

Reference: 20190479

23 August 2019



Thank you for your Official Information Act request, received on 12 July 2019. You requested the following:

Please provide any correspondence with or documents provided to Government ministers or their offices relating to the proposed “Clean Car Discount” and “Clean Car Standard”, both of which have been put out for consultation

Information being released

Please find enclosed the following documents:

Item	Date	Document Description	Decision
1.	14 May 2019	Email: Draft Cabinet paper on low-emissions vehicles – options for public consultation	Release in part
2.	4 June 2019	Email FW: (FINAL) CONSULTATION – low emission vehicles cabinet paper	Release in part
3.	6 June 2019	Treasury Report: Low-Emissions Vehicles Cabinet Paper – Advice	Release in part

I have decided to release the documents listed above, subject to information being withheld under one or more of the following sections of the Official Information Act, as applicable:

- personal contact details of officials, under section 9(2)(a) – to protect the privacy of natural persons, including that of deceased natural persons,

- names and contact details of junior officials and certain sensitive advice, under section 9(2)(g)(i) – to maintain the effective conduct of public affairs through the free and frank expression of opinions,
- names and contact details of certain staff, under section 9(2)(g)(ii) – to maintain the effective conduct of public affairs through the protection of employees from improper pressure or harassment,
- certain sensitive advice, under section 9(2)(f)(iv) – to maintain the constitutional conventions which, for the time being, protect the confidentiality of advice tendered by Ministers of the Crown and officials, and
- direct dial phone numbers of officials, under section 9(2)(k) – to prevent the disclosure of information for improper gain or improper advantage.

Direct dial phone numbers of officials have been redacted under section 9(2)(k) in order to reduce the possibility of staff being exposed to phishing and other scams. This is because information released under the OIA may end up in the public domain, for example, on websites including Treasury’s website.

Information publicly available

The following information, which was attached in draft form to the emails in the table above, is also covered by your request and is publicly available on the Ministry of Transport website:

Item	Date	Document Description	Website Address
4.	4 June 2019	Cabinet paper – low-emission vehicles	https://www.transport.govt.nz/multi-modal/climatechange/electric-vehicles/clean-cars/
5.	4 June 2019	Discussion document – low-emission vehicles	https://www.transport.govt.nz/multi-modal/climatechange/electric-vehicles/clean-cars/

Accordingly, I have refused your request for the documents listed in the above table under section 18(d) of the Official Information Act:

- the information requested is publicly available.

In making my decision, I have considered the public interest considerations in section 9(1) of the Official Information Act.

Please note that this letter (with your personal details removed) and enclosed documents may be published on the Treasury website.

This reply addresses the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely

Natalie Labuschagne
Manager, Transitions, Regions, and Economic Development

TOIA 20190479

Information for Release

1.	<u>Email Draft Cabinet paper on low-emissions vehicles -options for public consultation</u>	1
2.	<u>Email FW FINAL CONSULTATION - low emissions vehicles cabinet paper</u>	2
3.	<u>Treasury Report Low-Emissions Vehicles Cabinet Paper - Advice</u>	4

From: Maria-Krystyna Duval [TSY]
Sent: Tuesday, 14 May 2019 8:26 PM
To: s9(2)(g)(i); s9(2)(g)(i); Tom Wilson [TSY]; Natalie Labuschagne [TSY];
 ^Ext: Ben Temple
Subject: Draft Cabinet paper on low-emissions vehicles - options for public consultation -
Attachments: 1 May version of LEV cabinet paper.docx; LEV package consultation document (DRAFT) - March 2019.docx

Follow Up Flag: Follow up
Flag Status: Completed

[IN-CONFIDENCE]

Dear all,

For your information, please find the latest "Transport Package" Cabinet paper attached with the latest consultation document. I have not yet had a chance to read these and have been informed that MOT do not yet know when this will go to DEV or ENV.

They have asked me to look at the documents and provide any feedback or suggestions.

Best wishes,
Maria.



**TE TAI ŌHANGA
THE TREASURY**

Maria-Krystyna Duval | Senior Analyst, Climate Change | Te Tai Ōhanga – The Treasury
 Tel: s9(2)(k) | Mobile: s9(2)(a) | Email/IM: Maria-Krystyna.Duval@treasury.govt.nz
 Visit us online at <https://treasury.govt.nz/> and follow us on [Twitter](#), [LinkedIn](#) and [Instagram](#)

RELEASED UNDER THE OFFICIAL INFORMATION ACT

From: s9(2)(g)(i)
Sent: Tuesday, 4 June 2019 6:11 PM
To: ^EXT: Alastair Cameron
Cc: @AMoFSecondees; Natalie Labuschagne [TSY]
Subject: FW: (FINAL) CONSULTATION - low emission vehicles cabinet paper
Attachments: 31 May version of LEV Cabinet paper.docx; LEV consultation document - 31 May 2019.docx

[IN-CONFIDENCE]

Hi Alastair

Apologies for the delay – this one was sent out on Friday and didn’t make its way to us until this morning. I understand feedback is due **tomorrow**.

Happy to discuss.

s9(2)(g)(i)

s9(2)(g)(i) | Transition & RED | The Treasury – Te Tai Ōhanga
 s9(2)(k) s9(2)(g)(i) @treasury.govt.nz

Title of paper	Moving the light vehicle fleet to low-emissions: Agreement to consult on a vehicle fuel efficiency standard and a feebate scheme
Minister and agency	Associate Minister of Transport, Ministry of Transport
Description	Proposes to consult on vehicle fuel efficiency standards and a self-financing fee/rebate scheme that would apply to imports of new and used light vehicles.
Comments	Transport in New Zealand is already subject to the emissions trading scheme (ETS). We consider the evidence pointing to the need for further intervention in the light vehicle fleet is mixed. s9(2)(f)(iv) and s9(2)(g)(i) s9(2)(f)(iv) and s9(2)(g)(i). If Ministers wish to proceed, we recommend the fuel efficiency standards be taken forward as the combination of the feebate and higher ETS prices creates a “double burden” for those needing to purchase larger, less fuel efficient vehicles and a “double benefit” for those able to purchase smaller, more fuel efficient vehicles.
Fiscal implications	None from consultation. If the proposals are implemented, there will be administrative costs. These are indicated to be around \$31.3 million over four years. A further \$25 million cash reserve would be needed to manage any under-recoveries from the feebate scheme.
Recommended action	s9(2)(f)(iv) and s9(2)(g)(i) OR Recommend that the paper and consultation document be revised to include only the fuel efficiency standards.

From: ^Parliament: Craig Renney
Sent: Friday, 31 May 2019 11:28 AM
To: ^MOF: s9(2)(g)(ii)
Subject: FW: (FINAL) CONSULTATION - low emission vehicles cabinet paper

Sent with BlackBerry Work
www.blackberry.com

From: Henry Peach <Henry.Peach@parliament.govt.nz>
Date: Friday, 31 May 2019, 11:22
To: Kirsty Christison <Kirsty.Christison@parliament.govt.nz>, Holly Donald <holly.donald@parliament.govt.nz>, Rob Carr <Robert.Carr@parliament.govt.nz>, Beth Houston <Elizabeth.Houston@parliament.govt.nz>, Ben Cunliffe <Ben.Cunliffe@parliament.govt.nz>, William Blackler <William.Blackler@parliament.govt.nz>, Craig Renney <Craig.Renney@parliament.govt.nz>, Corin Higgs <Corin.Higgs@parliament.govt.nz>, John Blincoe <John.Blincoe@parliament.govt.nz>, Alexandra Marett <Alexandra.Marett@parliament.govt.nz>, Nevada Halbert <Nevada.Halbert@parliament.govt.nz>, Barbara Edmonds <Barbara.Edmonds@parliament.govt.nz>, Mark Baker-Jones <mark.baker-jones@parliament.govt.nz>, Tessa Vincent <Tessa.Vincent@parliament.govt.nz>, Jeff Sissons <Jeff.Sissons@parliament.govt.nz>, Esther Robinson <Esther.Robinson@parliament.govt.nz>, Deborah Mahuta-Coyle <Deborah.Mahuta-Coyle@parliament.govt.nz>, Sean Scanlon <Sean.Scanlon@parliament.govt.nz>
Cc: James Baigent <James.Baigent@parliament.govt.nz>, Deb Moran <Deborah.Moran@parliament.govt.nz>
Subject: (FINAL) CONSULTATION - low emission vehicles cabinet paper

Kia ora koutou

Please find attached the final draft cabinet paper and consultation document on low emission vehicles.

We are doing a short final consultation on this document, prior to lodging on the 6th for DEV on 12 June, as many of your offices have seen these documents already and provided feedback.

Please note that we have made some descriptive changes in the documents following these conversations. We have redrafted the sections titled *'What impacts will these policies have on vehicle prices'* (page 12) and *'How would the benefits and costs of these policies fall across society'* (page 16) to (hopefully) make them clearer. You may like to read over these sections in case this raises any further questions.

If you do have any further questions or comment it would be great if you could get back to me **by Wednesday the 5th**.

Ngā mihi



Henry Peach

Office of Hon Julie Anne Genter | Ministerial Advisor

Minister for Women | Associate Minister of Transport | Associate Minister of Health

[6.14] Bowen House, Parliament Buildings, 80 Lambton Quay | Private Bag 18041 | Wellington 6160 | New Zealand

M: s9(2)(a)

E: henry.peach@parliament.govt.nz

IN-CONFIDENCE

TE TAI ŌHANGA
THE TREASURY**Treasury Report: Low-Emissions Vehicles Cabinet Paper - Advice**

Date:	6 June 2019	Report No:	T2019/1642
		File Number:	SH-10-8 (Climate Change)

Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Grant Robertson)	Note the contents and agree to the recommendations	12 June 2019

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
s9(2)(g)(i)	Analyst, Transition and Regional Economic Development	s9(2)(k) (wk)	N/A (mob) ✓
Natalie Labuschagne	Manager, Transition and Regional Economic Development	s9(2)(k) (wk)	s9(2)(a) (mob)

Actions for the Minister's Office Staff (if required)

Return the signed report to Treasury.

If agreed, **forward** to the Offices of Hon Dr Clark, Hon Parker, Hon Jones, Hon Shaw, and Hon Genter.

Note any feedback on the quality of the report

Enclosure: No

IN-CONFIDENCE**Treasury Report: Low-Emissions Vehicles Cabinet Paper - Advice**

Purpose of Report

1. The Cabinet Economic Development (DEV) Committee will consider on 12 June 2019 a proposal to consult on two options to reduce light vehicle fleet emissions:
 - a. A vehicle fuel efficiency standard (VFES), and
 - b. A fee and rebate (feebate) scheme.
2. This report provides Treasury advice on the proposals.

Analysis

3. The Government has committed to reducing CO₂ emissions to net-zero by 2050. In reaching that target, transport emissions will need to reduce. The Associate Minister of Transport proposes a VFES and feebate, to encourage more fuel efficient vehicle purchases.
4. The VFES would require suppliers to lower the average emissions of the vehicles they import (new and used) from around 180 to 105 grams CO₂ per km by 2025.
5. The feebate would place a fee on higher emitting vehicles and a rebate on lower emitting vehicles. It is intended to be self-financing. Used vehicles would be subject to lower fees or rebates.

The evidence supporting these interventions is mixed

6. We have previously advised that climate change mitigation policy use the ETS as the key lever, supported by policies that lower the overall costs of transition and policies to improve distributional outcomes (T2019/974 refers).
7. Transport emissions are priced in the NZ ETS, unlike in the EU scheme.
8. The paper's core proposition is that further intervention is required because consumers undervalue or partly ignore fuel savings when choosing a vehicle. This results in fuel-inefficient vehicles being imported, consumers spending too much on fuel, and vehicle emissions that are too high. If that is the case, a VFES and feebate would lower the costs of transition.
9. However, the evidence supporting undervaluation is mixed. s9(2)(f)(iv) and s9(2)(g)(i)
s9(2)(f)(iv) and s9(2)(g)(i)

Neither measure would have a significant impact on emissions

10. New Zealand's gross emissions are estimated at 80.9 million tonnes per year. The measures are projected to reduce emissions by 6.7 million tonnes in total over 20 years.
11. s9(2)(f)(iv) and s9(2)(g)(i)

IN-CONFIDENCE

If Ministers wish to proceed, s9(2)(f)(iv)

12. If the proposals are implemented, there will be administrative costs. These are indicated to be around \$31.3 million over four years. A further \$25 million cash reserve would be needed to manage any fee shortfall from the feebate. These should be considered through Budget. This may align with the current timeframe.
13. It is likely Ministers will consider a range of policies to support the transition and improve distributional outcomes. As we have previously advised, those policies may interact in complex ways, and could be counterproductive if not designed coherently.

14. s9(2)(f)(iv)

15. If you agree, consultation would need to be carefully positioned so it does not unduly raise expectations that these policies would be implemented.

... and fuel efficiency standards are preferable to a feebate

16. A higher ETS price will be needed to drive meaningful reductions in emissions. Implementing a feebate in tandem with higher ETS prices would create a “double burden” for those needing to purchase higher-emitting vehicles (e.g., double-cab utes), while creating a “double benefit” for those who are able to purchase lower-emitting and electric vehicles.
17. The feebate also contributes the largest share of implementation costs (\$18.5 million, plus the \$25 million reserve) while having the least impact on emissions (1.6 million tonnes over 20 years). The Crown would also be exposed to fiscal risk if insufficient fees were collected to cover the rebates.

¹ Some low-emissions vehicles initiatives were considered in Budget 2019, but were not well-evidenced and did not receive funding.

IN-CONFIDENCE

Recommended Action

We recommend that you:

a. EITHER:

i. s9(2)(f)(iv) and s9(2)(g)(i)

OR

ii. **support** consultation on vehicle fuel efficiency standards only, and

iii. s9(2)(f)(iv)

b. **refer** to the Associate Ministers of Finance, Hon Dr Clark, Hon Parker, Hon Jones and Hon Shaw; and Associate Minister of Transport, Hon Genter, for their information.

Refer/not referred.

Natalie Labuschagne
Manager, Transition and Regional Economic Development

Hon Grant Robertson
Minister of Finance

RELEASED UNDER THE OFFICIAL INFORMATION ACT