

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

First Reading

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 (the Bill) is to achieve a rapid reduction in carbon dioxide emissions from light vehicles imported into New Zealand. The Bill provides three new legislative measures to realise this objective:
 - A *Clean Vehicle Standard* applying to importers of new and used light vehicles, to increase the supply and variety of zero and low carbon dioxide emissions vehicles available for purchase in New Zealand
 - A *Clean Vehicle Discount Scheme* to increase the demand for zero and low emissions vehicles by incentivising, through the issue of rebates or the imposition of charges, New Zealanders to purchase light vehicles with lower or zero carbon dioxide emissions over those with higher emissions
 - *Vehicle labelling requirements* to ensure consumers are aware of the vehicle carbon dioxide emissions of light vehicles offered for sale, and rebates receivable or charges payable in relation to those vehicles.
2. The Bill is introduced as an omnibus Bill under Standing Order 267 because the amendments deal with an interrelated topic that can be regarded as implementing a single broad policy. The Bill will amend the Land Transport Act 1998, 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.

Background

3. The Clean Vehicle Standard will regulate the supply of high emissions vehicles by requiring vehicle importers to comply with carbon dioxide emissions targets. New vehicle importers will be required to comply with applicable targets on an annual basis across their fleet of vehicles. Charges will apply where the carbon dioxide emissions across the fleet of imported vehicles exceed applicable targets. Used vehicle importers will be required to comply as and when they import each vehicle, and charges will apply where their carbon dioxide account does not have sufficient credits to cover the emissions of the vehicle. The charges are designed to incentivise meeting targets, and a range of flexibility mechanisms are built into the scheme to assist vehicle importers to meet targets.
4. The Clean Vehicle Discount Scheme is designed to increase consumer demand for zero and low emissions vehicles. Consumers who purchase high emissions vehicles will be required to pay a charge in recognition of the increased environmental and associated

economic costs they are imposing. The revenue from the charges will be used to reward consumers who purchase vehicles that will contribute to lowering carbon dioxide emissions, through a rebate issued on the first New Zealand registration of the vehicle.

Provisions in the Land Transport (Clean Vehicles) Amendment Bill

5. The Bill will amend the Land Transport Act 1998 (LTA) to provide for the substantive provisions required to establish the Clean Vehicle Standard. The Bill also includes new empowering provisions for regulations to support the implementation of the Standard. The regulations may, without limitation, provide for: formulas to determine weight adjusted targets; criteria for approval to comply on a fleet basis; requirements to import a minimum proportion of vehicles with zero emissions and corresponding charges for failure to do so; requirements for carbon dioxide accounts; data and information to be collected.
6. The provisions relating to the Clean Vehicle Standard are set out in a new Part 13 of the LTA, which includes:
 - Obligations on vehicle importers to comply with carbon dioxide emissions targets
 - Different compliance regimes for new and used vehicle importers
 - Different ways for vehicle importers to comply with targets, including deferring an obligation until the following year (for new vehicle importers only), banking overachievement of a target, and the ability to transfer credits to or from other vehicle importers
 - Carbon dioxide emissions targets for 2023 to 2027
 - Charges payable where an importer exceeds applicable targets
 - Carbon dioxide accounts, to facilitate the collection and retention of data on the carbon dioxide emissions of all vehicles imported by a vehicle importer, and to establish compliance with targets and any charges that apply
 - Requirements to collect and keep information for the purposes of the Standard
 - Offences and penalties to support compliance with the Standard (including offences for failure to collect data, and for knowingly producing false records or information).
7. The LTA is amended to include an empowering provision for regulations that may impose fees and charges for the purposes of the Clean Vehicle Discount Scheme. Fees and charges may be imposed in relation to the carbon dioxide emissions of light vehicles, and charges will apply when the vehicle is first registered for use on New Zealand roads. The Land Transport Management Act 2003 (LTMA) is amended to provide for the funding of the Discount Scheme. Revenue from the charges on vehicles with higher emissions will be used to fund rebates on zero and low emissions vehicles. The Bill also amends the LTMA to include provisions relating to the accounting and monitoring of the Scheme. The Bill adds the administration of the Clean Vehicle Discount Scheme to the functions of the New Zealand Transport Agency (Waka Kotahi).
8. The Energy Efficiency and Conservation Act 2000 (EECA) is amended to make a consequential change to the empowering provision for regulations relating to the labelling of vehicles. This amendment will ensure regulations made under the EECA can provide for vehicle labels to support the Clean Vehicle Discount Scheme. The Bill also provides for 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).

9. The Income Tax Act 2007 is amended 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.
10. The Land Transport (Motor Vehicle Registration and Licensing) Regulations 2011 are amended to prohibit the Registrar of Motor Vehicles from registering a vehicle until applicable charges have been paid under the Clean Vehicle Discount Scheme.

Conclusion

11. The amendments in the Bill establish the legislative framework for measures designed to influence both the supply of and demand for zero and low carbon dioxide emissions vehicles, in order to achieve a rapid reduction in the carbon dioxide emissions from New Zealand's light vehicle fleet.

Hon Michael Wood
Minister of Transport