

Land Transport (Clean Vehicles) Amendment Bill

Government Bill

Explanatory note

General policy statement

This Bill is an omnibus Bill that will amend the Land Transport Act 1998, the Land Transport Management Act 2003, the Energy Efficiency and Conservation Act 2000, the Income Tax Act 2007, and the Land Transport (Motor Vehicle Registration and Licensing) Regulations 2011. The Bill is introduced under Standing Order 267 because the amendments deal with an interrelated topic that can be regarded as implementing a single broad policy. This single broad policy is to achieve a rapid reduction in carbon dioxide emissions from light vehicles imported into New Zealand by—

- increasing the supply and variety of zero- and low-emissions vehicles available for purchase in New Zealand by applying a clean vehicle standard to importers of new and used light vehicles:
- increasing the demand for zero- and low-emissions vehicles by providing for a clean vehicle discount scheme designed to incentivise, through the issue of rebates or the imposition of charges, New Zealanders to purchase vehicles with lower or zero emission values over those with higher emission values:
- informing New Zealanders about vehicle emissions levels and rebates receivable or charges payable in relation to light vehicles offered for sale, by providing for vehicle labelling requirements.

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=2021&no=62>

Regulatory impact statement

The Ministry of Transport produced regulatory impact statements on 30 November 2019 and 15 May 2020 to help inform the main policy decisions taken by the Government relating to the contents of this Bill.

Copies of these regulatory impact statements can be found at—

- <https://www.transport.govt.nz/assets/Uploads/RISDemandsideoptionsinclAcceleratedFeebate.pdf>
- <https://www.transport.govt.nz/assets/Uploads/RIA/LEV-Regulatory-Impact-Statement.pdf>

Clause by clause analysis

Clause 1 is the Title clause.

Clause 2 is the commencement clause. The Bill, except *clauses 22 to 24*, comes into force on the day after the date on which it receives the Royal assent. *Clauses 22 to 24* are deemed to have come into force on 1 July 2021. The reason for the retrospective commencement of those clauses is that they provide for the fringe benefit tax treatment of vehicles in relation to which rebates under the clean vehicle discount scheme are received by the owner, and these rebates are receivable in respect of qualifying vehicles registered for the first time in New Zealand on and after 1 July 2021.

Part 1

Amendments to Land Transport Act 1998

Clause 3 provides that *Part 1* of the Bill amends the Land Transport Act 1998 (the LTA).

Clause 4 amends section 2 of the LTA, which relates to interpretation, by inserting a definition of light vehicle and amending the definition of land transport document to include a carbon dioxide account. (See the analysis of *new section 185* below, concerning the effect of a carbon dioxide account being a land transport document.)

Clause 5 inserts *new sections 167A to 167C* into Part 11 of the LTA (which deals with land transport subordinate legislation). In summary,—

- *new section 167A* allows regulations to be made under section 167(1)(j) of the LTA for the purposes of the clean vehicle discount scheme, requiring fees and charges to be paid in relation to the carbon dioxide emissions of imported new and used light vehicles:
- *new section 167B* allows regulations to be made under section 167(1)(j) of the LTA for the purposes of the clean vehicle standard (provided for in *new Part 13*) setting charges payable by vehicle importers if they do not include, among the vehicles they import in a calendar year, a minimum proportion of vehicles with zero carbon dioxide emissions set under regulations made under *new section 167C(1)(m)*:

- *new section 167C* allows regulations to be made for the purposes of the clean vehicle standard under *new Part 13*, defining certain terms and prescribing matters relating to the establishment and implementation of the standard.

Clause 6 amends the heading to section 168AA of the LTA to reflect the requirement under that section for all fees and charges identified, in regulations made under Part 11, as land transport revenue for the purposes of the Land Transport Management Act 2003 to be paid into a Crown Bank Account.

Clause 7 inserts into the LTA *new Part 13 (new sections 170 to 197G)*, which provides for the clean vehicle standard. *New Part 13* is in 3 subparts.

Subpart 1—Preliminary provisions

This subpart—

- specifies the purpose of *new Part 13 (new section 170)*;
- provides that the Part applies to light vehicles imported into New Zealand (*new section 171*);
- defines various terms used in the Part (*new section 172*);
- provides that a vehicle is treated as imported at the point at which it is, for the first time, issued with evidence of vehicle inspection under the LTA (*new section 173*);
- provides for how carbon dioxide emissions from imported light vehicles must be measured for the purposes of the Part and who determines the amount of carbon dioxide emissions of an imported light vehicle (*new section 174*).

Subpart 2—Clean vehicle standard

This subpart establishes targets for carbon dioxide emissions from imported light vehicles, imposes obligations on vehicle importers to comply with those targets, provides for the ways in which vehicle importers can comply with the targets, and provides for matters relating to carbon dioxide accounts.

In summary,—

- *new section 175* specifies targets for carbon dioxide emissions from light vehicles (Type A vehicles and Type B vehicles as defined in *section 172*) for each of the calendar years 2023 to 2027;
- *new section 176(1)* requires a category 1 light vehicle importer to comply with each annual target in relation to the fleet or fleets of vehicles they imported in the relevant calendar year (Type A vehicles, Type B vehicles, or both those fleet types). *New section 176(2)* requires the actual carbon dioxide emissions across each fleet of imported vehicles to be less than or equal to the fleet target applicable to the vehicle importer;
- *new section 177* requires a category 1 light vehicle importer to pay the charges specified in that section if the vehicle carbon dioxide emissions across the fleet of vehicles they import exceed the fleet target applicable to the vehicle importer, unless—

- the importer has sufficient carbon dioxide credits in their carbon dioxide account to offset the excess emissions (through banking credits under *new section 178* or transfers of credits into their account under *new section 180*); or
 - the importer is permitted to defer their obligation to meet the fleet target for the relevant year under *new section 179*:
- *new section 178* provides for a category 1 light vehicle importer who betters the fleet target applicable to them in an obligation year to carry forward (**bank**) the amount of overachievement of their target in their carbon dioxide account to offset any future underachievement over the following 3 years:
 - *new section 179* provides for a category 1 light vehicle importer to apply to the Director of Land Transport (the **Director**) to defer their obligation to meet their fleet target for an obligation year. However, a deferral does not remove the obligation to meet the target for each year and the charges in *new section 177* still apply if the importer fails to do so:
 - *new section 180* provides for a category 1 light vehicle importer to transfer credits in their carbon dioxide account to another category 1 light vehicle importer:
 - *new section 181* requires a category 2 light vehicle importer to comply with the targets as and when they import each vehicle in the relevant calendar year:
 - *new section 182* requires a category 2 light vehicle importer to pay the charges specified in that section if the carbon dioxide emissions of a vehicle exceed the target, unless there are sufficient credits available in the importer's carbon dioxide account to offset the excess:
 - *new section 183* provides for a category 2 light vehicle importer to bank overachievement of carbon dioxide emissions targets in the same manner as applies to a category 1 light vehicle importer under *new section 178*:
 - *new section 184* provides for a category 2 light vehicle importer to transfer carbon dioxide credits in their account to another category 2 light vehicle importer:
 - *new section 185* requires every light vehicle importer to hold a carbon dioxide account with the Director and requires the account to contain the information and be operated as required by the regulations. Because a carbon dioxide account is a land transport document (within the meaning of that term as amended by *clause 4* of the Bill),—
 - account holders will be participants in the land transport system and therefore subject to the general requirements under section 4 of the LTA:
 - the general right of appeal to the District Court under section 106 of the LTA will apply in respect of any decision the Director may make in relation to an account (*see new section 193*):

- the Director's statutorily independent functions under section 104B of the Land Transport Management Act 2003 will also apply in relation to the accounts:
- *new section 186* requires the Director to allocate a unique number to each account. Under *new section 187*, no light vehicle can be issued, for the first time, with evidence of vehicle inspection unless the vehicle importer's carbon dioxide account number has been provided to the Director and the carbon dioxide emissions of the vehicle have been recorded in the account:
- *new section 188* requires the Director to keep a record of all carbon dioxide account holders and their corresponding account numbers, specifies the manner in which the Director must maintain and operate the record, and enables anyone to apply for information contained in the record, in accordance with the regulations:
- *new sections 189 to 192* provide for the opening, closing, and suspension of carbon dioxide accounts as follows:
 - under *new section 189*, any person can apply to open a carbon dioxide account, but no person may hold more than 1 account:
 - the Director has the power to close an account if required to do so by the account holder or if, after giving notice to the account holder, the Director is satisfied that the person no longer requires the account (*new sections 190 and 191*):
 - under *new section 192*, the Director can suspend an account for up to 5 years if—
 - the account holder does not comply with provisions of *new Part 13* or the regulations, the Director has given reasonable notice to the account holder, and the person has failed to comply; or
 - the account holder has been convicted of an offence under *new Part 13* and the Director considers that suspending the account is necessary for the purpose of maintaining the integrity of the clean vehicle standard.

Subpart 3—Information gathering and enforcement powers

This subpart provides for information gathering and enforcement powers. In summary,—

- *new section 194* requires vehicle importers to collect and keep data and information to enable the charges payable and paid by them each year to be verified. A failure, without reasonable excuse, to comply with those obligations is an offence under *new section 195*:
- *new section 196* provides for an offence on the part of a vehicle importer to knowingly or recklessly provide false or misleading information to the Director:

- *new section 197* provides for the Director to require vehicle importers to produce for inspection, copying, and removal for copying, records and other information relevant to their obligation under the clean vehicle standard:
- *new section 197A* provides for an offence of failing to comply with a requirement under *section 197*:
- *new section 197B* provides for the Director to serve a notice requiring any person to supply information, provide documents, or give evidence if the Director considers it necessary or desirable for the purposes of performing or exercising functions, duties, or powers under *new Part 13*. A failure or refusal, without reasonable excuse, to comply with a notice is an offence against *new section 197C*:
- the maximum penalty for an offence against *new section 195, 196, 197A, or 197C* is, in the case of individual, a fine not exceeding \$15,000 and, in the case of a body corporate, a fine not exceeding \$75,000.

Clause 8 amends section 208 of the LTA to provide for the New Zealand Transport Agency (the **Agency**) to appoint enforcement officers for the purposes of *new Part 13*.

Clause 9 amends section 213 of the LTA, which makes an imported vehicle subject to the control of Customs until any requirement for the vehicle under a regulation or rule is complied with. The amendment excludes from application of the provision requirements imposed by regulations made under *new sections 167B and 167C* for the purposes of the clean vehicle standard.

Clause 10 amends section 239 of the LTA to provide for information from the register of motor vehicles to be released to the Agency for the purposes of administering rebates and charges under the clean vehicle discount scheme in respect of motor vehicles granted confidential status under section 239(2).

Clause 11 amends section 243 of the LTA to require an application for registration of a motor vehicle to be accompanied by the amount of any charges prescribed under *new section 167A* for the purposes of the clean vehicle discount scheme.

Clause 12 amends Schedule 1 of the LTA to insert a transitional provision relating to the amendment made by the Bill to section 36 of the Energy Efficiency and Conservation Act 2000. (See the analysis of *clause 21* below concerning the amendment to section 36 and the effect of the transitional provision).

Part 2

Amendments to other enactments

Clause 13 provides that *clauses 14 to 19* amend the Land Transport Management Act 2013.

Clause 14 inserts a definition of clean vehicle discount scheme into section 5, which is the interpretation section.

Clause 15 inserts *new subsections (1E) to (1H)* into section 9 (which provides for the Crown's authority to incur land transport expenses and capital expenditure). Broadly summarised, these provisions establish a permanent legislative authority providing funding for the purpose of the clean vehicle discount scheme up to the same amount as the revenue received from charges paid pursuant to the regulations made under *new section 167A* of the LTA.

Clause 16 inserts *new section 9A*, which requires specified accounting information concerning the clean vehicle discount scheme to be included in the annual report of the Agency.

Clause 17 amends section 10 as a consequence of *new section 9(1E) to (1H)*.

Clause 18 inserts *new paragraph (ma)* into section 95(1) to include administration of the clean vehicle discount scheme as one of the specified functions of the Agency.

Clause 19 inserts *new section 101A*, which provides for the Secretary for Transport to monitor specified matters relating to the clean vehicle discount scheme and, for that purpose, obtain information from the Agency.

Amendment to Energy Efficiency Conservation Act 2000

Clause 20 provides that *clause 21* amends the Energy Efficiency and Conservation Act 2000.

Clause 21 inserts into section 36(1) *new paragraph (ba)*, which provides for regulations to be made in relation to the labelling of vehicles in terms of their carbon dioxide emissions and any financial rebates receivable or charges payable relating to those emissions.

Section 36(2) requires the Minister, before making any regulations under section 36(1), to publicly notify the proposal to make regulations, give interested persons a reasonable time to make submissions on the regulations, and consult persons the Minister considers appropriate. The transitional provision relating to *new section 36(1)(ba)*, set out in the *Schedule* of the Bill, empowers the Minister to take those actions before *clause 21* commences so that regulations can be made as soon as practicable after the Bill commences while still allowing a reasonable time for submissions and consultation.

Amendments to Income Tax Act 2007

Clause 22 provides that *clauses 23 and 24* amend the Income Tax Act 2007.

Clause 23 inserts a definition of clean vehicle discount scheme into section YA 1.

Clause 24 amends Schedule 5 (which deals with the fringe benefit values of motor vehicles) to clarify that, for fringe benefit tax purposes, the cost of the vehicle in relation to which a payment under the clean vehicle discount scheme is received by the owner is net of the amount of the payment.

*Amendment to Land Transport (Motor Vehicle Registration and Licensing)
Regulations 2011*

Clause 25 provides that *clause 26* amends the Land Transport (Motor Vehicle Registration and Licensing) Regulations 2011.

Clause 26 amends regulation 5 to prohibit the Registrar of Motor Vehicles from issuing a certificate of registration for a vehicle if there are charges payable for the vehicle under the clean vehicle discount scheme and those charges have not been paid.

Hon Michael Wood

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Amendments to Land Transport Management Act 2013

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The Parliament of New Zealand enacts as follows:

1 Title

This Act is the Land Transport (Clean Vehicles) Amendment Act **2021**.

2 Commencement

- (1) **Sections 22 to 24** of this Act are deemed to have come into force on **1 July 2021**. 5
- (2) The rest of this Act comes into force on the day after the date on which it receives the Royal assent.

Part 1

Amendments to Land Transport Act 1998 10

3 Principal Act

This Part amends the Land Transport Act 1998.

4 Section 2 amended (Interpretation)

- (1) In section 2(1), insert in their appropriate alphabetical order:
- clean vehicle discount scheme** has the same meaning as in section 5(1) of the Land Transport Management Act 2003 15
- light vehicle** means a motor vehicle that has a gross vehicle mass of not more than 3,500 kg
- (2) In section 2(1), replace the definition of **land transport documents** with:

land transport documents means—

- (a) licences, permits, approvals, authorisations, exemptions, certificates, and similar documents issued under this Act, the Government Rooding Powers Act 1989, the Railways Act 2005, or the Road User Charges Act 2012; and
- (b) carbon dioxide accounts opened under **section 189(2)**

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5 New sections 167A to 167C inserted

After section 167, insert:

167A Regulations imposing fees and charges for purposes of clean vehicle discount scheme

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- (1) Without limiting the generality of section 167(1)(j), regulations for the purpose of promoting the transition of New Zealand's light vehicle fleet to zero- and low-emission vehicles and reducing vehicle carbon dioxide emissions may be made under that provision providing for fees and charges to be paid in relation to the carbon dioxide emissions of imported new and used light vehicles.
- (2) **Subsection (1)** is subject to **subsections (5) and (6)**.
- (3) 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)(a), (aa), (ab), and (d) to (h):
 - (b) prescribe any vehicle or class of vehicle as excluded from the definition of light vehicle for the purposes of the regulations:
 - (c) apply, with any necessary modifications, provisions of this Act concerning the manner in which carbon dioxide emissions of vehicles must be determined for the purposes of the regulations:
 - (d) prescribe, for the purposes of applying **section 174** in the regulations, how the Director must determine the carbon dioxide emissions of an imported vehicle:
 - (e) prescribe formulas for the purposes of converting carbon dioxide emissions calculated using one testing cycle to another testing cycle.
- (4) 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.
- (5) Regulations under this section may be made only on the recommendation of the Minister in accordance with **subsection (6)**.
- (6) The Minister must not recommend the making of regulations unless the Minister is satisfied—
 - (a) that the fees or charges are appropriate to sustain a scheme designed to increase consumer demand for zero- and low-emission vehicles and decrease consumer demand for high-emission vehicles:

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<p>(b) that the imposition and level of fees or charges are appropriate, after considering—</p> <p>(i) the variety and availability of zero- and low-emission vehicles expected to enter the New Zealand light vehicle market in the following 12 to 24 months; and</p> <p>(ii) the market behaviour of consumers, including the nature of any continued demand for high-emission vehicles; and</p> <p>(iii) international and domestic climate change ambitions and commitments; and</p> <p>(iv) the anticipated impact of the fees and charges on the market; and</p> <p>(v) whether the estimated revenue to be received from the charges is sufficient to meet the costs and expenses of the clean vehicle discount scheme funded under section 9(1E) and (1F) of the Land Transport Management Act 2003.</p>	<p>5</p> <p>10</p>
<p>167B Regulations setting fees and charges for purpose of Part 13 (clean vehicle standard) requirements to import vehicles with zero carbon dioxide emissions</p>	
<p>(1) Without limiting the generality of section 167(1)(j), regulations for the purpose set out in section 170 may be made under section 167(1)(j) setting fees and charges payable by vehicle importers for not including, among the vehicles they imported in any given year, the minimum proportion of vehicles with zero carbon dioxide emissions required under regulations made under section 167C(1)(m).</p> <p>(2) Subsection (1) is subject to subsection (5).</p> <p>(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.</p> <p>(4) Section 167A(3)(a) to (e) applies to any regulations made under section 167(1)(j) for the purpose specified in subsection (1).</p> <p>(5) The Minister must not recommend the making of regulations unless the Minister is satisfied—</p> <p>(a) that the fees and charges are appropriate to increase the supply and availability of vehicles with zero carbon dioxide emissions; and</p> <p>(b) that the imposition and level of charges and fees are appropriate after considering international and domestic climate change ambitions and commitments.</p>	<p>15</p> <p>20</p> <p>25</p> <p>30</p> <p>35</p>
<p>167C Regulations for purposes of Part 13 (clean vehicle standard)</p>	
<p>(1) The Governor-General may, by Order in Council, make regulations for all or any of the following purposes:</p>	

- (a) declaring, for the purposes of the definition of approved test cycle in **section 172**, the test cycle that must be used to measure vehicle carbon dioxide emissions:
- (b) declaring, for the purposes of the definition of excluded vehicle in **section 172**, excluded vehicles for the purposes of **Part 13**: 5
- (c) declaring, for the purposes of the definition of Type A vehicle in **section 172**, a vehicle to be a Type A vehicle for the purposes of **Part 13**:
- (d) declaring, for the purposes of the definition of Type B vehicle in **section 172**, a vehicle to be a Type B vehicle for the purposes of **Part 13**:
- (e) prescribing the process for approving a person as a category 1 light vehicle importer: 10
- (f) prescribing criteria for the approval of a person as a category 1 light vehicle importer:
- (g) prescribing the process for suspending or revoking the approval of a person as a category 1 light vehicle importer: 15
- (h) prescribing criteria for suspending or revoking the approval of a person as a category 1 light vehicle importer:
- (i) prescribing provisions that apply to a person whose approval as a category 1 light vehicle importer is suspended or revoked, for the purpose of transitioning from the law applicable to the person under this Part immediately before the suspension or revocation to the law that applies or has effect immediately after: 20
- (j) prescribing formulas for the purposes of converting carbon dioxide emissions calculated using one testing cycle to another testing cycle:
- (k) prescribing, for the purposes of **section 174**, how the Director must determine the carbon dioxide emissions of an imported vehicle: 25
- (l) prescribing targets for the level of carbon dioxide emissions from light vehicles imported annually, and matters relating to those targets, including—
- (i) separate targets for different classes of imported vehicles; and 30
- (ii) targets adjusted for vehicle weights; and
- (iii) formulas for calculating targets, including vehicle weight-adjusted targets; and
- (iv) targets in respect of any calendar year after 2027, beginning on 1 January of the relevant calendar year: 35
- (m) requiring vehicle importers to include, among the vehicles they import in any given year, a minimum proportion of vehicles with zero carbon dioxide emissions:
- (n) prescribing procedures and requirements for the purposes of banking and transferring carbon dioxide credits: 40

- (o) prescribing procedures and requirements for deferring an obligation to meet carbon dioxide emissions targets:
- (p) providing for the refund or waiver, or enabling the refund or waiver, of charges imposed under **section 177**:
- (q) prescribing information to be contained in carbon dioxide accounts: 5
- (r) prescribing the manner in which carbon dioxide accounts must be operated:
- (s) prescribing, for the purposes of **section 186**, requirements in respect of the allocation of account numbers for carbon dioxide accounts:
- (t) prescribing, for the purposes of **section 188(2)**, the manner in which a person may apply for information contained in the record of carbon dioxide accounts: 10
- (u) prescribing, for the purposes of **section 188(3)**, requirements for the keeping and operation of the record of carbon dioxide accounts:
- (v) prescribing, for the purposes of **section 194(1)**, data and information to be collected: 15
- (w) prescribing, for the purposes of any provision of **Part 13** that requires a thing to be done in a prescribed manner, or for the purposes of any provision in this section that empowers regulations to prescribe the manner in which something must be done, the manner in which the thing must be done, including prescribing— 20
 - (i) by whom, when, where, and how the thing must be done:
 - (ii) the form that must be used in connection with the thing:
 - (iii) requirements with which evidence or documents that are provided in connection with the thing must comply: 25
 - (iv) that fees and charges must be paid in connection with doing the thing:
- (x) providing for any other matter contemplated by **Part 13**, necessary for its administration, or necessary for giving it full effect.
- (2) **Subsection (1)(l)(iv)** is subject to **subsection (3)**. 30
- (3) Regulations may be made under **subsection (1)(l)(iv)** only on the recommendation of the Minister, and the Minister must, before making a recommendation,—
 - (a) take into account—
 - (i) the expected reduction in vehicle carbon dioxide emissions resulting from the targets; and 35
 - (ii) the expected impact of the targets on vehicle safety, affordability, and availability; and
 - (b) be satisfied—

<ul style="list-style-type: none"> <li style="margin-left: 40px;">(i) that the targets are set at an appropriate level to increase the supply of zero- and low-emission vehicles in the market; and <li style="margin-left: 40px;">(ii) that the targets are consistent with transport-specific policies under section 5ZG of the Climate Change Response Act 2002. 	5
<ul style="list-style-type: none"> (4) Nothing in this section limits section 167 or 168. (5) Regulations made under this section are secondary legislation (<i>see</i> Part 3 of the Legislation Act 2019 for publication requirements). 	5
<p>6 Section 168AA amended (Land transport revenue to be paid into national land transport fund)</p> <p>In the heading to section 168AA, replace “national land transport fund” with “Crown Bank Account”.</p>	10
<p>7 New Part 13 inserted</p> <p>After section 169A, insert:</p>	15
<p>Part 13</p> <p>Clean vehicle standard</p> <p>Subpart 1—Preliminary provisions</p>	
<p>170 Purpose of this Part</p> <p>The purpose of this Part is to achieve a rapid reduction in carbon dioxide emissions from light vehicles imported into New Zealand, to assist New Zealand in meeting its 2050 target and emissions budgets under the Climate Change Response Act 2002 and its domestic and international climate change ambitions and commitments.</p>	20
<p>171 Application of this Part</p> <p>This Part applies to light vehicles imported into New Zealand.</p>	20
<p>172 Interpretation in this Part</p> <p>(1) In this Part, unless the context otherwise requires,—</p> <p>approved test cycle means—</p> <ul style="list-style-type: none"> (a) the WLTP; or (b) if another test cycle is declared by the regulations to be the approved test cycle for the purposes of this Part, that test cycle <p>category 1 light vehicle importer means a person who carries on the business of importing new or used light vehicles and whom the Director approves as a category 1 light vehicle importer under the regulations</p>	25 30

category 1 light vehicle importer fleet target means a vehicle carbon dioxide emissions target for a category 1 light vehicle importer calculated in accordance with the formula prescribed by the regulations

category 2 light vehicle importer means any person who imports a new or used light vehicle and who is not a category 1 light vehicle importer 5

category 2 light vehicle importer target means a vehicle carbon dioxide emissions target calculated for a category 2 light vehicle importer, in respect of a vehicle, in accordance with the formula prescribed by the regulations

evidence of vehicle inspection has the meaning given in section 2(1)

excluded vehicle means a vehicle declared by the regulations to be an excluded vehicle for the purposes of this Part 10

imported has the meaning given in **section 173**

new, in relation to a light vehicle, means a vehicle that—

- (a) has not been registered and operated in New Zealand or any other country; and 15
- (b) has not been operated on a road in New Zealand or any other country as a demonstration or courtesy vehicle; and
- (c) has not been used for training or test purposes; and
- (d) is not a low volume vehicle (within the meaning of Part 2 of the Land Transport Rule: Vehicle Standards Compliance 2002) that contains components that have been fitted to a vehicle that has been operated on the road in New Zealand or any other country 20

obligation year means the relevant calendar year starting on 1 January and ending on the close of 31 December

registration means registration under Part 17 25

regulations means regulations made under **section 167C**

Type A vehicle means—

- (a) a light motor vehicle that—
 - (i) is constructed primarily for the carriage of passengers and has not more than 9 seating positions (including the driver's seating position); and 30
 - (ii) either has at least 4 wheels or has 3 wheels and a gross vehicle mass exceeding 1,000 kg; and
 - (iii) is not an excluded vehicle:
- (b) any vehicle or class of vehicle that is declared by the regulations to be a Type A vehicle for the purposes of this Part 35

Type B vehicle means—

- (a) a light motor vehicle that—

<p>(i) is constructed primarily for—</p> <p style="padding-left: 2em;">(A) the carriage of passengers and has more than 9 seating positions (including the driver’s seating position); or</p> <p style="padding-left: 2em;">(B) the carriage of goods and either has at least 4 wheels or has 3 wheels and a gross vehicle mass exceeding 1,000 kg; and</p> <p>(ii) is not an excluded vehicle:</p> <p>(b) any vehicle or class of vehicle that is declared by the regulations to be a Type B vehicle for the purposes of this Part</p> <p>used, in relation to a light vehicle, means a vehicle that is not new</p> <p>vehicle importer means, as the case may require,—</p> <p style="padding-left: 2em;">(a) a category 1 light vehicle importer:</p> <p style="padding-left: 2em;">(b) a category 2 light vehicle importer</p> <p>WLTP means the three-phase variant of the Worldwide Harmonised Light Vehicles Test Procedure cycle as specified in UN Regulation No. 154.</p> <p>(2) A reference in this Part to a specified level of vehicle carbon dioxide emissions is a reference to the number of grams of carbon dioxide emitted per kilometre measured in accordance with the WLTP.</p> <p>173 Meaning of imported</p> <p>For the purposes of this Part, a vehicle is imported into New Zealand at the point at which the vehicle is, for the first time, issued with evidence of vehicle inspection under this Act.</p> <p>174 Measurement and determination of carbon dioxide emissions</p> <p>(1) For the purposes of this Part, carbon dioxide emissions from imported light vehicles must be measured in grams per kilometre based on the approved test cycle.</p> <p>(2) The carbon dioxide emissions of an imported light vehicle are the amount determined by the vehicle manufacturer.</p> <p>(3) If the carbon dioxide emissions of a vehicle determined by the manufacturer are measured using a test cycle other than the approved test cycle, those emissions must be converted to the approved test cycle in accordance with the regulations.</p> <p>(4) If the vehicle manufacturer has not determined an amount, the Director must determine the carbon dioxide emissions for the vehicle in accordance with the regulations.</p>	<p>5</p> <p>10</p> <p>15</p> <p>20</p> <p>25</p> <p>30</p>
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Subpart 2—Clean vehicle standard

*Targets for reducing carbon dioxide emissions***175 Targets for reducing carbon dioxide emissions**

- (1) The targets for the purposes of calculating the weight-adjusted target applicable to each vehicle importer in accordance with the regulations are,— 5
- (a) for the calendar year beginning on 1 January 2023,—
- (i) for Type A vehicles, 145 grams; and
- (ii) for Type B vehicles, 218.3 grams; and
- (b) for the calendar year beginning on 1 January 2024,— 10
- (i) for Type A vehicles, 133.9 grams; and
- (ii) for Type B vehicles, 201.9 grams; and
- (c) for the calendar year beginning on 1 January 2025,—
- (i) for Type A vehicles, 112.6 grams; and
- (ii) for Type B vehicles, 155 grams; and
- (d) for the calendar year beginning on 1 January 2026,— 15
- (i) for Type A vehicles, 84.5 grams; and
- (ii) for Type B vehicles, 116.3 grams and
- (e) for the calendar year beginning on 1 January 2027 and, subject to **paragraph (f)**, any subsequent year,—
- (i) for Type A vehicles, 63.3 grams; and 20
- (ii) for Type B vehicles, 87.2 grams; and
- (f) for any calendar year after 2027, any target set by regulations made under **section 167C(1)(i)(iv)**.
- (2) Every reference to **grams** in **subsection (1)** must be read as a reference to grams of carbon dioxide per kilometre. 25

*Category 1 light vehicle importers: obligations and ways of complying with targets***176 Category 1 light vehicle importers: annual, fleet-based compliance regime applies**

- (1) A category 1 light vehicle importer must comply with the targets on an annual basis in relation to the fleet of Type A vehicles, the fleet of Type B vehicles, or (if they imported both Type A and Type B vehicles) each of those fleets of vehicles they imported in the relevant obligation year. 30
- (2) The actual average vehicle carbon dioxide emissions across a fleet of vehicles imported by a category 1 light vehicle importer in an obligation year must be 35

less than or equal to the category 1 light vehicle importer fleet target applicable to that importer for the relevant vehicle type of that fleet, calculated in accordance with the formula prescribed by the regulations.

- 177 Charges payable by category 1 light vehicle importer if carbon dioxide emissions targets exceeded** 5
- (1) If the actual average vehicle carbon dioxide emissions across the fleet of vehicles imported by a category 1 light vehicle importer in an obligation year exceed the category 1 light vehicle importer fleet target, the charges calculated in accordance with **subsection (2)** apply, unless—
- (a) there are sufficient carbon dioxide credits available in the importer’s carbon dioxide account to offset the excess emissions (whether such credits may have resulted from banking overachievement under **section 178** or from 1 or more transfers of carbon dioxide credits into the importer’s carbon dioxide account under **section 180**); or 10
- (b) the importer can defer their obligation under **section 179**. 15
- (2) The charges are,—
- (a) from 1 January 2023,—
- (i) \$22.50 per gram of carbon dioxide in excess multiplied by the number of used vehicles in the fleet; and
- (ii) \$45.00 per gram of carbon dioxide in excess multiplied by the number of new vehicles in the fleet; and 20
- (b) from 1 January 2025,—
- (i) \$33.75 per gram of carbon dioxide in excess multiplied by the number of used vehicles in the fleet; and
- (ii) \$67.50 per gram of carbon dioxide in excess multiplied by the number of new vehicles in the fleet. 25
- (3) The charges payable under this section are land transport revenue for the purposes of the Land Transport Management Act 2003.
- 178 Category 1 light vehicle importer may bank overachievement of carbon dioxide emissions target** 30
- (1) If the actual average vehicle carbon dioxide emissions across the fleet of vehicles imported by a category 1 light vehicle importer in an obligation year are less than the fleet target applicable to that importer, the excess reduction in emissions may be carried forward to the next obligation year (**banked**) in the vehicle importer’s carbon dioxide account in accordance with the regulations. 35
- (2) Banking provides that the vehicle importer’s carbon dioxide account for the next obligation year will be credited by the amount carried forward.
- (3) Carbon dioxide credits banked in an importer’s carbon dioxide account expire 3 years from the end of the year in which the credits accrue.

179 Category 1 light vehicle importer may defer obligation

- (1) This section applies in relation to obligation years 2023, 2024, and 2025.
- (2) A category 1 light vehicle importer may apply to the Director, in accordance with the regulations, to defer their obligation to meet the category 1 light vehicle importer fleet target for an applicable obligation year (**year 1**) until the following obligation year (**year 2**). 5
- (3) If a category 1 light vehicle importer defers their year 1 obligation until year 2, the importer must, at the end of year 2, ensure that they have met or bettered both the year 1 and the year 2 fleet targets.
- (4) If the vehicle importer does not meet the year 1 and year 2 fleet targets, the charges in **section 177** apply. 10

180 Category 1 light vehicle importer may transfer carbon dioxide credits

A category 1 light vehicle importer may transfer carbon dioxide credits in their carbon dioxide account to another category 1 light vehicle importer in accordance with the regulations. 15

Category 2 light vehicle importers: obligations and ways of complying with targets

181 Category 2 light vehicle importers: vehicle-by-vehicle compliance regime applies

- (1) A category 2 light vehicle importer must ensure that each vehicle they import in an obligation year complies with the category 2 light vehicle importer target that applies in respect of that vehicle. 20
- (2) The vehicle emissions targets applicable in respect of Type A and Type B vehicles imported by a category 2 light vehicle importer must be calculated in accordance with the formulas prescribed by the regulations. 25

182 Charges payable by category 2 light vehicle importer if emissions targets exceeded

- (1) If the carbon dioxide emissions of a vehicle imported by a category 2 light vehicle importer exceed the category 2 light vehicle importer target, the charges set out in **subsection (2)** apply unless there are sufficient credits available in the importer's carbon dioxide account (whether such credits may have resulted from banking overachievement under **section 183** or from 1 or more transfers into the importer's account under **section 184**) to offset the excess emissions. 30
- (2) The charges are,— 35
 - (a) from 1 January 2023,—
 - (i) \$18.00 per gram of carbon dioxide by which a used vehicle exceeds its target; and

<ul style="list-style-type: none"> <li style="margin-left: 40px;">(ii) \$36.00 per gram of carbon dioxide by which a new imported vehicle exceeds its target; and <li style="margin-left: 20px;">(b) from 1 January 2025,— <ul style="list-style-type: none"> (i) \$27.00 per gram of carbon dioxide by which a used vehicle exceeds its target; and (ii) \$54.00 per gram of carbon dioxide by which a new vehicle exceeds its target. (3) The charges payable under this section are land transport revenue for the purposes of the Land Transport Management Act 2003. 	5
183 Category 2 light vehicle importer may bank overachievement of carbon dioxide emissions	10
<ul style="list-style-type: none"> (1) If the carbon dioxide emissions of a vehicle imported by a category 2 light vehicle importer are less than the category 2 light vehicle importer target in respect of that vehicle, the overachievement may be banked in the importer’s carbon dioxide account in accordance with the regulations. (2) Section 178(3) applies to any credits banked under this section. 	15
184 Category 2 light vehicle importer may transfer carbon dioxide credits	
A category 2 light vehicle importer may transfer carbon dioxide credits in their carbon dioxide account to another category 2 light vehicle importer in accordance with the regulations.	20
<i>Carbon dioxide accounts: general provisions</i>	
185 Vehicle importers must hold carbon dioxide accounts	
<ul style="list-style-type: none"> (1) Every vehicle importer who imports a light vehicle on or after 1 January 2023 must hold a carbon dioxide account with the Director. (2) The account must contain the information and be operated in the manner prescribed by the regulations. 	25
186 Director must allocate unique numbers for carbon dioxide accounts	
The Director must, in accordance with the regulations, allocate a unique account number to each carbon dioxide account when the account is opened.	
187 Carbon dioxide account information required for vehicle importation	30
On and after 1 January 2023, no light vehicle may be issued, for the first time, with evidence of vehicle inspection under this Act, unless—	
<ul style="list-style-type: none"> (a) the carbon dioxide account number of the vehicle importer has been provided to the Director; and (b) the carbon dioxide emissions of the vehicle have been recorded in the vehicle importer’s carbon dioxide account. 	35

188	Director to keep accessible record of carbon dioxide accounts	
(1)	The Director must establish and maintain a record of all carbon dioxide holders and the carbon dioxide account number that corresponds to each account holder.	
(2)	Any person may apply to the Director for information contained in the record, in accordance with the regulations, for any of the purposes in subsection (3)(a) or (b) .	5
(3)	The Director must maintain and operate the record in a manner that—	
(a)	allows members of the public to verify whether a person holds a current carbon dioxide account and whether an account number is correct; and	10
(b)	facilitates the transfer of carbon dioxide credits between account holders; and	
(c)	complies with any requirements prescribed by the regulations.	
	<i>Opening, closing, and suspension of carbon dioxide accounts</i>	
189	Opening carbon dioxide accounts	15
(1)	Any person who intends to import a light vehicle into New Zealand may apply to the Director to open a carbon dioxide account by submitting an application in the manner prescribed by the regulations, accompanied by the prescribed fee (if any).	
(2)	The Director must open a carbon dioxide account on receipt of an application under subsection (1) if the Director is satisfied that—	20
(a)	the application complies with the prescribed requirements; and	
(b)	the applicant does not already hold an account.	
190	Carbon dioxide account holder may require Director to close account	
(1)	A person who holds a carbon dioxide account may require the Director to close their account.	25
(2)	The requirement must be made in the manner prescribed by the regulations.	
191	When Director may close carbon dioxide accounts	
(1)	The Director may close a carbon dioxide account—	
(a)	if the Director receives a requirement from the account holder to close the account; or	30
(b)	where the Director has not received a requirement from the account holder, if the Director has given the account holder reasonable notice and the Director is satisfied that the account holder no longer requires the account.	35
(2)	For the purposes of subsection (1)(b) , reasonable notice means notice in writing to the account holder of the Director's intention to close the account	

and sufficient opportunity in the circumstances for the account holder to make submissions to the Director regarding the account holder's need to retain the account.

192 Director may suspend carbon dioxide accounts

- (1) The Director may suspend the operation of a carbon dioxide account for a period not exceeding 5 years if— 5
- (a) the Director is satisfied that the account holder has failed to comply with specified provisions of this Part or the regulations and the Director has given the account holder reasonable notice; or
 - (b) the account holder has been convicted of an offence under this Part and the Director considers suspension of the account for the relevant period to be necessary for the purpose of maintaining the integrity of the clean vehicle standard. 10
- (2) For the purposes of **subsection (1)(a), reasonable notice** means notice in writing to the account holder of the Director's intention to suspend the account and sufficient opportunity in the circumstances for the account holder to comply with the specified provisions of this Part or the regulations. 15

193 Application of general right of appeal to District Court

Section 106 (which provides for a general right of appeal to the District Court against decisions made by the Director in respect of the grant, issue, revocation, or suspension of a land transport document sought or held by a person) applies in respect of a carbon dioxide account— 20

- (a) as if every reference to the grant, issue, revocation, or suspension of a land transport document were a reference to the opening, closing, or suspension of a carbon dioxide account; and 25
- (b) with all other necessary modifications.

Subpart 3—Information gathering and enforcement powers

194 Requirement to collect and keep information and records for purposes of clean vehicle standard

- (1) A vehicle importer must, in relation to each vehicle they import,— 30
- (a) collect the data and information prescribed (if any); and
 - (b) keep records of the data and information in the prescribed manner (if any); and
 - (c) keep sufficient information to enable the Director to verify, in relation to each obligation year, the vehicle importation, charges payable, and charges paid. 35

- (2) The data, records, and information specified in **subsection (1)(a) to (c)** must be kept for a period of at least 7 years after the end of the year to which they relate.
- 195 Offence in relation to failure to collect data and keep records for purposes of clean vehicle standard** 5
- (1) A vehicle importer commits an offence against this Act if the vehicle importer, without reasonable excuse, fails to comply with **section 194**.
- (2) A person who is convicted of an offence against **subsection (1)** is liable on conviction,—
- (a) in the case of an individual, to a fine not exceeding \$15,000: 10
- (b) in the case of a body corporate, to a fine not exceeding \$75,000.
- 196 Offence of knowingly producing false records or information**
- (1) A vehicle importer commits an offence against this Act if the vehicle importer knowingly or recklessly, in relation to the administration or enforcement of the clean vehicle standard under this Part, provides to the Director information that is false or misleading. 15
- (2) A person who is convicted of an offence against **subsection (1)** is liable on conviction,—
- (a) in the case of an individual, to a fine not exceeding \$15,000:
- (b) in the case of a body corporate, to a fine not exceeding \$75,000. 20
- 197 Inspection of records or other information**
- (1) The Director may require a vehicle importer to produce for inspection any records or other information in the vehicle importer's possession or control that the Director reasonably considers necessary to establish compliance with the requirements and obligations of the clean vehicle standard. 25
- (2) The Director may, in relation to any records or other information produced under **subsection (1)**,—
- (a) inspect and make copies of, or take extracts from, the records or other information:
- (b) where the vehicle importer chooses to produce the records or other information at their premises or any other place of inspection,— 30
- (i) make copies of the records or other information at the place of inspection:
- (ii) remove the records or other information if the Director is satisfied that it is impracticable to copy the records or other information at the place of inspection. 35
- (3) If the Director removes any records or other information under **subsection (2)(b)(ii)**, the Director must—

- (a) issue a receipt for the records or other information to the person from whom the records or other information was taken; and
- (b) return the records or other information as soon as practicable; and
- (c) for as long as the Director holds the records or other information, allow the person from whom the records or other information was taken to inspect, and obtain copies of, the records or other information at any reasonable time at the premises where the records or other information is held.

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197A Offence in relation to production of records or other information

- (1) A vehicle importer commits an offence against this Act if the vehicle importer, without reasonable excuse, fails or refuses to comply with a requirement made under **section 197** in relation to the production of records or other information.
- (2) A person who is convicted of an offence against **subsection (1)** is liable on conviction,—
 - (a) in the case of an individual, to a fine not exceeding \$15,000;
 - (b) in the case of a body corporate, to a fine not exceeding \$75,000.

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197B Director may require person to supply information, produce documents, or give evidence

- (1) If the Director considers it necessary or desirable for the purposes of performing or exercising the Director's functions, powers, or duties under this Part, the Director may, by notice in writing, require a person—
 - (a) to supply to the Director, within the time and in the manner specified in the notice, any information or class of information specified in the notice; or
 - (b) to produce to the Director, or to a person specified in the notice acting on the Director's behalf in accordance with the notice, any document or class of documents specified in the notice (within the time and in the manner specified in the notice); or
 - (c) if necessary, to reproduce, or assist in reproducing, in usable form, information recorded or stored in any document or class of documents specified in the notice (within the time and in the manner specified in the notice); or
 - (d) to appear before a specified person, at a time and place specified in the notice, to give evidence, either orally or in writing, and produce any document or class of documents specified in the notice.
- (2) Information supplied in response to a notice under **subsection (1)(a)** must be—
 - (a) given in writing; and

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(b)	signed in the manner specified in the notice.	
(3)	If a document is produced in response to a notice under subsection (1) , the Director, or the person to whom the document is produced, may—	
(a)	inspect and make records of that document; and	
(b)	take copies of the document or extracts from the document.	5
(4)	In this section, specified person means—	
(a)	an employee of the Agency:	
(b)	another person to whom the Director has delegated the power to receive the relevant document or class of documents or to receive evidence and the relevant document or class of documents (being a person that the Director is satisfied is suitably qualified or trained, or is a member of a class of persons who are suitably qualified or trained, to exercise the power).	10
197C	Offence in relation to requirement to supply information, produce documents, or give evidence	15
(1)	A person commits an offence against this Act if the person,—	
(a)	without reasonable excuse, fails or refuses to comply with a notice given under section 197B ; or	
(b)	in purported compliance with a notice given under that section, provides information, or produces a document, or gives evidence knowing it to be false or misleading.	20
(2)	A person who is convicted of an offence against subsection (1) is liable on conviction,—	
(a)	in the case of an individual, to a fine not exceeding \$15,000:	
(b)	in the case of a body corporate, to a fine not exceeding \$75,000.	25
197D	Privileges for person required to supply information, produce documents, or give evidence	
	Every person has the same privileges in relation to providing information and documents to, and answering questions before, the Director, an employee of the Agency, or a person authorised under section 197B(4)(b) as witnesses have in proceedings before a court.	30
197E	Confidentiality of information and documents	
	Sections 109A and 109B of the Land Transport Management Act 2003 apply to information and documents obtained under section 197B .	

197F Effect of proceedings

- (1) If a person commences a proceeding in any court in respect of the exercise of any powers conferred by **section 197B**, until a final decision in relation to the proceeding is given,—
- (a) the powers may be, or may continue to be, exercised as if the proceeding had not been commenced; and 5
- (b) no person is excused from fulfilling the person's obligations under that section by reason of the proceeding.
- (2) However, the court may make an interim order overriding **subsection (1)**, but only if the court is satisfied that— 10
- (a) the applicant has established a prima facie case that the exercise of the power in question is unlawful; and
- (b) the applicant would suffer substantial harm from the exercise or discharge of the power or obligation; and
- (c) if the power or obligation is exercised or discharged before a final decision is made in the proceeding, none of the remedies specified in **subsection (3)**, or any combination of those remedies, could subsequently provide an adequate remedy for that harm; and 15
- (d) the terms of the order do not unduly hinder or restrict the Director in performing or exercising the Director's functions, powers, or duties under this Act. 20
- (3) The remedies are as follows:
- (a) any remedy that the court may grant in making a final decision in relation to the proceeding (for example, a declaration):
- (b) any damages that the applicant may be able to claim in concurrent or subsequent proceedings: 25
- (c) any opportunity that the applicant may have, as defendant in a proceeding, to challenge the admissibility of any evidence obtained as a result of the exercise or discharge of the power or obligation.

197G Effect of final decision that exercise of powers under section 197B unlawful 30

- (1) This section applies in any case where it is declared, in a final decision given in any proceeding in respect of the exercise of any powers conferred by **section 197B**, that the exercise of any powers conferred by that section is unlawful.
- (2) If this section applies, to the extent to which the exercise of those powers is declared unlawful, the Director must ensure that, immediately after the decision of the court is given,— 35

- (a) any information obtained as a consequence of the exercise of powers declared to be unlawful and any record of that information are destroyed; and
- (b) any documents, or extracts from documents, that are obtained as a consequence of the exercise of powers declared to be unlawful are returned to the person who previously had possession or control of them, and any copies of those documents or extracts are destroyed; and 5
- (c) any information derived from or based on such information, documents, or extracts is destroyed.
- (3) However, the court may order that any information, record, or copy of any document or extract from a document may, instead of being destroyed, be retained by the Director subject to any terms and conditions that the court imposes. 10
- (4) No information, and no document or extracts from a document, obtained as a consequence of the exercise of any powers declared to be unlawful, and no record of any such information or document,— 15
- (a) is admissible as evidence in any civil proceeding unless the court hearing the proceeding in which the evidence is sought to be adduced is satisfied that there was no unfairness in obtaining the evidence:
- (b) is admissible as evidence in any criminal proceeding if the evidence is excluded under section 30 of the Evidence Act 2006: 20
- (c) may otherwise be used in connection with the exercise of any powers conferred by this Act unless the court that declared the exercise of the powers to be unlawful is satisfied that there was no unfairness in obtaining the evidence. 25

8 Section 208 amended (Appointment of enforcement officers and dangerous goods enforcement officers)

In section 208(3)(a)(i), replace “and 6B” with “6B, and **13**”.

9 Section 213 amended (Customs control over imported vehicles)

After section 213(2), insert: 30

- (3) In subsection (1), **regulation** does not include a regulation made under **section 167B or 167C**.

10 Section 239 amended (Further restrictions)

After section 239(4)(b)(ii), insert:

- (iii) to the Agency, if necessary for the administration of the clean vehicle discount scheme. 35

11 Section 243 amended (Application for registration)

After section 243(1A), insert:

(1B) An application for registration of a motor vehicle must also be accompanied by the amount of any charges prescribed for the purpose under **section 167A**.

12 Schedule 1 amended

In Schedule 1,—

- (a) insert the Part set out in the **Schedule** of this Act as the last Part; and 5
- (b) make all necessary consequential amendments.

Part 2

Amendments to other enactments

Amendments to Land Transport Management Act 2013

13 Principal Act 10

Sections 14 to 19 amend the Land Transport Management Act 2013.

14 Section 5 amended (Interpretation)

In section 5(1), insert in its appropriate alphabetical order:

clean vehicle discount scheme—

- (a) means the scheme administered by the Agency under **section 95(1)(ma)**, established for the purpose of promoting the transition of New Zealand's light vehicle fleet to zero- and low-emission vehicles and reducing vehicle carbon dioxide emissions; and 15
- (b) includes—
 - (i) the provision of rebates in relation to the carbon dioxide emissions of a vehicle; and 20
 - (ii) the imposition of charges under section 167(1)(j) of the Land Transport Act 1998 for the purpose of **section 167A** of that Act; and
 - (iii) actual and reasonable costs incurred by the Agency in relation to administration of the scheme; and 25
 - (iv) any funding provided to the Agency by the Crown for the purposes of the scheme and the repayment of that funding

15 Section 9 amended (The Crown's authority to incur certain land transport expenses and capital expenditure) 30

(1) After section 9(1D), insert:

(1E) The Crown may, without further appropriation than this subsection, incur expenses or capital expenditure in a financial year up to an amount equal to the revenue for that financial year received from charges paid pursuant to regula-

	tions made under section 167(1)(j) of the Land Transport Act 1998 for the purpose of section 167A of that Act to fund the clean vehicle discount scheme.	
(1F)	The Crown may, without further appropriation than this subsection, incur expenses or capital expenditure in any financial year, up to any positive amount calculated under subsection (1)(G) , to fund the clean vehicle discount scheme.	5
(1G)	The amount referred to in subsection (1F) must be calculated in accordance with the following formula:	
	$a - b = c$	
	where—	10
a	is the revenue received in any previous financial year from charges paid pursuant to regulations made under section 167(1)(j) of the Land Transport Act 1998 for the purpose of section 167A of that Act	
b	is the expenses and capital expenditure incurred under subsections (1E) and (1F) for those previous financial years	15
c	is the calculated amount.	
(1H)	The positive amount calculated under subsection (1G) may be used only to fund the clean vehicle discount scheme.	
(2)	In section 9(3), after “(1A),”, insert “ (1E), (1F) ,”.	
(3)	In section 9(5), formula item b, after “(1A),”, insert “ (1E), (1F) ,”.	20
16	New section 9A inserted	
	After section 9, insert:	
9A	Accounting for clean vehicle discount scheme	
	The annual report of the Agency must, in respect of the financial year to which it relates, contain the following information concerning the clean vehicle discount scheme funded under section 9(1E) and (1F) :	25
(a)	the revenue received from charges paid pursuant to regulations made under section 167(1)(j) of the Land Transport Act 1998 for the purpose of section 167A of that Act:	
(b)	any positive amount from a previous year, in accordance with section 9(1F) and (1G) :	30
(c)	the expenses and capital expenditure for the purpose of administering the scheme, including—	
(i)	rebates provided, in relation to the carbon dioxide emissions of a vehicle; and	35
(ii)	actual and reasonable costs incurred by the Agency in relation to administration of the scheme; and	

- (iii) any funding provided to the Agency by the Crown for the purposes of the scheme and repayment of that funding.

17 Section 10 amended (National land transport fund)

Replace section 10(2)(a) with:

- (a) land transport revenue, less— 5
- (i) any expenses or capital expenditure incurred under section 9(1) or (1A); and
- (ii) the revenue received from charges paid pursuant to regulations made under section 167(1)(j) of the Land Transport Act 1998 for the purpose of **section 167A** of that Act: 10

18 Section 95 amended (Functions of Agency)

In section 95(1), after the heading above paragraph (n), insert:

- (ma) to administer the clean vehicle discount scheme funded under **section 9(1E) and (1F)** in accordance with this Act, the regulations made under section 167(1)(j) of the Land Transport Act 1998 for the purpose of **section 167A** of that Act, and any direction under section 103 of the Crown Entities Act 2004: 15

19 New section 101A inserted (Monitoring matters relating to clean vehicle discount scheme)

After section 101, insert: 20

101A Monitoring matters relating to clean vehicle discount scheme

- (1) The Secretary, for the purpose of evaluating the performance of the clean vehicle discount scheme, may monitor and review—
- (a) the revenue used by the Agency for the purposes of administering the scheme; and 25
- (b) the number and nature of rebates provided in relation to the carbon dioxide emissions of vehicles; and
- (c) the expenses and capital expenditure for the purpose of administering the scheme; and
- (d) any funding provided to the Agency by the Crown for the purposes of the scheme and repayment of that funding. 30
- (2) The Secretary may, in writing, request the Agency to provide any information that is reasonably required and relevant to enable the Secretary to carry out the monitoring specified in **subsection (1)**.
- (3) The Agency must provide the Secretary with the information that the Secretary requests under **subsection (2)**. 35

- (4) Section 101(4) and (5) applies with all necessary modifications in relation to a request for information from the Secretary under this provision.

Amendment to Energy Efficiency and Conservation Act 2000

20 Principal Act

Section 21 amends the Energy Efficiency and Conservation Act 2000. 5

21 Section 36 amended (Regulations)

After section 36(1)(b), insert:

- (ba) prescribing requirements in relation to the labelling of vehicles in terms of their carbon dioxide emissions and any financial rebates receivable or charges payable relating to those emissions: 10

Amendments to Income Tax Act 2007

22 Principal Act

Sections 23 and 24 amend the Income Tax Act 2007.

23 Section YA 1 amended (Definitions)

In section YA 1, insert in its appropriate alphabetical order: 15

clean vehicle discount scheme means the clean vehicle discount scheme administered by the New Zealand Transport Agency

24 Schedule 5 amended

- (1) In Schedule 5, after clause 7, insert:

7B For the purposes of this schedule, if a person who owns a motor vehicle to which this schedule applies receives a payment under the clean vehicle discount scheme for the vehicle,— 20

- (a) the cost price of the vehicle to the person on the first acquisition of it by them is net of the amount of the payment; and
(b) the cost of the vehicle to the person on the first acquisition of it by them is net of the amount of the payment. 25

- (2) In Schedule 5, clause 8(a), replace “is—” with “is,—”.

- (3) In Schedule 5, clause 8(a)(i), replace “included” with “subject to **clause 7B**, included”.

Amendment to Land Transport (Motor Vehicle Registration and Licensing) Regulations 2011 30

25 Principal regulations

Section 26 amends the Land Transport (Motor Vehicle Registration and Licensing) Regulations 2011.

26 Regulation 5 amended (Entry on register and issue of certificates)

After regulation 5(2), insert:

- (2A) The Registrar must not issue a certificate of registration for a motor vehicle if the charges prescribed for the vehicle under **section 167A** of the Act have not been paid.

5

Schedule
New Part 4 inserted into Schedule 1

s 12

Part 4	
Provisions relating to Land Transport (Clean Vehicles) Amendment Act 2021	5
20 Interpretation	
In this Part, amendment Act means the Land Transport (Clean Vehicles) Amendment Act 2021 .	
21 Transitional provision concerning regulations relating to motor vehicle labelling	10
(1) For the purposes set out in subclause (2) , the Minister may, before the commencement of section 21 of the amendment Act,—	
(a) publicly notify a proposal to make regulations under section 36(1)(ba) of the Energy Efficiency and Conservation Act 2000 as soon as practicable after the commencement of section 21 of the amendment Act; and	15
(b) consult any persons as the Minister considers appropriate.	
(2) The purposes are to ensure that interested persons are given reasonable time to make submissions on the proposed regulations and to enable the Minister to consult any persons as the Minister considers appropriate before the regulations are made.	20
(3) If any action referred to in subclause (1) is taken by or on behalf of the Minister before the commencement of section 21 of the amendment Act, the action is deemed to have been validly taken by the Minister under section 36(2) of the Energy Efficiency and Conservation Act 2000 for the purposes of making the regulations under section 36(1)(ba) of that Act and bringing those regulations into force.	25