

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 <http://legislation.govt.nz/disclosure.aspx?type=bill&subtype=government&year=2024&no=59>

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.

Hon Simeon Brown

Land Transport (Clean Vehicle Standard) Amendment Bill

Government Bill

Contents

	Page
1 Title	1
2 Commencement	1
3 Principal Act	2
4 Act binds the Crown	2
5 New sections 167BA and 167BB inserted	2
167BA Regulations relating to cost recovery for administering Part 13 (clean vehicle standard)	2
167BB Regulations relating to power of Registrar and Director if fee or charge unpaid	2
6 Section 167C amended (Regulations for purposes of Part 13 (clean vehicle standard))	3
7 Section 175 amended (Targets for reducing carbon dioxide emissions)	3

The Parliament of New Zealand enacts as follows:

1 Title

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

2 Commencement

5

(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

5

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— 10
- (a) Part 13; or
 - (b) regulations relating to Part 13 made under section 167 or 167C. 15
- (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. 20
- (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: 25
 - (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). 30
- (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- 35

- ation 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) 5
- 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)) 10**
- 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”. 15