

Legislative Statement for the Land Transport (Clean Vehicles) Amendment Bill

Third Reading

Presented to the House of Representatives

In accordance with Standing Order 272

Introduction

1. This legislative statement supports the third reading of the Land Transport (Clean Vehicles) Amendment Bill (the Bill). The Bill is designed to achieve a rapid reduction in carbon dioxide emissions from light vehicles imported into New Zealand. The Bill will achieve this policy objective through the implementation of the *clean vehicle standard* and the *clean vehicle discount scheme*.
2. The clean vehicle standard will increase the supply and variety of zero- and low-emissions vehicles available for purchase in New Zealand by applying annually strengthening carbon dioxide emission targets to importers of new and used light vehicles.
3. The clean vehicle discount scheme will increase consumer demand for zero- and low-emissions light vehicles by applying a rebate to the first New Zealand registration of these vehicles. The discount scheme is designed to decrease consumer demand for higher emission vehicles by applying a charge on the first New Zealand registration of higher carbon dioxide emission vehicles. The charges will be imposed by regulation under new empowering provisions in the Bill.
4. The Bill also provides for regulations to prescribe vehicle labelling requirements to help inform New Zealanders of vehicle emission levels along with any rebates receivable or charges payable under the clean vehicle discount scheme.
5. The Bill is an omnibus bill and amends the Land Transport Act 1998, Land Transport Management Act 2003, Energy Efficiency and Conservation Act 200, Income Tax Act 2007, and the Land Transport (Motor Vehicle Registration and Licensing) Regulations 2011.

Provisions in the Land Transport (Clean Vehicles) Amendment Bill

Clean vehicle standard

6. The Bill inserts new Part 13 into the Land Transport Act 1998 (the LTA) to provide for the substantive provisions of the clean vehicle standard. New Part 13 specifies the carbon dioxide emission targets that apply to vehicle importers from 2023 to 2027. Targets from 2028 may be specified by regulation. New section 175A requires the Minister to initiate a review of the targets by 30 June 2024. This measure will ensure that targets are appropriate after taking into account matters such as the anticipated impact of the targets on vehicle carbon dioxide emissions, vehicle safety, and the affordability and

availability of vehicles. The Minister may also take into account any other matter considered relevant to the review.

7. New Part 13 also imposes charges on vehicle importers that exceed applicable targets and who do not have sufficient credits in their carbon dioxide account to offset the excess emissions. Vehicle importers may transfer credits to other vehicle importers and bank any overachievement of a target for the following three years. New vehicle importers may defer their obligation to meet targets until the following calendar year. This option only applies from 2023 to 2025. These flexibility mechanisms are designed to help vehicle importers comply with carbon dioxide emission targets.
8. Regulations made under new section 167C will provide for matters relating to the administration of the clean vehicle standard, including prescribing excluded vehicles and matters related to opening and operating carbon dioxide accounts.

Clean vehicle discount scheme

9. Part 2 of the Bill amends the Land Transport Management Act 2003 (the LTMA) to provide for the funding and administration of the clean vehicle discount scheme. A new definition of the scheme is inserted into section 5, together with amendments to sections 9 and 10 to create a permanent legislative authority to fund the scheme and to ensure revenue from clean vehicle discount scheme charges is used only for the purpose of the scheme.
10. The Bill also amends the LTMA to provide for the accounting, monitoring, and administration of the clean vehicle discount scheme. Section 95 is amended to provide that Waka Kotahi New Zealand Transport Agency must administer the clean vehicle discount scheme as one of its functions.
11. The Bill inserts new section 167A into the LTA to empower regulations to impose fees and charges for the purposes of the clean vehicle discount scheme. Fees and charges may only be imposed for the purpose of promoting the transition of New Zealand's light vehicle fleet to zero- and low- emission vehicles and reducing carbon dioxide emissions.
12. Consequential amendments to the The Land Transport (Motor Vehicle Registration and Licensing) Regulations 2011 will ensure that the Registrar of Motor Vehicles cannot register a vehicle until applicable charges have been paid under the clean vehicle discount scheme.

Other amendments

13. The Bill amends section 155(1) of the LTA to allow rules to prescribe requirements for information and data related to vehicle fuel or energy consumption, efficiency or carbon dioxide emissions, and to provide formulas or methodology for determining these things. A rule made under this provision will provide for the determination of vehicle carbon dioxide emissions necessary for the clean vehicle standard and the clean vehicle discount scheme.
14. The Bill amends the Energy Efficiency and Conservation Act 2000 to make a consequential change to section 36. The amendment will allow regulations to prescribe vehicle labelling requirements in terms of carbon dioxide emissions, and any rebates receivable or charges payable to support the clean vehicle discount scheme. The Bill

includes a transitional provision to validate any action taken by the Minister before the commencement of the empowering provision (such as notifying a proposal to make regulations and consulting persons the Minister considers appropriate).

15. The Bill amends the Income Tax Act 2007 to make consequential changes to the fringe benefit tax provisions in that Act to ensure that the cost price of a vehicle subject to the Clean Vehicle Discount Scheme is based on the net price of that vehicle.

Conclusion

16. The Bill establishes the core legislative framework to implement clean vehicle policies designed to achieve a rapid reduction in the carbon dioxide emissions from New Zealand's light vehicle fleet.

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Minister of Transport