

Proactive Release

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

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

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

<u>Section</u>	<u>Description of ground</u>
6(a)	as release would be likely to prejudice the security or defence of New Zealand or the international relations of the New Zealand Government
6(b)	as release would be likely to prejudice the entrusting of information to the Government of New Zealand on a basis of confidence by <ul style="list-style-type: none"> (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)

Budget Sensitive

Office of the Minister of Transport

Cabinet Legislation Committee

Land Transport (Clean Vehicle Standard) Amendment Bill

Proposal

- 1 This paper provides the Cabinet Legislation Committee with the Land Transport (Clean Vehicle Standard) Amendment Bill (the Bill) and seeks approval of the Bill for introduction as part of the Budget Day urgency motion.

Relation to government priorities

- 2 The Government has retained the Clean Vehicle Standard (the Standard) to accelerate the supply of low and zero emission vehicles. This Bill will support ongoing administration of the Standard, and the implementation of any target amendments that arise from an ongoing review of the Standard. The Standard supports our commitment to meeting New Zealand's emissions reduction commitments.
- 3 Taking steps to transition the Standard to cost recovery for administration will contribute to the Government's ongoing cost saving measures.

Policy

Targets for reducing carbon dioxide emissions

- 4 The Standard aims to encourage the supply of low and zero emission vehicle imports by charging importers for vehicles with high carbon dioxide emissions and giving credits for vehicles with low carbon dioxide emissions. Charges only apply to importers if their high emission vehicles are not sufficiently offset by lower emission vehicles.
- 5 The Standard sets targets for vehicle importers to reduce carbon dioxide emissions. The existing targets from 2023-2027 are set in section 175 of the Land Transport Act 1998 (the Act) and can only be changed by amendment to the Act. Targets from 2028 onwards can be set and amended by secondary legislation.
- 6 The Bill enables the targets from 2025-2027 to be prescribed in regulations. This will streamline the implementation of Cabinet's decisions on the Standard's targets following the outcome of the ongoing review. This is critical to ensure that any changes to the 2025 targets can be made as soon as possible to increase certainty for the vehicle industry.

Enabling a cost recovery scheme for the Clean Vehicle Standard

- 7 Administration of the Standard is currently funded by a Crown appropriation of \$11.8 million per year. The Bill introduces a new section to the Act which enables fees to be set through regulations to recover costs of administering the Clean Vehicle Standard. Regulations recovering these costs are intended to be in place for the start of the 2025/2026 financial year.
- 8 While the vehicle importer sector will be affected by cost recovery, it is my intention that fees or charges collected minimise their obligation. The Standard is not being

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administered as efficiently as could be expected, which has obliged the Crown to allocate \$11.8m per year. Initial analysis indicates that administration of the Standard costs roughly half this figure, but further efficiencies could be found.

- 9 The amount the previous government allocated to fund the Standard is greater than its real costs. As such I have directed officials to further streamline administration of the Standard. It is my expectation that as a result the figure recovered from the sector will be materially lower than current operating costs.
- 10 New Zealand Transport Agency (NZTA) has indicated that following the closure of the Clean Car Discount, the cost to administer the Clean Car Standard will be \$6.37m. The breakdown is as follows:

Expense Type	Annual Costs
Personnel	\$2.8m
Operating Costs	\$0.81m
Depreciation, Amortisation and Write-offs	\$1.7m
Overheads and settlements	\$1.05m
Total Expenses	\$6.37m

- 11 On 15 April 2024, Cabinet agreed that I may make decisions that are consistent with the overall policy, provided that these decisions are confirmed now, when the Bill is considered for introduction [CAB-24-MIN-0121 refers].
- 12 Acting under this approval, I decided that the attached Bill should enable regulations to be made which may:
 - 12.1 prescribe or provide for the fixing of fees and charges payable by specified persons to meet, or assist in meeting, the costs and expenses incurred by New Zealand Transport Agency Waka Kotahi (the Agency) in exercising functions or powers, performing duties, or providing services in relation to the Standard,
 - 12.2 specify that vehicle importers or applicants for registration of imported vehicles must pay fees or charges,
 - 12.3 set fees or charges on a differential basis,
 - 12.4 specify how fees or charges are to be calculated and ascertained,
 - 12.5 specify that the recipient may impose a reasonable charge in relation to administering payment of fees or charges under the section,
 - 12.6 provide for refund or waiver of the payment of fees or charges in any particular case,
 - 12.7 fix a date by which the fee or charge is to be paid,

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- 12.8 fix discounts for early payment and penalties for late payment, and the penalties may be reduced or waived by the Director of Land Transport,
- 12.9 specify who fees or charges are payable to,
- 12.10 specify that unpaid fees or charges may be recoverable as a debt due to the Crown, and
- 12.11 provide that the Registrar of Motor Vehicles or Director of Land Transport may decline to process an application for registration until a person has paid a fee or charge they are liable to pay.
- 13 These regulations will ensure that cost recovery for the Standard is similar to other transport sector cost recovery programmes. For example, administration of Road User Charges (RUC) allows for unpaid charges to be recoverable as a debt due to the Crown. The Civil Aviation Act 2023 allows for the Civil Aviation Authority, Director of Civil Aviation or Secretary (Chief Executive of the Ministry of Transport) to, if asked to process an application or provide a service under the Act, to decline service until the outstanding fee or debts have been resolved.
- 14 I have also decided that fees and charges collected under this provision should not be part of the National Land Transport Fund (NLTF) or be land transport revenue. This is similar to how RUC are collected, which sit outside the NLTF in a memorandum account. Cost recovery mechanisms should be set at the minimum level required to fund any given programme or project and as such will not contribute to other land transport purposes. It is my intention that this mechanism will provide assurance to the sector that there is no intention to benefit from over-recovery of costs.
- 15 I intend for specific details such as the level of fees or charges to be worked through when regulations are made, in consultation with the vehicle industry.

Impact analysis

- 16 A Stage 1 Cost Recovery Impact Statement was considered by Cabinet on 15 April 2024 [CAB-24-MIN-0127; ECO-24-MIN-0049 refers].

Climate Implications of Policy Assessment

- 17 The Climate Implications of Policy Assessment (CIPA) team has confirmed that CIPA requirements do not currently apply to this proposal as it not expected to result in significant direct emissions impacts. Subject to later review, CO₂ targets may be changed by a separate Cabinet proposal. However, as transport emissions are covered by the Emissions Trading Scheme, changing the Standard's targets might change how or where emissions reductions occur from a gross perspective, but not from a net perspective.

Compliance

- 18 The Bill complies with each of the following:
- 18.1 the principles of the Treaty of Waitangi,
- 18.2 advice from the Treaty Provisions Officials Group (no advice was sought as there are no applicable Treaty of Waitangi provisions included in the Bill),

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- 18.3 the rights and freedoms contained in the New Zealand Bill of Rights Act 1990 (NZBORA) and the Human Rights Act 1993 (see additional comment below),
- 18.4 the disclosure statement requirements (a disclosure statement has been prepared and is attached to the paper),
- 18.5 the principles and guidelines set out in the Privacy Act 2020,
- 18.6 relevant international standards and obligations (see additional comment below), and
- 18.7 the Legislation Guidelines (2021 edition), which are maintained by the Legislation Design and Advisory Committee.

NZBORA vetting

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

Consultation

Government departments

- 20 Officials have consulted with the following departments: the New Zealand Transport Agency, Ministry of Business, Innovation and Employment, Treasury, Ministry of Justice, Parliamentary Counsel Office, Ministry for the Environment, Ministry of Foreign Affairs and Trade, and the Department of Inland Revenue. The Department of Prime Minister and Cabinet has been informed.

- 21 s 9(2)(h)


- 22 Other fees are collected upon registration of vehicles in New Zealand, and this Bill will enact cost recovery on a non-preferential basis.

Private sector organisations and the public

- 23 Officials have not consulted with private sector organisations or the public on the Bill, since the proposal is Budget Sensitive.

Government caucus and other parties

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

Binding on the Crown

- 25 On 15 April 2024, Cabinet decided that the Bill should state that the Act will be binding on the Crown [CAB-24-MIN-0121 refers].

Creating new agencies or amending law relating to existing agencies

26 The Bill does not create a new agency. However, it does change how the Agency must administer the Standard.

Associated regulations

27 The Bill empowers the making of secondary legislation, as described above.

28 Regulations for the carbon dioxide targets are likely to be short and low complexity, while regulations for cost recovery are likely to be medium length and complexity. Regulations will be required by 1 January 2025, and the Ministry will confirm this date through further consultation with the Agency.

Other instruments

29 No other instruments are included in the Bill.

Definition of Minister/department

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

Allocation of decision-making powers

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

Commencement of legislation

32 The Bill will come into force on 1 July 2024, however, the empowering provisions for cost recovery (section 5) comes into force on 1 July 2025.

Parliamentary stages

33 I propose that the Bill be introduced and passed through all stages on Budget night (30 May 2024). On 15 April 2024, Cabinet noted that the Bill may be included in the Budget night urgency motion and passed under all stages [CAB-24-MIN-0121 refers].

Proactive release

34 This paper will be proactively released within 30 days of final decisions being taken by Cabinet, which will be following Budget Day.

Recommendations

35 I recommend that Cabinet Legislation Committee:

1 **note** that the Land Transport (Clean Vehicle Standard) Amendment Bill (the Bill) holds a category 2 priority on the 2024 Legislation Programme (must be passed in 2024);

2 **note** that the Bill will enable:

2.1 the 2025-2027 Clean Vehicle Standard carbon dioxide targets to be set by secondary legislation; and

B U D G E T S E N S I T I V E

- 2.2 fees to be set by secondary legislation to recover costs of administering the Clean Vehicle Standard;
- 3 **note** that on 15 April 2024, Cabinet authorised the Minister of Transport to make decisions that are consistent with the overall policy, provided that these decisions are confirmed when the Bill is considered for introduction;
- 4 **agree** that the Bill also enable regulations to be made which:
- 4.1 prescribe or provide for the fixing of fees and charges payable by specified persons to meet, or assist in meeting, the costs and expenses incurred by New Zealand Transport Agency Waka Kotahi (the Agency) in exercising functions or powers, performing duties, or providing services in relation to the Standard,
 - 4.2 specify that vehicle importers or applicants for registration of imported vehicles must pay fees or charges,
 - 4.3 set fees or charges on a differential basis,
 - 4.4 specify how fees or charges are to be calculated and ascertained,
 - 4.5 specify that the recipient may impose a reasonable charge in relation to administering payment of fees or charges under the section,
 - 4.6 provide for refund or waiver of the payment of fees or charges in any particular case,
 - 4.7 fix a date by which the fee or charge is to be paid,
 - 4.8 fix discounts for early payment and penalties for late payment, and the penalties may be reduced or waived by the Director of Land Transport,
 - 4.9 specify who fees or charges are payable to,
 - 4.10 specify that unpaid fees or charges may be recoverable as a debt due to the Crown, and
 - 4.11 provide that the Registrar of Motor Vehicles or Director of Land Transport may decline to process an application for registration until a person has paid a fee or charge they are liable to pay.
- 5 **agree** that fees should not be part of the National Land Transport Fund, or be land transport revenue;
- 6 **approve** the Bill for introduction, subject to the final approval of the government caucus and sufficient support in the House of Representatives;
- 7 **agree** that the Bill be introduced and complete all stages under urgency on Budget night (30 May 2024);
- 8 **agree** that the Minister of Transport may authorise Parliamentary Counsel Office to make any minor changes to the Bill following consideration by the Cabinet Legislation Committee.

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Authorised for lodgement.

Hon Simeon Brown

Minister of Transport

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MINISTRY OF TRANSPORT TE MANATŪ WAKA

IN CONFIDENCE

Departmental Disclosure Statement

Land Transport (Clean Vehicle Standard) Amendment Bill

The departmental disclosure statement for a government Bill seeks to bring together in one place a range of information to support and enhance the Parliamentary and public scrutiny of that Bill.

It identifies:

- the general policy intent of the Bill and other background policy material;
- some of the key quality assurance products and processes used to develop and test the content of the Bill;
- the presence of certain significant powers or features in the Bill that might be of particular Parliamentary or public interest and warrant an explanation.

This disclosure statement was prepared by the Ministry of Transport.

The Ministry of Transport certifies that, to the best of its knowledge and understanding, the information provided is complete and accurate at the date of finalisation below.

15 May 2024.

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MINISTRY OF TRANSPORT TE MANATŪ WAKA

Part One: General Policy Statement

The Land Transport Act 1998 (the principal Act) applies a clean vehicle standard (the **CVS**) to importers of new and used light vehicles. The CVS seeks to increase the supply and variety of zero-emission and low-emission light vehicles in New Zealand.

The CVS requires vehicle importers to meet annual carbon dioxide (**CO₂**) emissions targets. Vehicle importers must meet these targets, on average, across all the vehicles they import in a year. This enables high-emission vehicles to be imported if their emissions are offset by the importation of zero-emission or low-emission vehicles.

The annual targets for 2023 to 2027 are set out in section 175 of the principal Act and progressively strengthen. For the year beginning 1 January 2028 and future years, the targets can be set and amended by Order in Council under section 167C(1)(j)(iv) of the principal Act.

Review and amendment of the CVS

Section 175A(1) of the principal Act requires the Minister of Transport to initiate a review of the targets set out in section 175 of the principal Act before 30 June 2024. The Ministry of Transport has commenced this review and it may result in changes to the targets currently set under section 175 of the principal Act.

The CVS targets for the years 2023 to 2027 are set in the principal Act, which means that these targets can only be amended by amending section 175 of the principal Act. Enabling targets to be amended through secondary legislation will streamline the implementation of Cabinet decisions on the targets. This is critical to ensure that any changes to targets can be made quickly to increase certainty for the vehicle industry.

Recovery of the costs of administering the CVS

Administration of the CVS is currently Crown-funded. Analysis of the benefits of the CVS using the Treasury's Guidelines for Setting Charges in the Public Sector has found that the majority of benefits of the CVS accrue to importers of vehicles and consumers. These benefits include—

- access to greater numbers of low-emission and fuel-efficient vehicles from overseas manufacturers;
- fuel savings;
- reduction in maintenance spending;
- reduction in vehicle ownership costs;
- reduction in the social cost of CO₂ emissions.

The Government has decided that, because the benefits of the CVS are realised by the vehicle industry and consumers, continued Crown funding of the CVS is not desirable. As a result, the principal Act needs a mechanism to enable recovery of the costs of administering the CVS.

The Land Transport (Clean Vehicle Standard) Amendment Bill—

- enables the CVS targets for reducing CO₂ emissions for 2025 onwards (currently set in the principal Act) to be set in secondary legislation;
- empowers a cost recovery scheme, which involves the collection of fees to contribute to the costs of administering the CVS, to be set in secondary legislation.

Part Two: Background Material and Policy Information

Published reviews or evaluations

2.1. Are there any publicly available inquiry, review or evaluation reports that have informed, or are relevant to, the policy to be given effect by this Bill?	NO
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Relevant international treaties

2.2. Does this Bill seek to give effect to New Zealand action in relation to an international treaty?	NO
2.2.1. If so, was a National Interest Analysis report prepared to inform a Parliamentary examination of the proposed New Zealand action in relation to the treaty?	NO

Regulatory impact analysis

2.3. Were any regulatory impact statements provided to inform the policy decisions that led to this Bill?	YES
Stage 1 Cost Recovery Impact Statement: Cost Recovery for Administration of the Clean Vehicle Standard. Authored by the Ministry of Transport and can be accessed here: https://www.transport.govt.nz/assets/Uploads/cost-recovery-for-administration-of-the-clean-vehicle-standard.pdf	

2.3.1. If so, did the RIA Team in the Treasury provide an independent opinion on the quality of any of these regulatory impact statements?	NO
This Cost Recovery Impact Statement (CRIS) has been reviewed by a panel of representatives from Ministry of Transport Te Manatū Waka. It has been given a 'partially meets' rating against the quality assurance criteria for the purpose of informing Cabinet decisions. The rating reflects the limited consultation and lack of available information due to time constraints on the process. The Panel expects these deficits will be further addressed in the Stage 2 CRIS. The Treasury delegated this CRIS to a Ministry of Transport Te Manatū Waka panel.	

2.3.2. Are there aspects of the policy to be given effect by this Bill that were not addressed by, or that now vary materially from, the policy options analysed in these regulatory impact statements?	YES
The CRIS developed for this Bill did not address the aspects of the Bill relating to the modification of the Clean Car Standard's emission targets. The Ministry of Transport Te Manatū Waka was given an exemption from the requirement to analyse this aspect of the Bill. The Treasury's Regulatory Impact Analysis team has determined that the proposal to enable emissions targets to be set by secondary legislation is exempt from the requirement to provide a Regulatory Impact Statement on the grounds that it has no or only minor impacts on businesses, individuals, and not-for-profit entities.	

Extent of impact analysis available

2.4. Has further impact analysis become available for any aspects of the policy to be given effect by this Bill?	NO
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2.5. For the policy to be given effect by this Bill, is there analysis available on:	
(a) the size of the potential costs and benefits?	YES
(b) the potential for any group of persons to suffer a substantial unavoidable loss of income or wealth?	NO
<p>The CRIS developed for this Bill considers the size of the potential costs and benefits and can be accessed here: https://www.transport.govt.nz/assets/Uploads/cost-recovery-for-administration-of-the-clean-vehicle-standard.pdf</p> <p>As discussed in the CRIS, the Ministry of Transport Te Manatū Waka is currently updating cost-benefit analyses relating to the Clean Car Standard. This will inform the stage two regulatory impact analysis.</p>	

2.6. For the policy to be given effect by this Bill, are the potential costs or benefits likely to be impacted by:	
(a) the level of effective compliance or non-compliance with applicable obligations or standards?	YES
(b) the nature and level of regulator effort put into encouraging or securing compliance?	YES
<p>Analysis to answer these questions cannot occur until consultation with the vehicle importer sector has been undertaken. The fee paid per vehicle by importers has yet to be designed, which will occur after consultation and a greater understanding of the costs of delivering the Standard is gained. Consultation on creating a cost-recovery scheme for the Standard will allow the Ministry to gain a greater understanding of the potential costs and benefits that could accrue to vehicle importers. Administering a charge per vehicle will also impact on the cost of administering the statement. The Bill is in part designed to encourage compliance by removing the ability of a vehicle importer to import a vehicle if they do not pay the per vehicle fee charged.</p>	

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MINISTRY OF TRANSPORT TE MANATŪ WAKA

Part Three: Testing of Legislative Content

Consistency with New Zealand's international obligations

3.1. What steps have been taken to determine whether the policy to be given effect by this Bill is consistent with New Zealand's international obligations?

Officials have investigated whether the policy to be given effect by the Bill is consistent with New Zealand's international obligations and concluded that the proposal is consistent because the Bill enables secondary legislation to be made, rather than directly implementing any policy details.

It is possible that secondary legislation made as a consequence of the Bill may impact international obligations, and the Ministry of Transport intends to work with the Ministry of Foreign Affairs and Trade when developing secondary legislation.

Consistency with the government's Treaty of Waitangi obligations

3.2. What steps have been taken to determine whether the policy to be given effect by this Bill is consistent with the principles of the Treaty of Waitangi?

Officials investigated any interaction the Bill would have with the Treaty of Waitangi and concluded that there were no interactions because the Bill enables secondary legislation to be made, rather than directly implementing any policy details. It is possible that secondary legislation made as a consequence of the Bill may interact with the principles of the Treaty of Waitangi.

Consistency with the New Zealand Bill of Rights Act 1990

3.3. Has advice been provided to the Attorney-General on whether any provisions of this Bill appear to limit any of the rights and freedoms affirmed in the New Zealand Bill of Rights Act 1990?

YES

The Ministry of Justice is undertaking an assessment of whether the Bill is consistent with the New Zealand Bill of Rights Act 1990 and will provide advice to the Attorney-General.

Offences, penalties and court jurisdictions

3.4. Does this Bill create, amend, or remove:

(a) offences or penalties (including infringement offences or penalties and civil pecuniary penalty regimes)?

NO

(b) the jurisdiction of a court or tribunal (including rights to judicial review or rights of appeal)?

NO

3.4.1. Was the Ministry of Justice consulted about these provisions?

NO

Privacy issues

3.5. Does this Bill create, amend or remove any provisions relating to the collection, storage, access to, correction of, use or disclosure of personal information?

NO

External consultation

3.6. Has there been any external consultation on the policy to be given effect by this Bill, or on a draft of this Bill?	YES
<p>Officials have not consulted with private sector organisations or the public on the Bill, since the proposal is Budget Sensitive.</p> <p>The following agencies were consulted on the policy to be given effect by the Bill, and the draft Bill: the New Zealand Transport Agency, Ministry of Business, Innovation and Employment, Treasury, Ministry of Justice, Parliamentary Counsel Office, Ministry for the Environment, Ministry of Foreign Affairs and Trade, and the Department of Inland Revenue. The Department of Prime Minister and Cabinet has been informed.</p> <p>The New Zealand Transport Agency was consulted on multiple versions of the draft Bill.</p>	

Other testing of proposals

3.7. Have the policy details to be given effect by this Bill been otherwise tested or assessed in any way to ensure the Bill's provisions are workable and complete?	NO
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Part Four: Significant Legislative Features

Compulsory acquisition of private property

4.1. Does this Bill contain any provisions that could result in the compulsory acquisition of private property?	NO
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Charges in the nature of a tax

4.2. Does this Bill create or amend a power to impose a fee, levy or charge in the nature of a tax?	NO
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Retrospective effect

4.3. Does this Bill affect rights, freedoms, or impose obligations, retrospectively?	NO
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Strict liability or reversal of the usual burden of proof for offences

4.4. Does this Bill:	
(a) create or amend a strict or absolute liability offence?	NO
(b) reverse or modify the usual burden of proof for an offence or a civil pecuniary penalty proceeding?	NO

Civil or criminal immunity

4.5. Does this Bill create or amend a civil or criminal immunity for any person?	NO
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Significant decision-making powers

4.6. Does this Bill create or amend a decision-making power to make a determination about a person's rights, obligations, or interests protected or recognised by law, and that could have a significant impact on those rights, obligations, or interests?	NO
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REGISTRATION

Powers to make delegated legislation

4.7. Does this Bill create or amend a power to make delegated legislation that could amend an Act, define the meaning of a term in an Act, or grant an exemption from an Act or delegated legislation?	NO
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4.8. Does this Bill create or amend any other powers to make delegated legislation?	YES
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Section 5 inserts section 167BA to the Land Transport Act 1998. This new provision allows regulations to be made that prescribe or fix fees and charges payable by vehicle importers and people buying newly imported vehicles to meet, or assist in meeting, the costs and expenses incurred by the New Zealand Transport Agency in exercising functions or powers, performing duties or providing services relating to the Clean Vehicle Standard.

The Government has decided that, because the benefits of the CVS are realised by the vehicle industry and consumers, continued Crown funding of the CVS is not desirable. As a result, the principal Act needs a mechanism to enable recovery of the costs of administering the CVS.

This power is constrained by who can be charged the fees and charges, and what fee and charge revenue may be used for. Regulations made under this provision will also require a Stage 2 Cost Recovery Impact Statement.

Further to this, sections 6 and 7 of the Bill amend the section 167C(1)(j)(iv) and 175(1)(f) power to make regulations setting targets for the purpose of the Clean Vehicle Standard, so that this power can be used from the end of 2024, rather than the end of 2027.

Any other unusual provisions or features

4.9. Does this Bill contain any provisions (other than those noted above) that are unusual or call for special comment?	NO
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PROACTIVELY RELEASED BY TRANZITU WAKA
MINISTRY OF TRANSPORT

IN CONFIDENCE

Land Transport (Clean Vehicle Standard) Amendment Bill

Government Bill

Explanatory note

General policy statement

The Land Transport Act 1998 (the **principal Act**) applies a clean vehicle standard (the **CVS**) to importers of new and used light vehicles. The CVS seeks to increase the supply and variety of zero-emission and low-emission light vehicles in New Zealand.

The CVS requires vehicle importers to meet annual carbon dioxide (**CO₂**) emissions targets. Vehicle importers must meet these targets, on average, across all the vehicles they import in a year. This enables high-emission vehicles to be imported if their emissions are offset by the importation of zero-emission or low-emission vehicles.

The annual targets for 2023 to 2027 are set out in section 175 of the principal Act and progressively strengthen. For the year beginning 1 January 2028 and future years, the targets can be set and amended by Order in Council under section 167C(1)(j)(iv) of the principal Act.

Review and amendment of the CVS

Section 175A(1) of the principal Act requires the Minister of Transport to initiate a review of the targets set out in section 175 of the principal Act before 30 June 2024. The Ministry of Transport has commenced this review and it may result in changes to the targets currently set under section 175 of the principal Act.

The CVS targets for the years 2023 to 2027 are set in the principal Act, which means that these targets can only be amended by amending section 175 of the principal Act.

Enabling targets to be amended through secondary legislation will streamline the implementation of Cabinet decisions on the targets. This is critical to ensure that any changes to targets can be made quickly to increase certainty for the vehicle industry.

Recovery of the costs of administering the CVS

Administration of the CVS is currently Crown-funded. Analysis of the benefits of the CVS using the Treasury's *Guidelines for Setting Charges in the Public Sector* has found that the majority of benefits of the CVS accrue to importers of vehicles and consumers. These benefits include—

- access to greater numbers of low-emission and fuel-efficient vehicles from overseas manufacturers:
- fuel savings:
- reduction in maintenance spending:
- reduction in vehicle ownership costs:
- reduction in the social cost of CO₂ emissions.

The Government has decided that, because the benefits of the CVS are realised by the vehicle industry and consumers, continued Crown funding of the CVS is not desirable. As a result, the principal Act needs a mechanism to enable recovery of the costs of administering the CVS.

The Land Transport (Clean Vehicle Standard) Amendment Bill—

- enables the CVS targets for reducing CO₂ emissions for 2025 onwards (currently set in the principal Act) to be set in secondary legislation:
- empowers a cost recovery scheme, which involves the collection of fees to contribute to the costs of administering the CVS, to be set in secondary legislation.

Departmental disclosure statement

The Ministry of Transport is required to prepare a disclosure statement to assist with the scrutiny of this Bill. The disclosure statement provides access to information about the policy development of the Bill and identifies any significant or unusual legislative features of the Bill.

A copy of the statement can be found at [PPU to insert URL and link].

Regulatory impact statement

The Ministry of Transport produced a cost recovery impact statement on 27 March 2024 to help inform the main policy decisions taken by the Government relating to the contents of this Bill.

A copy of this cost recovery impact statement can be found at—

- <https://www.transport.govt.nz/assets/Uploads/cost-recovery-for-administration-of-the-clean-vehicle-standard.pdf>
- <https://treasury.govt.nz/publications/informationreleases/ris>

Clause by clause analysis

Clause 1 is the Title clause.

Clause 2 is the commencement clause. It provides that the Bill comes into force on 1 July 2024. However, *clause 5* of the Bill comes into force on 1 July 2025.

Clause 3 provides that the Bill amends the Land Transport Act 1998 (the **principal Act**).

Clause 4 provides that the Act binds the Crown.

Clause 5 inserts *new section 167BA* into the principal Act. *New section 167BA* provides that regulations may be made under section 167(1)(j) of the principal Act prescribing fees and charges payable by vehicle importers and by persons who register certain types of vehicle for the first time. The fees and charges will be payable to meet, or assist in meeting, the New Zealand Transport Agency's costs and expenses in administering Part 13, which relates to the clean vehicle standard, and related regulations.

Clause 5 also inserts *new section 167BB* into the principal Act. *New section 167BB* enables the making of regulations authorising the Registrar of Motor Vehicles or the Director of Land Transport to decline to process certain vehicle registration applications until a fee or charge payable under regulations relating to cost recovery for administering Part 13 has been paid.

Clause 6 amends section 167C(1)(j)(iv) of the principal Act to enable targets for the level of carbon dioxide (CO₂) emissions from light vehicles imported annually to be prescribed by regulations for any calendar year after 2024.

Clause 7 repeals section 175(1)(c) to (e) of the principal Act. The effect of the repeal is that targets for reducing CO₂ emissions for the calendar years 2025 to 2027 are removed from the principal Act. *Clause 7* also amends section 175(1)(f) of the principal Act to provide that targets for reducing CO₂ emissions may be set by regulations made under section 167(1)(j)(iv) of the principal Act for any calendar year after 2024.

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATŪ WAKA

Hon Simeon Brown

Land Transport (Clean Vehicle Standard) Amendment Bill

Government Bill

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The Parliament of New Zealand enacts as follows:

1 Title

This Act is the Land Transport (Clean Vehicle Standard) Amendment Act
2024.

2 Commencement

- (1) This Act comes into force on 1 July 2024.
- (2) However, section 5 comes into force on 1 July 2025.

3 Principal Act

This Act amends the Land Transport Act 1998.

4 Act binds the Crown

This Act binds the Crown.

5 New sections 167BA and 167BB inserted

After section 167B, insert:

167BA Regulations relating to cost recovery for administering Part 13 (clean vehicle standard)

- (1) Regulations may be made under section 167(1)(j) for the purpose of prescribing, or providing for the fixing of, fees and charges payable by a person specified in **subsection (2)** to meet, or assist in meeting, the costs and expenses incurred by the Agency in exercising functions or powers, performing duties, or providing services under—
 - (a) Part 13; or
 - (b) regulations relating to Part 13 made under section 167 or 167C.
- (2) The persons are—
 - (a) a vehicle importer; and
 - (b) an applicant for registration of a Type A vehicle or a Type B vehicle under Part 17 if the vehicle has not previously been registered.
- (3) Different rates of fees or charges, or both, may be prescribed or fixed in respect of different classes of vehicles or on any other differential basis.
- (4) Regulations made under section 167(1)(j) for the purpose specified in **subsection (1)** may—
 - (a) do any of the things specified in section 168(4)(aa), (ab), (d), (e), and (f);
 - (b) specify the persons to whom any fees or charges, or both, are payable;
 - (c) provide for unpaid fees or charges to be recoverable as a debt due to the Crown.
- (5) The Director may, at any time, reduce or waive a penalty for late payment if the Director considers that it is just to do so.
- (6) This section does not limit the generality of section 167(1)(j).
- (7) In this section and **section 167BB**, **Type A vehicle**, **Type B vehicle**, and **vehicle importer** have the meanings given in section 172(1).

167BB Regulations relating to power of Registrar and Director if fee or charge unpaid

- (1) The Governor-General may, by Order in Council, make regulations authorising the Registrar or the Director to decline to process a person's registration appli-

cation until the person has paid a specified fee or charge for which they are liable under regulations made in accordance with **section 167BA** (regulations relating to cost recovery for administering Part 13 (clean vehicle standard)).

(2) In this section,—

Registrar has the meaning given in section 233(1)

registration application means an application for registration under Part 17 of a Type A vehicle or a Type B vehicle that has not previously been registered.

(3) Regulations made under this section are secondary legislation (*see* Part 3 of the Legislation Act 2019 for publication requirements).

6 Section 167C amended (Regulations for purposes of Part 13 (clean vehicle standard))

In section 167C(1)(j)(iv), replace “2027” with “2024”.

7 Section 175 amended (Targets for reducing carbon dioxide emissions)

(1) Repeal section 175(1)(c) to (e).

(2) In section 175(1)(f), replace “2027” with “2024”.

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATŪ WAKA



Cabinet Legislation Committee

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.

Land Transport (Clean Vehicle Standard) Amendment Bill: Approval for Introduction

Portfolio **Transport**

On 23 May 2024, the Cabinet Legislation Committee:

- 1 **noted** that the Land Transport (Clean Vehicle Standard) Amendment Bill (the Bill) holds a category 2 priority on the 2024 Legislation Programme (must be passed in 2024);
- 2 **noted** that the Bill will enable:
 - 2.1 the 2025-2027 Clean Vehicle Standard (the Standard) carbon dioxide targets to be set by secondary legislation;
 - 2.2 fees to be set by secondary legislation to recover the costs of administering the Standard;
- 3 **noted** that in April 2024, the Cabinet Economic Policy Committee authorised the Minister to Transport to make further decisions consistent with the overall policy, provided that these decisions were confirmed when the Bill was considered for introduction [ECO-24-MIN-0049];
- 4 **agreed** that the Bill also enable regulations to be made to:
 - 4.1 prescribe or provide for the fixing of fees and charges payable by specified persons to meet, or assist in meeting, the costs and expenses incurred by New Zealand Transport Agency Waka Kotahi (NZTA) in exercising functions or powers, performing duties, or providing services in relation to the Standard;
 - 4.2 specify that vehicle importers or applicants for registration of imported vehicles must pay fees or charges;
 - 4.3 set fees or charges on a differential basis;
 - 4.4 specify how fees or charges are to be calculated and ascertained;
 - 4.5 specify that the recipient may impose a reasonable charge in relation to administering payment of fees or charges under the section;
 - 4.6 provide for refund or waiver of the payment of fees or charges in any particular case;
 - 4.7 fix a date by which the fee or charge is to be paid;

- 4.8 fix discounts for early payment and penalties for late payment, and that the penalties may be reduced or waived by the Director of Land Transport;
- 4.9 specify who fees or charges are payable to;
- 4.10 specify that unpaid fees or charges may be recoverable as a debt due to the Crown;
- 4.11 provide that the Registrar of Motor Vehicles or Director of Land Transport may decline to process an application for registration until a person has paid a fee or charge that they are liable to pay;
- 5 **agreed** that fees should not be part of the National Land Transport Fund, or be land transport revenue;
- 6 **approved** the Land Transport (Clean Vehicle Standard) Amendment Bill [PCO 26376/9.0] for introduction, subject to the final approval of the Government caucuses and sufficient support in the House of Representatives;
- 7 **agreed** that the Government propose that the Bill be introduced and progressed through all stages under Budget urgency;
- 8 **agreed** that the Minister of Transport may authorise the Parliamentary Counsel Office to make minor changes to the Bill following consideration by the Cabinet Legislation Committee.

Sam Moffett
Committee Secretary

Present:

Rt Hon Winston Peters
Hon Chris Bishop (Chair)
Hon Dr Shane Reti
Hon Paul Goldsmith
Hon Simeon Brown
Hon Matt Doocey
Hon Tama Potaka
Hon Nicole McKee
Hon Casey Costello
Hon Simon Watts
Hon Andrew Bayly
Hon Chris Penk
Hon Penny Simmonds
Hon Andrew Hoggard
Jamie Arbuckle, MP

Officials present from:

Office of the Prime Minister
Officials Committee for LEG
Office of the Leader of the House



Cabinet

Minute of Decision

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Report of the Cabinet Legislation Committee: Period Ended 24 May 2024

On 27 May 2024, Cabinet made the following decisions on the work of the Cabinet Legislation Committee for the period ended 24 May 2024:

Out of Scope



LEG-24-MIN-0099

**Land Transport (Clean Vehicle Standard)
Amendment Bill: Approval for Introduction**
Portfolio: Transport

CONFIRMED

Out of Scope



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Out of Scope



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Diana Hawker
for Secretary of the Cabinet