



Cabinet Committee Talking Points

Cabinet Committee: Cabinet Legislation Committee

Paper: Land Transport (Clean Vehicles) Amendment Bill – Approval for introduction

Portfolio: Transport

- I am seeking Cabinet approval to introduce the Land Transport (Clean Vehicles) Amendment Bill to the House, an omnibus bill that will give effect to several legislative mechanisms required to deliver the Government's Clean Car Programme.
- A number of amendments are required to legislation including the Land Transport Act 1998, Land Transport Management Act 2003, Energy Efficiency and Conservation Act 2000, and the Income Tax Act 2007. These amendments are intended to be introduced as an omnibus bill under Standing Order 267 as they deal with an interrelated topic under a single broad policy.
- The Bill supports the Government's efforts to achieve a rapid reduction in carbon dioxide emissions from light vehicles imported into New Zealand. The Bill achieves this by implementing three new legislative mechanisms that will help to increase both supply (Clean Vehicle Standard) and demand (Clean Vehicle Discount Scheme) of zero and low emissions vehicles and increase availability of information for consumers (vehicle labelling).
- To ensure effective compliance, new regulatory powers and offences are required to be implemented through the Bill. I am seeking the Committee's confirmation of my decision to include several new powers and offences.
- I have decided to include ambitious carbon dioxide emissions targets out to 2027 in the Bill to ensure the targets are clear and transparent and to give the vehicle industry more capacity to plan ahead. Future targets for 2028 and beyond may be set by regulation.
- There was strong public interest during consultation on the clean vehicle policies and there is now significant expectation for this legislation to be introduced.

Clean Vehicle Standard

- The Bill introduces a new requirement for vehicle importers to report on and comply with carbon dioxide emissions targets, designed to stimulate the supply of zero and low emissions vehicle imports. From 1 January 2023, the Clean Vehicle Standard will require importers to report on the emissions of their vehicle imports and comply with carbon dioxide emissions targets that strengthen on an annual basis.

- The Standard will apply to new and used light vehicles as they are imported into New Zealand. New vehicle importers will be required to comply with applicable targets on an annual basis across their fleet of vehicles. Charges will apply where the fleet of imported vehicles exceed applicable targets. Used vehicle importers will be required to comply as and when they import each vehicle, and charges will apply where their carbon dioxide account does not have sufficient credits to cover the emissions of the vehicle.
- Flexibility mechanisms are included in the Bill to encourage importers to meet targets – such as banking an overachievement for up to three years, deferring an obligation to the following year (for new vehicle importers only), or transferring credits to or from another vehicle importer.

Clean Vehicle Discount Scheme

- The Bill also empowers the making of regulations providing for fees and charges to be imposed in relation to the carbon dioxide emissions of light vehicles, which are necessary to implement the Clean Vehicle Discount Scheme. Under the scheme, consumers will be able to receive a rebate on the first New Zealand registration of zero or low emissions vehicles, and will be required to pay a charge on the first registration of vehicles with higher emissions.
- These charges reflect the increased environmental and economic costs of high emissions vehicles so that consumers are paying for the true cost of their vehicles. The revenue from these charges will be applied to rebates issued under the Clean Vehicle Discount Scheme.
- Rebates for electric vehicles became available from 1 July 2021, however charges on high-emitting vehicles cannot be imposed until the Bill and associated regulations are passed.

New regulations are required for this Bill

- Charges regulations will be required to fully implement the Clean Vehicle Discount Scheme and impose charges on the first registration of high emissions vehicles in New Zealand. These charges are intended to be in force by 1 January 2022 and I will ask Cabinet to consider a waiver of the 28 day rule for these regulations if necessary to ensure they are in force by that time.
- Regulations will also be required to prescribe requirements for the Clean Vehicle Standard. These are expected to be finalised mid 2022 to allow for the necessary operational systems to be developed, and for the Standard to take full effect from 1 January 2023.

Decisions being sought today

- I am seeking Cabinet Legislation Committee's approval to introduce this Bill
- I am also seeking Cabinet Legislation Committee's confirmation of the decisions I have taken in drafting the Bill, in consultation with the Minister for Climate Change:

- Converting targets and charges for the Clean Vehicle Standard from the outdated New European Drive Cycle (NEDC) to values based on the Worldwide Harmonised Light Vehicle Test Procedure (WLTP), as previously agreed to by Cabinet
- Prescribing penalties for offences related to the Standard for a body corporate, rather than an organisation other than an individual, to ensure alignment with other Land Transport Act provisions
- Providing for a new offence of failure or refusal to comply with a requirement of the Director of Land Transport in relation to the production of records or other information
- Empowering the Director to require third parties to supply information or give evidence if necessary to enable the Director to perform functions and powers related to the Standard, and providing for an offence of failing or refusing to comply with a requirement, or providing false or misleading information
- Including carbon dioxide emissions targets for 2026 and 2027 in the Bill to give the vehicle industry more capacity to plan ahead. The targets for 2026 are 25% less than the 2025 targets, and likewise the targets for 2027 involve a 25% reduction of the 2026 figures.

Next steps

- The Land Transport (Clean Vehicles) Amendment Bill currently holds a category 2 priority on the 2021 Legislation Programme, must be passed in the year. I am seeking agreement to introduce the Bill to the House in August 2021, and for the Bill to be referred to the Transport and Infrastructure Select Committee.
- The Bill will need to be enacted by mid November 2021 to allow sufficient time for regulations for the Clean Vehicle Discount Scheme to be made and in force on 1 January 2022.