TE MANATŪ WAKA
MINISTRY OF TRANSPORT

28 November 2023 | OC230926

Hon Simeon Brown
Minister of Transport

Action required by:
Wednesday, 29 November 2023

ENDING THE CLEAN CAR DISCOUNT

Purpose

This briefing explains the process for, and consequences of, ending the Clean Car Discount and provides advice on the recommended next steps.

Key points

- The 100 Day Action Plan commits to ending the Clean Car Discount by 31 December 2023 and this will require an urgent sequence of actions by Ministers and officials including:
    - You securing Cabinet policy decisions on 4 December and Cabinet approvals for introducing a Bill on 18 December.
    - Parliament progressing a Bill under urgency through all stages of the House and receiving royal assent within December.
    - You and the Minister of Finance signing other authorisations.
    - Waka Kotahi implementing change rapidly.
- With approximately one month remaining in the year there is a risk that these steps could require slightly more time.
- A Draft Cabinet Paper, Regulatory Impact Statement, and Climate Implications of Policy Assessment are attached for your review; these will need to be finalised and lodged this week ahead of the 4 December Cabinet meeting. With your agreement we will commence Departmental consultation immediately.
- s 9(2)(h) [redacted]

Recommendations

We recommend you:

1 **agree**, subject to discussions with the Minister of Climate Change, to end the Clean Car Discount, removing high-emission charges and removing low emission vehicle rebate eligibility for vehicles registered on 1 January 2024 onwards — Yes / No

2 **agree** to the release of the Bill outside the core Crown to Waka Kotahi for consultation and to ensure that the Bill is fit for purpose operationally — Yes / No

3 **indicate**, subject to your agreement to recommendation 1, your preference for transitional arrangement, including**:**

- whether there should be transitional arrangement allowing for the claiming and payment of rebates, if the vehicle is *registered* before midnight 31 December 2023, but the rebate application is made by 31 January 2024. — Yes / No
- and whether there should be further transitional arrangements allowing for the claiming and payment of rebates, if the vehicle is *purchased* before midnight 31 December 2023, so long as the vehicle is then registered in 2024. — Yes / No

4 **agree** to urgently take a Cabinet Paper with accompanying regulatory impact statement and climate implications of policy assessment to Cabinet, to agree policy decisions and authorise legislative drafting. — Yes / No

5 **note** officials will provide you with further advice on options to reduce emissions as part of our advice on the Government's second ERP.

6 **refer** this briefing and the attached papers to the Minister of Climate Change. — Yes / No

Siobhan Routledge **Acting Deputy Chief Executive Policy** ..... / ...... /	Hon Simeon Brown **Minister of Transport** ..... / ...... / ......

Minister's office to complete:

☐ Approved ☐ Declined

☐ Seen by Minister ☐ Not seen by Minister

☐ Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Siobhan Routledge, Acting Deputy Chief Executive Policy	s 9(2)(a)	✓
Nick Paterson, Manager, Environment	s 9(2)(a)	
Sigurd Magnusson, Senior Policy Adviser, Environment	s 9(2)(a)	

ADVICE ON ENDING THE CLEAN CAR DISCOUNT

Ending the Clean Car Discount

Ending the Clean Car Discount this year requires urgent prioritisation

1 The National Party's 100 Day Action Plan and the National/ACT Coalition Agreement commits to ending the Clean Car Discount this year. This briefing outlines the legal requirements, processes, and options in giving effect to this commitment.

2 The Clean Car Discount is given effect through a series of Cabinet decisions, Ministerial Directions, a Funding Deed, and the Land Transport (Clean Vehicle Discount Scheme Charges) Regulations 2022 (the regulations), and legislation amended through the Land Transport (Clean Vehicles) Amendment Act 2022. While changing the scheme's rebates and charges relies only on Cabinet decisions or amendments to regulations, ending the scheme outright requires primary legislative change.

3 Officials have drafted a Cabinet paper and a regulatory impact statement (attached), which work towards allowing the scheme to end by 31 December 2023. For this change to be implemented this year, the Cabinet paper would need to be considered at a Cabinet meeting as soon as possible, as there are multiple necessary legal and implementation steps, including moving a Bill through all House stages under urgency.

4 Key dates are shown below, and are detailed in Appendix 1:

- Cabinet Meeting on 4 December 2023 for policy decisions and a further Cabinet Meeting on 18 December 2023 seeking introduction of legislation. Due to the time constraints, we are recommending taking decisions directly to Cabinet and not via Cabinet Committee.
- Bill introduced to the House under urgency and immediately following Cabinet legislative approval, with Royal assent by Thursday 21 December 2023.
- Updated Ministerial direction and funding deed agreed by 22 December 2023.

5 Given the number of days left this year, there is some risk that all of the necessary steps will not be completed in time. This can be mitigated by you confirming with coalition parties, Ministerial colleagues and your officials that this commitment be prioritised over other matters.

Fiscal impacts to the Crown in removing the scheme

6 Ending the scheme may return money to government, but the amount depends on market behaviour and your direction on how to utilise remaining funding.

6.1 A Crown Grant was made in 2021 of $301.8 million. Any remaining amount once the scheme has been disestablished (including wind-down costs for Waka Kotahi) would be returned to the Crown. As at 31 October $19.9 million remained.[1]

[1] https://www.nzta.govt.nz/vehicles/clean-car-programme/clean-car-discount/clean-car-discount-scheme-financial-reports/

6.2 An additional $100 million was appropriated in July 2023 from the Climate Emergency Response Fund (CERF). The full amount of this fund remains available as at 31 October 2023. Unutilised funding after ending the scheme would, as it stands, be returned to the CERF.

7 Following the changes to rebates and charges in July 2023, the scheme's charge revenue and rebate expenditure have been similar, meaning the overall funding level has been fairly stable. However, the amount returned could be reduced given the incentive for consumers to take advantage of the rebate and to postpone vehicle purchases imposed with charges prior to the scheme's dissolution. The amount returned will also depend on the transitional policy decisions you decide to make.

8 We note that the National Party's *Supercharging EV Infrastructure* document[2] indicated $281.5 million should be repaid by the Crown to Waka Kotahi. We provide some further advice on this below.

9 s 9(2)(h) [redacted]

10 s 9(2)(h) [redacted]

11 Since the Clean Car Discount began, Waka Kotahi has spent $8.1 million to administer the scheme. As these administration costs are paid for from charges, there are no administrative savings to the Crown from removing the scheme.

12 Waka Kotahi is permitted to spend up to $8 million operationally per annum to administer the scheme. It is in the process of estimating its wind down costs, with the figure depending on the approach taken to transitional policy decisions. If Waka Kotahi requires more than its annual permitted operating amount then we shall work with you and Waka Kotahi to make necessary arrangements.

Approaches to a transitional phase may impact finances and perceived fairness

13 No transitional phase for charges on high emission vehicles is contemplated. Consistent with your manifesto commitment, charges will end at midnight 31 December 2023, so long as necessary legislative changes have been made by then.

14 Rebates are handled differently with consumers applying for them as a separate process after they register a vehicle. Because some consumers who have bought or registered an eligible vehicle in 2023 may not be able to claim their rebate in time, we recommend you consider a transitional phase for rebates, as follows:

- 1 January 2024: Vehicles *registered* from this date onwards are no longer eligible for rebates.

[2] https://assets.nationbuilder.com/nationalparty/pages/18364/attachments/original/1693957243/Supercharging_EV_Infrastructure.pdf

- 1 January to 31 January 2024: People who registered a vehicle in 2023 can submit a rebate application. This is recommended because applications require proof of payment via bank statements and vehicle sales documentation from the vehicle dealership, which may be difficult for buyers to receive in time. A month should be sufficient for people who have registered their vehicle in the final days of 2023 to apply for a rebate.

- 1 January to 31 March 2024: Waka Kotahi has this period of time to process applications and payment of rebates. This includes working with consumers who have started the rebate application process in time, but for some reason need to provide clarifications or updated information. There could be a spike of applications in late December and early January which will take time to process.

- Subsequently, unspent money would be returned to the Crown/CERF as appropriate.

Additional transitional option for rebates

15 You could consider an additional transitional path, to reflect people who have ordered a rebate-eligible vehicle in 2023 but do not receive the vehicle until 2024. Brand new electric and hybrid vehicles can take months from point of customer order to delivery. Some consumers will have made purchases with dealerships in 2023 with the financial expectation to receive a rebate, and if their vehicle does not arrive soon, may see the loss of a rebate as unfair.

16 If you wish to support people in such circumstances, you could keep eligibility open for vehicles registered in 2024, but with eligibility limited to people who can prove they paid a deposit or made full payment on the relevant vehicle in 2023. You would need to decide how long you are prepared to wait before this transitional approach ends.

17 Waka Kotahi currently only assesses the date of registration when reviewing the eligibility of processing rebates. It does not currently have any provision for restricting rebates tied to a purchase date and this would be complicated to incorporate, particularly given the short notice. If you did choose to pursue this option, we would need to work with Waka Kotahi to make the necessary changes to its systems, and payments to some rebate applicants may need to be delayed while Waka Kotahi amends its systems in early 2024. This additional transitional path would be expected to reduce the amount of money returned to the government.

Legislative changes needed to end the scheme

18 Ending rebates on EVs and hybrids requires Cabinet decisions.

19 However, removing charges on high emission vehicles will require an amendment to both primary and secondary legislation through a Bill that includes the following:

19.1 An amendment to Land Transport Act 1998, to remove references to the scheme.

19.2 An amendment to Land Transport Management Act 2003 (LTMA), to remove references to the scheme.

19.3 A revocation of the Land Transport (Clean Vehicle Discount Scheme Charges) Regulations 2022, which set out the formulas for how charges are calculated.

19.4 An amendment to Land Transport (Motor Vehicle Registration and Licensing) Regulations 2011, to remove references to the scheme.

20 Removing the clean car discount will also require changes to the Energy Efficiency (Vehicle Energy Economy Labelling) Regulations 2007. Following the removal of references, the Minister of Energy would need to gazette a notice specifying the date by which the motor vehicle industry would need to update mandatory labels on vehicles for sale, with an updated label that no longer displays rebates and charges. There are some implementation risks that need to be worked through, to ensure that no labels referencing the clean car discount are displayed once the clean car discount ends. Further advice will be provided with the Cabinet paper.

21 Inland Revenue may elect to remove references to the scheme in the Income Tax Act 2007 (relating to Fringe Benefit Tax treatment of rebates and charges) at a later time.

s 9(2)(h) [redacted]

s 9(2)(h) [redacted]

22 s 9(2)(h) [redacted]

23 s 9(2)(h) [redacted]

24 s 9(2)(h) [redacted]

24.1 s 9(2)(h) [redacted]

24.2 s 9(2)(h) [redacted]

24.3 s 9(2)(h) [redacted]

24.4 s 9(2)(h) [redacted]

24.5 s 9(2)(h) [redacted]

25 s 9(2)(h) [redacted]

s 9(2)(h) [redacted]

26 s 9(2)(h) [redacted]

s 9(2)(h) [redacted]

s 9(2)(h) [redacted]

27 s 9(2)(h) [redacted]

28 s 9(2)(h) [redacted]

The emission impact of ending the Clean Car Discount

29 The Ministry's modelling suggests that if the scheme ended on 31 December 2023 then the expected emission saving from the Clean Car Discount would reduce by between 1,104–2,181 kilotonnes to 2050[3]. This reduction reflects an expected fall in the uptake of EVs and PHEVs and a rise in the purchase of ICE vehicles in the absence of the rebates and charges.

30 The estimated reductions in emission savings over the periods corresponding to the first three emission budgets and for the period to 2050 are shown in the following table:

Reduced CO2-e savings from ending the Clean Car Discount on 31 December 2023 (kilotonnes)				
Scenario	**2022-2025 (EB1)**	**2026-2030 (EB2)**	**2031-2035 (EB3)**	**2022-2050**
Base EV uptake	65	442	451	1,588

[3] The modelling assumes the Clean Car Discount would end in 2030.

Fast EV uptake	81	588	627	2,181
Slow EV uptake	50	317	311	1,104

31 Our estimates are subject to considerable uncertainty. This is because there are multiple factors that impact the supply and demand of EV uptake, and it is also difficult to estimate the pricing trajectory for EVs over this decade.

32 We are confident that the Clean Car Discount has helped speed the shift to low emission vehicles[4]. However, we cannot precisely quantify how much of the increased rate of EV uptake since July 2021 is due solely to the Clean Car Discount and how much has occurred because of factors such as:

- the rise in petrol and diesel prices
- preferences of consumers to reduce their carbon footprints
- the entry of Chinese brands supplying more affordable EVs
- since 1 January 2023, the Clean Car Standard has required vehicle suppliers to lower the average emissions of the vehicles they import.

Transport is on track to sufficiently support the first two emissions budgets but not the third, however this can be addressed in 2024 through the next Emissions Reduction Plan

33 The first three emissions budgets have been set, and in May 2022, the first Emissions Reduction Plan (ERP1) was released, which outlined the previous Government's plan to stay within the first emissions budget.

34 ERP1 set a very ambitious target to reduce emissions from the transport sector by 41 percent from 2019 levels by 2035. This target was the basis of transport's sub-sector targets (ie the amount of emissions reduction sought from transport in the first three emissions budget periods).

35 The most recent set of emissions projections suggests that the transport sector is likely to meet its sub sector targets during the first and second emissions budget periods in part due to lower-than-expected rates of travel.

36 However, the third emission budget (EB3; 2031–2035) is significantly harder, requiring three times the emissions reduction versus the period before it. Our current estimates show we are not on track for the transport sector to achieve its expected contribution to EB3.

37 Based on our modelling we do not expect the removal of the Clean Car Discount to affect the achievement of transport's expected contribution to EB1. However, in the absence of an alternative policy it could create a small risk that transport does not meet its current planned contribution to EB2, and could contribute to making the achievement of current planned transport's contribution to EB3 more difficult (refer Appendix 2). EV uptake barriers, such as high upfront price and access to public EV charging, are noted in Appendix 3.

[4] Higher EV and hybrid uptake correlates strongly with the dates of Clean Car Discount policy changes. EECA research states 62% of consumers surveyed brought forward their EV purchase due to the Clean Car Discount.

38 We recommend you consult the Minister of Climate Change to discuss the impact that this policy change has on the overall achievement of emissions budgets, and in light of any other policy changes across portfolios being contemplated.

39 The main pathway for new mitigations is through the development of the second Emissions Reduction Plan (ERP2), due by the end of 2024. ERP2 presents an opportunity for Ministers to consider:

- what level of abatement each sector will contribute (ie setting new sub-sector targets)
- an appropriate policy mix to achieve EB2 and EB3
- within transport, how much abatement will come from electrification and what policies will be put in place to support that objective.

Faster than expected progress suggests the scheme could be phased out sooner

40 Continuing the Clean Car Discount would reduce the ongoing cost barrier to EV uptake. However, the rate of EV and hybrid uptake is now several years ahead of expectation, and their rapid growth is creating challenges to running the scheme:

40.1 half of the revenue to the scheme is concentrated on 10% of the market who, for the time being, have no capable low-emission alternatives (utes). As low emission vehicle purchases grow, this in turn puts pressure on the Government to impose much higher charges on high emission vehicles at a rapid pace.

40.2 in the absence of increasing charges, there is otherwise a risk of additional Crown funding needed to support the payment of rebates.

40.3 uncertainty and financial risk created for new vehicle distributors when charges and rebates are changed, which is difficult to offer sufficient industry notice of.

40.4 increasing cost of rebates going to people who would buy the vehicles anyway:

Used Imports	Brand new vehicles
Since mid 2023, hybrids represent over half of all used imports. Such widespread adoption suggests the ongoing need to provide subsidies is reducing. Used EVs market share is low (5% of used imports 2023 YTD). This is double the rate prior to the Clean Car Discount. A lack of recent further growth indicates that the limit of available supply out of Japan has been reached and thus financial incentives cannot grow their volume. Japan's domestic EV sales remain low, so used product supply is not set to improve in the short term.	Since mid 2023, brand new hybrids have risen to nearly the uptake level of petrol cars, suggesting the ongoing need to provide subsidies is reducing. While the upfront price of EVs is higher than petrol counterparts, which acts as a barrier, their rapidly falling price means that increasing numbers of buyers can afford EVs without requiring subsidies. Brand new EV market share is moderate (13% of brand new light vehicles 2023 YTD). This eight times higher than the 1.6% uptake rate of the 12-month period preceding the Clean Car Discount. Much greater levels of brand-new EV sales are possible, but would rely in the short term for buyers to switch

	away from brands not selling EVs to brands that do.

41 As such, the scheme is now at a point where it could be appropriate to replace it with alternative policies to reduce emissions.

We can advise you on alternate policies to support the uptake of electric vehicles, and ERP2 provides an opportunity to identify key policies your government would like to put in place

42 As strong EV uptake is likely to remain important to achieving emissions reduction, it is important that effective policies are in place. However, the certainty about where policy should focus is reduced by the multitude of factors that influence the level of EV uptake.

43 Discontinuation of the Clean Car Discount would provide an opportunity for the impact of the scheme to be better understood, including the degree to which price remains a barrier to EV uptake. It would enable the Government to understand whether the Clean Car Standard, which influences vehicle supply rather than demand, is a sufficient lever to encourage low emission vehicles to enter the fleet. If EV uptake subsequently reduces there will be a better understanding of whether future initiatives should be contemplated. These initiatives would ideally be better targeted to avoid the types of costs and risks associated with the Clean Car Discount.

44 Our emissions modelling has not included the positive impact that National's commitment to deliver 10,000 public EV chargers by 2030 will likely have on the uptake of EVs. Access to reliable, frequent, and convenient public charging is key to reducing the barriers to EV uptake (refer Appendix 3).

45 Alongside the expansion of public EV charging, we will give you further advice over the coming 12 months regarding the transport sector's contribution to ERP2 and other policy interventions you may wish to consider.

Implementation impacts for ending the scheme

46 Waka Kotahi, as scheme administrator, has advised that it can achieve the 2023 deadline. This relies on decisions being made as soon as possible to ensure that IT systems and business processes can be changed in time. In the new year, Waka Kotahi will require several additional weeks to complete the cessation of the scheme.

47 Waka Kotahi advises clear public information is needed as soon as possible on the policy changes. This is because the changes will affect a broad stakeholder group including the public, vehicle importers, logistics companies, and vehicle inspecting companies, some of which are located overseas. The timing of when changes can be sequenced is noted in Appendix 1.

Next Steps

48 We recommend you discuss this briefing with the Minister of Climate Change in terms of the emission impact ending the Clean Car Discount will have on emission budgets.

49 Officials have attached a draft cabinet paper, regulatory impact statement, and climate impacts of policy paper.

50 These papers will need to be finalised and considered by Cabinet on 4 December, in order to be able to pass legislation by the end of the year. The attached cabinet paper seeks to agree policy decisions and to authorise Parliamentary Counsel Office (PCO) to begin legislative drafting. You will need to work with officials and your colleagues finalise the cabinet paper and lodge it this Thursday (or Friday if an extension is granted by the Prime Minister's office).

Appendix 1 - Steps and timeline to end the scheme by 31 December 2023

Step	Timeframe	Risks and mitigations
Before making final decision to deprioritise this policy, consider the implications it may have on achieving carbon emissions budgets and potential options to make up a shortfall.	29 November 2023	s 9(2)(h) [redacted]
Cabinet agreement to: • end the Clean Car Discount for all vehicles registered after 31 December 2023 • authorise the Ministers of Transport and Finance to agree a new Deed with Waka Kotahi, terminating the existing Funding Deed that enables it to operate the scheme • issue drafting instructions to Parliamentary Counsel Office (PCO) to draft amendments to relevant primary and secondary legislation • note the accompanying regulatory impact statement and climate implications of policy assessment • amend appropriations within Vote Transport. After this point, you or Waka Kotahi could issue public communications explaining that the government has agreed to end rebates at the end of the year (with any transitional policy decisions as decided), and intends to introduce and pass a Bill to end high emission vehicles charges, taking effect at the end of the year.	28 November draft 30 November Lodged 4 December Cabinet	There are likely to be few Cabinet meetings before the end of the working year. To expedite approval, we would work with your Office to ensure the paper is considered at the earliest meetings as possible. You will need to go direct to Cabinet rather than via Committee.
Briefing seeking your agreement to sign an attached: • updated Ministerial Direction to terminate the scheme and cease payment of rebates • new Deed with Waka Kotahi to terminate the existing Funding Deed. This will need to be jointly signed by the Minister of Finance. While the Ministerial Direction and Deed will be sent to you ahead of the legislation being amended, you will need to wait until the legislation has been amended before signing them. Once documents are signed, Waka Kotahi will refuse processing of rebates on vehicles registered from the date they specify.	Week commencing 11 December	None anticipated.
Cabinet authorisation to introduce a Bill to end the scheme.	7 December draft 14 December Lodged 18 December Cabinet	This timeline offers little time for departmental or Ministerial consultation. We will work with your Office to ensure any key issues are raised and addressed as soon as possible.

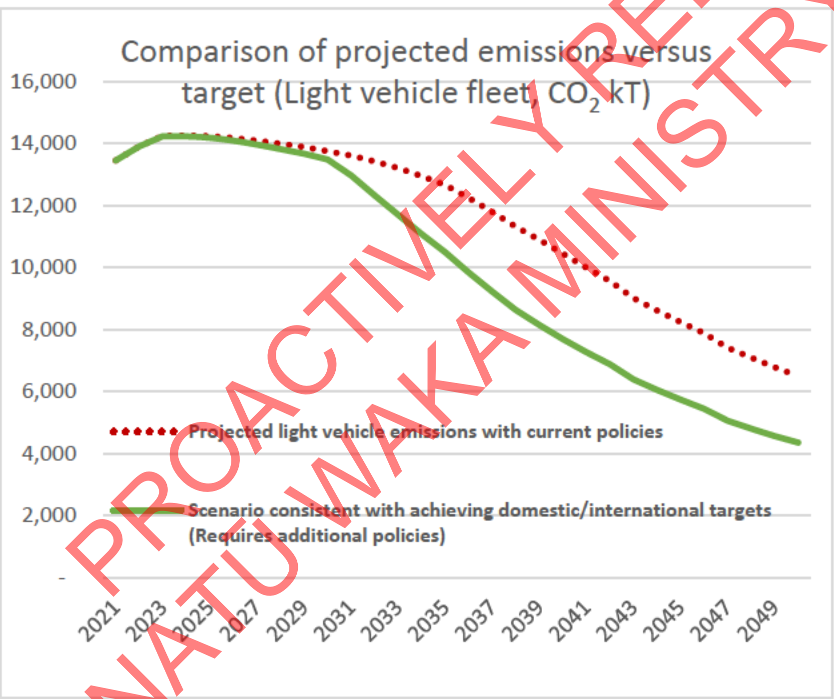
		You will need to go direct to Cabinet rather than via Committee.
Bill progresses through all stages of the House. If the Bill passes, formally direct Waka Kotahi to rapidly end imposing charges on vehicles registered on or after the commencement date of the Act, and issue a Direction to Waka Kotahi on processing outstanding rebates for a transitional period extending into early 2024.	Week of 18 December	Relies on you moving a motion, and the House agreeing, for the Bill to be introduced under urgency and to complete all stages while under urgency. This is required for the Bill to pass before Christmas.
Act obtains Royal Assent. It is at this point that the vehicle industry and the public shall gain absolute certainty that high emission charges will end. A new Deed with Waka Kotahi to terminate the existing Funding Deed. This will need to be jointly signed by you and the Minister of Finance. The Funding Deed sets out the terms on which the Crown provides Grant Funding to Waka Kotahi to enable Waka Kotahi to pay rebates and administer the Clean Car Discount.	21 December	Notification on 21 December will just be one business day for officials to complete necessary steps and provide extremely little formal notice to the public and industry. Waka Kotahi will have just a few days to implement changes.
Vehicles first registered from this date will no longer be charged with high emission charges, nor would be eligible for rebates under the Clean Car Discount policy.	1 January 2024	Relies on all above steps being completed on time.
Proposed date that rebate application form is removed. Rebates on vehicles registered in 2023 that were eligible for a rebate must be applied for by this time.	Midnight 31 January 2024	None anticipated
Proposed last date that rebate payments on vehicles registered in 2023 can be processed and paid out by Waka Kotahi. It is possible there will be large backlog of rebates for Waka Kotahi to process and it may take time for these to be paid out. After this date, Waka Kotahi would not have authority to pay out rebates.	31 March 2024	If the amount of rebates exceeds money available, rebates will be paid on a first come first served basis. Later applications will be rejected, consistent with current conditions of funding agreements and rebate applications.

Appendix 2 – Emissions impacts and projections

1. Impact of removing Clean Car Discount in 2023 on achieving transport emission reduction targets

Impact of removing Clean Car Discount in 2023 on achieving transport emission reduction targets (kt CO_2)			
	2022-2025 (EB1)	2026-2030 (EB2)	2031-2035 (EB3)
Targeted abatement from transport	*-597*	*-7,227*	*-23,783*
Latest estimate of abatement from transport (with Clean Car Discount ending 2030)	*-6,205* *(More than sufficient)*	*-9,036* *(Sufficient)*	*-10,545* *(Not sufficient)*
Projected change of ending Clean Car Discount in 2023	*+50 to +81*	*+317 to +558*	*+311 to +627*
Latest estimate of abatement from transport ***(with Clean Car Discount ending 2023)***	*-6,155 to -6,124* *(More than sufficient)*	*-8,719 to -8,478* *(Sufficient, but only by small margin)*	*-10,234 to -9,918* *(Not sufficient)*

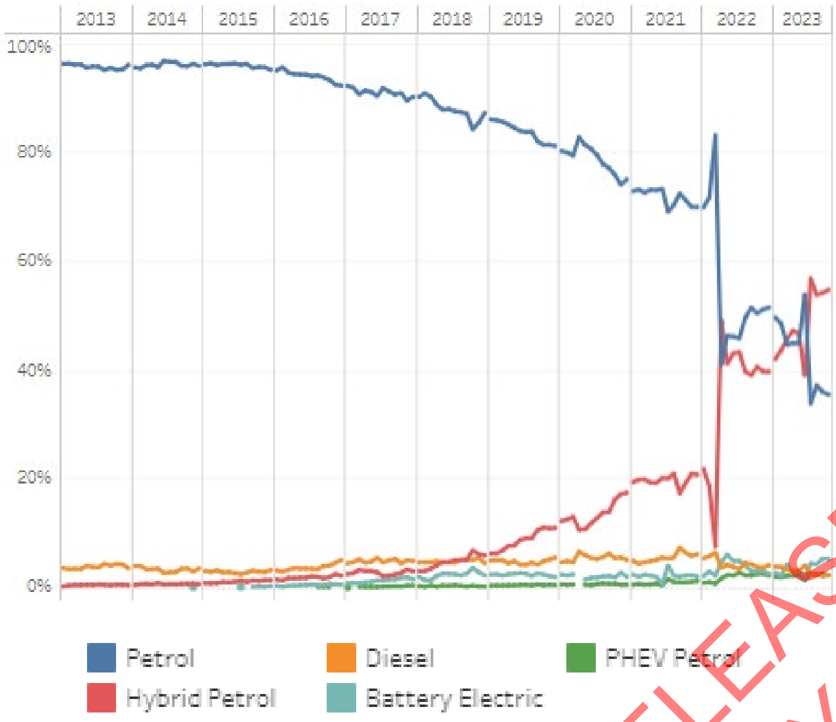
2. Electric vehicle uptake projection versus target



Current policies achieve **15%** zero emission vehicle uptake by 2035. This equates to around 800,000 EVs.

However almost double (**30%** by 2035) would be needed to achieve emissions budgets in the manner adopted by the first Emissions Reduction Plan. That relies on about 1.5 million EVs. in our fleet. Although we note there are options to reconsider EV uptake targets through the development of ERP2.

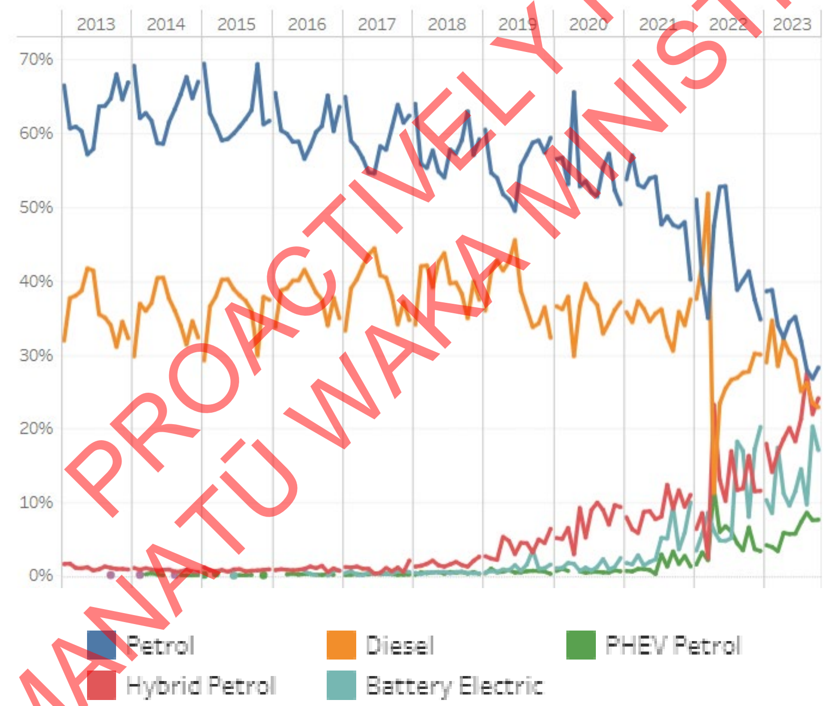
3. Changes to <u>used import</u> vehicle registrations following the Clean Car Discount:



Following the introduction of rebates on hybrids in 2022, used hybrid imports (**red**) rapidly grew in popularity and since mid 2023, outnumber petrol car imports (**dark blue**).

Used import EVs (**light blue**) remain limited by low supply volume from Japan and are not showing strong market share growth.

4. Changes to <u>brand new</u> vehicle registrations following the Clean Car Discount:



Following the introduction of rebates on hybrids in 2022, the pace of hybrid growth and petrol vehicle reduction has sped up. Hybrids (red line) and petrol cars (blue line) are now almost imported at similar rates. Diesel vehicles, notably utes, have reduced in volume over that time (orange line).

Brand new EV uptake has risen eight-fold 2023 YTD compared to the 12 months prior to the Clean Car Discount starting April 2021 (light blue).
Plug-in hybrid uptake also rose (green).

Appendix 3 - Barriers to EV uptake

As in other countries the following four key barriers combine to slow down the uptake of EVs.

1 New EVs are still more expensive to make and buy than equivalent conventional vehicles. This is because battery technology is still developing and global demand for batteries exceeds supply. For example, a MG ZS retails for around $50,000 as an EV compared to around $25,000 as an ICE vehicle.

2 The number of EV models available in New Zealand is still restricted and this limited range has to compete with a much wider choice of ICE vehicles. As at June 2023, the number of BEV models had increased to 84. However, these are mostly cars, SUVs, and vans. Importantly for our market there will be no electric utes available following LDV's withdrawal of its model, though other brands will launch models soon.

3 Availability of public charging infrastructure. To date there has been a relatively strong roll-out of public charging infrastructure. However, EV fast charging units are not in the numbers or locations to create a reliable, mainstream network.

4 Travel range anxiety. This is becoming less of an issue for new EVs even for budget models. For instance, the Ora Cat is the least expensive EV available in New Zealand. Its base mode, which retails for around $45,000, has a range of 310 kilometres. However, range anxiety remains an issue for used EVs.

5 We note that while the four barriers combine to limit demand, based on consumer surveys the top barrier is currently purchase price. In the quarterly Consumer Monitor survey (commissioned by EECA)[5], the top response to the question "which, if any, of the following do you think are drawbacks to electric vehicles?" has consistently been "they are not available at an affordable price". In the latest survey, 62% of respondents identified price, while 41% identified there not being enough public charging.

[5] https://www.eeca.govt.nz/assets/EECA-Resources/Research-papers-guides/EECA-consumer-monitor-Q3-2023.pdf