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MP for Mt Roskill

Minister of Immigration

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J.17

Legislative Statement for the Land Transport (Clean Vehicles) Amendment Bill (No 2) *Presented to the House of Representatives in accordance with Standing Order 272*

Introduction

1. The policy objective of the Land Transport (Clean Vehicles) Amendment Bill (No 2) (the Bill) is to support the successful implementation of the Clean Vehicle Standard (the Standard). The Bill provides three legislative measures to realise this objective:
 - A six-month phase-in to give vehicle importers time to adjust to the Standard's requirements and the online system run by Waka Kotahi
 - A clarification to correct the inadvertent extension of the Standard's carbon dioxide (CO₂) account and vehicle emissions data recording requirements to motorcycles and mopeds
 - A technical correction to enable the waiver or refund of charges imposed on Category 2 light vehicle importers, and for unpaid charges to be recoverable as a debt due to the Crown.
2. The Bill will amend the Land Transport Act 1998.

Background

3. The Standard is a central policy in transitioning the light vehicle fleet to be low and ultimately zero emission. The Standard sets annual targets that require light vehicle importers to progressively reduce the CO₂ emissions of the vehicles they import. Charges will apply if those targets are not met.
4. The Land Transport Act 1998 was amended in February 2022 to introduce a new Part 13 that establishes the Standard. This legislation sets two key start dates for the Standard, which are:
 - 1 December 2022. From this date, all light vehicle importers will be required to have a CO₂ account, where the CO₂ emissions of their vehicles will be recorded. No light vehicle will be able to be certified for entry into New Zealand unless its CO₂ emissions have been recorded in the relevant importer's account
 - 1 January 2023. From this date, the CO₂ emissions of Type A and Type B vehicles imported will count towards importers' emissions targets. Importers will have to pay charges for exceeding targets if sufficient credits are not available. Type A and Type B vehicles are defined in Part 13, and are cars, SUVs, vans, utes and small trucks. Part 13 also allows importers to transfer CO₂ credits to other importers' CO₂

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- accounts. The Director of Land Transport (the Director) is required to maintain and operate an accessible record of CO2 accounts to facilitate the transfer of credits between importers.
5. Part 13 of the Land Transport Act 1998 provides two different compliance regimes and consequently the following two categories of light vehicle importers.
- Category 1 light vehicle importers: an importer must receive the Director's approval under regulations to be a Category 1 light vehicle importer. For these importers, CO2 emissions targets (and payable charges) are calculated on an annual basis, across the fleet of vehicles imported in that year. This means a Category 1 importer can import higher-emitting vehicles without charge, so long as they are balanced by sufficient numbers of low-emitting vehicles.
 - Category 2 light vehicle importers: any light vehicle importer that does not have the Director's approval to operate as a Category 1 importer is a Category 2 light vehicle importer. For Category 2 importers, targets (and charges) are calculated on a vehicle-by-vehicle basis. A Category 2 light vehicle importer must pay a charge for each individual vehicle they import on or after 1 January 2023 that exceeds the carbon dioxide target for that vehicle type, unless the charge is offset with an existing CO2 credit. Payment must be made at the time of entry certification on a vehicle-by-vehicle basis to allow the vehicle to enter the New Zealand fleet. The expectation is that all official new vehicle distributors will be Category 1 in line with Cabinet's 26 January 2021 decisions [CAB-21-MIN-0004 refers].

Provisions in the Land Transport (Clean Vehicles) Amendment Bill (No 2)

6. The Bill inserts new Part 5 into Schedule 1 to provide a six-month phase-in as a transitional measure. The provisions in Part 5 defer from 1 January 2023 the:
- requirement to pay charges to 1 June 2023. Charges will still be incurred from 1 January 2023 but would not be payable until 1 June 2023
 - ability to transfer emission credits from 1 June 2023. Credits will still be accrued from 1 January 2023
 - requirement for a publicly available record of account holders to apply from 1 June 2023. Between 1 December 2022 and 31 May 2023, importers and the public would need to apply to Waka Kotahi to access information from the record of account holders.
7. Part 1 of the Bill makes the following amendments to the Land Transport Act 1998 to correct the operation of the Standard.

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- Section 167C is amended to insert “or 182” after “section 177” in sections 167C(1)(n) and 167C(1)(o). This will enable the waiver or refund of charges imposed on Category 2 light vehicle importers, and for unpaid charges to be recoverable as a debt due to the Crown.
- Sections 185, 187 and 189 are amended by replacing “light vehicle” with “Type A or Type B vehicle”. These changes will remove the inadvertent application of the Standard to motorcycles and mopeds

Conclusion

8. The amendments in the Bill support the successful implementation of the Clean Vehicle Standard. They will make it easier for vehicle importers to comply and reduce compliance costs.

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