



TE MANATŪ WAKA
MINISTRY OF TRANSPORT

Te kawē whenua (I ngā waka mā)
mā te pire whakatikatika

Land Transport (Clean Vehicles)
Amendment Bill

11 November 2021



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The Case for Change

- Climate change is the biggest threat we face.
- In the last two decades, the world observed:
 - over 475,000 deaths as a result of over 11,000 extreme climatic events
 - over NZ\$ 3.5 trillion economic losses.
- The Government has set a net-zero emissions target by 2050, and a 50% emissions reduction target by 2030.
- This is all of our challenge to own, and we need to work together.

The Case for Change

- Transport is a big part of the challenge - the transport sector produces 47% of New Zealand's CO₂ emissions.
- Emissions from the transport sector have increased around 100% in the past 30 years and the target for the next 30 years is to bring this to zero.
- Over 80% of total transport emissions are from the light-vehicle fleet.
- New Zealand's highly-polluting vehicle fleet needs to decarbonise rapidly.

The Clean Vehicles Bill

Objectives:

- Increasing the **supply** of clean vehicles by applying a **Clean Vehicle Standard**
- Increasing the **demand** for clean vehicles by providing for a **Clean Vehicle Discount**
- Informing consumers about vehicle emission levels and charges or rebates through vehicle labelling



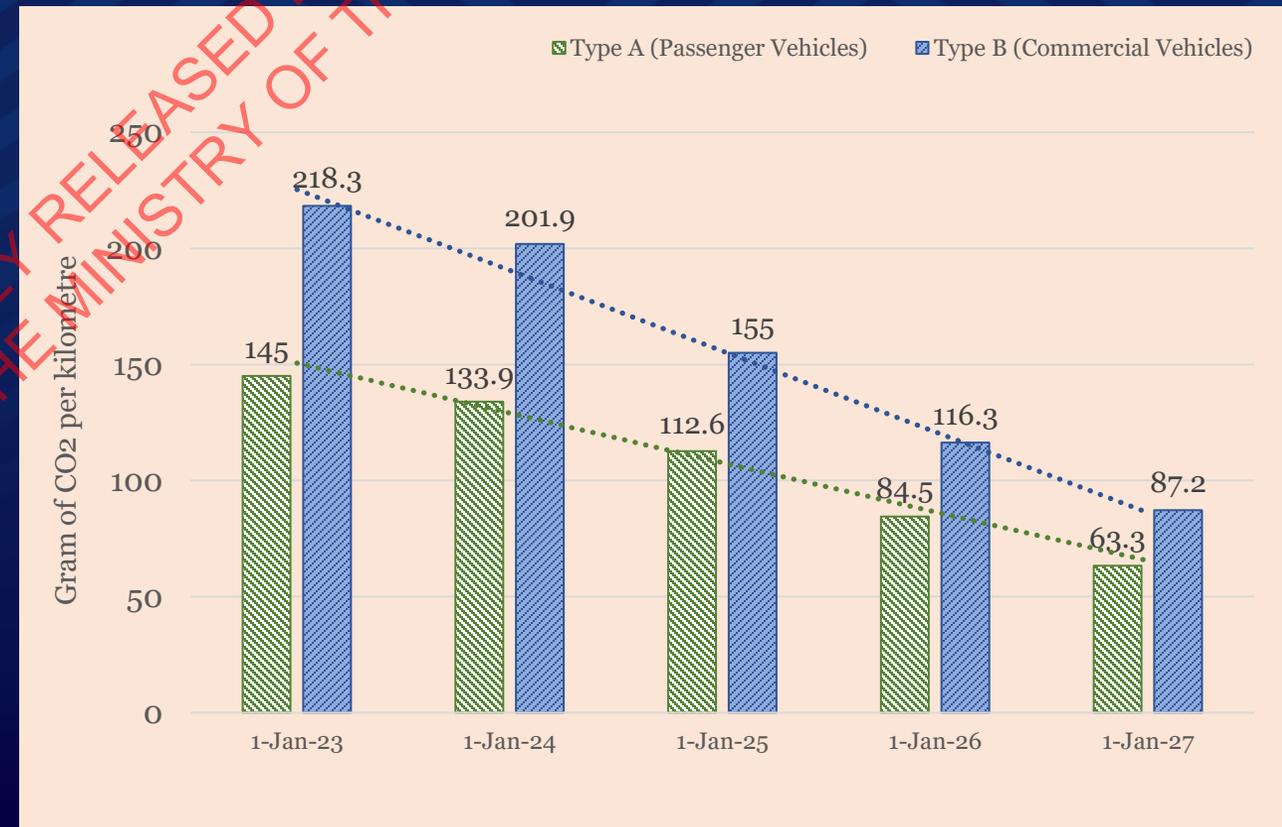
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Clean Vehicle Standard

- New Zealand is one of the few OECD countries that lacks a CO₂ emissions standard.
- New Zealand must avoid being a dumping ground for high emission vehicles.
- The Clean Vehicle Standard was announced in January 2021. Vehicle importers will need to meet CO₂ emission targets on the range of vehicles they import.
- Charges will apply where emissions exceed applicable targets.
- Flexibility mechanisms will assist importers to meet targets: banking, borrowing, and transferring CO₂ credits.
- Targets for vans and utes will be higher than those for cars and SUVs.

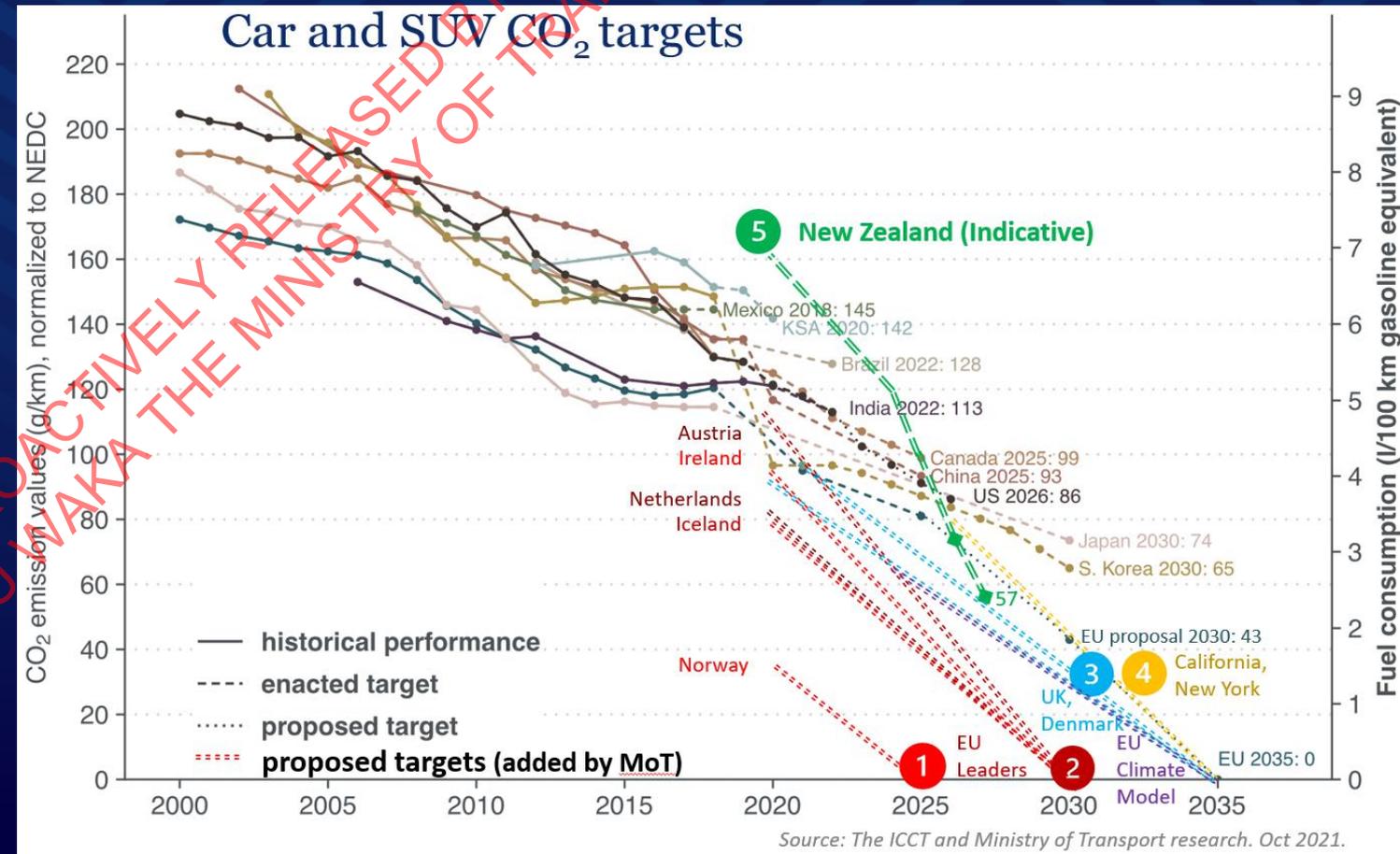
Clean Vehicle Standard

- Targets and charges under the Standard will apply from 1 January 2023.
- Emissions targets will strengthen on an annual basis.
- Emissions targets for a passenger vehicle will be reduced to 63.3 gCO₂/km in 2027 from 145 gCO₂/km in 2023 (56% decrease).
- Emissions targets for a commercial vehicle will be strengthened by 60% between 2023 and 2027.



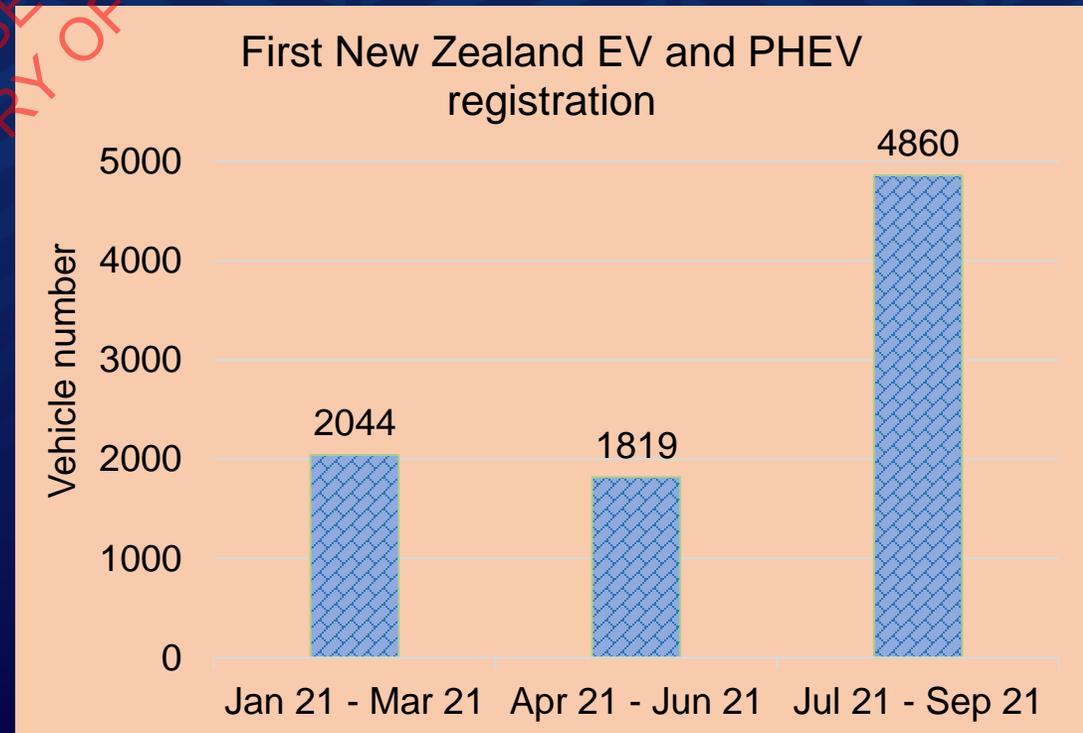
Clean Vehicle Standard

- Other Countries have more ambitious targets than what we are proposing.
- Our 2025 passenger vehicle target has already been achieved by Europe.
- Our 2027 passenger vehicle target is significantly more generous than what has already been achieved at a country-scale by Norway.



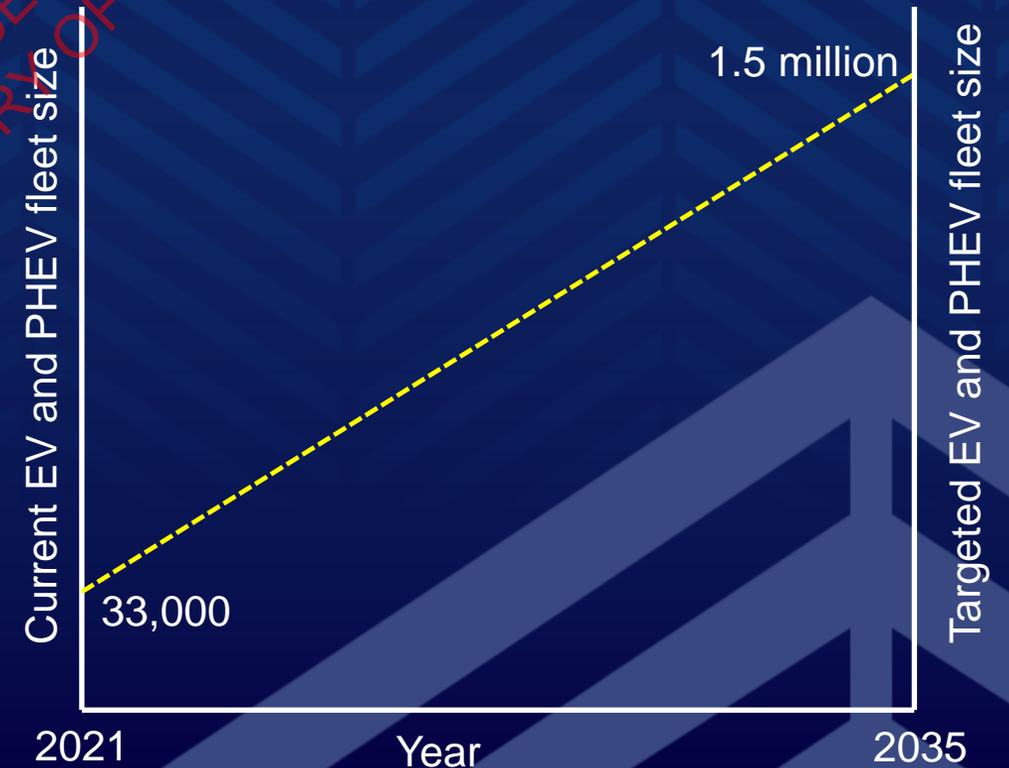
Clean Vehicle Discount Scheme

- Norway, France, Sweden, Japan, the USA, the UK, Canada, China and many other countries have already offered incentives for EVs.
- The scheme was launched in July 2021 to reduce the high up-front cost barrier to buying EVs.
- The uptake of clean vehicles has greatly increased since the launch in July.



Clean Vehicle Discount Scheme

- The full Discount scheme includes a charge on high emissions vehicles and will take effect in April 2022.
- Revenue from the charges will be used to fund rebates, thereby rewarding consumers who purchase clean vehicles.





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Policy Impacts

- The clean vehicle policies will only affect the approximately 300,000 light vehicles imported each year.
- They are expected to reduce emissions between 3.8 and 15.3 million tonnes between 2022 and 2050.
- The policies will save money in the economy as fuel costs will be avoided.
- Low income households could benefit from significantly reduced weekly fuel costs.
- The policy will change the types of vehicles that distributors import into New Zealand.



Key findings: Consultation and Engagement

- Public consultation was undertaken in July 2019 for 3 months.
- The consultation received 860 survey responses and 87% supported the Clean Car Discount scheme. An additional 1,644 template emails from an email address set up by the New Zealand National Party opposed placing fees on high emission vehicles
- An AA member survey was carried out in September 2020 and 66% of the total 1,079 responses supported a clean car standard.
- Accessing the cleaner vehicles available in the US and Europe is currently a challenge for the motor vehicle industry.
- The motor vehicle industry has contributed to technical and implementation details.

Scope of the Bill

- Lowering vehicle emissions is an urgent requirement to tackle climate change and catch up with foreign markets.
- Exempting utes from clean car policies would be inconsistent with our ambition and commitments.
- There is currently a limited range of clean vehicles suitable for off-road driving and towing a boat, but the market is expected to develop quickly as the demand increases.
- Vehicles already in the fleet are outside the scope of this Bill.

What's Next

Secondary legislation will be required to give effect to the policies in the Bill:

- *Land Transport (Clean Vehicle Discount Scheme) Charges Regulations* to impose charges on high emission vehicles
- *Land Transport Rule: Fuel Consumption and Emissions Data* to require CO₂ information and data and provide for CO₂ conversions
- *Land Transport (Clean Vehicle Standard) Regulations* to provide the operational detail to support the Standard
- *Energy Efficiency (Vehicle Fuel Economy Labelling) Amendment Regulations* to prescribe vehicle labelling requirements for CO₂ emissions and applicable charges or rebates



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Conclusion

- The Bill will establish the legislative framework to increase the supply and demand for clean light vehicles in New Zealand, an essential step on our urgent decarbonisation journey.
- The Bill will contribute to better environment outcomes and deliver direct health benefits to New Zealanders by reducing air pollution from high emission vehicles.
- The Bill will contribute to efforts to achieve our national and international emissions reduction targets and ensure New Zealand is not a dumping ground for the inefficient vehicles already being rejected from other markets.



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Tēnā koe
Any questions?

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