

Proactive Release

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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)



Cabinet Environment, Energy and Climate 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.

Trial of Clean Car Upgrade

Portfolio **Transport**

On 28 July 2022, the Cabinet Environment, Energy and Climate Committee:

Background

1 **noted** that a tagged contingency was established in Budget 2022 to implement and operate a vehicle scrap and replace scheme [CAB-22-MIN-0129], with the Minister of Transport invited to report back by November 2022 on the outcome of further work to confirm the design, location and delivery model for the scheme;

The objectives of the Clean Car Upgrade and the purpose and location of its trial

2 **agreed** that the objectives of the Clean Car Upgrade be to help:

- 2.1 reduce financial pressure for low-income New Zealanders by assisting them to replace a fuel-heavy fossil vehicle with low emissions transport;
- 2.2 enable low-income New Zealanders to be part of, and benefit from, the transition to net-zero emissions, rather than bearing a disproportionate share of the costs of decarbonisation policies;
- 2.3 accelerate CO2 emission reductions through the earlier retirement of high-emitting vehicles and replacement by either low-emission ones, or low-emission alternatives;
- 2.4 improve vehicle safety for low-income New Zealanders by assisting them move out high emitting vehicles, into vehicles with 3-stars or more;

3 **agreed** to proceed with a trial of the Clean Car Upgrade, and that the trial test:

- 3.1 whether a targeted scrap and replace scheme is an effective way to support low-income households shift to cleaner vehicles and low-emission modes. This includes evaluating the cost-effectiveness of the scheme as an equity measure;
- 3.2 whether the scheme's community outreach and application process have been successful in achieving a high level of uptake by low-income Māori and Pasifika households. This includes evaluating the simplicity and accessibility of the process for applicants;

- 3.3 whether the key design settings, including the income thresholds for eligibility, the levels of financial assistance, the criteria for eligible vehicles and the replacement options, and the price-cap, support the achievement of the objectives referred to in paragraph 2 above;
- 3.4 how the trial version of Clean Car Upgrade could be refined to increase its effectiveness in achieving the objectives referred to in paragraph 2 above;
- 4 **agreed** that the Clean Car Upgrade be trialled in Auckland, Gisborne and Christchurch, with the trial commencing in April 2023 in at least one of these locations;
- 5 **invited** the Minister of Transport to report back to the Cabinet Environment, Energy and Climate Committee by 30 April 2024, on the outcomes of the trial's evaluation, any changes to the Clean Car Upgrade's design, and recommendations for any expansion;

Income thresholds for defining who is eligible for the Clean Car Upgrade

- 6 **agreed** that the following thresholds of median income be used to define who is eligible for the Clean Car Upgrade, noting that vehicle owners would be eligible if their taxable annual income is at the threshold or lower:
- 6.1 for individual applicants not living with their spouse, or civil union, or de facto partner: a threshold pegged to the median annualised weekly earnings from wages and salaries, noting that this would be \$56,836 using June 2021 data;
- 6.2 for applicants living with their spouse, or civil union, or de facto partner: a threshold pegged to the median annualised household weekly income, noting that this would be \$97,760 using June 2021 data;
- 7 **agreed** that the thresholds referred to in paragraph 6 above be increased by \$10,517 for each of the applicant's dependant children under the age of 18;
- 8 **agreed** that the timeframe for taxable annual income be the latest financial year available (up to a maximum of three years);
- 9 **noted** that as the thresholds are pegged to medians, they would be recalibrated annually as the medians change;
- 10 **agreed** that for the trial of the Clean Car Upgrade, in addition to the income thresholds, eligibility would be limited to vehicle owners residing in the trial locations;
- 11 **agreed** that to maximise the number of low-income people assisted by the Clean Car Upgrade, only one application per individual applicant or per household would be able to be made over the life of the policy;

Implementing the income eligibility thresholds

- 12 **agreed** that Waka Kotahi verify applicants' identity and verify applicants' income information against Inland Revenue's (IR) data via the latter's Gateway Service;

- 13 **agreed** that applications for the Clean Car Upgrade be statutory declarations in which vehicle owners:
- 13.1 provide proof of their identify and of their residence in one of the trial locations, and all other relevant income and household information necessary to assess their eligibility;
 - 13.2 consent to their information being verified against their IR data and to any audit of that information;
- 14 **directed** Inland Revenue to prioritise work to support Waka Kotahi develop the IT interface for the verification process, consistent with an April 2023 commencement of the trial;

Vehicles eligible for scrapping through the Clean Car Upgrade

- 15 **agreed** that to be eligible for scrapping, vehicles must be drivable and have:
- 15.1 emissions at, or higher than, the fleet average. Where emission data is missing for a vehicle, Waka Kotahi may use an equivalent engine size proxy to determine eligibility. The trial will also consider pre-2000 vehicles, which often have higher maintenance costs that can be challenging for low-income families;
 - 15.2 a current warrant of fitness (WoF) and annual vehicle licence, or ones that have expired by no more than 28 days;

The low-emission replacement options available through the Clean Car Upgrade

- 16 **agreed** that replacement vehicles subsidised by the Clean Car Upgrade be those with emissions below the Clean Car Standard's required fleet average for passenger vehicles for the corresponding year, noting that in 2023 this will be below 145 grams of CO₂ per kilometre, lowering to below 133.9 grams in 2024 and below 112.6 grams in 2025;
- 17 **agreed** that the trial test the following quality criteria for replacement vehicles, namely that vehicles must:
- 17.1 be less than 10 years old;
 - 17.2 have a safety star-rating of at least 3-stars;
 - 17.3 with a charging battery, have a battery with a state of health of at least 70 percent;
- 18 **agreed** that replacement vehicles be subject to a retail price cap of \$35,000 (including GST);
- 19 **agreed** that the low-emission alternatives subsidised by the Clean Car Upgrade be the use of public transport, the purchase of bikes and e-bikes, and low-emission services available in the trial locations that Waka Kotahi considers reputable, such as low-emission car share and lease services;

The level and form of financial assistance

- 20 **agreed** that the Clean Car Upgrade's assistance levels be set by applying a multiplier, greater than one, to the Clean Car Discount's rebate schedule for new vehicles, noting that this will result in vehicles with the lowest emissions receiving the highest levels of assistance;

- 21 **agreed** that the assistance level for low-emission alternatives be the same as for EVs;
- 22 **agreed** in principle, subject to the report referred to in paragraph 24 below, to the multiplier referred to in paragraph 20 above being 1.4, noting that this will result in assistance levels of:
- 22.1 \$12,075 towards the purchase of an EV or low-emission alternatives;
- 22.2 \$8,050 towards the purchase of the most fuel efficient PHEV;
- 22.3 \$6,011 towards the purchase of the most fuel efficient hybrid;
- 22.4 \$3,774 towards the purchase of the most fuel efficient ICE vehicle;
- 23 **agreed** in principle, subject to the report referred to in paragraph 24 below, that people have the choice to mix the use of the assistance, by opting for some funding towards a vehicle and the remainder towards low-emission alternatives (eg \$6,000 towards two e-bikes and \$6,075 towards an EV), with the proviso that the total assistance received is set at the level of the replacement vehicle;
- 24 **invited** the Minister of Transport to report back to the Cabinet Environment, Energy and Climate Committee by 30 November 2022 with final recommendations on the level of the multiplier and the ability for people to mix and match the use of the assistance;
- 25 **agreed** that to ensure the Clean Car Upgrade reduces financial stress for low-income New Zealanders, its assistance be provided solely as a grant, rather than as a mix of grant and loan funding;
- 26 **agreed** that the levels of the Clean Car Upgrade's grants be reviewed and adjusted alongside the scheduled reviews of the Clean Car Discount;
- 27 **agreed** that the Clean Car Discount rebates not apply to vehicles subsidised through the Clean Car Upgrade, noting that the Minister of Transport would give effect to this decision via an amended Ministerial Direction to Waka Kotahi;

Facilitating strong uptake among low-income households through participant advisers

- 28 **agreed** in principle, subject to the report referred to in paragraph 29 below, to the Clean Car Upgrade operating with participant advisers whose role would be to facilitate uptake by low-income households, especially by Māori and Pasifika peoples;
- 29 **invited** the Minister of Transport to report back to the Cabinet Environment, Energy and Climate Committee by 30 November 2022 with final recommendations on the inclusion of participant advisers and the extent of their role;

Financial implications

- 30 **noted** that as part of Budget 2022 decisions, a tagged operating contingency was established in Vote Transport of the following amounts to provide for the trial and expansion of the Clean Car Upgrade:

Vote Transport Minister of Transport	\$m – increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26
Cleaner Vehicles for Low-Income New Zealanders – Vehicle Scrap and Replace Scheme - Tagged Operating Contingency	-	15.906	15.906	242.900	294.050

- 31 **noted** that funding is required to progress the trial, and that while further work is required to finalise the scheme, sufficient work has been completed on the design, location and delivery model of the scheme to allow funding to be drawn down for the trial;
- 32 **agreed** that, as the Minister of Transport is satisfied with the work described in paragraph 31 above, the Clean Car Upgrade trial can now proceed;
- 33 **noted** that the Minister of Finance has approved the establishment of a new multi-category appropriation ‘Clean Car Upgrade’ in Vote Transport, to be administered by the Ministry of Transport and with the Minister of Transport as appropriation Minister, to facilitate the implementation and operation of the Clean Car Upgrade scheme;
- 34 **noted** that the Minister of Finance has agreed that the single overarching purpose of this appropriation is to make low-emission transport more accessible to low and moderate income New Zealanders and thereby promote equity in the transition to net zero emissions;
- 35 **noted** that the Minister of Finance and the Minister of Transport have agreed that the categories for this appropriation be as follows:

Title	Type	Scope
Administration of the Clean Car Upgrade	Non-Departmental Output Expense	This category is limited to Waka Kotahi NZ Transport Agency meeting operating costs associated with implementing and operating the Clean Car Upgrade scheme.
Clean Car Upgrade – Grants	Non-Departmental Other Expense	This category is limited to the payment of grants under the Clean Car Upgrade scheme.
Clean Car Upgrade – Capital Costs	Non-Departmental Capital Expenditure	This category is limited to capital investment in Waka Kotahi NZ Transport Agency for capital expenditure associated with setting up the Clean Car Upgrade scheme.

- 36 **approved** the following changes to appropriations to provide for the decision in paragraph 32 above, with a corresponding impact on the operating balance and net core Crown debt:

Vote Transport Minister of Transport	\$m – increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26
Departmental Output Expenses:					
Transport – Policy Advice, Ministerial servicing, governance and other functions (funded by revenue Crown)	-	0.397	0.256	-	-
Multi-Category Expenses and Capital Expenditure: Clean Car Upgrade MCA Non-Departmental Output Expense:					
Administration of the Clean Car Upgrade	-	7.865	8.958	-	-
Non-Departmental Other Expense: Clean Car Upgrade – Grants	-	7.644	6.692	-	-
Non-Departmental Capital Expenditure: Clean Car Upgrade – Capital Costs	-	-	-	-	-
Total Operating	-	15.906	15.906	-	-
Total Capital	-	-	-	-	-

37 **agreed** that the changes to appropriations for 2022/23 above be included in the 2022/23 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;

38 **noted** that further work will be completed to determine the required capital costs of implementing systems to support the Clean Car Upgrade, and that the Minister of Transport and the Minister of Finance will agree to the movement of funding to the capital expenditure category above (including any operating to capital swap) once they are satisfied with this further work;

39 **agreed** that the expenses incurred under paragraph 36 above be charged against the Cleaner Vehicles for Low-Income New Zealanders – Vehicle Scrap and Replace Scheme – Tagged Operating Contingency described in paragraph 30 above;

40 **noted** that following the adjustments detailed in paragraph 36 above, the remaining balances and indicative phasing of the operating contingency described in paragraph 30 above will be as follows:

Vote Transport Minister of Transport	\$m – increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26
Cleaner Vehicles for Low-Income New Zealanders – Vehicle Scrap and Replace Scheme - Tagged Operating Contingency	-	-	-	242.900	294.050

- 41 **noted** that the tagged operating contingency described in paragraph 30 above will expire on 1 February 2023, but that decisions on further expansion of the Clean Car Upgrade beyond the trial will not be made until 2024;
- 42 **agreed** to extend the expiry of the tagged contingency to 30 June 2024 to allow for these future decisions.

Vivien Meek
Committee Secretary

Present:

Hon Kelvin Davis
Hon David Parker (Chair)
Hon Nanaia Mahuta
Hon Damien O'Connor
Hon Michael Wood
Rino Tirikatene, MP

Officials present from:

Office of the Prime Minister
Officials Committee for ENV

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