low-carbon transport. These are being advanced through Community Connect and trials of the Clean Car Upgrade and social vehicle leasing.

What are the key constraints?

Describe any key constraints that have been and/or could be placed on the initiative.

The benefits of the scheme are constrained by the supply of low-emission vehicles. Global vehicle production is still recovering from the impact of Covid-19. Consequently, wait-times for new vehicles can be long.

In the used-import market the supply of EVs is very limited. The great majority of vehicles are sourced from Japan and there is a preference for hybrids in the Japanese domestic market over EVs.

What are the key dependencies?

Describe any key dependencies that are outside the scope of the initiative and may determine the initiative's success.

To be successfully implemented any changes to the scheme's rebates and charges will need to be announced several months before they come into effect. This is to minimise vehicle suppliers and

	buyers being disadvantaged by the changes. Therefore, this funding will need to be approved alongside upcoming Cabinet decisions to change the level of rebates. The Clean Car Discount is intended to work with the Clean Car Standard in transitioning the vehicle fleet. The latter policy is focused on increasing the supply of low emission vehicles. Because they are complementary policies, the effectiveness of the Clean Car Discount will be impacted if the Standard's CO2 targets are weakened, or if there is a low level of compliance with the targets across the vehicle industry.

Section 4C: Governance and timeframes

The answer to each question must not exceed 1-2 paragraphs.

What are the governance arrangements for this initiative?	*What is the governance structure, including decision making and any advisory groups? It is optional to attach the Governance Diagram showing the governance structure.* The Clean Car Discount is administered by Waka Kotahi. A funding deed between Waka Kotahi and the Ministers of Finance and Transport sets out how Waka Kotahi is to use the repayable Crown grant for the scheme, the conditions of repayment and the reporting requirements. The reporting requirements include Waka Kotahi providing a quarterly report to Ministers detailing the closing balance of the scheme's fund, and an explanation for any material underspend, or overspend, for the preceding quarter.
	Explain how the governance structure provides for input from partners/stakeholders/customers, including iwi and Māori? Not applicable.
Timeframes and monitoring	*Outline key milestones and the expected timeframe for the delivery of these milestones. When will the responsible Minister(s) receive information on implementation and delivery of this initiative?* The increase to the repayable Crown grant to enable the continued operation of the Clean Car Discount has no implementation implications. The increase to supplement charge revenue while changes to the scheme's rebate and charge settings are implemented has the following key milestones: • Cabinet decisions on the changes to the scheme's rebates and charges – 27 March 2023 • Minister's announcement of the changes to the rebates and charges – 31 March 2023 • (If needed) Amendment to Section 7 of the Land Transport (Clean Vehicle Discount Scheme Charges) Regulations 2022 – in effect 31 July 2023 • Public resources for consumers available – 31 July 2023 The Minister of Transport will be regularly updated by Ministry of Transport and Waka Kotahi officials.

Section 4D: Demonstrating performance

The answer to each question must not exceed 1-2 paragraphs.

Does this meet the threshold of a significant initiative? Is it part of an existing strategy / work programme / initiative with existing reporting, and if so what is it called?

This initiative will enable the continuation of the Clean Car Discount, which is an existing initiative with existing reporting.

Outline the type (or types) of evaluation planned and their timeframe(s). Indicate what funding is proposed to be allocated for evaluation.

Te Manatū Waka - the Ministry of Transport is monitoring the outcomes achieved by the Clean Car Discount. It has recently completed an interim evaluation and the resultant report, *Clean Car Discount Interim Report February 2023,* will soon be published.

Following this report, the Ministry will continue to monitor the progress of the scheme. The Ministry is also developing other monitoring and evaluation mechanisms to track the Emission Reduction Plan (ERP) Transport Chapter progress. This will include regular reporting against the Decarbonising Transport Monitoring Framework to monitor the delivery of ERP actions.

As evaluation of the scheme is a business-as-usual activity no additional funding is proposed.

Describe the performance information that would be included in the Estimates if this initiative was funded, or if the performance information in the Estimates is not expected to change then describe the reasons for that decision.

The performance information included in the Estimates is not expected to change as this initiative seeks funding to enable an existing initiative to continue.

Section 5: Initiatives with Distributional/System Impacts

Section 5A: Māori initiatives

The answer to each question must not exceed 2-3 paragraphs.

What kind of impact would the initiative have on Māori?	A	Direct impact	☐	*Explain your answer to A.*
		Indirect impact	☐	
	B	Targeted and tailored impact	☐	*Explain your answer to B.*
		Disproportionate positive impact	☐	
		Other	☐	
	C	*List any assumptions you have made in considering impacts for Māori/iwi/hapū/whanau.*		

How does the initiative align with any of the means of He Ara Waiora?	Kotahitanga ☐	Tikanga ☐	Whanaungatanga ☐	Manaakitanga ☐	Tiakitanga ☐
	Discuss how the initiative demonstrates one or more of the Means of He Ara Waiora identified above, this should draw on responses highlighted in previous sections.				

How will the initiative contribute to the ends of He Ara Waiora?	Te Taiao ☐	*Demonstrate how the initiative will contribute to one or more of the Ends of He Ara Waiora, this should draw on responses highlighted in previous sections.*
	Te Ira Tangata ☐	

Section 5B: Pacific initiatives

The answer to each question must not exceed 2-3 paragraphs.

What kind of impact would the initiative have on Pacific people?	A	Direct impact	☐	*Explain your answer to A.*
		Indirect impact	☐	
	B	Targeted and tailored impact	☐	*Explain your answer to B.*
		Disproportionate positive impact	☐	
		Other	☐	
	C	*List any assumptions you have made in considering impacts for Pacific communities.*		

How would the initiative contribute to the focus areas of the All-of-Government Pacific Wellbeing Strategy?	**Lalaga Potu:** Cultural Values and Principles	☐	**Fale Fono:** Partnership and Governance	☐	**Vaka Moana:** Performance and Improvement	☐	**Te Kupega:** Capability ☐
	Demonstrate how the initiative will support system shifts in one or more of the Strategy's four focus areas identified above. Reviewing the outcomes diagrams in the Pacific Wellbeing Outcomes Framework will help you to identify how your initiative aligns with these system shifts (see pages 31 to 37).						

How would the initiative contribute to the outcomes for Pacific communities articulated in the	**Goal 1**: Thriving Pacific languages, cultures, and identities	☐	**Goal 2:** Prosperous Pacific communities	☐	**Goal 3:** Resilient and healthy Pacific families	☐	**Goal 4:** Confident, resilient, and thriving Pacific young people ☐

Pacific Wellbeing Outcomes Framework?	*Demonstrate how the initiative will contribute to one or more of the community outcome statements for Pacific communities found in the Pacific Wellbeing Outcomes Framework (see pages 6 to 28).*

Section 5C: Child poverty initiatives

The answer to each question must not exceed 2-3 paragraphs.

What kind of impact would the initiative have on reducing child poverty?	A	Direct impact	☐	*Explain your answer to A.*
		Indirect impact	☐	
	B	Targeted and tailored impact	☐	*Explain your answer to B.*
		Disproportionate positive impact	☐	
		Other	☐	

Does the initiative align with the Child and Youth Wellbeing Strategy?	*Y/N*	*If yes, indicate which of the six high-level wellbeing outcomes it aligns to. Further information on the Child and Youth Wellbeing strategy can be found at Child and Youth Wellbeing (childyouthwellbeing.govt.nz).*

Section 5D: Initiatives with impacts on women and girls

The answer to each question must not exceed 2-3 paragraphs.

Which group(s) of women and girls would be impacted by the initiative? Select all that apply.	Māori	☐	Pacific	☐	Asian	☐	Culturally and linguistically diverse	☐
	Older persons	☐	Younger persons	☐	Migrants	☐	Refugees	☐
	LGBTQIA+	☐	Rural persons and communities	☐	Students	☐	Disabled people and those with disabilities	☐
	Business owners	☐	Employees	☐	Specific industries or sectors	☐	Other	☐
	Provide any additional information to support or clarify your answer.							
How many women and girls would be affected by this initiative?	*Provide disaggregated data on the women and girls who would be affected by the initiative. Where applicable, identify the number of women and girls who are already being supported by the current initiative or policy (status quo), and the number of women and girls who will be targeted (aspirational outcome).*							
Qualitative impacts: Refer to the guidance for examples.								
What is the initiative expected to achieve that will help to improve outcomes for women and girls, including for wāhine Māori and kōtiro?	*Describe the overall aspirations of the initiative in how it would benefit women and girls (the vision). Secondly, consider and describe how the initiative may help to overcome gender stereotypes, roles, and pressures.*							
What direct and indirect impacts on women and girls is the initiative expected to have, including on wāhine Māori and kōtiro?	*Describe the **direct** impacts, including the immediate impacts on women and girls as a proportion of the targeted demographic. Secondly, describe the **indirect** impacts, such as the secondary benefits or long-term benefits.*							
Are there any anticipated negative impacts of the initiative on women and girls, including on	*This could be both short and long-term impacts. For example, are there any groups of women and girls who may be excluded from the initiative? Will the initiative inadvertently reinforce or rely on existing gender roles, stereotypes and/or pressures?*							

wāhine Māori and kōtiro?	
Describe how the initiative contributes to the wellbeing objectives and improves outcomes for women and girls.	*This question is to explain the overlap, not to reiterate the impacts identified above.*

Section 5E: Initiatives with environmental impacts

The answer to each question must not exceed 2-3 paragraphs.

Does the initiative align to a category within the Green Bond Framework?

Clean Transport	☒	Energy Efficiency and Renewable Energy	☒	Living and Natural Resources and Land Use	☐	Terrestrial and Aquatic Biodiversity	☐
Climate Change Adaptation	☐	Sustainable Water and Wastewater Management	☐	Pollution Prevention and Control	☐	Green Buildings	☐

Clean Transport

The initiative largely meets the criteria of Clean Transport as it encourages the purchase of light vehicles that emit less than 75 grams CO_2 per km. However, it will also subsidise vehicles with emissions higher than 75 grams. The current emissions threshold for the Clean Car Discount is 146 grams. It is likely that the Minister of Transport will propose lowering this threshold to 100 grams.

Energy Efficiency and Renewable Energy

This initiative aligns with the following objectives:

- Improve energy efficiency and manage demand for energy
- Reduce reliance on fossil fuels
- Reduce industry emissions and energy use

Does the initiative have significant direct or indirect environmental impacts (positive or negative) beyond any climate change implications caught by CERF?

A	Direct impacts	☒	The Clean Car Discount contributes to a reduction in transport emissions through encouraging an increase in the uptake of EVs. Switching from an internal combustion vehicle to an EV eliminates all toxic tailpipe pollution, e.g. NOx, HC and carbon monoxide (CO). EVs use "regenerative braking" as it restores braking energy back to the vehicle's battery to power the car. This process reduces the need to use the brakes and therefore reduces particle emissions. In contrast internal combustion engine vehicles mainly use disc brakes to slow the car down, which emits particle pollution. EVs also contribute to a reduction in noise pollution in urban areas. EVs are far quieter than conventional vehicles.
	Indirect impacts	☐	
B	Avert long-term tipping-points	☐	*Explain how the impact of the initiative relates to environmental tipping-points.*
	Advance long-term tipping-points	☐	
C	*List any assumptions you have made in considering these impacts (see section 4.5 of the Budget 2023 Guidance).*		

Section 5F: Regulatory systems initiatives								
The answer to each question must not exceed 2-3 paragraphs.								
Which regulatory system(s) does the initiative relate to?	*List the name(s) of the regulatory system(s). For example, Consumer and Commercial; Courts and Tribunals; Climate Change.*							
Which category does the initiative primarily relate to?	A major government reform priority (e.g. manifesto commitments)	☐	*Managing or mitigating operational performance of risks*	☐	*Enabling economic activity and/or easing compliance burdens*	☐	*Other*	☐
	If other, describe here.							
Which stage of the policy or legislative process is the proposal at?	*If Cabinet decisions on the policy have been made, provide the relevant Cabinet Minute.*							

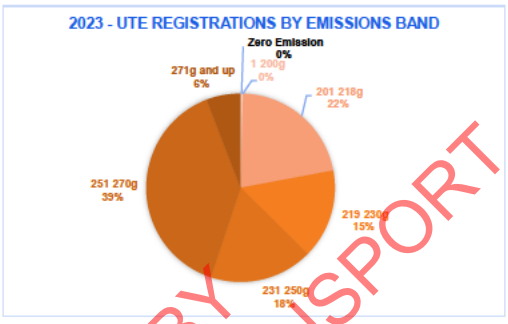
Ute Emission Analysis, showing 2022 and 2023 trends, and details about the top eight top-selling brands.

Diesel ute sales generally span the range of 200 to 270 grams, with the average being 243g in 2022, improving to 240g in 2023 YTD.
Most brands have models across a variety of emissions levels, but only Ford has a strong volume below 218g at present.
Pie graph shows a greater proportion of lower emission diesel utes (201-218g) from 2022 to 2023, but there is also a rise in utes 251g and up.
This may be due to the commencement of the Clean Car Standard, however it is too early in the year to draw conclusions.

Utes contribute about half of the revenue to the Clean Car Discount scheme (April 2022 to Feb 2023)
About 6% all of revenue is from utes 218g and below; about 11% from 230g and below; about 24% from 250g and below.

Around half of the Ford utes 201-218g are 4WD. In 2023, over half of Ford's registrations are 218g and below.
The lowest emission 4WD model by Toyota is at 227g and is quite popular. Toyota's offering below 218g is 2WD.
s 9(2)(b)(ii)
VW has republished its vehicle catalogue in 2023 and is about to start shipping a 218g 4WD model as its second cheapest option.
s 9(2)(b)(ii)
BYD is expected to launch an electric ute in 2024 overseas but no announcements have been made about New Zealand supply.
The small number of utes sold between 1-200g are Suzuki Jimny 4WD petrol vehicles custom-modified into utes.
Mitsubishi is the only company without products below 250g. A more efficient diesel and a plug-in hybrid version may come in future years.
Zero emission ute sales by LDV are low but it is unclear whether there is a supply or a demand constraint.

2023 Registrations (January & February only)			Ford	Toyota	Mitsubishi	Nissan	Isuzu	Mazda	LDV	VW
Zero Emission	16	0%	-	-	-	-	-	-	16	-
1-200g	3	0%	-	-	-	-	-	-	-	-
201-218g	924	22%	899	6	-	14	5	-	-	-
219-230g	654	15%	26	465	-	85	65	13	-	-
231-250g	758	18%	15	472	-	95	141	34		1
251-270g	1,670	39%	634	448	541	-	-	-	-	3
271g and up	249	6%	79	8	-	-	-	-	51	18
All	4,274		1,653	1,399	541	194	211	47	67	22



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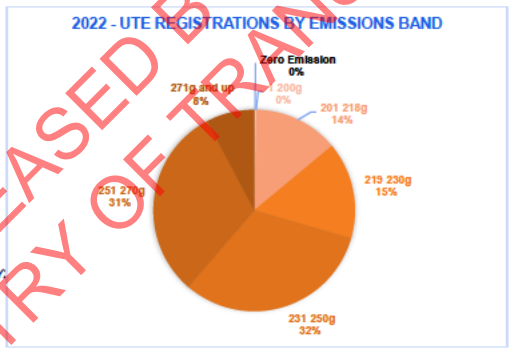
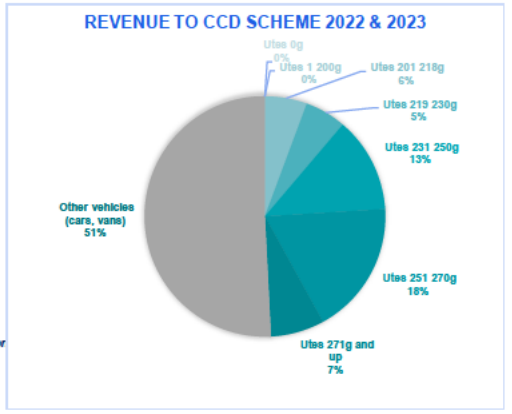
Zero Emission	88	0%	-	-	-	-	-	-	88	-
1-200g	42	0%	-	-	-	-	-	-	-	-
201-218g	4,447	14%	4,277	74	-	85	10		-	1
219-230g	5,056	15%	787	2,784	-	768	470	247	-	-
231-250g	10,436	32%	2,868	4,667	-	1,023	1,381	744	-	-
251-270g	10,145	31%	2,968	511	6,137	-	-	-	3	16
271g and up	2,518	8%	583	44	-	-	-	1	627	278
All	32,732		11,483	8,080	6,137	1,876	1,861	992	718	295



Data Source: Model Table report at https://www.transport.govt.nz/statistics-and-insights/fleet-statistics/light-motor-vehicle-registrations-2/
4WD versus 2WD statistics supplied by Motor Industry Association to the Ministry by email.
VW Catalogue https://www.volkswagen.co.nz/idhub/content/dam/onehub_pkw/importers/nz/cv/cv-spec-sheets/february-2023/Amarok%20MY;
BYD Ute - https://www.autocar.co.nz/more-spy-shots-of-byd-electric-ute-surface/
Mitsubishi Ute - https://www.stuff.co.nz/motoring/129373030/nextgen-triton-to-be-the-first-major-ute-with-a-phev-option
s 9(2)(b)(ii)

Revenue from utes to date (1 April 2022 to 28 February 2023)

	Millions			Rebates issued
Zero Emmission	-$0.70			84
	Millions	% of Ute $	% of all $	Vehicles imposed with charges
Utes 0g	$0.00	0.0%	0.0%	n/a
Utes 1-200g	$0.01	0.0%	0.0%	4
Utes 201-218g	$8.20	11.5%	5.7%	4,776
Utes 219-230g	$8.00	11.2%	5.5%	3,553
Utes 231-250g	$18.59	26.1%	12.8%	6,198
Utes 251-270g	$26.06	36.6%	18.0%	6,585
Utes 271g and up	$10.41	14.6%	7.2%	2,119
All utes	$71.27			
Other vehicles (c	$73.58		51%	
All vehicle types	$144.81			



Data Source: CCD amounts report at https://www.transport.govt.nz/statistics-and-insights/fleet-statistics/sheet/light-motor-vehicle-registration

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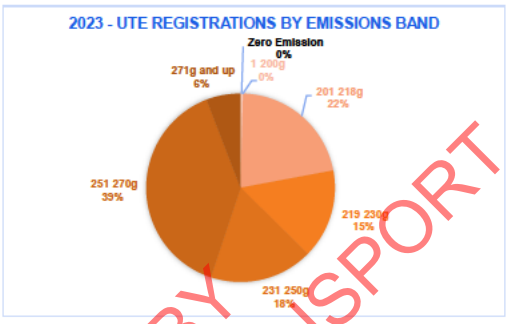

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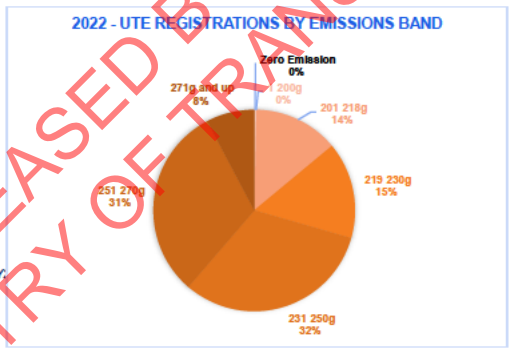
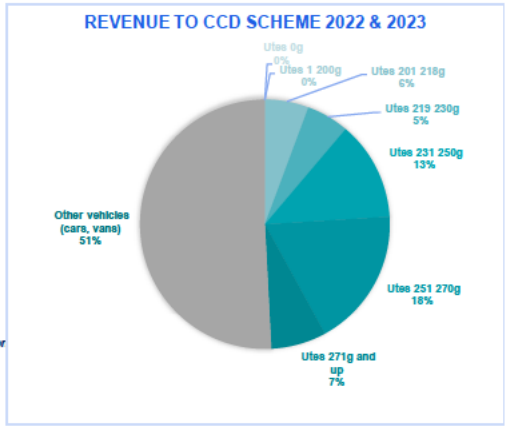
271g and up	2,518	8%	583	44	-	-	-	1	627	278
All	32,732		11,483	8,080	6,137	1,876	1,861	992	718	295



Data Source: Model Table report at https://www.transport.govt.nz/statistics-and-insights/fleet-statistics/light-motor-vehicle-registrations-2/
4WD versus 2WD statistics supplied to Motor Industry Association to the Ministry by email.
VW Catalogue https://www.volkswagen.co.nz/idhub/content/dam/onehub_pkw/importers/nz/cv/cv-spec-sheets/february-2023/Amarok%20MY
BYD Ute - https://www.autocar.co.nz/more-spy-shots-of-byd-electric-ute-surface/
Mitsubishi - annual plan presentation (2023) https://www.mitsubishi-motors.com/content/dam/com/ir_en/pdf/financial/2023/230310-2.pdf
s 9(2)(b)(ii)

Revenue from utes to date (1 April 2022 to 28 February 2023)

	Millions			Rebates issued
Zero Emmission	-$0.70			84
	Millions	% of Ute $	% of all $	Vehicles imposed with charges
Utes 0g	$0.00	0.0%	0.0%	n/a
Utes 1-200g	$0.01	0.0%	0.0%	4
Utes 201-218g	$8.20	11.5%	5.7%	4,776
Utes 219-230g	$8.00	11.2%	5.5%	3,553
Utes 231-250g	$18.59	26.1%	12.8%	6,198
Utes 251-270g	$26.06	36.6%	18.0%	6,585
Utes 271g and up	$10.41	14.6%	7.2%	2,119
All utes	$71.27			
Other vehicles (c	$73.58		51%	
All vehicle types	$144.81			



Data Source: CCD amounts report at https://www.transport.govt.nz/statistics-and-insights/fleet-statistics/sheet/light-motor-vehicle-registration

All commercial vehicles (i.e. utes but also including vans and some other types, e.g. motorhomes)

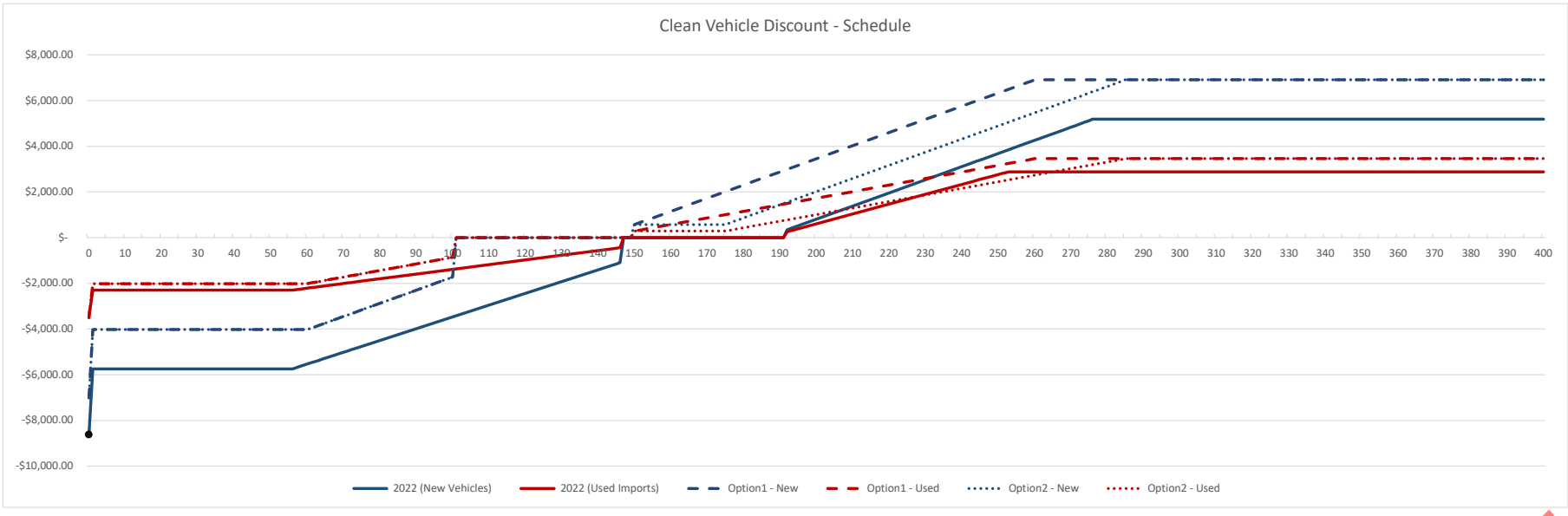
All commercial vehicles April 2022 to Feb 2023	30,620	
As above but 218g or below -	6,485	21.2%
As above but 200g or below -	1,119	3.7%
0 grams	312	1.0%

Document 10 - CCD Schedule Calculator - potential options and top 40 vehicles - 23.03.2023

[Options Proposed 23.03.2023 - Not Final Decision]

Clean Car Discount schedule in 3P-WLTP scale (at 1 gram increments)

Prices Include 15% GST. Emissions are in 3pWLTP grams of CO2/km



Settings:	2022 (New Vehicle	2022 (Used Imp	Option1 - New	Option1 - Used	Option2 - New	Option2 - Used
BEV Rebate	-$ 8,625.00	-$ 3,450.00	-$ 7,015.00	-$ 3,507.50	-$ 7,015.00	-$ 3,507.50
Start/Min Rebate (g)	146	146	100	100	100	100
Start/Min Rebate ($)	-$ 1,098.4483	-$ 439.3793	-$ 1,725.00	-$ 862.50	-$ 1,725.00	-$ 862.50
Rebate per gram reduction ($)	-$ 51.5517	-$ 20.6207	-$ 57.50	-$ 28.75	-$ 57.50	-$ 28.75
Rebate per gram reduction (^n)	1.00	1.00	1.00	1.00	1.00	1.00
End/Max Rebate, PHEV (g) *optional*	56	56				
End/Max Rebate, PHEV ($)	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50
Start/Min Charge (g)	192	192	150	150	150	150
Start/Min Charge ($)	$ 345.00	$ 258.75	$ 575.00	$ 287.50	$ 575.00	$ 287.50
Charge per gram increase begins (g)					$ 175.00	$ 175.00
Charge per gram increase ($)	$ 57.50	$ 43.1250	$ 57.50	$ 28.75	$ 57.50	$ 28.75
Charge per gram increase (^n)	1.00	1.00	1.00	1.00	1.00	1.00
Max Charge $	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00

Schedule and graph data:

Emissions (g CO2/km, 3P-WLTP test)	2022 (New Vehicle	2022 (Used Imp	Option1 - New	Option1 - Used	Option2 - New	Option2 - Used	-	-
0	-$ 8,625.00	-$ 3,450.00	-$ 7,015.00	-$ 3,507.50	-$ 7,015.00	-$ 3,507.50		
1	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
2	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
3	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
4	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
5	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
6	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
7	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
8	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
9	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
10	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
11	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
12	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
13	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
14	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
15	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
16	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
17	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
18	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
19	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
20	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
21	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
22	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
23	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
24	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
25	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
26	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
27	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
28	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
29	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
30	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
31	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
32	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
33	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
34	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
35	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
36	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
37	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
38	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
39	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
40	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
41	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
42	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
43	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
44	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
45	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
46	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
47	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
48	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
49	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
50	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
51	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
52	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
53	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
54	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
55	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
56	-$ 5,750.00	-$ 2,300.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
57	-$ 5,686.55	-$ 2,274.62	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
58	-$ 5,635.00	-$ 2,254.00	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
59	-$ 5,583.45	-$ 2,233.38	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
60	-$ 5,531.90	-$ 2,212.76	-$ 4,025.00	-$ 2,012.50	-$ 4,025.00	-$ 2,012.50		
61	-$ 5,480.34	-$ 2,192.14	-$ 3,967.50	-$ 1,983.75	-$ 3,967.50	-$ 1,983.75		
62	-$ 5,428.79	-$ 2,171.52	-$ 3,910.00	-$ 1,955.00	-$ 3,910.00	-$ 1,955.00		
63	-$ 5,377.24	-$ 2,150.90	-$ 3,852.50	-$ 1,926.25	-$ 3,852.50	-$ 1,926.25		
64	-$ 5,325.69	-$ 2,130.28	-$ 3,795.00	-$ 1,897.50	-$ 3,795.00	-$ 1,897.50		
65	-$ 5,274.14	-$ 2,109.66	-$ 3,737.50	-$ 1,868.75	-$ 3,737.50	-$ 1,868.75		
66	-$ 5,222.59	-$ 2,089.03	-$ 3,680.00	-$ 1,840.00	-$ 3,680.00	-$ 1,840.00		
67	-$ 5,171.03	-$ 2,068.41	-$ 3,622.50	-$ 1,811.25	-$ 3,622.50	-$ 1,811.25		
68	-$ 5,119.48	-$ 2,047.79	-$ 3,565.00	-$ 1,782.50	-$ 3,565.00	-$ 1,782.50		
69	-$ 5,067.93	-$ 2,027.17	-$ 3,507.50	-$ 1,753.75	-$ 3,507.50	-$ 1,753.75		
70	-$ 5,016.38	-$ 2,006.55	-$ 3,450.00	-$ 1,725.00	-$ 3,450.00	-$ 1,725.00		
71	-$ 4,964.83	-$ 1,985.93	-$ 3,392.50	-$ 1,696.25	-$ 3,392.50	-$ 1,696.25		
72	-$ 4,913.28	-$ 1,965.31	-$ 3,335.00	-$ 1,667.50	-$ 3,335.00	-$ 1,667.50		
73	-$ 4,861.72	-$ 1,944.69	-$ 3,277.50	-$ 1,638.75	-$ 3,277.50	-$ 1,638.75		
74	-$ 4,810.17	-$ 1,924.07	-$ 3,220.00	-$ 1,610.00	-$ 3,220.00	-$ 1,610.00		
75	-$ 4,758.62	-$ 1,903.45	-$ 3,162.50	-$ 1,581.25	-$ 3,162.50	-$ 1,581.25		
76	-$ 4,707.07	-$ 1,882.83	-$ 3,105.00	-$ 1,552.50	-$ 3,105.00	-$ 1,552.50		
77	-$ 4,655.52	-$ 1,862.21	-$ 3,047.50	-$ 1,523.75	-$ 3,047.50	-$ 1,523.75		
78	-$ 4,603.97	-$ 1,841.59	-$ 2,990.00	-$ 1,495.00	-$ 2,990.00	-$ 1,495.00		

[Options Proposed 23.03.2023 - Not Final Decision]

79	-$ 4,552.41	-$ 1,820.97	-$ 2,932.50	-$ 1,466.25	-$ 2,932.50	-$ 1,466.25
80	-$ 4,500.86	-$ 1,800.34	-$ 2,875.00	-$ 1,437.50	-$ 2,875.00	-$ 1,437.50
81	-$ 4,449.31	-$ 1,779.72	-$ 2,817.50	-$ 1,408.75	-$ 2,817.50	-$ 1,408.75
82	-$ 4,397.76	-$ 1,759.10	-$ 2,760.00	-$ 1,380.00	-$ 2,760.00	-$ 1,380.00
83	-$ 4,346.21	-$ 1,738.48	-$ 2,702.50	-$ 1,351.25	-$ 2,702.50	-$ 1,351.25
84	-$ 4,294.66	-$ 1,717.86	-$ 2,645.00	-$ 1,322.50	-$ 2,645.00	-$ 1,322.50
85	-$ 4,243.10	-$ 1,697.24	-$ 2,587.50	-$ 1,293.75	-$ 2,587.50	-$ 1,293.75
86	-$ 4,191.55	-$ 1,676.62	-$ 2,530.00	-$ 1,265.00	-$ 2,530.00	-$ 1,265.00
87	-$ 4,140.00	-$ 1,656.00	-$ 2,472.50	-$ 1,236.25	-$ 2,472.50	-$ 1,236.25
88	-$ 4,088.45	-$ 1,635.38	-$ 2,415.00	-$ 1,207.50	-$ 2,415.00	-$ 1,207.50
89	-$ 4,036.90	-$ 1,614.76	-$ 2,357.50	-$ 1,178.75	-$ 2,357.50	-$ 1,178.75
90	-$ 3,985.34	-$ 1,594.14	-$ 2,300.00	-$ 1,150.00	-$ 2,300.00	-$ 1,150.00
91	-$ 3,933.79	-$ 1,573.52	-$ 2,242.50	-$ 1,121.25	-$ 2,242.50	-$ 1,121.25
92	-$ 3,882.24	-$ 1,552.90	-$ 2,185.00	-$ 1,092.50	-$ 2,185.00	-$ 1,092.50
93	-$ 3,830.69	-$ 1,532.28	-$ 2,127.50	-$ 1,063.75	-$ 2,127.50	-$ 1,063.75
94	-$ 3,779.14	-$ 1,511.66	-$ 2,070.00	-$ 1,035.00	-$ 2,070.00	-$ 1,035.00
95	-$ 3,727.59	-$ 1,491.03	-$ 2,012.50	-$ 1,006.25	-$ 2,012.50	-$ 1,006.25
96	-$ 3,676.03	-$ 1,470.41	-$ 1,955.00	-$ 977.50	-$ 1,955.00	-$ 977.50
97	-$ 3,624.48	-$ 1,449.79	-$ 1,897.50	-$ 948.75	-$ 1,897.50	-$ 948.75
98	-$ 3,572.93	-$ 1,429.17	-$ 1,840.00	-$ 920.00	-$ 1,840.00	-$ 920.00
99	-$ 3,521.38	-$ 1,408.55	-$ 1,782.50	-$ 891.25	-$ 1,782.50	-$ 891.25
100	-$ 3,469.83	-$ 1,387.93	-$ 1,725.00	-$ 862.50	-$ 1,725.00	-$ 862.50
101	-$ 3,418.28	-$ 1,367.31	$ -	$ -	$ -	$ -
102	-$ 3,366.72	-$ 1,346.69	$ -	$ -	$ -	$ -
103	-$ 3,315.17	-$ 1,326.07	$ -	$ -	$ -	$ -
104	-$ 3,263.62	-$ 1,305.45	$ -	$ -	$ -	$ -
105	-$ 3,212.07	-$ 1,284.83	$ -	$ -	$ -	$ -
106	-$ 3,160.52	-$ 1,264.21	$ -	$ -	$ -	$ -
107	-$ 3,108.97	-$ 1,243.59	$ -	$ -	$ -	$ -
108	-$ 3,057.41	-$ 1,222.97	$ -	$ -	$ -	$ -
109	-$ 3,005.86	-$ 1,202.34	$ -	$ -	$ -	$ -
110	-$ 2,954.31	-$ 1,181.72	$ -	$ -	$ -	$ -
111	-$ 2,902.76	-$ 1,161.10	$ -	$ -	$ -	$ -
112	-$ 2,851.21	-$ 1,140.48	$ -	$ -	$ -	$ -
113	-$ 2,799.66	-$ 1,119.86	$ -	$ -	$ -	$ -
114	-$ 2,748.10	-$ 1,099.24	$ -	$ -	$ -	$ -
115	-$ 2,696.55	-$ 1,078.62	$ -	$ -	$ -	$ -
116	-$ 2,645.00	-$ 1,058.00	$ -	$ -	$ -	$ -
117	-$ 2,593.45	-$ 1,037.38	$ -	$ -	$ -	$ -
118	-$ 2,541.90	-$ 1,016.76	$ -	$ -	$ -	$ -
119	-$ 2,490.34	-$ 996.14	$ -	$ -	$ -	$ -
120	-$ 2,438.79	-$ 975.52	$ -	$ -	$ -	$ -
121	-$ 2,387.24	-$ 954.90	$ -	$ -	$ -	$ -
122	-$ 2,335.69	-$ 934.28	$ -	$ -	$ -	$ -
123	-$ 2,284.14	-$ 913.66	$ -	$ -	$ -	$ -
124	-$ 2,232.59	-$ 893.03	$ -	$ -	$ -	$ -
125	-$ 2,181.03	-$ 872.41	$ -	$ -	$ -	$ -
126	-$ 2,129.48	-$ 851.79	$ -	$ -	$ -	$ -
127	-$ 2,077.93	-$ 831.17	$ -	$ -	$ -	$ -
128	-$ 2,026.38	-$ 810.55	$ -	$ -	$ -	$ -
129	-$ 1,974.83	-$ 789.93	$ -	$ -	$ -	$ -
130	-$ 1,923.28	-$ 769.31	$ -	$ -	$ -	$ -
131	-$ 1,871.72	-$ 748.69	$ -	$ -	$ -	$ -
132	-$ 1,820.17	-$ 728.07	$ -	$ -	$ -	$ -
133	-$ 1,768.62	-$ 707.45	$ -	$ -	$ -	$ -
134	-$ 1,717.07	-$ 686.83	$ -	$ -	$ -	$ -
135	-$ 1,665.52	-$ 666.21	$ -	$ -	$ -	$ -
136	-$ 1,613.97	-$ 645.59	$ -	$ -	$ -	$ -
137	-$ 1,562.41	-$ 624.97	$ -	$ -	$ -	$ -
138	-$ 1,510.86	-$ 604.34	$ -	$ -	$ -	$ -
139	-$ 1,459.31	-$ 583.72	$ -	$ -	$ -	$ -
140	-$ 1,407.76	-$ 563.10	$ -	$ -	$ -	$ -
141	-$ 1,356.21	-$ 542.48	$ -	$ -	$ -	$ -
142	-$ 1,304.66	-$ 521.86	$ -	$ -	$ -	$ -
143	-$ 1,253.10	-$ 501.24	$ -	$ -	$ -	$ -
144	-$ 1,201.55	-$ 480.62	$ -	$ -	$ -	$ -
145	-$ 1,150.00	-$ 460.00	$ -	$ -	$ -	$ -
146	-$ 1,098.45	-$ 439.38	$ -	$ -	$ -	$ -
147	$ -	$ -	$ -	$ -	$ -	$ -
148	$ -	$ -	$ -	$ -	$ -	$ -
149	$ -	$ -	$ -	$ -	$ -	$ -
150	$ -	$ -	$ 575.00	$ 287.50	$ 575.00	$ 287.50
151	$ -	$ -	$ 632.50	$ 316.25	$ 575.00	$ 287.50
152	$ -	$ -	$ 690.00	$ 345.00	$ 575.00	$ 287.50
153	$ -	$ -	$ 747.50	$ 373.75	$ 575.00	$ 287.50
154	$ -	$ -	$ 805.00	$ 402.50	$ 575.00	$ 287.50
155	$ -	$ -	$ 862.50	$ 431.25	$ 575.00	$ 287.50
156	$ -	$ -	$ 920.00	$ 460.00	$ 575.00	$ 287.50
157	$ -	$ -	$ 977.50	$ 488.75	$ 575.00	$ 287.50
158	$ -	$ -	$ 1,035.00	$ 517.50	$ 575.00	$ 287.50
159	$ -	$ -	$ 1,092.50	$ 546.25	$ 575.00	$ 287.50
160	$ -	$ -	$ 1,150.00	$ 575.00	$ 575.00	$ 287.50
161	$ -	$ -	$ 1,207.50	$ 603.75	$ 575.00	$ 287.50
162	$ -	$ -	$ 1,265.00	$ 632.50	$ 575.00	$ 287.50
163	$ -	$ -	$ 1,322.50	$ 661.25	$ 575.00	$ 287.50
164	$ -	$ -	$ 1,380.00	$ 690.00	$ 575.00	$ 287.50
165	$ -	$ -	$ 1,437.50	$ 718.75	$ 575.00	$ 287.50
166	$ -	$ -	$ 1,495.00	$ 747.50	$ 575.00	$ 287.50
167	$ -	$ -	$ 1,552.50	$ 776.25	$ 575.00	$ 287.50
168	$ -	$ -	$ 1,610.00	$ 805.00	$ 575.00	$ 287.50
169	$ -	$ -	$ 1,667.50	$ 833.75	$ 575.00	$ 287.50
170	$ -	$ -	$ 1,725.00	$ 862.50	$ 575.00	$ 287.50
171	$ -	$ -	$ 1,782.50	$ 891.25	$ 575.00	$ 287.50
172	$ -	$ -	$ 1,840.00	$ 920.00	$ 575.00	$ 287.50
173	$ -	$ -	$ 1,897.50	$ 948.75	$ 575.00	$ 287.50
174	$ -	$ -	$ 1,955.00	$ 977.50	$ 575.00	$ 287.50
175	$ -	$ -	$ 2,012.50	$ 1,006.25	$ 575.00	$ 287.50
176	$ -	$ -	$ 2,070.00	$ 1,035.00	$ 632.50	$ 316.25
177	$ -	$ -	$ 2,127.50	$ 1,063.75	$ 690.00	$ 345.00
178	$ -	$ -	$ 2,185.00	$ 1,092.50	$ 747.50	$ 373.75
179	$ -	$ -	$ 2,242.50	$ 1,121.25	$ 805.00	$ 402.50
180	$ -	$ -	$ 2,300.00	$ 1,150.00	$ 862.50	$ 431.25
181	$ -	$ -	$ 2,357.50	$ 1,178.75	$ 920.00	$ 460.00
182	$ -	$ -	$ 2,415.00	$ 1,207.50	$ 977.50	$ 488.75
183	$ -	$ -	$ 2,472.50	$ 1,236.25	$ 1,035.00	$ 517.50
184	$ -	$ -	$ 2,530.00	$ 1,265.00	$ 1,092.50	$ 546.25
185	$ -	$ -	$ 2,587.50	$ 1,293.75	$ 1,150.00	$ 575.00
186	$ -	$ -	$ 2,645.00	$ 1,322.50	$ 1,207.50	$ 603.75
187	$ -	$ -	$ 2,702.50	$ 1,351.25	$ 1,265.00	$ 632.50
188	$ -	$ -	$ 2,760.00	$ 1,380.00	$ 1,322.50	$ 661.25
189	$ -	$ -	$ 2,817.50	$ 1,408.75	$ 1,380.00	$ 690.00
190	$ -	$ -	$ 2,875.00	$ 1,437.50	$ 1,437.50	$ 718.75
191	$ -	$ -	$ 2,932.50	$ 1,466.25	$ 1,495.00	$ 747.50
192	$ 345.00	$ 258.75	$ 2,990.00	$ 1,495.00	$ 1,552.50	$ 776.25
193	$ 402.50	$ 301.88	$ 3,047.50	$ 1,523.75	$ 1,610.00	$ 805.00
194	$ 460.00	$ 345.00	$ 3,105.00	$ 1,552.50	$ 1,667.50	$ 833.75
195	$ 517.50	$ 388.13	$ 3,162.50	$ 1,581.25	$ 1,725.00	$ 862.50
196	$ 575.00	$ 431.25	$ 3,220.00	$ 1,610.00	$ 1,782.50	$ 891.25
197	$ 632.50	$ 474.38	$ 3,277.50	$ 1,638.75	$ 1,840.00	$ 920.00
198	$ 690.00	$ 517.50	$ 3,335.00	$ 1,667.50	$ 1,897.50	$ 948.75
199	$ 747.50	$ 560.63	$ 3,392.50	$ 1,696.25	$ 1,955.00	$ 977.50
200	$ 805.00	$ 603.75	$ 3,450.00	$ 1,725.00	$ 2,012.50	$ 1,006.25
201	$ 862.50	$ 646.88	$ 3,507.50	$ 1,753.75	$ 2,070.00	$ 1,035.00
202	$ 920.00	$ 690.00	$ 3,565.00	$ 1,782.50	$ 2,127.50	$ 1,063.75
203	$ 977.50	$ 733.13	$ 3,622.50	$ 1,811.25	$ 2,185.00	$ 1,092.50
204	$ 1,035.00	$ 776.25	$ 3,680.00	$ 1,840.00	$ 2,242.50	$ 1,121.25
205	$ 1,092.50	$ 819.38	$ 3,737.50	$ 1,868.75	$ 2,300.00	$ 1,150.00
206	$ 1,150.00	$ 862.50	$ 3,795.00	$ 1,897.50	$ 2,357.50	$ 1,178.75
207	$ 1,207.50	$ 905.63	$ 3,852.50	$ 1,926.25	$ 2,415.00	$ 1,207.50
208	$ 1,265.00	$ 948.75	$ 3,910.00	$ 1,955.00	$ 2,472.50	$ 1,236.25
209	$ 1,322.50	$ 991.88	$ 3,967.50	$ 1,983.75	$ 2,530.00	$ 1,265.00
210	$ 1,380.00	$ 1,035.00	$ 4,025.00	$ 2,012.50	$ 2,587.50	$ 1,293.75

[Options Proposed 23.03.2023 - Not Final Decision]

211	$ 1,437.50	$ 1,078.13	$ 4,082.50	$ 2,041.25	$ 2,645.00	$ 1,322.50
212	$ 1,495.00	$ 1,121.25	$ 4,140.00	$ 2,070.00	$ 2,702.50	$ 1,351.25
213	$ 1,552.50	$ 1,164.38	$ 4,197.50	$ 2,098.75	$ 2,760.00	$ 1,380.00
214	$ 1,610.00	$ 1,207.50	$ 4,255.00	$ 2,127.50	$ 2,817.50	$ 1,408.75
215	$ 1,667.50	$ 1,250.63	$ 4,312.50	$ 2,156.25	$ 2,875.00	$ 1,437.50
216	$ 1,725.00	$ 1,293.75	$ 4,370.00	$ 2,185.00	$ 2,932.50	$ 1,466.25
217	$ 1,782.50	$ 1,336.88	$ 4,427.50	$ 2,213.75	$ 2,990.00	$ 1,495.00
218	$ 1,840.00	$ 1,380.00	$ 4,485.00	$ 2,242.50	$ 3,047.50	$ 1,523.75
219	$ 1,897.50	$ 1,423.13	$ 4,542.50	$ 2,271.25	$ 3,105.00	$ 1,552.50
220	$ 1,955.00	$ 1,466.25	$ 4,600.00	$ 2,300.00	$ 3,162.50	$ 1,581.25
221	$ 2,012.50	$ 1,509.38	$ 4,657.50	$ 2,328.75	$ 3,220.00	$ 1,610.00
222	$ 2,070.00	$ 1,552.50	$ 4,715.00	$ 2,357.50	$ 3,277.50	$ 1,638.75
223	$ 2,127.50	$ 1,595.63	$ 4,772.50	$ 2,386.25	$ 3,335.00	$ 1,667.50
224	$ 2,185.00	$ 1,638.75	$ 4,830.00	$ 2,415.00	$ 3,392.50	$ 1,696.25
225	$ 2,242.50	$ 1,681.88	$ 4,887.50	$ 2,443.75	$ 3,450.00	$ 1,725.00
226	$ 2,300.00	$ 1,725.00	$ 4,945.00	$ 2,472.50	$ 3,507.50	$ 1,753.75
227	$ 2,357.50	$ 1,768.13	$ 5,002.50	$ 2,501.25	$ 3,565.00	$ 1,782.50
228	$ 2,415.00	$ 1,811.25	$ 5,060.00	$ 2,530.00	$ 3,622.50	$ 1,811.25
229	$ 2,472.50	$ 1,854.38	$ 5,117.50	$ 2,558.75	$ 3,680.00	$ 1,840.00
230	$ 2,530.00	$ 1,897.50	$ 5,175.00	$ 2,587.50	$ 3,737.50	$ 1,868.75
231	$ 2,587.50	$ 1,940.63	$ 5,232.50	$ 2,616.25	$ 3,795.00	$ 1,897.50
232	$ 2,645.00	$ 1,983.75	$ 5,290.00	$ 2,645.00	$ 3,852.50	$ 1,926.25
233	$ 2,702.50	$ 2,026.88	$ 5,347.50	$ 2,673.75	$ 3,910.00	$ 1,955.00
234	$ 2,760.00	$ 2,070.00	$ 5,405.00	$ 2,702.50	$ 3,967.50	$ 1,983.75
235	$ 2,817.50	$ 2,113.13	$ 5,462.50	$ 2,731.25	$ 4,025.00	$ 2,012.50
236	$ 2,875.00	$ 2,156.25	$ 5,520.00	$ 2,760.00	$ 4,082.50	$ 2,041.25
237	$ 2,932.50	$ 2,199.38	$ 5,577.50	$ 2,788.75	$ 4,140.00	$ 2,070.00
238	$ 2,990.00	$ 2,242.50	$ 5,635.00	$ 2,817.50	$ 4,197.50	$ 2,098.75
239	$ 3,047.50	$ 2,285.63	$ 5,692.50	$ 2,846.25	$ 4,255.00	$ 2,127.50
240	$ 3,105.00	$ 2,328.75	$ 5,750.00	$ 2,875.00	$ 4,312.50	$ 2,156.25
241	$ 3,162.50	$ 2,371.88	$ 5,807.50	$ 2,903.75	$ 4,370.00	$ 2,185.00
242	$ 3,220.00	$ 2,415.00	$ 5,865.00	$ 2,932.50	$ 4,427.50	$ 2,213.75
243	$ 3,277.50	$ 2,458.13	$ 5,922.50	$ 2,961.25	$ 4,485.00	$ 2,242.50
244	$ 3,335.00	$ 2,501.25	$ 5,980.00	$ 2,990.00	$ 4,542.50	$ 2,271.25
245	$ 3,392.50	$ 2,544.38	$ 6,037.50	$ 3,018.75	$ 4,600.00	$ 2,300.00
246	$ 3,450.00	$ 2,587.50	$ 6,095.00	$ 3,047.50	$ 4,657.50	$ 2,328.75
247	$ 3,507.50	$ 2,630.63	$ 6,152.50	$ 3,076.25	$ 4,715.00	$ 2,357.50
248	$ 3,565.00	$ 2,673.75	$ 6,210.00	$ 3,105.00	$ 4,772.50	$ 2,386.25
249	$ 3,622.50	$ 2,716.88	$ 6,267.50	$ 3,133.75	$ 4,830.00	$ 2,415.00
250	$ 3,680.00	$ 2,760.00	$ 6,325.00	$ 3,162.50	$ 4,887.50	$ 2,443.75
251	$ 3,737.50	$ 2,803.13	$ 6,382.50	$ 3,191.25	$ 4,945.00	$ 2,472.50
252	$ 3,795.00	$ 2,846.25	$ 6,440.00	$ 3,220.00	$ 5,002.50	$ 2,501.25
253	$ 3,852.50	$ 2,875.00	$ 6,497.50	$ 3,248.75	$ 5,060.00	$ 2,530.00
254	$ 3,910.00	$ 2,875.00	$ 6,555.00	$ 3,277.50	$ 5,117.50	$ 2,558.75
255	$ 3,967.50	$ 2,875.00	$ 6,612.50	$ 3,306.25	$ 5,175.00	$ 2,587.50
256	$ 4,025.00	$ 2,875.00	$ 6,670.00	$ 3,335.00	$ 5,232.50	$ 2,616.25
257	$ 4,082.50	$ 2,875.00	$ 6,727.50	$ 3,363.75	$ 5,290.00	$ 2,645.00
258	$ 4,140.00	$ 2,875.00	$ 6,785.00	$ 3,392.50	$ 5,347.50	$ 2,673.75
259	$ 4,197.50	$ 2,875.00	$ 6,842.50	$ 3,421.25	$ 5,405.00	$ 2,702.50
260	$ 4,255.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 5,462.50	$ 2,731.25
261	$ 4,312.50	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 5,520.00	$ 2,760.00
262	$ 4,370.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 5,577.50	$ 2,788.75
263	$ 4,427.50	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 5,635.00	$ 2,817.50
264	$ 4,485.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 5,692.50	$ 2,846.25
265	$ 4,542.50	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 5,750.00	$ 2,875.00
266	$ 4,600.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 5,807.50	$ 2,903.75
267	$ 4,657.50	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 5,865.00	$ 2,932.50
268	$ 4,715.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 5,922.50	$ 2,961.25
269	$ 4,772.50	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 5,980.00	$ 2,990.00
270	$ 4,830.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,037.50	$ 3,018.75
271	$ 4,887.50	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,095.00	$ 3,047.50
272	$ 4,945.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,152.50	$ 3,076.25
273	$ 5,002.50	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,210.00	$ 3,105.00
274	$ 5,060.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,267.50	$ 3,133.75
275	$ 5,117.50	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,325.00	$ 3,162.50
276	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,382.50	$ 3,191.25
277	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,440.00	$ 3,220.00
278	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,497.50	$ 3,248.75
279	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,555.00	$ 3,277.50
280	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,612.50	$ 3,306.25
281	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,670.00	$ 3,335.00
282	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,727.50	$ 3,363.75
283	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,785.00	$ 3,392.50
284	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,842.50	$ 3,421.25
285	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
286	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
287	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
288	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
289	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
290	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
291	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
292	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
293	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
294	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
295	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
296	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
297	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
298	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
299	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
300	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
301	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
302	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
303	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
304	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
305	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
306	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
307	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
308	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
309	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
310	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
311	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
312	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
313	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
314	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
315	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
316	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
317	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
318	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
319	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
320	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
321	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
322	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
323	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
324	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
325	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
326	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
327	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
328	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
329	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
330	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
331	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
332	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
333	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
334	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
335	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
336	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
337	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
338	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
339	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
340	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
341	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
342	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00

[Options Proposed 23.03.2023 - Not Final Decision]

343	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
344	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
345	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
346	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
347	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
348	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
349	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
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357	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
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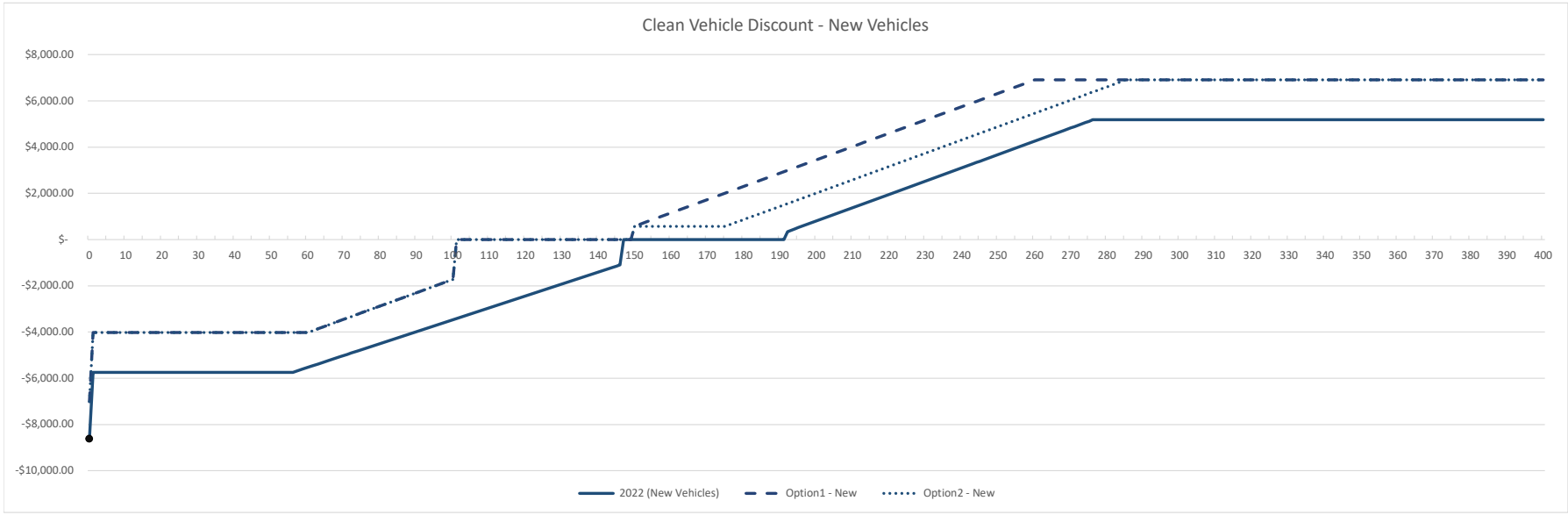
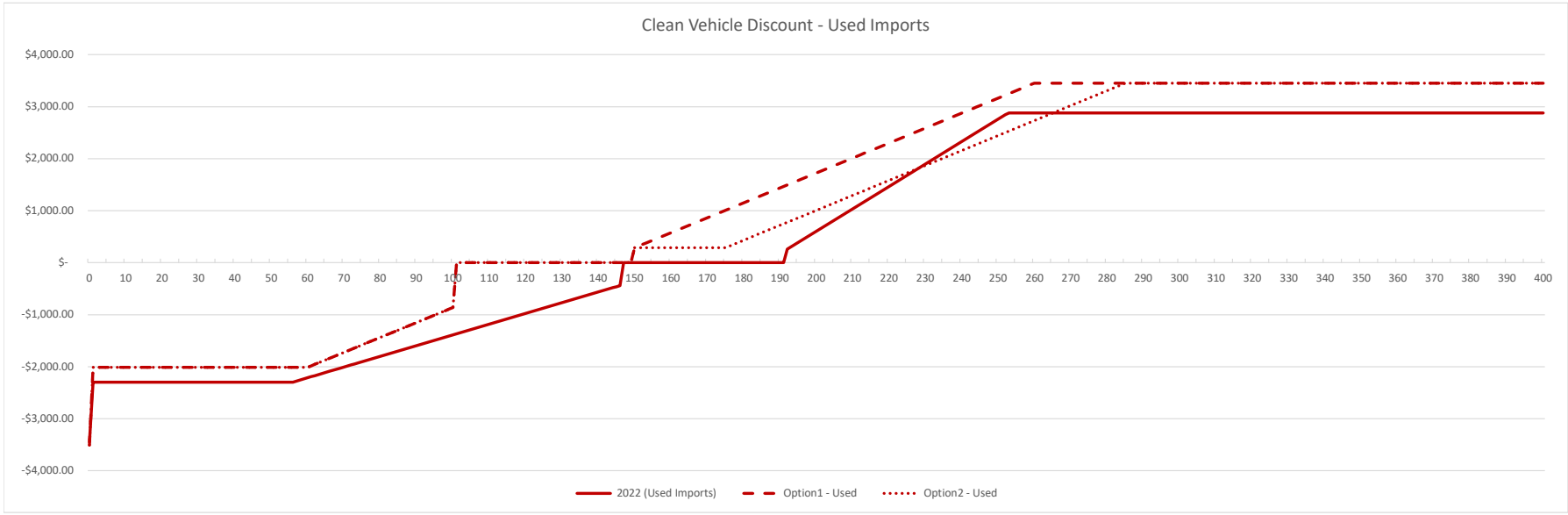
398	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
399	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00
400	$ 5,175.00	$ 2,875.00	$ 6,900.00	$ 3,450.00	$ 6,900.00	$ 3,450.00

[Options Proposed 23.03.2023 - Not Final Decision]



[Options Proposed 23.03.2023 - Not Final Decision]



In Confidence

Office of the Minister of Transport
Chair, Cabinet Economic Development Committee

CLEAN CAR DISCOUNT – CHANGES TO MANAGE HIGH UPTAKE OF THE SCHEME

Proposal

1. This paper proposes changes to the Clean Car Discount scheme in light of its ongoing success in incentivising EV uptake to focus rebates on the lowest emission vehicles and to ensure the scheme's revenue is raised to match rebate expenditure over 2023 and part of 2024.

Relation to government priorities

2. On 9 May 2022, the Government announced New Zealand's first three emissions budgets. Emissions budgets specify the amount of greenhouse gas (GHG) emissions that is permitted over a five-year period, or four years in the case of the first emissions budget. This was followed, on 16 May 2022, by the release of the first Emissions Reduction Plan (ERP), outlining how New Zealand's emissions budgets will be achieved.

3. The ERP sets four targets to reduce transport emissions by 41 percent by 2035. One of these four targets is to increase zero-emission vehicles to 30 percent of the light fleet by 2035. The Clean Car Discount is critical to achieving this target. It encourages the purchase of zero- and low-emissions light vehicles through rebates, and discourages the purchase of high emission ones through charges.

Executive Summary

4. The Clean Car Discount is performing strongly. Coupled with external factors, the scheme has driven increased levels of low-emission vehicles uptake far exceeding government and industry expectations. It has shifted vehicle preferences to the extent that the average CO_2 emissions of vehicles entering the fleet has significantly reduced. Updated modelling has lifted the estimated carbon abatement impact from the Clean Car Discount and Clean Car Standard by about 50 percent out to 2035.

5. In 2022, imported light vehicle CO_2 emissions, both new and used, decreased by 14.4 percent on average when compared to the same 12-month period before the Clean Car Discount was implemented. This represents an exponential improvement on the 1.9 percent average annual decrease of the five years prior to the Clean Car Discount.

6. Consumer surveys also underscore the scheme's efficacy. 62 percent of surveyed EV owners stated that they purchased their EV sooner than they would have otherwise because of the Clean Car Discount.[1]

7. Nevertheless, we have a long way to go to meet our transport emissions targets and the scheme remains a critical part of our response. Compared to other carbon mitigations, the Clean Car Discount is an effective and economically efficient policy to reduce emissions. Its marginal abatement cost per tonne of CO_2 ranges from -$170 to -$199. In practical terms, the scheme low marginal abatement costs eases the cost of living and saves the economy money, rather than placing costs on it. This is primarily due to the significantly reduced fuel costs New Zealanders can benefit from by being assisted to buy a zero- or low-emission vehicle, such as electric, hybrid, and efficient petrol vehicles.

8. The scheme's rebates and charges need to be regularly reviewed and recalibrated to maintain the scheme's efficacy and ensure its financial sustainability. Due to the significant change in import vehicle composition, half of all passenger cars being imported are now eligible for rebates. The proposed options would narrow the payment of rebates and extend the provision of charges to ensure only the most efficient vehicles receive a rebate, vehicles with average emissions are neutral, and the highest emitting vehicles incur a charge.

9. Alongside reducing most rebates, we need to consider widening and increasing charges if the scheme is to be financially sustainable and self-financing over 10 years. I am therefore seeking to strike a careful balance between scheme finances, decarbonisation, and population impacts:

    9.1. ***Utes*** —what, if any, amendments to charges should occur. Utes produce very high CO_2 emissions, remain popular, but low-emission alternatives are scarce. Options include retaining current settings (with charges for most utes[2]); providing exemptions from charges for the lowest-emission diesel variants; or increasing charges on the higher-emission diesel variants.

    9.2. ***Cars*** — There is now a wide selection of brand new and used import cars across a range of emissions levels and price points. Recent developments make it possible to apply charges across more of the market as most consumers have access to alternative and affordable purchases should they wish to avoid charges. Used import buyers and price-sensitive buyers of new cars will most likely buy hybrids or efficient petrol cars to avoid paying charges. I am offering two options (summarised in Annex 1) for how charges can be strengthened. Strengthening charges for cars is important as otherwise emissions are forecast to rise for conventional car purchases, which is contrary to our emission reduction goals.

[1] EECA EV Public Charging Research 2023.
[2] Note that electric utes that are eligible for the full rebate are currently available in New Zealand e.g. the LDV eT60.

9.3. ***Timing*** — Changing scheme settings rapidly would mitigate the severity of a financial shortfall. However, offering more notice would be fairer, and is my preference, as it allows vehicle buyers to complete sales under current settings, and allows sellers to restock yards with lower emission vehicles that enable buyers to more easily avoid future charges.

10. Alongside these decisions, the scheme's immediate financial position needs to be addressed. Since the scheme commenced on 1 July 2021, nearly three times the amount of rebates have been paid out than has been collected in charges. Given the likelihood high numbers of clean vehicles will continue to be imported, the repayable Crown grant, which funds rebates when charge revenue is insufficient, is expected to be exhausted at some point between now and the middle of the year. When this happens, rebate payments will be suspended until sufficient charge revenue is accumulated.

11. To maintain rebates while the changes I am proposing take effect, I am seeking funding through Budget 2023 to increase the Clean Car Discount's repayable Crown grant by $100 million. The increased grant would be drawn down as required.

12. Through Budget 2023 I am also seeking an additional $250 million funding, which would be sufficient to either:

    a) keep the scheme's existing settings in place until December 2023 (giving time for the vehicle market to adjust), at which point rebates would decrease and charges increase, and this Crown Funding repaid via the scheme, or

    b) implement the rebate reductions urgently in July 2023, and not increase any charges before mid- to late-2024 following a further review, with the Crown Funding not intended to be repaid.

13. Depending on the options selected above, funding should be sufficient to fund the scheme until early to mid 2024, though this is dependent on vehicle market behaviour. In any case, I propose the scheme is reviewed early in 2024 to consider the finances of the scheme and rebate and charges settings.

14. Recent unprecedented low- and zero-emission vehicle adoption rates will make a significantly larger contribution to helping meet the first emission budget period (2022-2025), though not enough to overcome the removal of the Sustainable Biofuels Obligation policy.

15. Overall emission abatement impacts from the recommendations proposed will be small in this emissions budget period (2022 - 2025).

Background

16. On 19 April 2021, Cabinet agreed to proceed with the Clean Vehicle Discount scheme as a key policy to accelerate the transition to low-emission light vehicles [CAB-21-MIN-0128.01 refers]. Under the scheme, people who buy low-emitting vehicles[3] are eligible

[3] Low-emitting vehicles are those with per kilometre CO2 emissions of 146 grams or lower.

for a rebate, while those who buy high emitting ones[4] must pay a charge. Rebates and charges apply to vehicles sold for the first time in New Zealand, and do not apply to vehicles in the existing fleet.

17. The scheme is intended to be fiscally neutral to the Crown over 10 years, with the scheme's charges providing the revenue for the payment of rebates and the scheme's implementation and administration costs.

18. To establish the scheme, a $301.8 million repayable Crown grant was approved through Budget 2021. This grant provided $6.8 million for the scheme's implementation and $295 million as a cash reserve for Waka Kotahi to:

    18.1. operate the scheme from 1 July 2021, with rebates for EVs and PHEVs available prior to the commencement of charges on 1 April 2022, and the expansion of rebates to include hybrid, petrol and diesel vehicles with per kilometre CO_2 emissions of 146 grams and lower

    18.2. cover its costs in administering the scheme, which are capped at $8 million per year

    18.3. manage the scheme's likely cashflow pressures caused by timing differences between the payment of rebates and the receipt of sufficient revenue from charges.

19. The Crown grant is to be repaid by Waka Kotahi in periodic payments over 10 years. However, Waka Kotahi is only required to make repayments to the extent that the scheme is in surplus.

20. The scheme is intended to be self-financing over 10 years. This requires continuous management to avoid the level of charges received being lower than the level of rebates paid. This risk is an inherent part of the scheme. Predicting future vehicle purchasing patterns and subsequent revenue inflow and outflow will always be subject to a high level of uncertainty.

21. To manage this risk, Cabinet agreed on 19 April 2021 that the schedule of rebates and charges would be regularly reviewed and recalibrated [CAB-21-MIN-0128.01 refers].

The Clean Car Discount is accelerating the transition to a zero-emission vehicle fleet

22. The Clean Car Discount is outperforming government and industry expectations. The below graph shows the change achieved since the scheme's introduction in July 2021, with headline results being:

    - the share of petrol and diesel vehicles entering the vehicle fleet has fallen from almost 77 percent in 2021 to 61 percent in 2022

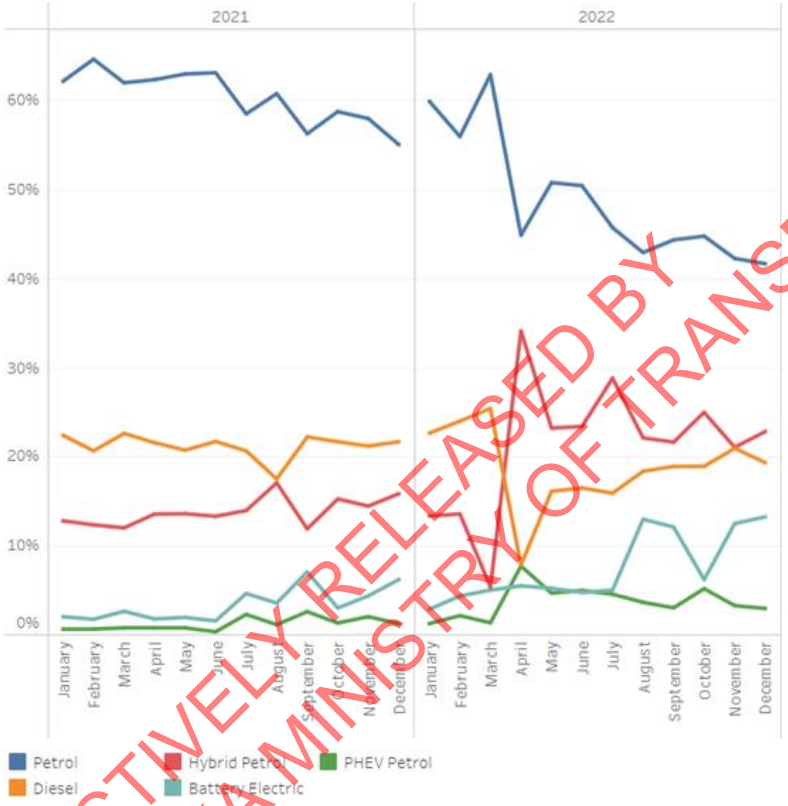
    - the share of battery EVs (BEVs) entering the fleet has increased from 2 percent in January 2021 to 13 percent in 2022. The increase is greater for new BEVs, with

[4] High-emitting vehicles are those with per kilometre CO2 emissions of 192 grams or higher.

registrations increasing from 1.8 percent in January 2021 to 20.3 percent in December 2022

- petrol hybrids as a share of used-vehicle imports have increased from 19 percent in January 2021 to almost 40 percent in December 2022.

Monthly share of light vehicle registrations by type



23. These shifts in vehicle preferences have significantly increased the CO_2 emissions reduction rate of vehicles entering the fleet. Average CO_2 emissions of imported light vehicles in 2022, both new and used, have decreased by 14.4 percent when compared to the same 12-month period before the Clean Car Discount was implemented. This represents a large improvement on the 1.9 percent average annual decrease of the five years prior to the Clean Car Discount.

24. A wide range of vehicles are being encouraged through the scheme. 42,034 new vehicles (average purchase price $52,747) and 35,277 used imports (averaging $18,296) were issued with rebates in the 18 months to the end of 2022.

25. The scheme has also facilitated a level of change to the proportion of EVs entering the fleet that Ministry of Transport modelling did not expect to occur until 2027.

26. The scheme's success means New Zealand aligns with other strongly incentivised markets, such as the United Kingdom and Europe, in the market shares of new BEVs and plug-in hybrid EVs (PHEV) entering the fleet. New Zealand is now ahead of the global sales average, including the United States, Japan and Australia. (Refer Annex 2).

The Clean Car Discount is still needed

27. Although the scheme has enabled significant progress to be made, we have a long way to go to meet our 2035 ERP target for 30 percent of the light vehicle fleet to be zero emission vehicles. To reach this target, we need 1.5 million more BEVs in the fleet by 2035. To put this in perspective, in 2022 only 20,909 BEVs entered the fleet. ERP modelling assumes all light vehicles entering New Zealand from 2030 are zero emission. That includes vans and utes and amounts to over 300,000 vehicles per year.

28. Maintaining the Clean Car Discount will further accelerate the fleet transition to low- and ultimately zero-emissions vehicles. The scheme is estimated to have a negative marginal abatement cost (MAC) per tonne of CO_2 ranging from -$170 to -$199. This means it saves the economy money in reducing CO_2, rather than imposing costs. This supports easing the cost of living burden on New Zealanders, and occurs primarily due to the savings in fuel costs for people who purchase a zero- or low-emission vehicle through the scheme.

The scheme's settings need to change to reflect the progress made

29. While the scheme remains an important part of our climate response, the first review of its rebates and charges has concluded that its settings need to be altered because of changes in the vehicle market, the commencement of the Clean Car Standard, and to make the scheme financially sustainable.

30. The shifts achieved to date in the vehicles people are buying suggest that unless rebate eligibility is narrowed, there is now a risk of rebates being higher than they need to be to encourage purchases. The cost of over-subsidisation is borne by charge payers who provide the revenue for the rebates. In particular rebates are no longer warranted for:

    30.1. **the most fuel efficient internal combustion vehicles**. These vehicles currently attract 7 percent of rebate revenue. However, there is now a wide variety and sufficient supply of low-emission alternatives at different price points (i.e. hybrids, PHEVs, BEVs)

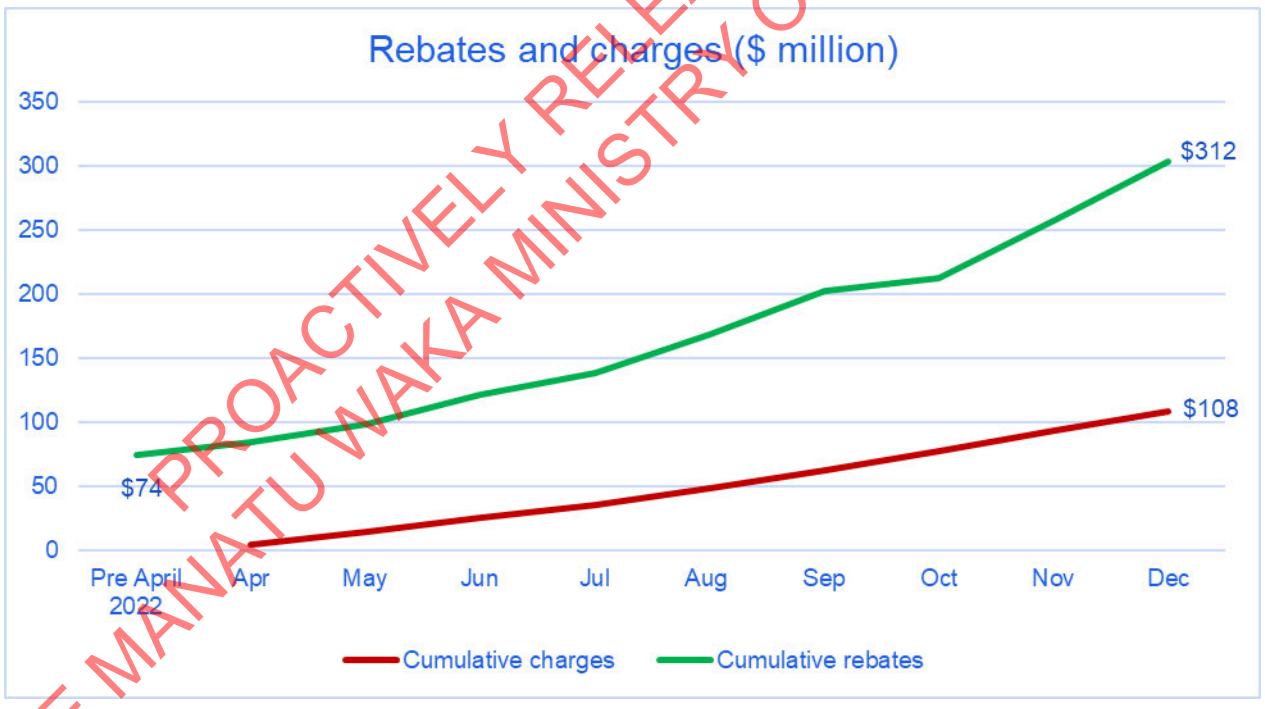
    30.2. **hybrids other than the most carbon efficient**. In the used-import sector, hybrids are around 40 percent of vehicles entering the fleet. Over new and used-imports, hybrids account for 53 percent of the number of rebates paid and 31 percent of the amount paid. This level of adoption suggests that broad subsidisation of hybrids is no longer required.

31. It is also desirable to reduce rebate levels given the improvements in the choice and pricing of EV models available on our market. When Cabinet took decisions on rebate levels, the cheapest new BEV had a retail price of around $65,000. Nine models are now available below $65,000, with the cheapest models having a recommended retail price of $49,990. Not changing rebate levels accentuates the risk of overpaying rebates, to the detriment of charge-payers who fund them.

32. The Clean Car Standard's (the Standard) commencement on 1 January 2023 also necessitates narrowing the Clean Car Discount scheme's rebate eligibility. The Standard requires vehicle suppliers to reduce the CO_2 emissions of the cars and SUVs they import to 145 grams of CO_2 per kilometre on average. This is approximately the same emissions level where vehicles begin to attract rebates under the Clean Car Discount. Recent improvements in passenger car import variety mean 55 percent are eligible for Clean Car Discount rebates[5].

33. Rebates are currently offered on vehicles with a retail price below $80,000. Lowering this to $75,000 could reduce expenditure by about $26-42 million per annum[6], and improve scheme affordability. However, I recommend we maintain the current $80,000 retail threshold to maximise EV sales, and therefore CO_2 reductions.

34. Change is required to make the scheme financially sustainable. The graph below shows that since the scheme began, Waka Kotahi has paid out close to three times the amount of funding it has collected in charges. Over the period 1 July 2021–31 December 2022, Waka Kotahi paid out $312 million in rebates. This compares with the $108 million that it received from charges over 1 April–31 December 2022[7]. The $204 million difference has been funded from the repayable Crown grant.



[5] 55% of light passenger vehicles registered in January/February 2023 are 146g or below. Some might not be eligible due to high purchase price or low safety standards.
[6] This is also dependent on whether distributors drop prices to maintain eligibility. Estimate assumes 15% reduction to brand new EV rebate volumes, and a 5% reduction to PHEV and hybrid rebate volumes.
[7] Rebate and charge amounts are higher than those Waka Kotahi gave to the media in January 2023 as the ones here include amounts owed as well as paid, whereas those provided to the media are based on money paid.

35. Over 2023, based on vehicle industry information, the sale of vehicles eligible for rebates is expected to grow, while charge revenue is expected to remain relatively steady.[8] Retaining current setting would therefore likely result in rebate expenditure of $369–$438 million against a revenue forecast of around $141–$145 million.

36. The resultant revenue deficit needs to be addressed quickly to make the scheme financially sustainable, and to put it on a track to be self-financing over 10 years.

I propose a number of changes to focus rebates on the lowest emission vehicles and to make the scheme financially sustainable

37. Changing the Clean Car Discount's settings to maintain its effectiveness and achieve financial sustainability requires balancing the competing need to:

    37.1. maintain momentum in achieving the target to increase zero-emission vehicles to 30 percent of the light fleet by 2035
    37.2. minimise the imposition of charges on vehicle buyers who are currently unable to opt for a low-emission vehicle
    37.3. rapidly restore the financial sustainability of the scheme.

38. To achieve a balance between these objectives, I propose making immediate changes to increase the effectiveness of rebates, and to increase the scheme's revenue so it broadly matches rebate expenditure over 2023–2024.

Increasing the effectiveness of the scheme's rebates in light of the progress made

39. The immediate changes I am proposing to rebates are in the table below. These changes would focus rebates onto the lowest emission vehicles. Most of these vehicles would also attract a lower rebate, given the improvements in supply and pricing. However, where improvement remains sluggish, for example in the purchase of used-import EVs, rebates would increase.

Proposal	Settings (dollar amounts include GST)	Key impacts
Lower the CO2 emissions threshold for rebates	The eligibility for rebates would lower from 146 grams of CO2 per kilometre to 100 grams.	Based on the vehicles entering the fleet in December 2022, the percentage of vehicles receiving rebates would be to reduce from 46 percent to 30 percent, if there was no behavioural change. However, I expect consumers to gravitate towards rebate eligible vehicles given the increased availability of hybrids, PHEVs and BEVs and our experience to date of the scheme. Petrol and diesel vehicles would no longer attract rebates.

[8] Informed by assessing detailed confidential plans from key domestic suppliers, discussions with industry bodies, analysing domestic and international sales statistics, and a consumer survey on the Clean Car programme.

		Top-selling new and used-import hybrids, such as the Toyota Prius, Corolla, Aqua and the Mazda Axela would continue to attract rebates, however several top-selling hybrids would no longer attract rebates as they tend to be larger SUVs (such as the Toyota RAV4) and are not as fuel efficient as smaller vehicles.
Reduce the rebate for new battery EVs (BEVs) but increase it for used-imports.	The rebate for a new BEV would reduce from $8,625 to $7,015. The rebate for a used-import BEV would increase from $3,450 to $3,507.50	The reduction in the rebate for new EVs will reduce demand slightly but is unlikely to significantly reduce demand, because in 2022 there was a marked increase in EV models available between $50,000–$65,000. When the scheme commenced the cheapest EV was $65,000. For used-import EVs, lack of supply is a key barrier to increasing uptake. A strong rebate will encourage suppliers to continue to focus on securing supply for New Zealand. The increase for used BEVs reflects that their share of used imports remains very low at 2.6 percent for January 2023. This dollar amount ensures simplicity and consistency across the proposals in that used vehicles get one half of the rebate or charge amount compared to new vehicles.
Reduce the rebate for low emission vehicles (i.e. vehicles with emissions from 1 to 100 grams CO2 per kilometre)	*Proposed formulae:* New vehicles: $1725 plus $57.50 for every gram below 100 grams. Maximum rebate is $4,025. Used-imports: $$862.50 plus $28.75 for every gram below 100 grams. Maximum rebate $2,012.50. *Current formulae:* New vehicles: $1098.45 plus $51.55 for every gram below 146 grams. Maximum rebate $5,750. Used-imports: $439.38 plus $20.62 for every gram below 146 grams. Maximum rebate $2,300.	For new vehicles, the rebate for PHEVs would drop 30% and for other low emission vehicles rebates would roughly halve. This could dampen their demand, however this is likely to be offset by strong demand for new BEVs. To increase the availability of affordable low emission vehicles, rebates on used imports will reduce only by a maximum of $288. Their uptake is important given recent decisions to pause the Clean Car Upgrade and Social Leasing Schemes. Refer Annex 1 for a summary of these changes.
Increase rebates for disability vehicles. These are largely vans with ramps for wheelchair access, or cars with swivel seats	A disability vehicle, either new or a used-import, would attract a rebate of $11,500 if it is a BEV, and $5,750 if it is a PHEV or hybrid.	No BEVs, and almost no hybrid disability vehicles are currently entering New Zealand. This likely reflects that buyers of disability vehicles are reliant on grants and have limited budgets. The increased rebates will improve access to low emission vehicles for people requiring modified vehicles.

40. The above rebate proposals would improve the scheme's financial position. As is shown in the following table, the level of improvement depends on the date of change.

Rebate Timing Option	2023 calendar year deficit	2024 calendar year deficit
Rebates unchanged (base case)	-$224m to -$297m	-$285m to -$412m
Rebates lowered 1 July 2023	-$154m to -$222m	-$136m to -$243m
Rebates lowered 1 December 2023	-$224m to -$297m *(If December sales brought forward into November)*	-$136m to -$243m

We can reduce ute emissions in a different ways

41. An issue that merits discussing is the scheme's approach to utes, given the very few low-emission models available[9] in New Zealand. In 2022, less than 1 percent of utes new to the fleet were low-emission and attracted a rebate, the remainder attracted charges as petrol and diesel utes are high-emitting.

42. The scheme appears to have reduced ute purchase rates by about 25 percent. However, it has not appeared to reduce average ute emissions for those models purchased. Popular 4WD diesel utes span from approximately 214 grams to over 250 grams of CO_2, translating to a charge imposed of $1,600 to over $4,000. Some brands have lowered their prices by the cost of the charge, thereby diluting consumer incentives to buy utes with more efficient diesel engines.

43. For people who require the functionality utes provide, an option could be to incentivise uptake of more carbon efficient models by either;

    43.1. Increasing charges. The benefits of this approach are improved decarbonisation and increased scheme revenue. Or –

    43.2. Excluding the most efficient models from charges (while still increasing charges on higher emitting models). The key risk with this proposal is it could encourage more consumers to avoid paying charges by opting for utes rather than lower-emitting SUVs and cars. While ute emissions may drop, overall vehicle emissions will rise.

44. If Ministers choose to exclude some utes from charges, I propose the criteria be models with 218 grams of CO_2 per kilometre or lower. Many (but not all) brands sell utes that achieve this threshold. The Land Transport (Clean Vehicles) Amendment Act 2022 states vehicle importers are to achieve a level of 218 grams, on average, for utes they import in 2023. Any exclusion should therefore not be higher than 218 grams to be consistent with legislation. Legislated targets quickly become much stricter in 2024 and subsequent years[10], and thus the exclusion should only apply until 30 June 2024. The choice and availability of low emission utes is expected to quickly improve after that.

[9] A 2WD electric ute was introduced at the end of 2022. A 2WD and 4WD hybrid ute is likely this year. Further hybrid and electric models are expected in 2024 and 2025.
[10] In 2024, the target is 201.9g and in in 2025 the target is 175 grams.

45. About 6 percent of scheme revenue to date has come from utes at or below 218 grams. Such models comprised about 22 percent of brand new ute sales over January/February 2023. Assuming ute purchases maintain at consistent levels, the difference in scheme revenue between the two options should be about $15m to $25m for each of the 2023 and the 2024 calendar years. If the popularity of low-emission models increases, then scheme finances would be significantly impacted over time if they were excluded from paying charges. The table below illustrates the possible emissions and financial impacts from a ten percent shift from higher emission cars/SUVs to utes under 218 grams.

Impact of 10% shift of higher emissions cars/SUVs to utes under 218grams

	Emissions impact (Kt CO2-e) (emissions rise)		**Financial impact** (negative numbers represent reduction of revenue to the scheme)	
	Higher takeup	Lower take up	Higher takeup	Lower take up
Option 1 (strong increase to charges)	25	33	-$12mil	-$17mil
Option 2 (moderate increase to charges)	25	33	-$6mil	-$9mil

46. In the time during which this paper has been prepared, the Ministry of Transport has not been able to estimate the overall emissions impacts of this option. However it is likely to increase emissions and incentivise the purchase of utes over more efficient petrol cars. For example a ute that emits 218g would not incur a fee but a moderately efficient petrol car that emits 150g will incur one. The table below illustrates the possible emissions and financial impacts from a ten percent shift from higher emission utes to utes under 218 grams.

Impact of 10% shift of higher emissions ute over 218grams to utes under 218grams

	Emissions impact (Kt CO2-e) (emissions reduce)		**Financial impact** (negative numbers represent reduction of revenue to the scheme)	
	Higher takeup	Lower take up	Higher takeup	Lower take up
Option 1 (strong increase to charges)	-12	-13	-$21mil	-$22mil
Option 2 (moderate increase to charges)	-12	-13	-$15mil	-$16mil

47. Over the last decade, utes have been marketed and bought as passenger vehicles in New Zealand. This contrasts with other markets, where it is much more common for vans (for carrying loads) and SUVs (for towing or 4WD terrain) to be bought instead of utes, noting that vans and SUVs are available in low-emission formats today.

48. Waka Kotahi have stated they may need up to 5 months to put an exclusion in place.

Matching expected rebate expenditure over 2023–2024 with sufficient revenue while maintaining our decarbonisation ambitions

49. The rebate proposal will significantly improve the scheme's financial sustainability. However, revenue shortfalls would still be expected. To address this, I propose Ministers decide to fund the revenue shortfalls through either:

    49.1. increasing charges in a manner that is consistent with achieving a self-financing scheme over 10 years and maintaining our decarbonisation ambition, with choices about the extent of the charge increases (Option 1 strong, or Option 2 moderate) and the public notice period (July or December 2023) or

    49.2. providing a Crown contribution in lieu of increased charges (Option 3), which would be less consistent with our current decarbonisation ambition.

50. If Ministers prefer Options 1 or 2, I propose widening the scope of charges and increasing them through the adjustments in the table below. These adjustments would help lift revenue to better match rebate expenditure over 2023 and 2024. Future charge increases and rebate reductions would be needed for the scheme to generate revenue surpluses to repay the Crown grant.

Charge proposal	Settings (dollar amounts incl GST)	Key impacts
Lower the CO2 emissions threshold for charges and increase the level of the charges	The emissions threshold for vehicles to be subject to charges would lower from 192 grams of carbon per kilometre to 150 grams.	Based on the vehicles entering the fleet in December 2022, the percentage of vehicles attracting a charge would increase from about 31 percent to around 52 percent if there is no behavioural change. However, it is likely that more people will opt to avoid the charges by choosing vehicles with CO2 emissions below 150 grams, particularly in the used import market, and for buyers of low-cost new cars. This is because of the recent widespread availability of affordable efficient petrol vehicles and hybrids, and increasingly PHEVs and EVs.
Increase the level of charges on the highest emitting emissions	The maximum charge would increase from $5,175 to $6,900 for new vehicles and from $2,875 to $3,450 for used-imports This will enable progress against Action 10.2.1 of the Emission Reduction Plan to "Set a maximum CO2 limit or penalties for individual light internal combustion engine vehicle imports to tackle the highest emitting vehicles".	This will encourage buyers of utes and vans to purchase more efficient diesel models The very highest emitting light vehicles tend to be luxury vehicles rather than commercial vehicles needed for towage and carrying capacity. The increase will strengthen the incentive for people to opt for zero-emission luxury vehicles rather than fossil fuel ones.

	The Motor Industry Association (MIA) supports charges increasing on the highest emitting vehicles.	

51. To help Ministers decide between Options 1 and 2, the following table compares their impact against current settings. It includes examples of the charges for different types of vehicles. The speed at which the scheme's revenue matches rebates paid with these options depends on the timing of when charges are raised, as illustrated at the bottom of the table. Refer to Annex 1 for a summary of the impact.

Charges Proposals	Option 1 – Stronger Charges	Option 2 – Moderate Charges	Option 3 – No Change (Currently in regulation)
Summary	Vehicles with moderate emissions or higher are imposed with charges that steadily increase. This will affect both new and used import vehicles, noting that most used import buyers should be able to avoid them by buying different vehicles.	Vehicles with moderate emissions are imposed with a **small charge**. Vehicles with reasonably high emissions are imposed with charges that steadily increase. This will affect buyers of new vehicles. Buyers of used imports pay amounts that are only slightly more or even slightly less than today.	Vehicles with **high emissions** are imposed with charges that steadily increase. The majority of petrol and diesel cars are not imposed with charges, meaning most do not contribute to the scheme. Typically only vans, utes, and the largest cars/SUVs pay charges. This is not sustainable without significantly reducing rebates or ongoing government funding.
Formula	For vehicles 150 grams and higher – New vehicles: $575 plus $57.50/gram above 150g. Used-imports: $287.50 plus $28.75/g above 150g	For vehicles 150 grams and higher – New vehicles: $575, plus $57.50/g above **175g**. Used-imports: $287.50 plus $28.75/g above **175g**.	For vehicles 192 grams and higher – New vehicles: $345.00 plus $57.50/g above 192g. Used-imports: $258.75 plus $43.13/g above 192g
Example charges (Used vehicle amounts are in brackets; underline shows where charges reduce):			
Below 150g *(EV, hybrids, efficient petrol cars)*	No charge	No charge	No charge
150g *(Moderate fuel consumption)*	$575 ($287.50)	$575 ($287.50)	No charge
180g *(Poor fuel consumption; large SUV)*	$2300 ($1150)	$862.50 ($431.25)	No charge
218g *(Efficient diesel utes)*	$4485 ($2242.50), or, no charge if utes exempted	$3047.50 ($1523.75), or, no charge if utes exempted	$1840 ($1380)
236g *(Popular utes that are not the most efficient)*	$5520 ($2760)	$4082.50 ($2041.25)	$2875 ($2156.25)
250g (Inefficient vans/utes, sports cars)	$6325 ($3162.50)	$4887.50 ($2443.75)	$3680 ($2760)
The financial balance of the options is based on the notice period given before charges are raised, and whether charges are raised strongly or moderately (all options assume the reductions to rebates proposed earlier in the paper proceed):			
Short (3 month) notice: If charges are urgently raised on **1 July 2023** *(Reduces Crown Funding request)*	Likely in financial balance for **1 to 1.5** years. $100m Crown Funding needed to support the scheme now. Charges are likely needed to be changed again **by mid 2024.**	Likely in financial balance for **around a year.** $100m Crown Funding needed now. Charges are likely to need to be increased again **by early 2024**.	**Not in financial balance.** **$350** million in Crown Funding needed to support scheme over 2023/2024. **This would not be intended to be repaid.** A plan for the future of the scheme would need agreeing **by early 2024**, before the cash injection runs out, including whether the scheme is to continue to be fully or partially self-financing.
Longer (8 month) notice: If charges are raised on **1 December 2023** *(Fairer to consumers)*	Likely in financial balance for **1 to 1.5** years. $350m of Crown Funding needed. Charges are likely needed to be changed again **by mid 2024**	Likely in financial balance for around **a year**. $350m Crown Funding needed. Charges likely to need to be increased again **by early 2024**	

Minimising disruption to the vehicle market from the proposed changes

52. Following Cabinet's decisions on the proposals above, I expect to immediately inform the industry and public.

53. New vehicle wait times can be up to a year. There is a risk that some vehicle buyers will not be covered by a three-month notice period if changes were to take effect in July 2023. For used import buyers, who tend to be more price sensitive, announcing changes earlier gives more time for the market to transition, and allow buyers to avoid charges under the new settings.

54. Officials have engaged with two key domestic motor vehicle industry representatives on whether a retrospective eligibility provision could apply for vehicles ordered before the announcement of the changes. The Motor Industry Association (MIA) and Imported Motor Vehicle Industry Association (VIA) state it is preferable to have a longer notice period than a retrospective provision because the latter would be difficult to implement fairly and consistently across vehicle distributors.

55. My preference is therefore to announce any changes as early as possible to give a longer time period with no retrospective eligibility, with the amendments coming to effect in December 2023. I note this would mean $250m less is likely to be spent on other Transport initiatives.

Assuming a December 2023 notice period, charges can be raised equitably

56. Option 1 (Strong charges) is more consistent with achieving a self-financing scheme than Options 2 and 3. Most buyers will be able to avoid charges if they wish to, other than those who need 4WD utes. There is widespread choice of used import vehicles below 150g at a purchase price between $10,000 and $15,000. Price-sensitive buyers of new cars tend to buy smaller vehicles well below the 150g threshold, such as Suzuki Swifts. The MIA, who supports raising charges on vehicles, notes increases would largely fall on buyers of new SUVs, who tend to be less price sensitive and/or can buy lower emission vehicles if they wish to.

57. If Ministers are concerned about raising charges, I recommend Option 2 (Moderate), because:

    57.1. it still strengthens the disincentives for consumers to buy high emitting vehicles given the increasing choice of low-emission alternatives available

    57.2. reducing the threshold for charges from 192g to 150g is almost a difference of two dollars of petrol consumption per 100 kilometres a car is driven. This means expanding the charges will generate significantly weekly fuel cost savings for many vehicle buyers

    57.3. it will keep the CO2 emission reduction potential of the scheme high as it increases charges alongside reducing rebates albeit not as high as Option 1

it imposes a smaller charge for buyers who are unable to select a low emission vehicle. In the case of used imports, there are only very slight increases, and for some vehicles (such as commercial vans), the charge imposed slightly reduces

57.4. will have better support from the motor vehicle industry, while noting that it will not provide sufficient revenue for a long period of time, and further increases to charges will likely need to be in force early to mid 2024.

58. The key risk with Option 3 (not lowering the emission threshold for charges) is that we would have a wider "neutral band", where vehicles attract neither a rebate or a charge. This would essentially deregulate the demand side of the petrol car market, because almost all conventional petrol cars would attract neither a rebate nor a charge (other than very high emission cars). Consequently, it would increase CO2 emissions relative to current settings. Not increasing charges would be a departure from the self-financing goal of the scheme, at least in the short term. This could make future changes more challenging.

The repayable Crown grant is likely to be exhausted before the proposals can come into effect

59. The above proposals will not be able to be implemented quickly enough to address the current substantial imbalance between rebates and charges to maintain the full operation of the scheme through 2023.

60. To date the imbalance has been funded by the repayable Crown grant. However, as a consequence of the continuing high numbers of clean vehicles being imported the Crown grant is expected to be exhausted by the end of April/early May 2023. When this occurs, rebates will not be able to be paid until sufficient revenue from charges has been accumulated. This is because the funding sources for the scheme are limited to the repayable Crown grant and revenue collected from charges.

Unless Cabinet decides otherwise, the payment of rebates will be temporarily suspended when the Crown grant is exhausted

61. If no action is taken to prevent the repayable Crown grant being exhausted the payment of rebates will be temporarily suspended. Payments would commence once the scheme's cash reserve has been sufficiently replenished through the build-up of charge revenue. This reflects the design of the scheme agreed by Cabinet.

62. Specifically, on 19 April 2021 Cabinet agreed that "unless otherwise agreed by Cabinet, if the full amount of rebate funding is exhausted at any given time, rebates would not be issued until more funding is available, and that withheld rebates will not be queued up for later payment" [CAB-21-Min-0128.01 refers].

63. A temporary rebate suspension would lower the amount by which charges will need to increase and rebates reduce to enable the fiscal neutrality of the scheme. However, in my view this advantage is strongly outweighed by the disadvantages that:

    63.1. it is likely to take many months to accumulate sufficient charge revenue to build a workable cash reserve. For example, over the three months to 31 December 2022 $41 million was received in charges. A sum of this amount could plausibly be required for a single month of rebate payments at current levels

    63.2. there could be a loss in some of the momentum that has been achieved in encouraging people to switch to low and zero emission vehicles. This matters because light vehicles are responsible for two-thirds of transport emissions. This proportion makes switching the light vehicle fleet to zero emissions a priority in achieving New Zealand climate goals

    63.3. public support for the scheme could be undermined. It would frustrate people who wish to buy low-emission vehicles during the suspension, particularly those who have already ordered a vehicle assuming they will get a rebate but are still awaiting the vehicle's arrival. As well, if suspension lasts several months the social license for the scheme's implicit "off-setting contract" between charge-payers and rebate receivers could be lost. People who, for whatever reason, buy a high emission vehicle pay a charge to lower vehicle prices for those who are willing to purchase a low-emission vehicle. This contract could be perceived to be broken if charges exist in the absence of rebates

    63.4. it could result in a marked spike in the purchase of low-emitting vehicles once rebates commence that could undermine the recovery of the scheme's financial position. This would occur if the magnitude of the spike was under-estimated in the decision on when to resume the payment of rebates

    63.5. it would likely cause cash-flow pressures for the vehicle industry, especially if the suspension lasts several months. For example, vehicle distributors and dealers could be left holding large volumes of low-emission vehicles that they are unable to sell until the suspension is lifted.

I propose increasing the repayable Crown grant to enable rebates to continue to be paid

64. To avoid these significant disadvantages, I propose the repayable Crown grant be immediately increased by $100 million. This would enable rebates to continue to be paid while the changed rebate and charge settings are implemented and sufficient charge revenue accumulates. A repayable Crown grant would also maintain a fiscally neutral scheme.

65. The key disadvantage of increasing the Crown grant is that fiscal neutrality would be preserved but at a higher cost to charge payers, and/or future rebate receivers, than temporary suspension. For the increased Crown grant to be repaid the level of charges would need to further increase, and the level of rebates further reduce.

66. As with the previous repayable Crown grant, the additional funding would only be drawn on as required. This means that use of the Crown grant will reduce as soon as the proposed changes start impacting on the financial flows of the scheme.

The proposals will increase the durability of the Clean Car Discount and Standard, which will continue to be key policies to reduce transport emissions

67. The proposals in this paper will increase the durability of the Clean Car Discount as a measure to reduce transport emissions. Durability is important because in combination with the Clean Car Standard, the clean car policies are expected to achieve a significant share of the transport emission reductions needed for the first three Emission Reduction Budgets.

68. The following table shows the updated Clean Car Discount and Clean Car Standard mitigation estimates in our transport emissions reduction targets. It shows that the Clean Car package is providing more CO2 reduction that originally modelled. In Emissions Budget 1 abatement is 240 percent higher than originally estimated and 50 percent higher across the first three budgets combined. The estimates take into account new information, including real world vehicle registrations since the Clean Car Discount was introduced.

69. The greater than expected mitigation partially offsets the shortfall from removing the Sustainable Biofuels Mandate. However, the updated quantified policies (with current or proposed Clean Car Discount settings) will fall short of the 'total' originally quantified at the time of the Emissions Reduction Plan.

70. There is a significant gap remaining to achieve the emission reductions recommended by the Climate Change Commission, particularly from 2026. Closing that gap will rely on strengthening this scheme considerably over the decade, together with other policies elsewhere in transport (e.g. all vehicles entering New Zealand from 2030 being zero emission, reducing VKT, rapidly decarbonising road freight).

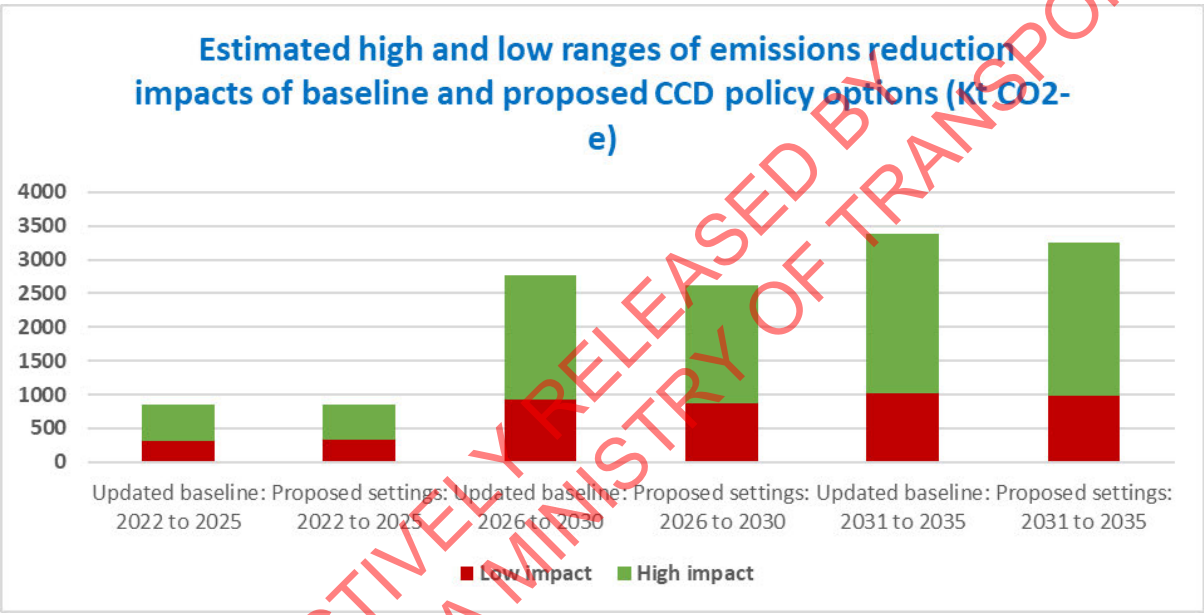
Comparison of transport emissions reduction estimates (KT CO2-e)

		EB1 – 2022 to 2025	EB2 – 2026 to 2030	EB3 – 2031 to 2035
Climate Change Commission - Analysis	**Total**	**1,022**	**8,709**	**24,476**
ERP - Original	*Clean Car Discount and Standard*	140	1,160	1,180
	Other policies	1,609	5,174	8,217
	Total	**1,749**	**6,334**	**9,397**
ERP – less biofuels plus re-estimated current Clean Car settings	*Clean Car Discount and Standard*	470	1,467	1,727
	Other policies	599	2,144	3,807
	Total	**1,069**	**3,610**	**5,534**
ERP – less biofuels plus proposed Clean Car settings	*Clean Car Discount and Standard*	438	1,394	1,671
	Other policies	599	2,144	3,807
	Total	**1,037**	**3,538**	**5,479**

(See Annex 6 for a graph visualising this data)

71. The table also shows that the proposals in this paper will result in slightly lower emission reductions from the Clean Car Discount than would be the case under current settings. This reflects that the reduced rebates could be expected to lower the number of people assisted into cleaner vehicles. However, the reduction is small and subject to a high level of uncertainty.

72. The following graph shows the latest high and low estimates of the Clean Car Discount and Standard based on current (baseline) and proposed settings. This analysis suggests that the differences between the current and proposed settings are outweighed by the uncertainties involved (such as behaviour change of both suppliers and consumers). In the graph the uncertainty is conveyed as the difference between the low impact estimate (red) and the high impact estimate (green).



73. The proposed option in the graph is a July 2023 change of both rebates and charges, with the charges being aligned to Option 1 (Strong). If a December date is preferred, the rebate change would improve emissions reductions. Option 3 (no change to charges) or Option 2 (Moderate increases) would worsen (decrease) emissions reductions.

Related Matters

Fixing the misclassification of disability vehicles under the Clean Car Standard

74. I also seek Cabinet endorsement to fix an inadvertent misclassification of disability vehicles under the Clean Car Standard, which is a related policy to the Discount. The Clean Car Standard targets importers, encouraging them to import low-emissions options to improve supply of low-emissions vehicles in New Zealand (compared with the Clean Car Discount which is designed to influence buyer decisions).

75. Each year, a few hundred disability vehicles enter New Zealand, many of which are vans that have had seats removed to make space for carrying passengers in wheelchairs. In doing so, they may no longer have enough seats to meet the definition of a passenger van (a “Type B” vehicle under the Clean Car Standard) and thus can inadvertently be

assigned stricter emissions targets that are intended for cars. This could result in higher charges to importers where they do not import enough low emission vehicles.

76. I propose that disability vehicles, which are defined by the Land Transport (Clean Vehicle Discount Scheme Charges) Regulations 2022, be deemed as “Type B vehicles” under the Clean Vehicle Standard. This definition would include cars modified with swivel-out seats used by the disability community. This change is desirable because disability vehicles are not yet commonly available as electric or hybrid vehicles. Importers of disability vehicles would still need to pay charges if they import such vehicles without offsetting them by importing low emission vehicles, however by fixing the definition, any charges would be lower and it will be easier for importers to achieve targets.

Progress is being made on supporting EV charging infrastructure

77. In March 2023, the government released a draft National EV Charging Strategy and discussion document for public consultation, with the aim of accelerating and supporting the development of national EV charging infrastructure more generally.

78. Ensuring that there is adequate EV charging infrastructure to support increased uptake is important to the long-term success of the Clean Car Discount. As electric vehicles become more popular, their load on the electricity grid will increase. This can be cost-effectively managed through the provision of both public and private charging infrastructure that smartly throttles up or down automatically during periods of peak or low national electricity demand. The Ministry of Transport has submitted a CERF bid for Budget 2023 to support accelerated EV charging infrastructure including both journey and destination charging hubs.

s 9(2)(f)(iv)

Financial implications

80. I have sought a $350 million funding increase for the scheme’s Crown grant in a bid to Budget 2023. This is the $100 million discussed in paragraph 64 plus $250 million to cover the total funding required depending on the option chosen in the table at paragraph 51.

81. The Crown grant is provided to Waka Kotahi through the Clean Vehicle Discount Scheme - Funding Deed between the Crown (acting by and through the Ministers of Transport and Finance) and Waka Kotahi. The Funding Deed enables Waka Kotahi to request funding from the Crown grant as required to operate the scheme. The Ministers of Transport and Finance have the joint authority to review and agree funding requests. Currently, this authority is delegated to the Secretary for Transport and the Secretary to the Treasury.

82. The Funding Deed specifies that the maximum grant amount is $301.8 million or such other amount agreed between Waka Kotahi and the Crown in writing from time to time. If Cabinet agrees to increase the repayable Crown grant, I will write to Waka Kotahi to inform it of the increase to the maximum grant amount.

Legislative Implications

83. If Cabinet opts to increase charges then an amendment to Section 7 of the Land Transport (Clean Vehicle Discount Scheme Charges) Regulations 2022 will be required.

84. If Cabinet opts to fix the definition of disability vehicles described in paragraph 58 then a minor amendment to Land Transport (Clean Vehicle Standard) Regulations 2022 is also required.

85. I seek approval to instruct Parliamentary Counsel to draft an amendment to the regulations, if required, on a timeline that enables them to be in effect by 1 July 2023.

Impact Analysis

Regulatory impact statement

86. A regulatory impact statement for the proposals in this paper will be completed and attached to the Cabinet paper seeking approval to proceed with the amendments the Land Transport (Clean Vehicle Discount Scheme Charges) Regulations. This will occur if Cabinet opts to alter charges.

Climate implications of policy assessment

87. The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements apply to this proposal. The combined impact of the Clean Car Discount and Standard has been re-estimated at 8,280 Kt under current settings, reducing to 8,077 Kt if the proposal under this paper is implemented in July this year. An updated CIPA is attached as Annex 4

88. The proposed settings changes are expected to result in an increase of emissions of 161 Kt CO2 –e over the next three emissions budgets. This is relatively small compared to the total modelled emissions impact from the Clean Car package, which is performing better than originally modelled.

89. These estimates should be considered provisional as they are subject to further work and should be expected to change as the analysis is refined over time. The CIPA team has reviewed the results and considers them reasonable for indicating the impact of this change, given the high level of uncertainty.

Population impact

90. For the increased Crown grant to be repaid the scheme's charges will need to increase, and the level of rebates reduce. Increasing the level and coverage of the scheme's charges will likely have negative impacts for New Zealand's equity outcomes. There is

evidence that wealthier New Zealanders are more likely to adopt EVs, and by implication this suggests they could benefit most from the scheme.

91. However, rebate and survey statistics suggest the scheme has benefited New Zealanders across different income levels. This reflects the scheme's design that seeks to avoid compromising equity through:

    91.1. charges on new high-emitting vehicles being able to be used to fund rebates for the purchase of low-emission used-imports. To date, similar numbers of used-imports received rebates as buyers of new vehicles. At the same time, fewer buyers of used-imports paid charges (14.7 percent) than buyers of new vehicles (39.7 percent)

    91.2. its "neutral band" where vehicles attract neither a rebate or a charge. If charges are imposed on vehicles at or above 150 grams, 18 of the top 20 selling used-imports would continue to either receive a rebate or be in the "neutral band". (Refer Annex 5)

    91.3. the retail price-cap for rebate eligible vehicles that specifically limits rebates going to people who do not need financial assistance to buy a low-emission vehicle.

s 9(2)(h)

[redacted]

Human Rights

94. The proposals in this paper are consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Consultation

Green Party feedback

95. The Green Party is not supportive of reducing rebates for BEVs, and wants any reduction in rebates for BEVs to be based on their reaching price parity with ICE vehicles, as was the original intention of the scheme. The Green Party would prefer to see any revenue shortfall be made up from increased charges on high emission vehicles, or reduced rebates for hybrid vehicles. The Green Party is supportive of increased fees for the highest-emitting vehicles, in line with option one, for maximum impact on reducing carbon emissions.

96. The Green Party would also support higher fees for the highest emitting utes, to sway consumers towards purchasing the lowest emission utes where they are needed. The Green Party strongly disagrees with exempting the lowest emitting utes from the scheme, noting this will likely sway consumers towards purchasing utes as passenger vehicles. The Green Party disagrees with settings that treat the market for utes as separate to the market for other vehicles.

97. The Green Party is not supportive of lowering the retail cap without seeing further analysis, especially given current high levels of inflation, and notes several manufacturers already lowered prices to meet the $80,000 cap and may not be willing to drop prices further.

98. The Green Party supports making these changes as soon as possible. This will lessen the fiscal implications for the Crown, reduce the risk of ute 'panic buying' and will maximise the emissions reduction impact of the Discount. The Green Party considers a nine month notice period to be too long.

99. The Green Party wishes to see further analysis of the Discount on the used vehicle market before altering rebates, especially given reports of the price of used BEVs being increased by the rebate. Rebates for used BEVs should consider the time they can operate on our roads and the shorter period of environmental benefit before the cost of disposing the vehicle is incurred, rather than simply being half the rebate for new vehicles.

Departmental consultation

100. The following agencies were consulted in the development of this paper: Waka Kotahi, Ministry of Justice, Crown Law, Parliamentary Counsel Office, Inland Revenue, New Zealand Customs Service, New Zealand Defence Force, Ministry for Primary Industries, Ministry for Social Development, Ministry of Health, Treasury, Ministry for the Environment, Department of Internal Affairs, Ministry of Foreign Affairs and Trade, Ministry of Business, Innovation and Employment, and the Energy Efficiency and Conservation Authority. The Department of Prime Minister and Cabinet has been informed.

101. Agencies were overall supportive of this paper. Some noted wider positives of the proposal, such as in improving local air quality and heath benefits, which would supported best by increasing charges strongly. Several departments commented on the exclusion on utes, with concerns that it would encourage diesel ute sales, worsen

scheme finances, increase CO2 emissions, worsen local air quality, and invite debate from others seeking exclusions.

View of the vehicle industry

102. Officials have consulted the Motor Industry Association (MIA) and Imported Motor Vehicle Industry Association (VIA) and Drive Electric about changes.

103. The MIA have a strong preference for the scheme to continue for several more years. It supports the proposed changes to rebates below 100g, and to impose charges from 150g. It prefers *Option 2 – Moderate* over *Option 1 – Strong* because it views this would have less impact on petrol car buyers. The MIA support the highest emitting vehicles being imposed with charges that are several thousand dollars higher. The MIA seek a exclusion or "less severe" approach to charges covering most 4WD utes. The MIA advise that if the notice period is three months then they seek committed orders protected under existing scheme pricing rules, given delivery times remain long on popular models. The MIA has asked to be given 8 to 9 months of notice of the changes so that importers can order the right volumes of vehicle models from factories. The MIA does not support lowering the eligibility of rebates from $80,000 to $75,000 (but if a reduction occurs it should occur only on passenger cars), stating it would reduce the models that can access rebates.

104. The VIA has mixed views about the scheme and these changes. It states that for the scheme to remain in financial balance, the rebate and charge proposals do make sense. Like the MIA, the VIA prefers *Option 2 – Moderate* as it views this would place lower charges on petrol car buyers. It considers a three month notice period to be sufficient but that a longer notice period (December) would be preferable and would garner better support. They suggest there is good volume of vehicles below 150g (meaning most buyers can avoid charges). The VIA seeks that near-new used imports be offered higher rebate levels, citing they offer similar decarbonisation advantage as brand new vehicles. The VIA do support the lowering of eligibility of rebates on cars below $80,000. The VIA supports used vehicles getting one half of the rebate/charge that new vehicles receive.

105. Drive Electric, which represents new vehicle buyers, electricity companies, and other organisations relevant to EV uptake, strongly supports the continuation of the scheme. It is wary of lowering the rebate dollar amount offered on EVs stating this could reduce uptake, noting only 1% of New Zealand's vehicles are electric, leaving 99% still to transition. It argues that strong uptake of new EVs now will lead to more second-hand EVs being available later this decade. It supports limiting rebates to vehicles 100g and below, and imposing charges on 150g, though notes that 'social license' is important to the continuity of the scheme. It does not support lowering the $80,000 cap on rebate eligibility and would rather see it increase. It proposes a notice period of at least 2 months followed by retrospective treatment of rebates/charges to account for 3-6 month delivery times for vehicles. It considers there are merits either way to the proposals on lowering, retaining, or raising charges on utes. Finally, it notes the inter-relationship of the Clean Car Discount and Standard and that they need to be co-ordinated.

Proactive Release

106. This Cabinet paper will be released 30 days following Budget 2023.

Communications

107. If Cabinet agrees to the proposals in this paper, I will announce the changes as soon as practicable so as to commence the notice period for consumers and the vehicle industry. Because it relates to the Cooperation Agreement between the Labour Party and the Green Party, I will engage with the Green Party about the announcement.

108. Officials will prepare embargoed information to send to the motor vehicle industry prior to the announcement.

109. Waka Kotahi will prepare public resources for consumers about the changes.

Recommendations

The Minister of Transport recommends that the Cabinet Economic Development Committee:

1. **note** that the Clean Car Discount is performing strongly and coupled with external factors, such as the increase in oil prices, has led to an uptake of low and zero emission vehicles that has exceeded government and industry expectations, and which in turn has moved New Zealand's position from below the global average of electric vehicle purchase rates to above the global average.

2. **note** that Cabinet agreed on 19 April 2021 that the Clean Car Discount's rebates and charges would be regularly reviewed and recalibrated [CAB-21-Min-0128.01 refers]

Increasing the effectiveness of the scheme's rebates in light of the progress made

3. **agree** to focus the Clean Car Discount's rebates on the lowest emission vehicles (all figures include GST), by:

    3.1. lowering the emissions threshold for rebate eligibility from 146 grams of CO2 per kilometre to 100 grams

    3.2. reducing the rebate for new battery electric vehicles (BEVs) from $8,625 to $7,015

    3.3. increasing the rebate for used-import BEVs from $3,450 to $3,507.50

    3.4. reducing the rebate for low-emission vehicles, including plug-in hybrid electric vehicles, by amending the existing rebate formula for:

        3.4.1. new vehicles to $1725 plus $57.50 for every gram of CO2 per kilometre below 100 grams, with a maximum rebate of $4,025

        3.4.2. used-imports to $$862.50 plus $28.75 per gram of CO2 per kilometre below 100 grams, with a maximum rebate of $2,012.50

    3.5. fixing the rebate for a new or used-import disability vehicle, as defined by the Land Transport (Clean Vehicle Discount) Regulations 2022, at $11,500 if it is a BEV, and $5,750 if it is a PHEV or hybrid

4. **note** that, reflecting Cabinet's decision on 13 March 2023 to not proceed with a Social Leasing Scheme or the Clean Car Upgrade, *Recommendation 3* reduces rebates on brand new vehicles however continues to support lower priced vehicles with slightly increased rebates on used import EVs and makes only minor reductions to used import hybrid rebates, and continues to offer rebates to the most popular used import models.

Matching rebate expenditure with sufficient revenue over 2023 and 2024

5. **agree** to match expected rebate expenditure over 2023, and part of 2024, with sufficient revenue through:

EITHER:

Option 1: Increasing charges strongly to best support self-financing and decarbonisation

5.1. increasing the level and coverage of charges through the following adjustments (all figures include GST):

5.1.1. widening the pool of vehicles subject to charges by lowering the emissions threshold from 192 grams of CO2 per kilometre to 150 grams

5.1.2. increasing the level of charges by amending the formulae::

(i) for new vehicles, $575 plus $57.50 per gram above 150 grams
(ii) for used-imports, $287.50 plus $28.75 per gram above 150 grams

5.1.3. increasing the maximum cap on charges for vehicles with very high emissions from $5,175 to $6,900 for new and from $2,875 to $3,450 for used-imports,

noting this would effect vehicles with 231 grams and above, which is above the average level for cars and vans, but would raise charges on most utes other than the most efficient, and will enable the government to strongly progress Action 10.2.1 of the Emission Reduction Plan labelled "Set a maximum CO2 limit or penalties for individual light internal combustion engine vehicle imports to tackle the highest emitting vehicles".

5.1.4. noting that these changes are estimated to keep the scheme operating at a cost neutral level for 2023 and much of 2024, but that the outcome of these changes will be highly dependent on market behaviour which is difficult to predict.

OR:

Option 2: Increasing charges moderately, to reduce the impact on those still buying high emission vehicles, while maintaining adequate self-financing and decarbonisation. (Differences to Option 1 are underlined for clarity)

5.2. increasing the level and coverage of charges through the following adjustments (all figures include GST):

5.2.1. widening the pool of vehicles subject to charges by lowering the emissions threshold from 192 grams of CO2 per kilometre to 150 grams

5.2.2. increasing the level of charges by amending the formulae changing to:

(i) for new vehicles, $575 at 150 grams, plus $57.50 per gram above 175 grams
(ii) for used-imports, $287.50 at 150 grams, plus $28.75 per gram above 175 grams

5.2.3. increasing the maximum cap on charges for vehicles with very high emissions from $5,175 to $6,900 for new and from $2,875 to $3,450 for used-imports

noting this could would effect vehicles with 256 grams and above, which is well above the average level of cars, vans, and utes, and will enable the government to progress Action 10.2.1 of the Emission Reduction Plan labelled “Set a maximum CO2 limit or penalties for individual light internal combustion engine vehicle imports to tackle the highest emitting vehicles”.

5.2.4. noting that the impact of this change would be much smaller to buyers of used import petrol cars compared to Option 1, and would reduce charges on some used vehicles.

5.2.5. noting that these changes are not estimated to keep the scheme operating at a cost neutral level (or may only do so for a short duration) and the scheme revenue may need strengthening again by early to mid 2024, depending on vehicle market behaviour.

OR:

Option 3: Providing a Crown contribution in lieu of increased charges

5.3. **agree** not to amend the charges of the scheme at this time and instead increase the Crown grant by $250 million to provide the revenue that would have otherwise been generated by Option 1 or 2 and with no requirement for the increase to be repaid through future charges

5.4. **note** that Recommendation 5.3 will worsen transport emissions compared to today’s settings because an absence of rebates and charges would form over the majority of conventional petrol car purchases.

5.5. **invite** the Minister of Transport to report back to the Cabinet Economic Development Committee by 30 June 2024 on:

5.5.1. whether the scheme should revert to being managed to be self-financing over 10 years
5.5.2. if a partially self-financing scheme is preferable, the proportion that should be sought from charge revenue
5.5.3. the adjustments to rebates and charges needed to achieve a preferred degree of self-financing and the timeline for implementing the change.

Decisions on whether efficient diesel utes receive differential treatment

EITHER

6. **agree** to introduce a separate emission threshold for charges on utes of 218 grams CO2 per kilometre, such that that utes with emissions at or below this threshold would attract no charge, if registered on or before 30 June 2024, noting this may adversely affect the financial status and decarbonisation outcomes of the scheme.

OR

7. **agree** that charges payable on utes remain consistent with those imposed on other vehicle types

Increasing the repayable Crown grant to enable rebates to continue to be paid in 2023

8. **note** that as a consequence of the continuing high numbers of clean vehicles being imported the repayable Crown grant, which funds rebates when charge revenue is insufficient, is expected to be exhausted at some point before the end of April 2023

9. **note** that if no action is taken to prevent the exhaustion of the repayable Crown grant the payment of rebates will be temporarily suspended until the scheme's cash reserve has been sufficiently replenished through the build-up of charge revenue

Balancing the disruption to the vehicle market against demands on Crown Funding

10. **agree** that the timing of any changes to rebates and/or charges agreed by Recommendations 3 and 5 commence –

EITHER:

10.1. The 1st of July 2023, to minimise the level of additional Crown Funding needed to support the scheme to $100 million (separate to any funding sought through Recommendation 5.3 if charges are not raised)

OR:

10.2. The 1st of December 2023, to minimise vehicle suppliers and buyers being disadvantaged through giving more public notice, in which case the level of additional Crown Funding needed to support the scheme is $350 million (comprising of a $100 million repayable Crown grant and either $250 million non-repayable funding if charges are not raised or $250 million repayable funding if charges are raised)

Fix an inadvertent misclassification of Disability Vehicles

11. **agree** that Disability Vehicles, as defined by Land Transport (Clean Vehicle Discount Scheme Charges) Regulations 2022, should for the purposes of the Clean Vehicle Standard be deemed as "Type B vehicles" rather than "Type A vehicles", and

accordingly, agree to amend the Land Transport (Clean Vehicle Standard) Regulations 2022 this year.

Financial implications

12. **note** that I have sought $350 million in bid to Budget 2023 to fund the proposals in this paper

Announcement of the changes and securing regulation change

13. **invite** the Minister of Transport to issue drafting instructions to the Parliamentary Counsel Office to give effect to the decisions in recommendations agreed to, including any necessary consequential amendments, savings and transitional provisions

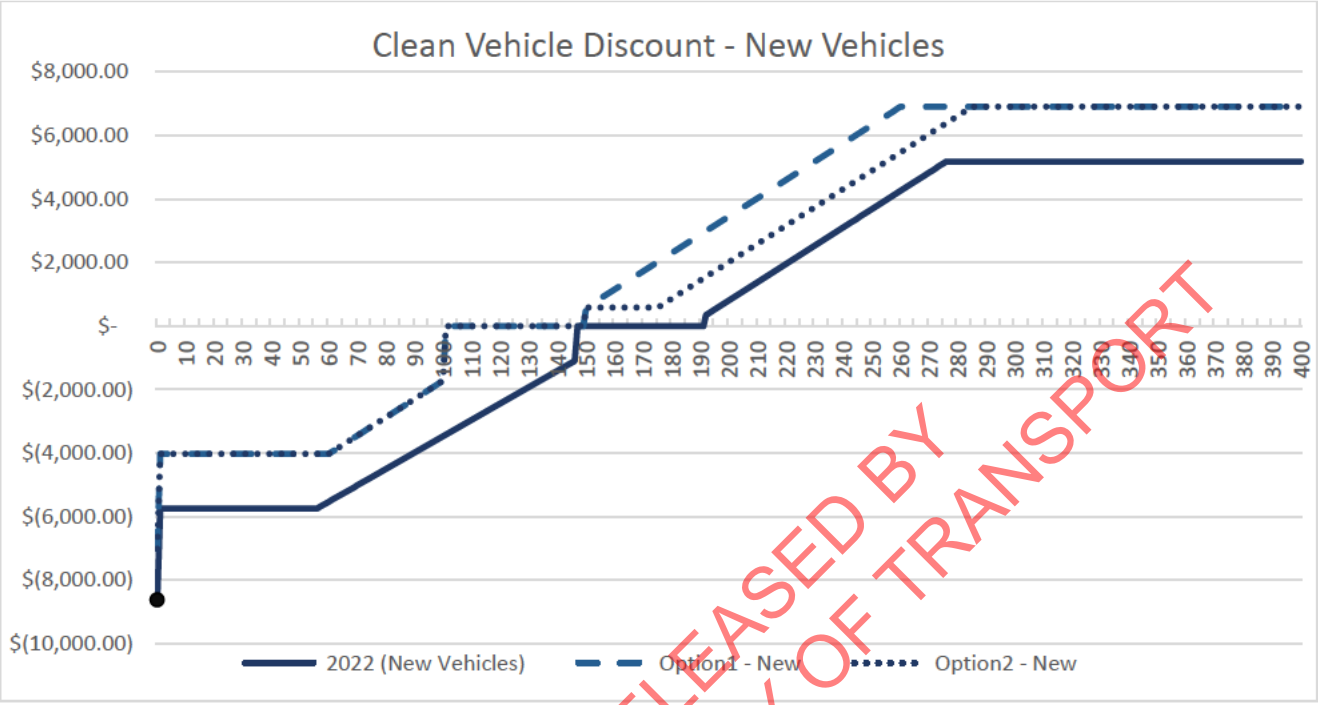
14. **note** that following Cabinet confirmation, I will announce the changes to the rebates and charges as soon as practicable so as to commence the notice period for consumers and the vehicle industry.

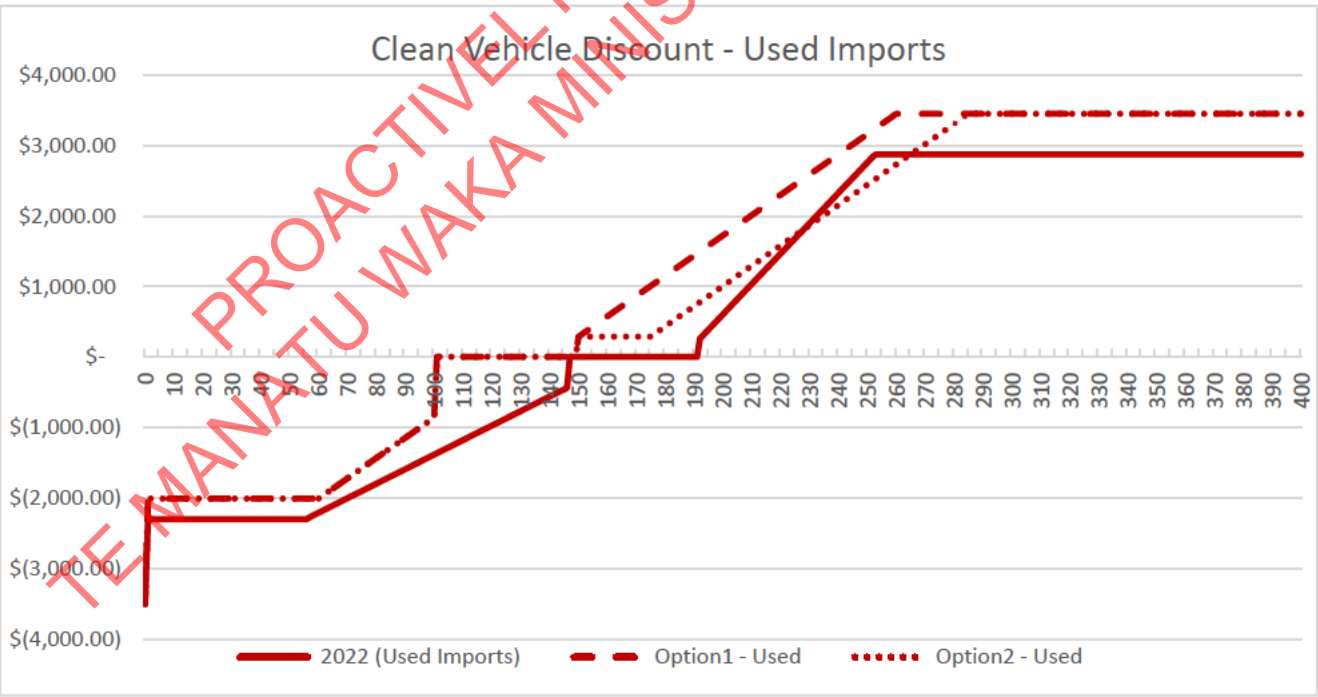
15. s 9(2)(f)(iv) [redacted]

Authorised for lodgement

Hon Michael Wood
Minister of Transport

Annex 1 - Visualisation of current (April 2022+) settings and proposed changes.



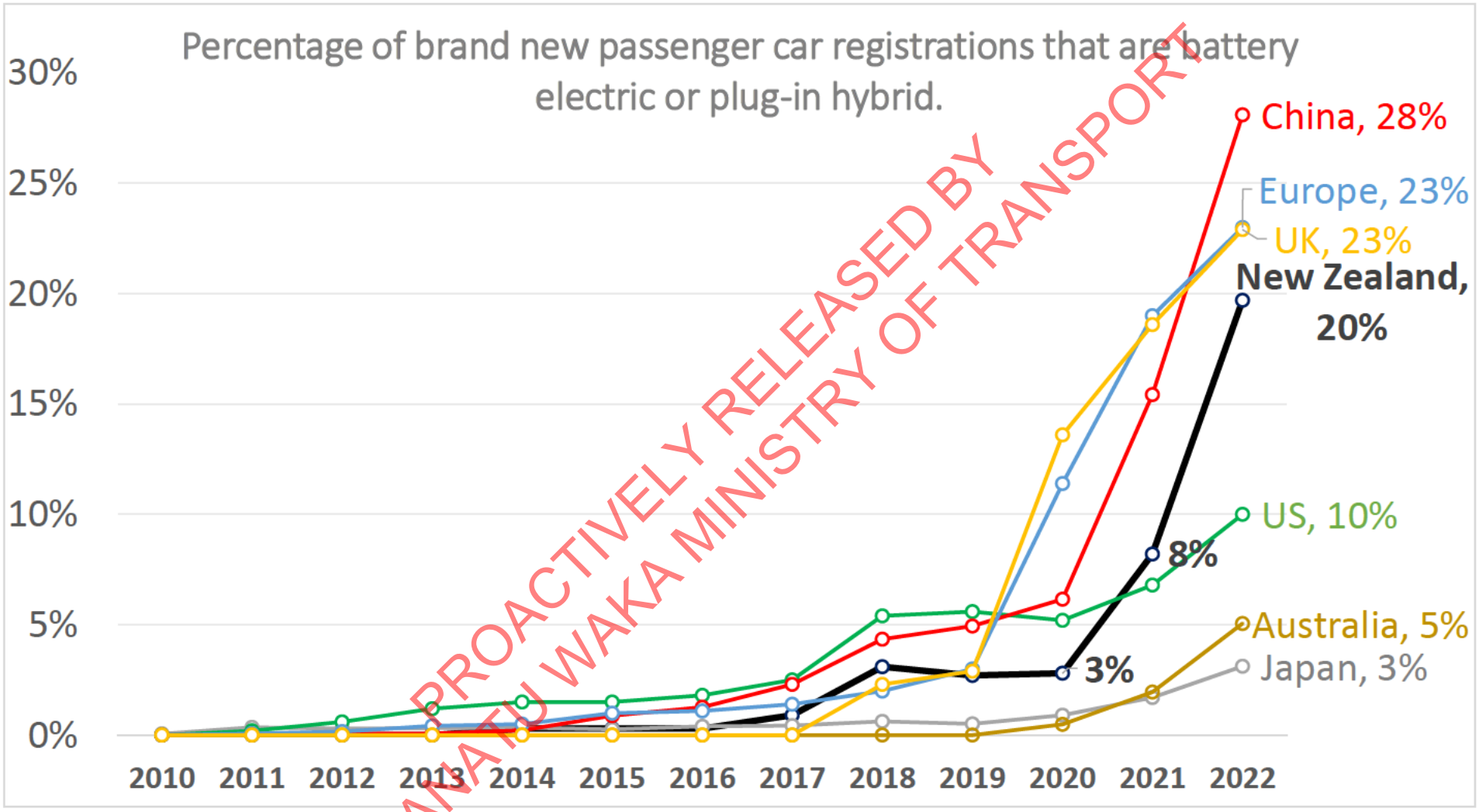


Dollar amounts on the vertical axis above $0 are charges. Dollar amounts below $0 are rebates.

The horizontal axis shows grams of CO2 emissions per kilometre.

Option 1 has stronger increases to charges whereas *Option 2* has more moderate increases (and decreases for some used vehicles); both have the same rebate settings.

Annex 2 – New Zealand's EV growth compared to global markets.



Source – Ministry of Transport

https://www.transport.govt.nz/assets/Uploads/Comparison-of-Electric-Vehicle-and-Plug-In-Hybrid-marketshares-in-key-global-markets-2010-to-2022.pdf

Annex 3 – Financial Modelling.

1. The estimated impact of lowering **rebates**, and raising charges as per ***Option 1 Stronger*** in 2023 and 2024 (including an exemption on utes at and below 218g) is shown by the following two tables:

2023 (calendar year)	**Rebate expenditure**	**Charge revenue**	**Net position (deficit)**
Forecast (no changes)	$438–$369 million	$141–$145 million	($297-$224 million)
Change from proposals (if started July 2023)	($75–$70 million)	$110–$123 million	$186-$193 million
Forecast with rebate and charge proposals	$362–$299 million	$251–$269 million	($111–$31 million)

2024 (calendar year)	**Rebate expenditure**	**Charge revenue**	**Net position (deficit)**
Forecast (no changes)	$536–$420 million	$124–$135 million	($412–$285 million)
Change from proposals (if started July 2023)	($169–$149 million)	$184–$229 million	$353–$378 million
Forecast with rebate and charge proposals	$367–$271 million	$309–$364 million	($58)–$93 million

2. Alternatively, the impact of lowering **rebates** but raising charges as per ***Option 2 – Moderate*** is:

2023 (calendar year)	**Rebate expenditure**	**Charge revenue**	**Net position (deficit)**
Forecast (no changes)	$438–$369 million	$141–$145 million	($297-$224 million)
Change from proposals (if started July 2023)	($75–$70 million)	$41–$45 million	$116-$114 million
Forecast with rebate and charge proposals	$362–$299 million	$181–$190 million	($181–$109 million)

2024 (calendar year)	**Rebate expenditure**	**Charge revenue**	**Net position (deficit)**
Forecast (no changes)	$536–$420 million	$124–$135 million	($412–$285 million)
Change from proposals (if started July 2023)	($169–$149 million)	$69–$84 million	$238–$233 million
Forecast with rebate and charge proposals	$367–$271 million	$193–$219 million	($174–$52 million)

Figures on this page assume implementation in July 2023. If implementation is delayed until the end of 2023 then the "forecast (no changes)" rows for 2023 tables apply. This would cost more, but would also reduce more CO_2 emissions. The figures are highly dependent on vehicle market behaviour which is difficult to estimate. If utes do pay charges then revenue to the scheme could be about $25m higher per annum (Option 1 Stronger) or $15m per annum higher (Option 2 Moderate).

Annex 4.

Climate Implications of Policy Assessment: Disclosure Sheet

This disclosure sheet provides the responsible department's best estimate of the greenhouse gas emissions impacts for New Zealand that would arise from the implementation of the policy proposal or option described below. It has been prepared to help inform Cabinet decisions about this policy. It is broken down by periods that align with New Zealand's future emissions budgets.

Section 1: General information

General information	
Name/title of policy proposal or policy option:	Clean Car Discount – Changes to make the scheme financially sustainable (2023)
Agency responsible for the Cabinet paper:	Ministry of Transport/Te Manatū Waka
Date finalised:	*27Mar2023*
Short description of the policy proposal:	Reduce rebates on zero/low emission vehicles and imposes greater charges on high emission vehicles under the Clean Car Discount scheme, in order to rebalance finances of the scheme, while maintaining decarbonisation impact. Pricing changes to used import vehicles are smaller than for brand new vehicles.

Section 2: Greenhouse gas emission impacts

Sector & source	Changes in greenhouse gas emissions in kilotonnes of carbon dioxide equivalent (Kt CO_2-e)						
	2020–25	2026–30	2031–35	2036–40	2041–45	2046–50	Cumulative impact
Updated abatement estimate of current Clean Car policies	-470	-1467	-1727	-1765	-1575	-1276	-8280
Estimate of proposed Clean Car policy with Clean Car Discount settings change	-438	-1394	-1671	-1736	-1564	-1273	-8077
Total impact (positive represents an increase to emissions)	32	73	56	29	11	3	204

Section 3: Additional information

Additional information
The Clean Car Discount is an initiative that reduces emissions; however the modelling suggests that the proposed setting changes will increase emissions due to the higher impact that rebates currently have on emission compared to fees. This was always likely to be the case as the intention of the initiative was always to reduce rebates as low emissions vehicles become more price competitive and increase fees to discourage purchase of higher emissions vehicles. The modelling has assumed that the proposed settings will take effect in July 2023 to Dec 2024, from Jan 2025 it is assumed that there will be another review and for this reason the settings have been set the same under base and proposed scenarios from this point onwards. Proposals have been modelled but their impacts are very similar, so given the high uncertainties and the need or simplicity only one option has been provided for this CIPA table • If the proposed reductions to rebates and increases to charges is delayed to the end of 2023 (rather than July), then the emission levels will be closer to the current settings (i.e. better overall CO2 abatement will result). • If rebates are reduced, but charges are not raised on high emission vehicles, then the emission levels will be further from current settings (i.e. poorer overall CO2 abatement will result) Only central estimates have been provided for simplicity however high to low ranges of impact have been produced that support this information and convey the high level of uncertainty of these estimates These estimates should be considered provisional as they are subject to further work and should be expected to change as the analysis is refined over time Emissions impact estimates exclude electricity impacts as these are insignificant

Section 4: Quality assurance

Quality assurance
• The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements apply to this proposal. • The proposed settings changes are expected to result in an increase of emissions of 161 Kt CO2 –e over the next three emissions budgets. • This is relatively small compared to the total modelled emissions impact from the Clean Car package, which is performing better than originally modelled. • These estimates should be considered provisional as they are subject to further work and should be expected to change as the analysis is refined over time. • The CIPA team has reviewed the results and considers them reasonable for indicating the impact of this change, given the high level of uncertainty.

Annex 5 – Top New Zealand selling vehicles and change to rebates/charges.

The following table shows the top 20 new and used vehicles sold in the past three months (December 2022 to February 2023). It shows what the current rebate or charge applies, and what this would change under Option 1 (Moderate increases to charges) or Option 2 (Strong increases). Both Option 1 and 2 have the same changes to rebates. This table looks only at recent sales figures and does not reflect changes to models currently underway. For example, some brands, such as Suzuki and Toyota and Ford (and potentially others) appear to be largely ending their petrol-only passenger car sales mid 2024 and switching to hybrids for their passenger cars. As such, their rebate or charge treatment could become significantly more favourable to consumers.

BRAND NEW VEHICLES		**ICE (Petrol/Diesel) Model**				**Hybrid Model**				**Plug-In Hybrid Model**				**Battery EV Model (zero emission)**			
Vehicle	Regs	CO2	Current	Moderate	Strong	CO2	Current	Moderate	Strong	CO2	Current	Moderate	Strong	CO2	Current	Moderate	Strong
Ford Ranger (ute)	2,766	232	$ 2,645	$ 3,853	$5,290		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a
Toyota Hilux (ute)	2,264	238	$ 2,990	$ 4,198	$5,635		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a
Suzuki Swift (car)	1,180	130	-$ 1,923	$ -	$ -	106	-$ 3,161	$ -	$ -		n/a	n/a	n/a		n/a	n/a	n/a
Tesla Model Y (SUV)	1,096		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	0	-$ 8,625	-$ 7,015	-$7,015
MG ZS (SUV)	935	182	$ -	$ 978	$2,415		n/a	n/a	n/a		n/a	n/a	n/a	0	-$ 8,625	-$ 7,015	-$7,015
Mitsubishi Eclipse Cross (SUV)	890	189	$ -	$ 1,380	$2,818		n/a	n/a	n/a	47	-$5,750	-$4,025	-$4,025		n/a	n/a	n/a
Toyota RAV4 (SUV)	853	~~162~~	~~$ -~~	~~$ 575~~	~~$1,265~~	121	-$ 2,387	$ -	$ -		n/a	n/a	n/a		n/a	n/a	n/a
Mitsubishi Outlander (SUV)	829	194	$ 460	$ 1,668	$3,105		n/a	n/a	n/a	38	-$5,750	-$4,025	-$4,025		n/a	n/a	n/a
Mitsubishi Triton (ute)	820	256	$ 4,025	$ 5,233	$6,670		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a
BYD Atto 3 (SUV)	696		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	0	-$ 8,625	-$ 7,015	-$7,015
Toyota Corolla (car)	621	~~156~~	~~$ -~~	~~$ 575~~	~~$ 920~~	98	-$ 3,573	-$ 1,840	-$1,840		n/a	n/a	n/a		n/a	n/a	n/a
Tesla Model 3 (car)	543		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	0	-$ 8,625	-$ 7,015	-$7,015
Hyundai Kona (SUV)	535	168	$ -	$ 575	$1,610	101	-$ 3,418	$ -	$ -		n/a	n/a	n/a	0	-$ 8,625	-$ 7,015	-$7,015
Honda Jazz (car)	501	146	-$ 1,098	$ -	$ -	89	-$ 4,037	-$ 2,358	-$2,358		n/a	n/a	n/a		n/a	n/a	n/a
Mitsubishi ASX (SUV)	453	196	$ 575	$ 1,783	$3,220		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a
Toyota Yaris Cross (SUV)	445	138	~~-$ 1,511~~	~~$ -~~	~~$ -~~	95	-$ 3,728	-$ 2,013	-$2,013		n/a	n/a	n/a		n/a	n/a	n/a
Kia Stonic (car)	442	144	-$ 1,202	$ -	$ -		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a
Hyundai Santa Fe (SUV)	416	222	$ 2,070	$ 3,278	$4,715	144	-$ 1,202	$ -	$ -		n/a	n/a	n/a		n/a	n/a	n/a
Kia Niro	406		n/a	n/a	n/a	101	-$ 3,418	$ -	$ -	19	-$ 5,750	-$4,025	-$4,025	0	-$ 8,625	-$ 7,015	-$7,015
Ford Everest (SUV)	403	243	$ 3,278	$ 4,485	$5,923		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a

Key to text colour of models:
Green=still gets rebates;
Black=can avoid charge;
***Purple**=charges unavoidable for this model at present.*

USED IMPORT VEHICLES		ICE (Petrol/Diesel) Model				Hybrid Model				Plug-In Hybrid Model				Battery EV Model (zero emission)			
Vehicle	Regs	CO2	Current	Moderate	Strong	CO2	Current	Moderate	Strong	CO2	Current	Moderate	Strong	CO2	Current	Moderate	Strong
Toyota Aqua (car)	3,360		n/a	n/a	n/a	89	-$ 1,615	-$ 1,179	-$ 1,179		n/a	n/a	n/a		n/a	n/a	n/a
Toyota Prius (car)	1,917		n/a	n/a	n/a	99	-$ 1,409	-$ 891	-$ 891	68	-$ 2,048	-$1,783	-$1,783		n/a	n/a	n/a
Mazda Axela (car)	1,238	167	$ -	$ 288	$ 776	99	-$ 1,409	-$ 891	-$ 891		n/a	n/a	n/a		n/a	n/a	n/a
Mazda Demio (car)	749	118	-$ 1,017	$ -	$ -		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a
Toyota Corolla (car)	725	139	-$ 584	$ -	$ -	91	-$ 1,574	-$ 1,121	-$ 1,121		n/a	n/a	n/a		n/a	n/a	n/a
Honda Fit (car)	661	128	-$ 811	$ -	$ -	105	-$ 1,285	$ -	$ -		n/a	n/a	n/a		n/a	n/a	n/a
VW Golf (car)	635	161	$ -	$ 288	$ 604		n/a	n/a	n/a	60	-$ 2,213	-$2,013	-$2,013	0	-$ 3,450	-$ 3,508	-$3,508
Nissan Note (car)	634	120	-$ 976	$ -	$ -	91	-$ 1,574	-$ 1,121	-$ 1,121		n/a	n/a	n/a		n/a	n/a	n/a
Subaru Impreza (car)	552	170	$ -	$ 288	$ 863	137	-$ 625	$ -	$ -		n/a	n/a	n/a		n/a	n/a	n/a
Nissan Leaf (car)	517		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	0	-$ 3,450	-$ 3,508	-$3,508
Mazda CX5 (SUV)	506	170	$ -	$ 288	$ 863		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a
Mitsubishi Outlander (SUV)	499	206	$ 863	$ 1,179	$1,898		n/a	n/a	n/a	64	-$ 2,130	-$1,898	-$1,898		n/a	n/a	n/a
Nissan Serena (SUV/van) [11]	479	183	$ -	$ 518	$1,236	171	$ -	$ 288	$ 891		n/a	n/a	n/a		n/a	n/a	n/a
Nissan X-Trail (SUV)	443	180	$ -	$ 431	$1,150	137	-$ 625	$ -	$ -		n/a	n/a	n/a		n/a	n/a	n/a
Suzuki Swift (car)	406	136	-$ 646	$ -	$ -	107	-$ 1,244	$ -	$ -		n/a	n/a	n/a		n/a	n/a	n/a
Toyota Hiace (van)	403	231	$ 1,941	$ 1,898 [12]	$2,616		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a
Toyota CHR (SUV)	368		n/a	n/a	n/a	99	-$ 1,409	-$ 891	-$ 891		n/a	n/a	n/a		n/a	n/a	n/a
Subaru XV (SUV)	321	162	$ -	$ 288	$ 633	135	-$ 666	$ -	$ -		n/a	n/a	n/a		n/a	n/a	n/a
Toyota Vitz (car)	289	117	-$ 1,037	$ -	$ -	90	-$ 1,594	-$ 1,150	-$ 1,150		n/a	n/a	n/a		n/a	n/a	n/a
Mazda Atenza (car)	285	182	$ -	$ 489	$1,208		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a

Key to text colour of models:
Green=still gets rebates;
Black=can avoid charge;
***Purple**=charges unavoidable for this model at present.*

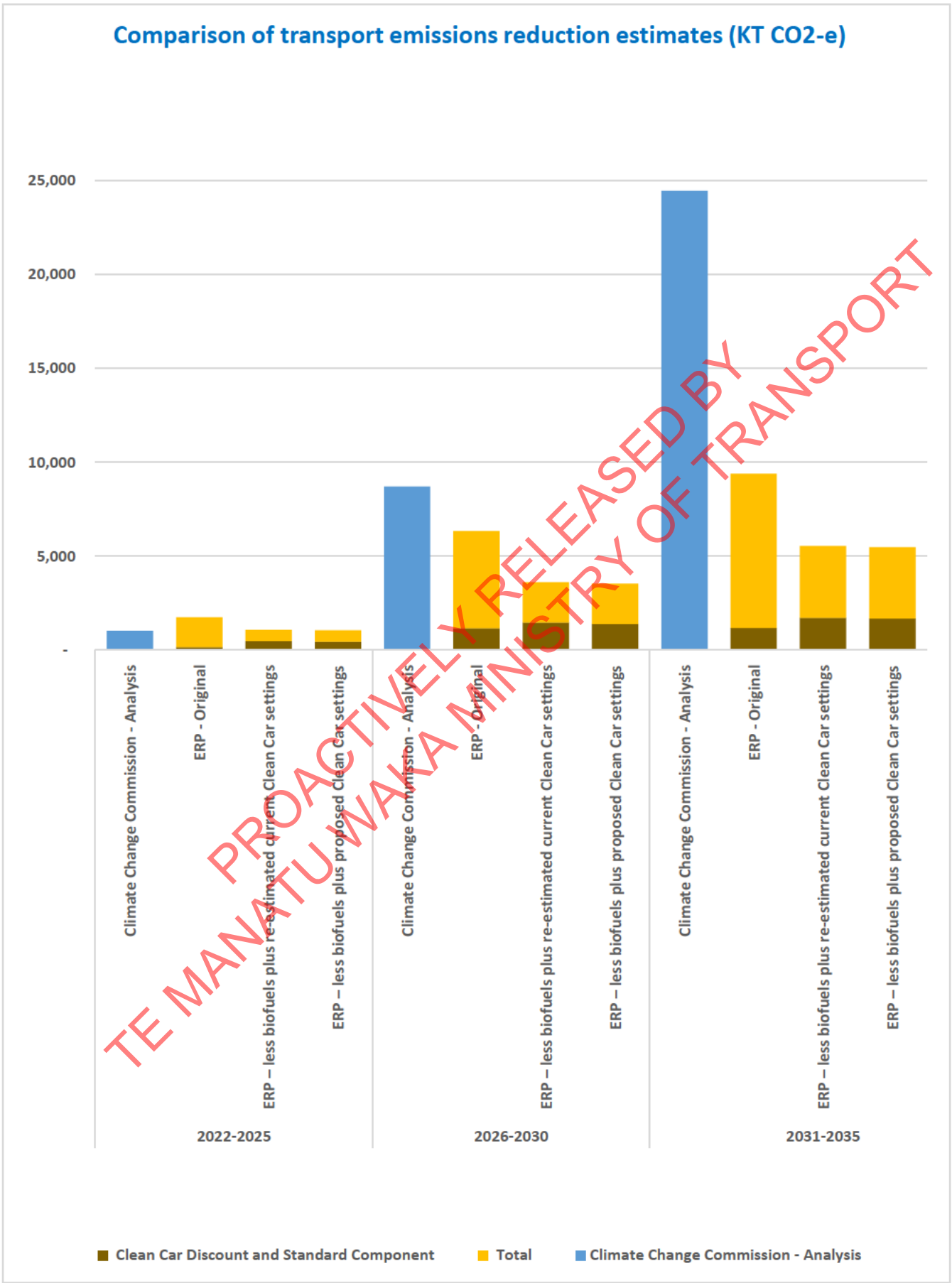
For used imports, only two of out of the top 20 top selling models would be always imposed with a charge (Toyota Hiace van, Mazda CX5 SUV), given all other models are available in either an efficient petrol, hybrid or EV variant that is below 150g of CO_2/km.

For brand new vehicles, 5 of the top 20 selling models would always attract a charge (three utes and two SUVs). Those models are over 192g so already face charges today.

[11] Nissan Serena – a hybrid used import option is also available at 111g, would avoid charges.
[12] Toyota Hiace – if a used import, under the *Moderate* option, the charge imposed slightly reduces compared to current settings.

Annex 6

The following graph shows the CO2 estimates from paragraph 70 in visual form.



Cabinet Committee Background Information and Talking Points

Cabinet Committee: Cabinet Economic Development Committee

Paper title: Clean Car Discount – changes to manage high uptake of the scheme

Portfolio: Transport

Officials attending:

- Sigurd Magnusson, Senior Adviser, Te Manatū Waka
- Gayelene Wright, Principal Adviser, Te Manatū Waka

Background information

- As a self-financing feebate scheme, the Clean Car Discount's rebates and charges require regular review and adjustment to ensure the charges generate sufficient revenue to fund the scheme's rebates and administration costs. Cabinet agreed on 19 April 2021 that the first review would be completed in 2023 and this would be followed by subsequent regular reviews.

- The key factor in the first review has been how best to respond to the impact the stronger than expected performance of the Clean Car Discount has had on the financial sustainability of the scheme. With current settings, the repayable Crown grant, which funds rebates when charge revenue is insufficient, is expected to be exhausted at some point between now and the middle of the year. When this happens, rebate payments will be suspended until sufficient charge revenue is accumulated.

- To enable the scheme to continue to operate, and to put it back on a path to be self-financing over 10 years, rebates need to be reduced and charges widened and increased. The proposals in the Cabinet paper recommend options for how this can be done. Depending on the options Cabinet favours, funding should be sufficient to resource the scheme until early to mid 2024.

- The Motor Industry Association (MIA) have a strong preference for the scheme to continue for several more years. It supports the proposed changes to limit rebates to vehicles with emissions below 100 grams per kilometre, and to impose charges on vehicles from 150 grams as there are low emission alternatives available for these vehicles. However, the MIA seek an exclusion or "less severe" approach to charges covering utes as there are still few low emission options available.

- Of the options to increase charges, the MIA and the Imported Motor Vehicle Industry Association prefer Option 2 – Moderate increases over Option 1 – Strong increases because it would have less impact on petrol car buyers.

Talking Points

- The Clean Car Discount has exceeded our expectations and there has been a strong shift to low-emission vehicles. In a recent EECA survey 62 percent of surveyed EV owners stated that they purchased their EV sooner than they would have otherwise because of the Clean Car Discount.

- Prior to the scheme, the annual average CO2 emissions of imported light vehicles was decreasing at a rate of 1.9 percent. Coupled with external factors, the scheme has sped up the rate of decrease to be 14.4 percent in 2022.

- As a consequence of the scheme's strong performance nearly three times the amount of rebates have been paid out than has been collected in charges. This is not sustainable and is not consistent with the scheme being self-financing over 10-years.

- This paper proposes changes to the scheme's current schedules of rebates and charges to ensure the scheme's revenue matches expected rebate expenditure over 2023 and 2024. The changes proposed strike a careful balance between securing sufficient revenue, contributing to decarbonisation, and ensuring continued public support for the scheme.

Changes proposed to rebates

- I am proposing that eligibility for rebates be narrowed to vehicles with emissions below 100 grams per kilometre. This would restrict rebates to EVs, PHEVs and some hybrids. This change is important to maintaining the efficacy of the scheme in transitioning the vehicle fleet to be low and ultimately zero-emissions.

- To help improve the scheme's financial sustainability, I am proposing that most rebates be reduced. A rebate for a new EV would reduce from $8,625 to $7,015. A rebate for a new PHEV would reduce from $5,750 to $4,025.

- As the supply of used-import EVs remains restricted, I am proposing a rebate increase from $3,450 to $3,507.50 - — half of the rebate for a new EV. This will encourage suppliers to continue to focus on securing supply for New Zealanders.

Options for increasing revenue – increase charges or provide Crown revenue

- The rebate proposal will significantly improve the scheme's financial sustainability, but revenue shortfalls would still be likely. The scheme's revenue has to be increased and I propose Ministers decide to do this through either:

    - Widening the scope of charges to vehicles with emissions from 150 grams and increase charges strongly (Option 1) or moderately (Option 2). With Option 1 a new large SUV with emissions of 180 grams would attract a charge of $2,300. With Option 2 the charge would be $862.50. Most consumers will be able to avoid charges given the increase in the availability of affordable efficient petrol vehicles, hybrids and increasingly PHEVs and EVs

    - providing a Crown contribution in lieu of increased charges (Option 3). This option is less consistent with our current decarbonisation ambition and with achieving a self-financing scheme over 10 years and has a substantial fiscal cost.

Decisions on whether utes receive differential treatment

- I am asking Ministers to decide how the scheme should treat utes given they are high emission, but very few low-emission models are available. The options are to either:
    - introduce a separate emission threshold for charges for utes of 218 grams of CO2 per kilometre. This would encourage people who require the functionality of utes to purchase the most efficient ones. However, it would reduce the financial and decarbonisation outcomes of the scheme. It would also inadvertently encourage people to buy utes to avoid paying charges on large SUVs and cars that attract charges
    - continue with the current setting of utes attracting charges if their emissions are higher than the threshold for charges. This is consistent with our decarbonisation goals and avoids inadvertently increasing the demand for utes.

Decisions on when the changes should come into effect

- The level of revenue needed for the scheme is also affected by when the proposed changes come into effect. A 1 July 2023 start date would minimise the level of additional Crown Funding needed to support the scheme. However, wait times for new vehicles can be up to a year. A 1 December start date would allow more vehicle buyers to complete their purchases under current settings.

Budget 2023 funding will support the scheme until a second review is done in early 2024

- I have sought funding through Budget 2023 to maintain the scheme's operation until the changes we agree come into effect. The amount sought will be sufficient to support the scheme until early to mid-2024.
- A second review will be needed early in 2024 to consider the finances of the scheme and its rebate and charge settings.

DEV-23-MIN-0051
Revised

Cabinet Economic Development Committee

Minute of Decision

Clean Car Discount: Changes to Manage High Uptake of the Scheme

Portfolio **Transport**

On 5 April 2023, the Cabinet Economic Development Committee:

Background

1 **noted** that the Clean Car Discount is performing strongly and coupled with external factors, such as the increase in oil prices, has led to an uptake of low and zero emission vehicles that has exceeded government and industry expectations, and which in turn has moved New Zealand's position from below the global average of electric vehicle purchase rates to above the global average;

2 **noted** that in April 2021, Cabinet agreed that the Clean Car Discount's rebates and charges would be regularly reviewed and recalibrated [CAB-21-MIN-0128.01];

Increasing the effectiveness of the scheme's rebates in light of the progress made

3 **agreed** to focus the Clean Car Discount's rebates on the lowest emission vehicles (all figures include GST), by:

3.1 lowering the emissions threshold for rebate eligibility from 146 grams of CO2 per kilometre to 100 grams;

3.2 reducing the rebate for new battery electric vehicles (BEVs) from $8,625 to $7,015;

3.3 increasing the rebate for used-import BEVs from $3,450 to $3,507.50;

3.4 reducing the rebate for low-emission vehicles, including plug-in hybrid electric vehicles, by amending the existing rebate formula for:

3.4.1 new vehicles to $1,725 plus $57.50 for every gram of CO2 per kilometre below 100 grams, with a maximum rebate of $4,025;

3.4.2 used-imports to $862.50 plus $28.75 per gram of CO2 per kilometre below 100 grams, with a maximum rebate of $2,012.50;

3.5 fixing the rebate for a new or used-import disability vehicle, as defined by the Land Transport (Clean Vehicle Discount) Regulations 2022, at $11,500 if it is a BEV, and $5,750 if it is a plug-in electric vehicle (PHEV) or hybrid;

4 **noted** that, reflecting Cabinet's decision on 13 March 2023 to not proceed with a Social Leasing Scheme or the Clean Car Upgrade [CAB-23-MIN-0080], the decision in paragraph 3 reduces rebates on brand new vehicles, however continues to support lower priced vehicles with slightly increased rebates on used import Electric Vehicles (EVs) and makes only minor reductions to used import hybrid rebates, and continues to offer rebates to the most popular used import models;

5 **agreed** to match expected rebate expenditure over 2023, and part of 2024, with sufficient revenue through increasing the level and coverage of charges through the following adjustments (all figures include GST):

5.1 widening the pool of vehicles subject to charges by lowering the emissions threshold from 192 grams of CO2 per kilometre to 150 grams;

5.2 increasing the level of charges by amending the formulae:

5.2.1 for new vehicles, $575 plus $57.50 per gram above 150 grams;

5.2.2 for used-imports, $287.50 plus $28.75 per gram above 150 grams;

5.3 increasing the maximum cap on charges for vehicles with very high emissions from $5,175 to $6,900 for new and from $2,875 to $3,450 for used-imports, noting that this:

5.3.1 would effect vehicles with 231 grams and above, which is above the average level for cars and vans, but would raise charges on most utes other than the most efficient; and

5.3.2 will enable the government to strongly progress Action 10.2.1 of the Emission Reduction Plan labelled "Set a maximum CO2 limit or penalties for individual light internal combustion engine vehicle imports to tackle the highest emitting vehicles";

5.4 noting that these changes are estimated to keep the scheme operating at a cost neutral level for 2023 and much of 2024, but that the outcome of these changes will be highly dependent on market behaviour which is difficult to predict;

Decisions on utes

6 **agreed** that charges payable on utes remain consistent with those imposed on other vehicle types;

Increasing the repayable Crown grant to enable rebates to continue to be paid in 2023

7 **noted** that, as a consequence of the continuing high numbers of clean vehicles being imported, the repayable Crown grant, which funds rebates when charge revenue is insufficient, is expected to be exhausted at some point before the end of April 2023;

8 **noted** that if no action is taken to prevent the exhaustion of the repayable Crown grant, the payment of rebates will be temporarily suspended until the scheme's cash reserve has been sufficiently replenished through the build-up of charge revenue;

Balancing the disruption to the vehicle market against demands on Crown Funding

9 **agreed in principle** that the timing of any changes as a result of the decisions in paragraphs 3 and 5 commence the first of September 2023, subject to agreement between the Minister of Finance and the Minister of Transport (the Minister);

Fix an inadvertent misclassification of Disability Vehicles

10 **agreed** that Disability Vehicles, as defined by Land Transport (Clean Vehicle Discount Scheme Charges) Regulations 2022, should for the purposes of the Clean Vehicle Standard be deemed as "Type B vehicles" rather than "Type A vehicles", and accordingly, agree to amend the Land Transport (Clean Vehicle Standard) Regulations 2022 in 2023;

Financial implications

11 **noted** that the Minister has sought $350 million in bid to Budget 2023 to fund the policy in the paper under DEV-23-SUB-0051;

Announcement of the changes and securing regulation change

12 **invited** the Minister to issue drafting instructions to the Parliamentary Counsel Office to give effect to the decisions under DEV-23-MIN-0051, including any necessary consequential amendments, savings and transitional provisions;

13 **noted** that following Cabinet confirmation, the Minister will announce the changes to the rebates and charges as soon as practicable so as to commence the notice period for consumers and the vehicle industry;

14 s 9(2)(f)(iv) [redacted]

Jenny Vickers
Committee Secretary

Attendance: (see over)

Present:
Rt Hon Chris Hipkins (part of item)
Hon Grant Robertson (Chair)
Hon Dr Megan Woods
Hon Michael Wood
Hon Dr Ayesha Verrall
Hon Willie Jackson
Hon Damien O'Connor
Hon David Parker
Hon Peeni Henare
Hon Priyanca Radhakrishnan
Hon Kieran McAnulty
Hon Ginny Andersen
Hon Dr Duncan Webb
Hon Rino Tirikatene
Hon Dr Deborah Russell
Jo Luxton MP

Officials present from:
Office of the Prime Minister
Officials Committee for DEV

Cabinet

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Report of the Cabinet Economic Development Committee: Period Ended 6 April 2023

On 11 April 2023, Cabinet made the following decisions on the work of the Cabinet Economic Development Committee for the period ended 6 April 2023:

Out of Scope

[redacted]

DEV-23-MIN-0051	**Clean Car Discount: Changes to Manage High Uptake of the Scheme** Portfolio: Transport	CONFIRMED

Out of Scope

[redacted]

Out of Scope

Rachel Hayward
Secretary of the Cabinet

TE MANATŪ WAKA
MINISTRY OF TRANSPORT

26 April 2023 OC230331

Hon Michael Wood **Action required by:**

Minister of Transport Thursday, 4 May 2023

CLEAN CAR DISCOUNT UPDATES - CLEAN VEHICLE STANDARD AND CLEAN VEHICLE DISCOUNT SCHEME CHARGES AMENDMENT REGULATIONS 2023

Purpose

To provide the following draft paper and Regulations for your consideration, and to allow you to commence Ministerial consultation on the draft paper and accompanying Regulations:

- Cabinet paper for the Cabinet Legislation Committee (LEG),
- Land Transport (Clean Vehicle Discount Scheme Charges) Amendment Regulations 2023, and
- Land Transport (Clean Vehicle Standard) Amendment Regulations 2023.

We are seeking your response by Thursday 4 May 2023 to allow at least one week for industry consultation following your approval. Previous consultation with the same groups allowed two weeks for their comments.

Key points

- On 19 April 2021, Cabinet agreed that the Clean Car Discount Scheme (the Scheme) would be a key policy to accelerate the transition to low-emission light vehicles (CAB-21-MIN-0128.01 refers). Under the Scheme, people who buy low-emitting vehicles are eligible for a rebate, while those who buy high-emitting ones must pay a charge to fund those rebates.
- The uptake of low emission vehicles is outperforming government and industry expectations, which has made it necessary for Cabinet to review the levels of charges and rebates. This is in line with Cabinet's agreement on 19 April 2021 that the rebates and charges would be regularly reviewed and recalibrated (CAB-21-MIN-0128.01 refers).
- On 5 April 2023, the Cabinet Economic Development Committee agreed to adjust the Scheme's rebates and charges in response to this high uptake of the Scheme (DEV-23-MIN-0051 refers). This was affirmed by Cabinet on 11 April 2023 (CAB-23-MIN-0126 refers).
- The proposed changes agreed to widen the pool of vehicles subject to charges, increase the level of charges, increase the maximum cap on charges and include

Disability Vehicles as “Type B vehicles” to ensure that the correct charges are applied to them.

- Under the Clean Vehicles Amendment Act passed in 2022, when amending the Clean Vehicle Standard Regulations, you are required to consult “who you consider appropriate”, and, to not make an amendment until you are satisfied that any changes are appropriate against a number of criteria to do with financial health of the scheme and emissions reduction. See Annex 1 for a list of the relevant conditions and comments from officials.

- We have agreed with your Office to undertake concurrent departmental and industry consultation during Ministerial consultation. We have initiated consultation with Ministry of Justice, Crown Law, Parliamentary Counsel Office, Inland Revenue, New Zealand Customs Service, New Zealand Defence Force, Ministry for Primary Industries, Ministry for Social Development, Ministry of Health, Treasury, Ministry for the Environment, Department of Internal Affairs, Ministry of Foreign Affairs and Trade, Ministry of Business, Innovation and Employment, the Energy Efficiency and Conservation Authority, and Whaikaha – Ministry of Disabled People. We will advise you of any substantive feedback received and any amendments made to either the paper or the Regulations as a result.

- To undertake industry consultation, we further seek your approval to release the draft Regulations to Waka Kotahi, the Motor Industry Association (MIA) and Imported Motor Vehicle Industry Association (VIA) and Drive Electric as agencies outside of core Crown under CO (19) 2, and specifically under the grounds that:

    - 9.4: The draft legislation will be released, on an in-confidence basis and subject to legal professional privilege, to Waka Kotahi as a Crown entity for the purposes of consultation that is appropriate for the purposes of the Cabinet approval process, and

    - 9.2: The draft legislation will be released to a small, pre-determined group outside of the Crown (to select named individuals within MIA, VIA and Drive Electric) on an in-confidence basis and subject to legal professional privilege and the Chief Legal Adviser of the Ministry of Transport confirms the release will not create a legal risk for the Crown.

- Draft versions of the Regulations are **attached**. Any feedback provided following consultation will be incorporated and certified copies of the Regulations will be provided by Parliamentary Counsel Office to Cabinet Office for lodging.

- As per direction from your Office, these Regulations will come into force on 1 July 2023. Given the prior Cabinet paper at DEV had agreed September in principle [CAB-23-MIN-0126], the LEG paper will seek approval from Cabinet of the 1 July in force date.

- To support this request, we suggest the Regulations be considered by LEG on 18 May 2023 and Cabinet on 22 May 2023. This date would support compliance with the 28-day rule.

Recommendations

We recommend you:

1	**note** that on 19 April 2023, the Cabinet Economic Development Committee agreed to adjust the Scheme's rebates and charges in response to this high uptake of the Scheme (DEV-23-MIN-0051 refers). This was affirmed by Cabinet on 11 April 2023 (CAB-23-MIN-0126 refers).	Noted
2	**note** that the Land Transport (Clean Vehicle Discount Scheme Charges) Amendment Regulations 2023 and Land Transport (Clean Vehicle Standard) Amendment Regulations 2023 will give effect to recommendation 1 above.	Noted
3	**note** that both sets of Regulations have a proposed commencement date of 1 July 2023, which is different from the dates agreed in principle by Cabinet [CAB-23-MIN-0126], but consistent with the direction from your Office	Yes/No
4	**agree** to commence Ministerial consultation on the attached paper and Regulations.	Yes/No
5	**agree** to release the draft Regulations outside of the core Crown to Waka Kotahi, MIA, VIA and Drive Electric	Yes/No
6	**note** that, subject to any changes arising from consultation, we will provide you with the final Cabinet paper and Regulations in time for you to lodge them with the Cabinet Office by 10:00 am on Thursday 11 May 2023.	Noted
7	**confirm** you have given consideration to the matters in Annex 1 and are accordingly satisfied the changes to the scheme are appropriate	Yes/No

Brendan Booth
Chief Legal Adviser
.26/ .04 / .23.

Hon Michael Wood
Minister of Transport
..... / ..... / .....

Minister's office to complete: ☐ Approved ☐ Declined

☐ Seen by Minister ☐ Not seen by Minister

☐ Overtaken by eventsComments

Contacts

Name	Telephone	First contact
Phoebe Moir, Legal Adviser	s 9(2)(a)	✓
Sigurd Magnusson, Senior Policy Advisor, Environment & Emissions Policy Design	s 9(2)(a)	
Dawn Kerrison, Deputy Chief Legal Adviser	s 9(2)(a)	
Brendan Booth, Chief Legal Adviser	s 9(2)(a)	

Appendix 1 - Requirements when amending Clean Vehicle Discount regulations:

Section 167A(7) ("Regulations imposing fees and charges for purposes of clean vehicle discount scheme") of the Land Transport Act 1998 specifies "The Minister must not recommend the making of regulations unless the Minister is satisfied" of the items found in the table below.

The Minister must not recommend the making of regulations unless the Minister is satisfied—	**Matters to consider in evaluating if the changes are 'appropriate':**
(a) that the fees or charges are appropriate to sustain a scheme designed to increase consumer demand for zero- and low-emission vehicles and decrease consumer demand for high-emission vehicles:	Rebates will be reduced to make them more affordable to the scheme, while still being generous enough to influence behaviour. Charges will be increased to cover the cost of rebates, and are expected to discourage purchase. Annex 2 shows financial modelling for 2023 and 2024, with a greater balance between rebates and charges.
(b) that the imposition and level of fees or charges are appropriate, after considering—	-
(i) the variety and availability of zero- and low-emission vehicles expected to enter the New Zealand light vehicle market in the following 12 to 24 months; and	The variety and availability of zero emission vehicles is expected to improve, with more affordable (sub $50,000) cars, and hybrid/electric utes and vans may increase in availability in the coming years. High volumes of some EVs are entering New Zealand. Used import low emission hybrids are available in high volumes. There is likely to remain a limited supply of used import EVs.
(ii) the market behaviour of consumers, including the nature of any continued demand for high-emission vehicles; and	Uptake of zero and low emission vehicles is greater than anticipated. Continued demand for high emission vehicles remains primarily limited to: (a) large numbers of diesel utes in the case of brand new vehicles, and (b) small numbers of vans and sports/performance cars in the case of used vehicles.
(iii) international and domestic climate change ambitions and commitments; and	The changes support the ERP target of 30% of our light fleet being zero emission by 2035, by strongly encouraging EVs through rebates in the short term. Further changes of a similar nature will still be needed. These changes contribute to our domestic and international commitments to a net zero 2050 economy. The changes support two key initiatives under the ERP action titled "Action 10.2.1: Accelerate the uptake of low-emissions vehicles", as follows: 1. "Consider further measures needed from 2027 – to increase the fuel efficiency of the imported fleet and avoid high-emitting vehicles being dumped onto our market. This will help avoid Aotearoa becoming a dumping ground for high emitting vehicles." (The changes help shift market dynamics today such that it will be easier to introduce CO2 targets for 2028 that are high ambition). 2. "Set a maximum CO2 limit or penalties for individual light internal combustion engine vehicle imports to tackle the highest emitting vehicles" (The changes increase the

	'penalties' on the highest emission vehicles, discouraging their purchase).
(iv) the anticipated impact of the fees and charges on the market; and	Fees and charges have been arranged to discourage high emission vehicles, especially in circumstances where there is good choice for low emission alternatives. Feedback from the Motor Industry Association, Imported Motor Vehicle Industry Association, and Drive Electric confirm that there is reasonable choice for consumers below the 150g threshold from which charges will apply. Other than for purchases of brand new utes, or used vans and sports/performance cars, most consumers will be able to avoid charges if they wish to.
(v) whether the estimated revenue to be received from the charges is sufficient to meet the costs and expenses of the clean vehicle discount scheme funded under section 9(1E) and (1F) of the Land Transport Management Act 2003.	Modelling shown by Annex 2 confirms the expectation that revenue should be sufficient. Actual revenue will be dependent on consumer behaviour, and ongoing changes will be needed to repay crown funding by the end of the decade.

ANNEX 2 - Updated Financial Modelling.

The estimated financial impact of lowering rebates, and raising charges, on 1 July 2023, based on decisions made by Cabinet in April 2023 is shown by the following two tables. The figures are highly dependent on vehicle market behaviour which is difficult to estimate.

2023 (calendar year)	**Rebate expenditure**	**Charge revenue**	**Net position (deficit)**
Forecast (no changes)	$438–$369 million	$141–$145 million	($297-$224 million)
Change from new settings starting July 2023	($75–$68 million)	$124–$137 million	$199-$205 million
Forecast with rebate and charge changes	$362–$301 million	$264–$282 million	($98–$19 million)

2024 (calendar year)	**Rebate expenditure**	**Charge revenue**	**Net position (deficit)**
Forecast (no changes)	$536–$420 million	$124–$135 million	($412–$285 million)
Change from new settings starting July 2023	($174–$149 million)	$208–$254 million	$382–$403 million
Forecast with rebate and charge changes	$362–$271 million	$332–$389 million	($30)–$118 million

In Confidence

Office of the Minister of Transport

Cabinet Legislation Committee

Clean Car Discount Updates - Clean Vehicle Standard and Clean Vehicle Discount Scheme Charges Amendment Regulations 2023

Proposal

1 This paper proposes that the Cabinet Legislation Committee (the Committee) authorise for submission to the Executive Council of the Land Transport (Clean Vehicle Discount Scheme Charges) Amendment Regulations 2023 (the Discount Scheme Amendment Regulations) and the Land Transport (Clean Vehicle Standard) Amendment Regulations 2023 (the Standard Amendment Regulations) (together, "the Regulations").

2 The Discount Scheme Amendment Regulations propose changes which will increase the effectiveness of the Clean Car Discount Scheme (the Scheme) by increasing the level and coverage of charges through adjustments which would match expected rebate expenditure over 2023 and part of 2024 with sufficient revenue. The proposed changes specifically widen the pool of vehicles subject to charges, increase the level of charges and increase the maximum cap on charges.

3 The Standard Amendment Regulations propose to amend an inadvertent misclassification of Disability Vehicles which may cause them to be assigned the stricter emissions targets that are intended for cars, which may result in higher charges for importers. The proposed changes explicitly include Disability Vehicles as defined by the current Discount Scheme Regulations as "Type B vehicles", to ensure that the correct classification is applied.

Relation to government priorities

4 On 9 May 2022, the Government announced New Zealand's first three emissions budgets, which specify the amount of greenhouse gas (GHG) emissions that are permitted over a five-year period, or four years in the case of the first emissions budget. This was followed by the release of the first Emissions Reduction Plan (ERP) on 16 May 2022, which outlined how New Zealand's emissions budgets will be achieved.

5 The ERP sets four targets to reduce transport emissions by an amount that is approximately equivalent to a 41 per cent reduction from 2019 levels by 2035. One of these four targets is to increase zero-emission vehicles to 30 per cent of the light vehicle fleet by 2035. The Scheme is critical to achieving this target because it encourages the purchase of zero- and low-emissions light vehicles through rebates, and discourages the purchase of high emission vehicles through charges.

6 This proposal advances key initiatives under Action 10.2.1 of the ERP:

6.1 "Set a maximum CO2 limit or penalties for individual light internal combustion engine vehicle imports to tackle the highest emitting vehicles", and

6.2 "Continue to incentivise the uptake of low- and zero-emissions vehicles through the Clean Vehicle Discount scheme and consider the future of the road user charge exemption for light vehicles beyond 2024".

7 This proposal directly supports "increasing the uptake of zero-emission vehicles", an Area of Cooperation under the Cooperation Agreement between the Labour Party and the Green Party.

Background to the Discount Scheme Amendment Regulations

8 On 19 April 2021, Cabinet agreed that the Scheme would be a key policy to accelerate the transition to low-emission light vehicles (CAB-21-MIN-0128.01 refers). Under the Scheme, people who buy low-emitting vehicles are eligible for a rebate, while those who buy high-emitting vehicles must pay a charge.

9 The Scheme is intended to be fiscally neutral to the Crown over ten years, with the Scheme's charges providing the revenue for the payment of rebates and the Scheme's implementation and administration costs.

10 To establish the Scheme, a $301.8 million repayable Crown grant was approved through Budget 2021. The Crown grant is to be repaid by Waka Kotahi in periodic payments over ten years. However, Waka Kotahi is only required to make repayments to the extent that the Scheme is in surplus.

11 To ensure that the Scheme is self-financing over ten years, Cabinet agreed on 19 April 2021 that the rebates and charges would be regularly reviewed and recalibrated (CAB-21-MIN-0128.01 refers).

12 The Scheme is outperforming government and industry expectations which has decreased the average CO2 emissions of vehicles entering the light vehicle fleet to an extent that Ministry of Transport modelling did not expect to occur until 2027.

13 On 5 April 2023, the Cabinet Economic Development Committee agreed to adjust the Scheme's rebates and charges in response to this high uptake of the Scheme (DEV-23-MIN-0051 refers). This was affirmed by Cabinet on 11 April 2023 (CAB-23-MIN-0126 refers).

Background to the Standard Amendment Regulations

14 The Clean Car Standard (the Standard) targets importers to encourage them to import low-emissions options to improve supply of low-emissions vehicles in New Zealand.

15 Under the current Land Transport (Clean Vehicle Standard) Regulations 2022, some Disability Vehicles may not have enough seats to meet the definition of a passenger van, which is a "Type B vehicle" under the Standard, because seats are removed to make space for passengers who are wheelchair users.

16 This means that some Disability Vehicles may inadvertently be assigned stricter emissions targets which are intended for cars, and this may result in higher charges for importers and consequent higher charges for disabled people.

17 Cabinet has agreed to amend this misclassification by explicitly including Disability Vehicles as defined by the Land Transport (Clean Vehicle Discount Scheme Charges) Regulations 2022 as "Type B vehicles" (CAB-23-MIN-0126 refers).

18 This will result in less strong (Type B as opposed to Type A) targets for vehicles designed for use by disabled users. This is desirable because such vehicles are less commonly available in low/zero emission format, so it is harder for them to currently achieve targets.

Changes to the Discount Scheme Amendment Regulations

19 The proposed Discount Scheme Amendment Regulations will match expected rebate expenditure over 2023, and part of 2024, with sufficient revenue through increasing the level and coverage of charges through the following changes (all figures exclude GST): (DEV-23-MIN-0051 recommendation 5 refers)

19.1 Widening the pool of vehicles subject to charges by lowering the emissions threshold from 192 grams of CO2 per kilometre to 150 grams.

19.2 Increasing the level of charges by amending the formulae to:

19.2.1 For new vehicles, $500 plus $50 per gram above 150 grams, and

19.2.2 For used vehicles, $250 plus $25 per gram above 150 grams.

19.3 Increasing the maximum cap on charges for vehicles with very high emissions:

19.3.1 For new vehicles, from $4,500 to $6,000, and

19.3.2 For used vehicles, from $2,500 to $3,000.

20 While these changes are estimated to keep the Scheme operating at a cost neutral level for 2023 and much of 2024, the outcome of these changes will be highly dependent on market behaviour, which is difficult to predict.

Changes to the Standard Amendment Regulations

21 The proposed Standard Amendment Regulations will classify Disability Vehicles, as defined by the Land Transport (Clean Vehicle Discount Scheme Charges) Regulations 2022 as “Type B vehicles” rather than “Type A vehicles” (DEV-23-MIN-0051 recommendation 10 refers).

Timing of the changes

22 On 11 April 2023, Cabinet agreed in principle that the Discount Scheme Amendment Regulations would come into effect on 1 September 2023, and that the Standard Amendment Regulations would come into effect by the end of 2023 [CAB-23-MIN-0126].

23 Since then, I have discussed funding availability with the Minister of Finance, and we have agreed that both Amendment Regulations will come into force from 1 July 2023. While this gives less notice to the sector, it will balance rebates and charges sooner, thereby reducing the need for additional funding, which is a key consideration given wider demands for Government funding.

Financial Implications

24 Due to the continuing high numbers of clean vehicles being imported, the repayable Crown grant, which funds rebates when charge revenue is insufficient, is expected to be exhausted in the first half of 2023, dependent on vehicle registrations. If the Scheme runs out of funding, the payment of rebates will be temporarily suspended

until the Scheme's cash reserves have been sufficiently replenished by the build-up of charge revenue.[1]

25 To mitigate this issue, as part of Budget 2023, Cabinet has agreed to provide a $100 million top up to the repayable Crown grant for the 2022/23 financial year. This funding will be sufficient to continue the Scheme's current settings until 1 July 2023.

26 For the Scheme to remain financially sustainable, higher charges and reduced rebates will be required from 1 July 2023, which is now the date proposed for the changes to the Scheme to come into effect. The amendment date differs from the in-principle decision taken by the Cabinet Economic Development Committee for the amendments to take effect in September 2023 (DEV-23-MIN-0051 recommendation 9 refers).

27 Updated modelling showing expectations of the Scheme's financial performance is included in Annex 1.

Impact Analysis

Regulatory Impact Statement

28 A supplementary analysis report (SAR) is attached to this paper. This provides analysis of the Cabinet decisions recorded by DEV-23-MIN-0051.

Climate Implications of Policy Assessment

29 A CIPA was provided in the earlier cabinet paper. This has been updated to reflect Cabinet decisions recorded by DEV-23-MIN-0051 (and a 1 July 2023 changeover of settings); refer Annex 2.

Population Implications

30 Increasing the level and coverage of the Scheme's charges will likely have negative impacts for New Zealand's equity outcomes, particularly for communities that already experience higher rates of economic disadvantage such as Māori, Pacific and disabled communities. There is evidence that wealthier New Zealanders are more likely to adopt EVs and purchase brand new vehicles, and by implication this suggests they could benefit most from the Scheme.

31 However, rebate and survey statistics suggest the Scheme has impacted New Zealanders across different income levels. Similar numbers of buyers of used-imports have received rebates as buyers of new vehicles, and fewer buyers of used imports have paid charges (14.7 percent) than buyers of new vehicles (39.7 percent).

Human Rights

32 The proposals in this paper are consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

s 9(2)(h)

[redacted]

[1] As at 30 April 2023, $57.5 million of funding remains.

s 9(2)(h) [redacted]

Consultation

Departmental consultation

34 The following agencies were consulted in the development of this paper: Waka Kotahi, Ministry of Justice, Crown Law, Parliamentary Counsel Office, Inland Revenue, New Zealand Customs Service, New Zealand Defence Force, Ministry for Primary Industries, Ministry for Social Development, Ministry of Health, Treasury, Ministry for the Environment, Department of Internal Affairs, Ministry of Foreign Affairs and Trade, Ministry of Business, Innovation and Employment, the Energy Efficiency and Conservation Authority and Whaikaha – Ministry of Disabled People. The Department of Prime Minister and Cabinet has been informed.

35 Agencies were overall supportive of this paper and the attached Regulations.

36 Whaikaha noted that reclassifying disability vehicles as "Type B vehicles" is a welcome and pragmatic decision.

37 Waka Kotahi is now working to implement the changes for rebates and charges for 1 July 2023. Waka Kotahi further notes that changes will also be needed to support the implementation of rebates under the Scheme.

Consultation with the vehicle industry

38 Officials have not consulted with representatives of the vehicle industry on the specific text of the Regulations due to time constraints. The Motor Industry Association (MIA) and Imported Motor Vehicle Industry Association (VIA) and Drive Electric were consulted on pricing and other design elements of the proposal prior to policy approval.

39 The MIA expressed that it supports the changes to impose charges from 150g but does not support the proposed timeframe. It requested that committed orders be put in place to protect pricing rules as under the existing scheme since the notice period is less than three months and delivery times remain long on popular models.

40 The VIA agrees that it does make sense for charges to be adjusted to ensure that the Scheme remains in financial balance. It noted a two month implementation as too short and that a three month notice period is sufficient but an even longer notice period would be preferable and garner better support. It also notes that there is good volume of vehicles below 150g which means that most buyers can avoid charges.

41 Drive Electric strongly supports the continuation of the Scheme. It supports imposing charges at 150g though notes that 'social license' is important to the continuity of the Scheme. It would have preferred retrospective treatment of charges to account for three-six month delivery times for vehicles.

Communications

42 The Minister of Transport has announced that the policy decisions will come into effect on 1 July 2023. The Regulations will be published in the *Gazette* once they are made.

Proactive Release

43 This Cabinet paper will be released 30 days following Budget 2023, subject to any provisions under the Official Information Act 1982.

Recommendations

The Minister for Transport recommends that the Committee:

1 **note** that the Land Transport (Clean Vehicle Discount Scheme Charges) Amendment Regulations 2023 and the Land Transport (Clean Vehicle Standard) Amendment Regulations 2023 (together, "the Regulations") will implement the changes to the Clean Car Discount Scheme agreed to in DEV-23-MIN-0051 and CAB-23-MIN-0126.

2 **agree** that the Regulations will come into force on 1 July 2023, instead of the 1 September 2023 date agreed in principle by CAB-23-MIN-0126.

3 **agree** that coinciding changes to the Clean Vehicle Discount Scheme rebates will come into force on 1 July 2023, instead of the 1 September 2023 date agreed in principle by CAB-23-MIN-0126.

4 **authorise** the submission of the Regulations to the Executive Council.

Authorised for lodgement

Hon Michael Wood

Minister for Transport

Annex 1 – Updated Financial Modelling.

The estimated financial impact of lowering rebates, and raising charges, on 1 July 2023, based on decisions made by Cabinet in April 2023 is shown by the following two tables. The figures are highly dependent on vehicle market behaviour which is difficult to estimate.

2023 (calendar year)	**Rebate expenditure**	**Charge revenue**	**Net position (deficit)**
Forecast (no changes)	$438–$369 million	$141–$145 million	($297-$224 million)
Change from proposals (if started July 2023)	($75–$68 million)	$124–$137 million	$199-$205 million
Forecast with rebate and charge proposals	$362–$301 million	$264–$282 million	($98–$19 million)

2024 (calendar year)	**Rebate expenditure**	**Charge revenue**	**Net position (deficit)**
Forecast (no changes)	$536–$420 million	$124–$135 million	($412–$285 million)
Change from proposals (if started July 2023)	($174–$149 million)	$208–$254 million	$382–$403 million
Forecast with rebate and charge proposals	$362–$271 million	$332–$389 million	($30)–$118 million

Annex 2 - Climate Implications of Policy Assessment: Disclosure Sheet

This disclosure sheet provides the responsible department's best estimate of the greenhouse gas emissions impacts for New Zealand that would arise from the implementation of the policy proposal or option described below. It has been prepared to help inform Cabinet decisions about this policy. It is broken down by periods that align with New Zealand's future emissions budgets.

Section 1: General information

General information	
Name/title of policy proposal or policy option:	Clean Car Discount – Changes to make the scheme financially sustainable (2023)
Agency responsible for the Cabinet paper:	Ministry of Transport/Te Manatū Waka
Date finalised:	20 April 2023
Short description of the policy proposal:	Reduce rebates on zero/low emission vehicles and imposes greater charges on high emission vehicles under the Clean Car Discount scheme, in order to rebalance finances of the scheme, while continuing some decarbonisation impact. Pricing changes to used import vehicles are smaller than for brand new vehicles. This CIPA models the decisions made by Cabinet in April 2023.

Section 2: Greenhouse gas emission impacts

Sector & source	Changes in greenhouse gas emissions in kilotonnes of carbon dioxide equivalent (Kt CO_2-e)						
	2020–25	2026–30	2031–35	2036–40	2041–45	2046–50	Cumulative impact
Updated abatement estimate of current Clean Car policies	-470	-1467	-1727	-1765	-1575	-1276	-8280
Estimate of proposed Clean Car policy with Clean Car Discount settings change	-418	-1345	-1632	-1705	-1546	-1266	-7911
Total impact (positive represents an increase to emissions)	52	122	96	60	29	10	369

Section 3: Additional information

Additional information
The Clean Car Discount is an initiative that reduces emissions; however the modelling suggests that the proposed setting changes will increase emissions due to the higher impact that rebates currently have on emission compared to fees. This was always likely to be the case as the intention of the initiative was always to reduce rebates as low emissions vehicles become more price competitive and increase fees to discourage purchase of higher emissions vehicles. The modelling has assumed that the Cabinet agreed settings will take effect in July 2023 to Dec 2024, from Jan 2025 it is assumed that there will be another review and for this reason the settings have been set the same under base and proposed scenarios from this point onwards. Only central estimates have been provided for simplicity however high to low ranges of impact have been produced that support this information and convey the high level of uncertainty of these estimates These estimates should be considered provisional as they are subject to further work and should be expected to change as the analysis is refined over time Emissions impact estimates exclude electricity impacts as these are insignificant

Section 4: Quality assurance

Quality assurance
The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements apply to this proposal. The combined impact of the Clean Car Discount and Standard has been re-estimated at 8,280 Kt under current settings, reducing to 7,911 Kt if the proposal under this paper is implemented in July this year. The proposed settings changes are expected to result in an increase of emissions of 269 Kt CO2 –e over the next three emissions budgets. This is relatively small compared to the total modelled emissions impact from the Clean Car package, which is performing better than originally modelled. These estimates should be considered provisional as they are subject to further work and should be expected to change as the analysis is refined over time. The CIPA team has reviewed the results and considers them reasonable for indicating the impact of this change, given the high level of uncertainty.

TE MANATŪ WAKA
MINISTRY OF TRANSPORT

15 May 2023

Hon Kiritapu Allan

Associate Minister of Transport

Action required by:

Thursday, 18 May 2023

AIDE MEMOIRE: BACKGROUND TO THE CLEAN CAR DISCOUNT UPDATES

To: Hon Kiritapu Allan, Associate Minister of Transport

From: Phoebe Moir, Legal Adviser, and Sigurd Magnusson, Senior Adviser

Date: 15 May 2023

Summary

1 This Memoire provides background to the updates to:

1.1 the Clean Vehicle Discount Scheme proposed by the Land Transport (Clean Vehicle Discount Scheme Charges) Amendment Regulations 2023; and

1.2 the Land Transport (Clean Vehicle Standard) Amendment Regulations 2023 which will be before the Cabinet Legislation Committee (LEG) on 18 May 2023.

2021: The Clean Car Discount Scheme

2 On 19 April 2021, Cabinet agreed that the Clean Car Discount Scheme (the Scheme) would be a key policy to accelerate the transition to low-emission light vehicles (CAB-21-MIN-0128.01 refers). Under the Scheme, people who buy low-emitting vehicles are eligible for a rebate, while those who buy high-emitting vehicles must pay a charge to fund those rebates.

3 At the same time, Cabinet agreed that the rebates and charges under the Scheme would be regularly reviewed and recalibrated.

4 To establish the Scheme, a $301.8 million repayable Crown grant was approved through Budget 2021. The Crown grant is to be repaid by Waka Kotahi in periodic payments over ten years to ensure the Scheme is fiscally neutral to the Crown. It is intended that the Scheme's charges will provide revenue for the payment of rebates and the Scheme's implementation and administration costs.

2022: Regulations Give Effect to Cabinet's Agreement

5 On 28 February 2022, the Land Transport (Clean Vehicle Discount Scheme Charges) Regulations 2022 were made to give effect to the charges payable under the Scheme.

6 On 16 May 2022, the Government released New Zealand's first Emissions Reduction Plan which set four targets to reduce transport emissions by an amount that is approximately equivalent to a 41 per cent reduction from 2019 levels by 2035. One of these targets is to increase zero-emission vehicles to 30 per cent of the light vehicle fleet by 2035, and initiatives under the Plan include setting maximum CO2 limits or penalties on high emissions vehicles and incentivising the uptake of low and zero-emissions vehicles through the Clean Vehicle Discount Scheme.

7 Later in the year, on 31 October 2022, the Land Transport (Clean Vehicle Standard) Regulations 2022 were made, introducing a corresponding Standard which targets importers to encourage them to import low-emissions options to improve supply of low-emissions vehicles in New Zealand.

2022: The Scheme Outperforms Expectations

8 The Scheme is outperforming government and industry expectations, as shown by the share of petrol and diesel vehicles entering the fleet falling from almost 77 percent in 2021 to 61 percent in 2022.The share of battery electric vehicles entering the fleet increased from 2 percent in 2021 to 13 percent in 2022.

9 This uptake of low and zero emission vehicles has moved New Zealand's position from below the global average of electric vehicle purchase rates to above the global average.

2022: The Standard Misclassifies Disability Vehicles

10 The Standard inadvertently misclassifies Disability Vehicles, because some Disability Vehicles may not have enough seats to meet the definition of a passenger van, which is a "Type B vehicle" under the Standard, because seats are removed to make space for passengers who are wheelchairs users.

11 This means that some Disability Vehicles may inadvertently be assigned stricter emissions targets as "Type A vehicles", resulting in higher charges for importers and the disabled people who use the vehicles.

2023: Proposed Amendments to the Scheme and the Standards

12 On 5 April 2023, the Cabinet Economic Development Committee agreed to adjust the Scheme's rebates and charges in response to the high uptake of the Scheme, and to resolve the inadvertent misclassification of Disability Vehicles under the Standard (DEV-23-MIN-0051 refers). This was affirmed by Cabinet on 11 April 2023 (CAB-23-MIN-0126 refers).

13 Following Cabinet on 11 April 2023, Minister Wood and the Minister of Finance agreed that both Amendment Regulations would come into force from 1 July 2023, rather than 1 September, to reduce the need for additional funding.

14 On 6 April 2023, Minister Wood confirmed that he had considered the factors required under s 167A(7) of the Land Transport Act 1998 and was satisfied that the proposed changes to the Scheme are appropriate.

Cabinet Committee Background Information and Talking Points

Cabinet Committee: *Cabinet Legislation Committee (LEG)*

Paper Title: *Clean Car Discount Updates – Clean Vehicle Standard and Clean Vehicle Discount Scheme Charges Amendment Regulations 2023*

Portfolio: *Transport*

Officials Attending:

- *Dawn Kerrison, Deputy Chief Legal Adviser, Ministry of Transport*
- *Phoebe Moir, Legal Adviser, Ministry of Transport*
- *Sigurd Magnusson, Senior Adviser – Environment and Emissions Policy Design, Ministry of Transport*

The following points are the ones you should make if you are constrained for time:

I seek LEG's approval to authorise the following be submitted to Executive Council:

- Land Transport (Clean Vehicle Discount Scheme Charges) Amendment Regulations 2023
- Land Transport (Clean Vehicle Standard) Amendment Regulations 2023 (together, "**the Regulations**").

The Discount Scheme Amendment Regulations:

- increase the effectiveness of the Clean Car Discount Scheme
- specifically widen the pool of vehicles subject to charges, increase the level of charges and increase the maximum cap on charges.

The Standard Amendment Regulations:

- amend an inadvertent misclassification of Disability Vehicles which may cause them to be assigned the stricter emissions targets that are intended for cars
- are desirable because Disability Vehicles are less commonly available in low/zero emission format, so it is harder for them to currently achieve targets.

I recommend the Regulations be made and am satisfied that the requirements have been met under section 167A(6) & (7) of the Land Transport Act 1998. (*see* last page **attached** if needed)

The Regulations do not seek a waiver of the 28-day rule and are drafted to come into force on 1 July 2023.

Detailed talking points:

Land Transport (Clean Vehicle Discount Scheme Charges) Amendment Regulations 2023:

- On 19 April 2021, Cabinet agreed that the Clean Car Discount Scheme would be a key policy to accelerate the transition to low-emission light vehicles (CAB-21-MIN-0128.01 refers). Under the Scheme, people who buy low-emitting vehicles are eligible for a rebate, while those who buy high-emitting ones must pay a charge.

- The Scheme is intended to be fiscally neutral to the Crown over ten years, with the Scheme's charges providing the revenue for the payment of rebates and the Scheme's implementation and administration costs.

- On 5 April 2023, the Cabinet Economic Development Committee agreed to adjust the Scheme's rebates and charges in response to this high uptake of the Scheme (DEV-23-MIN-0051 refers). This was affirmed by Cabinet on 11 April 2023 (CAB-23-MIN-0126 refers). A press release about the policy changes was issued by the Minister of Transport on 2 May 2022.

- The Discount Scheme Amendment Regulations are consistent with these decisions and propose changes which will increase the effectiveness of the Clean Car Discount Scheme. The proposed changes specifically widen the pool of vehicles subject to charges, increase the level of charges and increase the maximum cap on charges.

Land Transport (Clean Vehicle Standard) Amendment Regulations 2023

- The Clean Car Standard (the Standard) targets importers to encourage them to import low-emissions options to improve supply of low-emissions vehicles in New Zealand.

- Under the current Land Transport (Clean Vehicle Standard) Regulations 2022, some Disability Vehicles may not have enough seats to meet the definition of a passenger van, which is a "Type B vehicle" under the Standard, because seats are removed to make space for passengers who are wheelchair users.

- This means that some Disability Vehicles may inadvertently be assigned stricter emissions targets which are intended for cars, and this may result in higher charges for importers, and consequent higher charges for disabled people.

- The Standard Amendment Regulations will result in less strong (Type B as opposed to Type A) targets for vehicles designed for use by disabled users. Some Disability Vehicles are cars and will also be assigned less strong targets.

- The changes are desirable because Disability Vehicles are less commonly available in low/zero emission format, so it is harder for them to currently achieve targets.

Other information if questions are raised by your Cabinet Legislation Committee colleagues

How do the Regulations to be considered by LEG support government priorities?

- The changes proposed assist in meeting the objections of the Emissions Reduction Plan (ERP) which outlines how New Zealand's emissions budgets will be achieved

- The proposal also supports "increasing the uptake of zero-emission vehicles", which is an Area of Cooperation under the Cooperation Agreement between the Labour Party and the Green Party.

Why are the changes coming into effect on 1 July 2023?

- You discussed funding availability with the Minister of Finance and both agreed that the changes and corresponding changes to rebates will come into force from 1 July 2023. This will balance rebates and charges sooner and reduce the need for additional funding.
- Waka Kotahi have confirmed they can implement the changes by this date.

What are the financial implications of this proposal?

- The changes to the Scheme will allow it to remain financially sustainable after 1 July 2023 by raising charges and reducing rebates.

Will this change make the scheme less equitable?

- Increasing the level and coverage of the Scheme's charges will likely have negative impacts for New Zealand's equity outcomes, particularly for communities that already experience higher rates of economic disadvantage such as Māori, Pacific and disabled communities.

- However, rebate and survey statistics suggest that the Scheme has impacted New Zealanders across different income levels. Similar quantities of rebates have been received by buyers of used imports and buyers of new vehicles, and fewer buyers of used imports (14.7%) have paid charges compared to buyers of new vehicles (39.7%).

s 9(2)(h) [redacted]

- s 9(2)(h) [redacted]

What feedback was received during consultation?

- All agencies consulted were overall in support of this paper and the Regulations.
- Waka Kotahi is now working to implement the changes for rebates and charges for 1 July 2023.
- Waka Kotahi further noted that changes will also be needed to support the implementation of rebates under the Scheme.
- Officials have not consulted with representatives of the vehicle industry on the specific text of the Regulations due to time constraints.
- The Motor Industry Association (MIA), Imported Motor Vehicle Industry Association (VIA) and Drive Electric were consulted on pricing and other design elements of the proposal prior to policy approval.
    - MIA expressed support for the changes to impose charges from 150g but did not support the proposed timeframe because delivery times remain long on popular models. The MIA also sought more generous treatment of utes.
    - VIA noted that there is good volume of vehicles below 150g which means that most buyers can avoid charges. VIA noted that a two month implementation period would be too short, and a three month notice period is sufficient but an even longer notice period would be preferable and garner better support.
    - Drive Electric supported imposing charges from 150g and would have preferred retrospective treatment of charges to account for three-six month delivery times for vehicles.

Have you considered the requirements under section 167A(6) & (7) of the Land Transport Act 1998?

Section 167A(6) requires you to consult such persons as you consider appropriate

- Officials have consulted with Waka Kotahi and other departments on the Regulations. Industry representatives (MIA, VIA and Drive Electric above) were consulted on pricing and other design elements of the proposal prior to policy approval.

Section 167A(6) requires that you must be satisfied that the fees and charges are appropriate to sustain the scheme

- The charges are appropriate to sustain a scheme designed to increase consumer demand for zero- and low-emission vehicles and decrease consumer demand for high-emission vehicles, and that the imposition and level of charges is appropriate.

LEG-23-MIN-0062

Cabinet Legislation Committee

Minute of Decision

Clean Car Discount Updates - Clean Vehicle Standard and Clean Vehicle Discount Scheme Charges Amendment Regulations 2023

Portfolio **Transport**

On 18 May 2023, the Cabinet Legislation Committee:

1 **noted** that in April 2023, the Cabinet Economic Development Committee (DEV) agreed changes to the Clean Car Discount scheme to focus rebates on the lowest emission vehicles, and ensure revenue is raised to match rebate expenditure over 2023 and part of 2024 [DEV-23-MIN-0051];

2 **noted** that the Land Transport (Clean Vehicle Discount Scheme Charges) Amendment Regulations 2023 and the Land Transport (Clean Vehicle Standard) Amendment Regulations 2023 implement the decisions above;

3 **noted** that in April 2023, DEV agreed in principle that the timing of any changes as a result of the decisions in paragraphs 3 and 5 (of DEV-23-MIN-0051) would commence the first of September 2023, subject to agreement between the Minister of Finance and the Minister of Transport [DEV-23-MIN-0051];

4 **agreed** that the regulations referred to above will now come into force on 1 July 2023, instead of the 1 September 2023, as agreed by the Minister of Finance and the Minister of Transport;

5 **agreed** that coinciding changes to the Clean Vehicle Discount Scheme rebates will come into force on 1 July 2023, instead of the 1 September 2023 date agreed in principle by Cabinet;

6 **authorised** the submission to the Executive Council of the:

6.1 Land Transport (Clean Vehicle Discount Scheme Charges) Amendment Regulations 2023 [PCO 25495/6.0];

6.2 Land Transport (Clean Vehicle Standard) Amendment Regulations 2023 [PCO 25496/3.0];

Rebecca Davies
Committee Secretary

Attendance: see over

Present:
Hon Kiri Allan
Hon Andrew Little (Chair)
Hon David Parker
Hon Kieran McAnulty
Hon Barbara Edmonds
Hon Willow-Jean Prime
Hon Dr Duncan Webb
Hon Rachel Brooking
Hon Jo Luxton
Tangi Utikere, MP

Officials present from:
Office of the Prime Minister
Officials Committee for LEG

CAB-23-MIN-0183

Cabinet

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Report of the Cabinet Legislation Committee: Period Ended 19 May 2023

On 22 May 2023, Cabinet made the following decisions on the work of the Cabinet Legislation Committee for the period ended 19 May 2023:

Out of Scope

LEG-23-MIN-0062	**Clean Car Discount Updates - Clean Vehicle Standard and Clean Vehicle Discount Scheme Charges Amendment Regulations 2023** Portfolio: Transport	CONFIRMED

Out of Scope

Out of Scope

[redacted]

Rachel Hayward
Secretary of the Cabinet