



6 December 2023

OC231022

**Hon Simeon Brown**  
**Minister of Transport**

**Action required by:**  
 Thursday, 7 December 2023

## **NEXT STEPS TO LEGISLATE THE END OF THE CLEAN CAR DISCOUNT**

### **Purpose**

Progress the legislative amendments needed to repeal the Clean Car Discount.

### **Key points**

- Cabinet approved policy decisions on 4 December 2023 [CAB 23-MIN-0471 refers] to end the Clean Car Discount on 31 December 2023.
- The critical actions necessary to end the scheme are as follows:

7 December 2023	Lodge the attached Cabinet paper
11 December 2023	Cabinet considers the draft Land Transport (Clean Vehicle Discount Scheme Repeal) Amendment Bill (the Bill)
13–20 December 2023	Introduction and passage of the Bill under urgency
21 December 2023 at the latest	Bill receives Royal assent
21 December 2023	Issue updated Ministerial Direction to New Zealand Transport Agency (NZTA) Sign new and/or amended Funding Deed with NZTA
1 January 2024	Commencement of the Act High-emitting vehicles no longer attract charges and buyers of low-emitting vehicles can no longer apply for rebates.

- As discussed with your office, the Parliamentary Counsel Office (PCO) does not consider that the draft Bill it can provide to Cabinet on 11 December 2023 will be ready for introduction.
- To manage this risk, the draft Cabinet paper seeks Cabinet's agreement to delegate the power to approve the Bill to you as the Minister of Transport.

- Attached to this paper are:
  - a draft Cabinet paper (Annex 1)
  - the Legislative Statement (Annex 2) and Departmental Disclosure Statement (Annex 3) to accompany the Bill
  - draft first, second and third reading speeches for the House (Annex 4)
  - background Q&As to support you in the House (Annex 5).

**Recommendations**

We recommend you:

- 1 **provide** any feedback to officials on the attached documents.
- 2 **agree** to lodge the attached Cabinet paper on Thursday 7 December to enable consideration by Cabinet at its meeting of Monday 11 December. Yes / No

*Siobhan Routledge*

Siobhan Routledge  
**Acting Deputy Chief Executive – Policy Group**

Hon Simeon Brown  
**Minister of Transport**

06 / 12 / 2023

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- 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)	
Emma Wardle, Senior Adviser Environment	s 9(2)(a)	

**ANNEX 1: DRAFT CABINET PAPER – LAND TRANSPORT (CLEAN VEHICLE DISCOUNT SCHEME REPEAL) AMENDMENT BILL**

Annex 1 not proactively released as the final Cabinet paper has been proactively released.

PROACTIVELY RELEASED BY  
TE MANATŪ WAKA MINISTRY OF TRANSPORT

## ANNEX 2: LEGISLATIVE STATEMENT

### Legislative Statement for the Land Transport (Clean Vehicle Discount Scheme Repeal) Amendment Bill

Presented to the House of Representatives

In accordance with Standing Order 272

#### Introduction

- 1 The Land Transport (Clean Vehicle Discount Scheme Repeal) Amendment Bill (the Bill) will deliver on the Government's commitment (under the 100-Day Plan and in the National-ACT coalition agreement) to end the Clean Car Discount.
- 2 The Bill:
  - 2.1 repeals the empowering provisions and regulations that set charges for high-emitting vehicles.
  - 2.2 amends or repeals legislative provisions that refer to the Clean Car Discount scheme or set out requirements to administer the scheme
  - 2.3 amends vehicle labelling regulations to remove rebate and charge information from vehicle energy economy labels

#### Background

- 3 Under the Clean Car Discount, people buying low-emitting vehicles are eligible for a rebate, while those buying high emitting ones must pay a charge. Rebates and charges apply to vehicles registered for the first time in New Zealand, and do not apply to vehicles in the existing fleet
- 5 The Clean Car Discount commenced July 2021 with rebates for electric vehicles. The remainder of the scheme, including its charges, was introduced after the Land Transport (Clean Vehicles) Amendment Act 2022 passed in February 2022.
- 6 The Land Transport (Clean Vehicles) Amendment Act 2022 introduced section 167A to the Land Transport Act 1998, enabling regulations to be made imposing fees and charges for the purposes of the Clean Car Discount.
- 7 The applicable charges were set out in the Land Transport (Clean Vehicle Discount Scheme Charges) Regulations 2022 which came into force on 1 April 2022. The regulations were amended in 2023 to widen the pool of vehicles subject to charges, increase the level of charges and increase the maximum cap on charges. These changes came into effect on 1 July 2023, alongside reductions to rebate levels.
- 8 Additionally, the Land Transport (Clean Vehicles) Amendment Act 2022 made amendments to other primary and secondary legislation, including the:
  - 8.1 Land Transport Management Act 2003 – setting out requirements to administer the scheme.

- 8.2 Energy Efficiency and Conservation Act 2000 – introducing the empowering provision that enabled rebate and charge information to be displayed on vehicle energy economy labels.
  - 8.3 Income Tax Act 2007 – amendments relating to the calculation of fringe benefit tax where buyers have received a rebate following the purchase of a vehicle.
  - 8.4 Land Transport (Motor Vehicle Registration and Licensing) Regulations 2011 – requiring applicable charges to be paid before issuing a certificate of registration for a vehicle.
- 9 The Energy Efficiency (Vehicle Energy Economy Labelling) Amendment Regulations 2022 also came into effect on 1 April 2022 introducing updated vehicle energy economy labels that display rebate and charge information.

**Provisions in the Land Transport (Clean Vehicle Discount Scheme Repeal) Amendment Bill**

- 10 The Bill repeals and/or amends all provisions in the following legislation relating to the scheme:
- 10.1 Land Transport Act 1998
  - 10.2 Land Transport Management Act 2003
  - 10.3 Land Transport (Motor Vehicle Registration and Licensing) Regulations 2011
  - 10.4 Land Transport (Clean Vehicle Discount Scheme Charges) Regulations 2022.
- 11 Transitional provisions through to mid-2024 are included in the Bill for some provisions that need to stay in force to support the administrative wind-down of the scheme.
- 12 The Bill will amend provisions in the Energy Efficiency (Vehicle Energy Economy Labelling) Regulations 2007 to remove rebate and charge information from vehicle labels
- 13 No changes are needed to the Income Tax Act 2007 at this stage. The relevant provisions (see paragraph 8.3) are still applicable for vehicles that receive rebates before the scheme ends for so long as they are owned by the original purchaser. Those vehicles are likely to be gradually sold over several years, and the provisions can then be repealed as part of a future tidy up of redundant Income Tax Act provisions.
- 14 The Energy Efficiency and Conservation Act 2000 will also not be amended at this time. The provision mentioned in paragraph 8.2 above is general in nature and does not refer to the Clean Car Discount specifically. As such, it is not essential to amend this Act.

Hon Simeon Brown  
**Minister of Transport**

## ANNEX 3: DEPARTMENTAL DISCLOSURE STATEMENT

Annex 3 not proactively released as the Departmental Disclosure Statement is publicly available at: <http://legislation.govt.nz/disclosure.aspx?type=bill&subtype=government&year=2023&no=6>

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## ANNEX 4: DRAFT SPEECHES

Annex 4 not proactively released as the speeches made to the House are available in the Hansard Reports of 12 December 2023.

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**ANNEX 5: BACKGROUND Q&As**

Annex 5 not proactively released.

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