

# Supplementary Analysis Report: [Clean Car Discount – changes to manage high uptake of the scheme]

## Coversheet

Purpose of Document	
Decision sought:	Analysis produced for the Cabinet decision to widen and increase the Clean Car Discount’s charges to ensure the scheme’s revenue matches rebate expenditure over 2023 to mid-2024.
Advising agencies:	Te Manatū Waka - Ministry of Transport
Proposing Ministers:	Minister of Transport
Date finalised:	9 May 2023
Problem Definition	
<p>Coupled with external factors, the Clean Car Discount has increased the uptake of low-emission vehicles at a rate that has far exceeded government and industry expectations. As a consequence, nearly three times the amount of rebates have been paid out than has been collected in charges. This is not sustainable and will result in the scheme’s rebates being temporarily suspended in the absence of increases to the scheme’s revenue through additional Crown funding and/or changes to the scheme’s charges. These additional measures are needed to complement the reductions in most rebates that Cabinet agreed on 11 April 2023.</p>	
Executive Summary	
<p>The Clean Car Discount provides rebates to help New Zealanders purchase low- and zero-emission vehicles, and applies charges discourage the purchase of high emission vehicles. Rebates and charges apply to vehicles sold for the first time in New Zealand, and do not apply to vehicles in the existing fleet.</p> <p>Its key objective is to speed the transition to low-emission vehicles at a faster rate than would be achieved through market forces alone. It is a central policy in achieving the 2035 emission reduction targets.</p> <p>As a self-financing feebate scheme, the Clean Car Discount’s rebates and charges require regular review and adjustment to ensure the charges generate sufficient revenue to fund the scheme’s rebates and administration costs. Cabinet agreed on 19 April 2021 that the first review would be completed in 2023 [CAB-21-MIN-0128.01 refers].</p> <p>The first review of the Clean Car Discount was triggered in late 2022 to respond to the impact the stronger than expected performance of the Clean Car Discount has had on the financial sustainability of the scheme; fiscal neutrality of the scheme through the balancing of charges and rebates was a core part of the policy but has not been achieved to date. With current settings, the repayable Crown grant, which funds rebates when charge revenue is insufficient, is expected to be exhausted by the middle of 2023. When this happens, rebate payments will be suspended until sufficient charge revenue has accumulated.</p>	

To enable the scheme to continue to operate, and to put it back on a path to be self-financing over 10 years, on 5 April 2022 the Cabinet Economic Development Committee agreed to reduce most rebates and to widen and increase charges [DEV-23-MIN-0051]. In addition, \$100 million will be provided in Budget 2023 to replenish the scheme's repayable Crown grant.

These changes are expected to be sufficient to resource the scheme until mid-2024 provided projected demand is met as expected. Resourcing after that date will be decided following a second review, in early 2024, of the rebates and charges.

This Supplementary Analysis Report focuses on the analysis that supported the decision to increase and widen charges. The analysis underpinning the changes to rebates is not included as rebate adjustments do not require regulatory change. However, as they are interrelated due to the fiscal sustainability of the scheme, they have been considered in these proposals.

In considering how best to match expected rebate expenditure with sufficient revenue over 2023 to mid 2024, Cabinet considered the following three options.

*Option 1: Increasing charges strongly to best support self-financing and decarbonisation*

Increasing the level and coverage of charges through the following adjustments (all figures include GST):

- widening the pool of vehicles subject to charges by lowering the emissions threshold from 192 grams of CO<sub>2</sub> per kilometre to 150 grams
- increasing the level of charges by amending the formulae:
  - (i) for new vehicles, \$575 plus \$57.50 per gram above 150 grams
  - (ii) for used-imports, \$287.50 plus \$28.75 per gram above 150 grams
- increasing the maximum cap on charges for vehicles with very high emissions from \$5,175 to \$6,900 for new and from \$2,875 to \$3,450 for used-imports.

*Option 2: Increasing charges moderately, to reduce the impact on those still buying high emission vehicles, while maintaining adequate self-financing and decarbonisation.  
(Differences to Option 1 are underlined for clarity)*

Increasing the level and coverage of charges through the following adjustments (all figures include GST):

- widening the pool of vehicles subject to charges by lowering the emissions threshold from 192 grams of CO<sub>2</sub> per kilometre to 150 grams
- increasing the level of charges by amending the formulae changing to:
  - (i) for new vehicles, \$575 at 150 grams, plus \$57.50 per gram above 175 grams
  - (ii) for used-imports, \$287.50 at 150 grams, plus \$28.75 per gram above 175 grams

- increasing the maximum cap on charges for vehicles with very high emissions from \$5,175 to \$6,900 for new and from \$2,875 to \$3,450 for used-imports.

*Option 3: Providing a Crown contribution in lieu of increased charges*

Not amending the charges of the scheme and instead increasing the Crown grant by \$250 million to provide the revenue that would have otherwise been generated by Option 1 or 2 and with no requirement for the increase to be repaid through future charges.

Cabinet agreed to proceed with Option 1 as strong increases to charges are estimated to keep the scheme operating at a cost neutral level over 2023 to mid-2024. As well, most consumers will be able to avoid paying charges given the increase in the availability of affordable efficient petrol vehicles, hybrids and increasingly PHEVs and EVs. Cabinet also decided that the start date for the increased charges would be 1 July 2023.

As there are few low-emission utes available in New Zealand, Cabinet also considered two options for the treatment of the best performing diesel utes. These options were as follows.

*Option 1 – Treat efficient diesel utes differently from other high emission vehicles*

Introduce a separate emission threshold for charges on utes of 218 grams CO<sub>2</sub> per kilometre, such that utes with emissions at or below this threshold would attract no charge, if registered on or before 30 June 2024.

*Option 2 – Maintain the status quo where all vehicles are treated the same*

Charges payable on utes remain consistent with those imposed on other vehicle types.

Cabinet agreed to proceed with Option 2 as this is consistent with New Zealand's decarbonisation goals and avoids inadvertently incentivising the purchase of utes.

The analysis assumed it was a priority to maintain the momentum of the Clean Car Discount in transitioning the light vehicle fleet. With this assumption, the key trade-off inherent in Cabinet's decisions is between the objectives of restoring scheme revenue and minimising demands on Crown funding, while minimising disadvantage to vehicle consumers and disruption to the vehicle industry.

Due to the time constraints, stakeholder engagement was limited to the Motor Industry Association (MIA) that represents new vehicle importers, the Imported Motor Vehicle Industry Association (VIA) that represents used vehicle importers, and the Drive Electric not-for-profit which encourages electric vehicle uptake. The views of vehicle consumers were not sought.

MIA and Drive Electric have a strong preference for the scheme to continue for several more years. They support imposing charges on vehicles from 150 grams as there are low emission alternatives available for these vehicles.

Of the options to increase charges, the MIA and the VIA prefer lower levels of increases to charges to have less impact on petrol car buyers. The MIA sought an exclusion or "less severe" approach to charges covering utes as there are still few low emission options available.

## Limitations and Constraints on Analysis

This Supplementary Analysis Report focuses on the analysis that supported the decision to increase and widen charges. The analysis to support the decisions to change the scheme's rebates is not included as these decisions do not require regulatory change.

The timeframes associated with the Cabinet proposal to change the scheme's charges prevented a full Regulatory Impact Statement being done for the 5 April 2023 meeting of the Cabinet Economic Development Committee. This timeframe resulted from the decision to ensure the scheme continues to operate without the suspension of rebate payments.

The timeframe also limited consultation to the key representatives of the vehicle industry and Drive Electric. The views of vehicle consumers were not sought.

The impacts of the changes to the charges are highly dependent on market behaviour which is difficult to predict. The limited duration that the discount has been running also does not provide enough data for robust quantitative analysis or predictions for how the market will respond to changes.

We have limited information and supporting analysis to assess the equity impacts of the changes.

The key assumptions underpinning the impact analysis are as follows.

- Rate of uptake of low-emission vehicles. Two uptake scenarios were used of five vehicle types (EV, PHEV, hybrid, petrol, diesel). The high uptake scenario assumed the substantial increase in the purchase of new EVs over August–December 2022 will continue and increase into 2023 and 2024. The low uptake scenario assumed a slower rate of uptake. Both scenarios were modelled to present a range to Cabinet.
- Emission levels of the vehicles entering the fleet. Three broad emission bands were used as representative of the vehicles imported in New Zealand. These bands were based on the vehicles entering the fleet in 2022, and it was assumed that the three emission bands will be representative of the vehicles that enter the fleet in 2023 and 2024.
- The number of vehicles imported, by the five vehicle types, for 2023 and 2024 are based on those in the latest Vehicle Fleet Emissions Model.
- Rebate eligibility is assumed to be 88% of EVs and PHEVs entering the fleet and 83% of hybrids. These assumptions are based on the number of these vehicle types that received rebates in 2022.
- The amount of funding Waka Kotahi can deduct from the scheme's revenue for administration remains capped at \$8 million per annum.
- The changes to rebates and charges will be in effect from 1 July 2023.

Officials have based these assumptions on best current evidence, and do not foresee likely events to disrupt them.

**Responsible Manager(s) (completed by relevant manager)**

Matt Skinner  
Manager  
Environment Emissions Policy Design  
**Te Manatū Waka - Ministry of Transport**



9 May 2023

**Quality Assurance (completed by QA panel)**

Reviewing Agency:	Te Manatū Waka - Ministry of Transport
Panel Assessment & Comment:	This Supplementary Analysis Report (SAR) has been reviewed by a panel of representatives from Te Manatū Waka Ministry of Transport. It has been given a 'partially meets' rating against the quality assurance criteria for the purpose of informing Cabinet decisions. The rating reflects the limited consultation and distributional analysis due to time constraints on the process.

## Section 1: Diagnosing the policy problem

### What is the context behind the policy problem and how is the status quo expected to develop?

#### The role and objective of the Clean Car Discount scheme

New Zealand's first Emissions Reduction Plan (ERP) sets the target to reduce transport emissions by 41 percent from 2019 levels by 2035. To help achieve this goal, the ERP has a further target to increase zero-emission vehicles to 30 percent of the light fleet by 2035.

To reach the vehicle target, 1.5 million more battery EVs (BEVs) are needed in the fleet by 2035. To put this in perspective, in 2022 only 20,909 BEVs entered the fleet. ERP modelling assumes all light vehicles entering New Zealand from 2030 are zero emission. This amounts to over 300,000 vehicles per year.

The Clean Car Discount is a central policy in achieving the 2035 targets. Its key objective is to speed the transition to low-emission vehicles at a faster rate than would be achieved through market forces alone. To do this the scheme's rebates help New Zealanders purchase low- and zero-emission vehicles, while its charges discourage the purchase of high emission vehicles.

Rebates and charges apply to vehicles sold for the first time in New Zealand, and do not apply to vehicles in the existing fleet.

#### The Clean Car Discount is intended to be self-financing over 10 years

The scheme is intended to be fiscally neutral to the Crown over 10 years, with the scheme's charges providing the revenue for the payment of rebates and the scheme's implementation and administration costs.

To establish the scheme, a \$301.8 million repayable Crown grant was approved through Budget 2021. This grant provided \$6.8 million for the scheme's implementation and \$295 million as a cash reserve for Waka Kotahi to:

- operate the scheme from 1 July 2021, with rebates for EVs and PHEVs available prior to the commencement of charges on 1 April 2022, and the expansion of rebates to include hybrid, petrol and diesel vehicles with per kilometre CO<sub>2</sub> emissions of 146 grams and lower
- cover its costs in administering the scheme, which are capped at \$8 million per year
- manage the scheme's likely cashflow pressures caused by timing differences between the payment of rebates and the receipt of sufficient revenue from charges.

The Crown grant is to be repaid by Waka Kotahi in periodic payments over 10 years. However, Waka Kotahi is only required to make repayments to the extent that the scheme is in surplus.

To be self-financing the scheme requires continuous management to avoid the level of charges received being lower than the level of rebates paid. This risk is an inherent part of the scheme. Predicting future vehicle purchasing patterns and subsequent revenue inflow and outflow will always be subject to a high level of uncertainty.

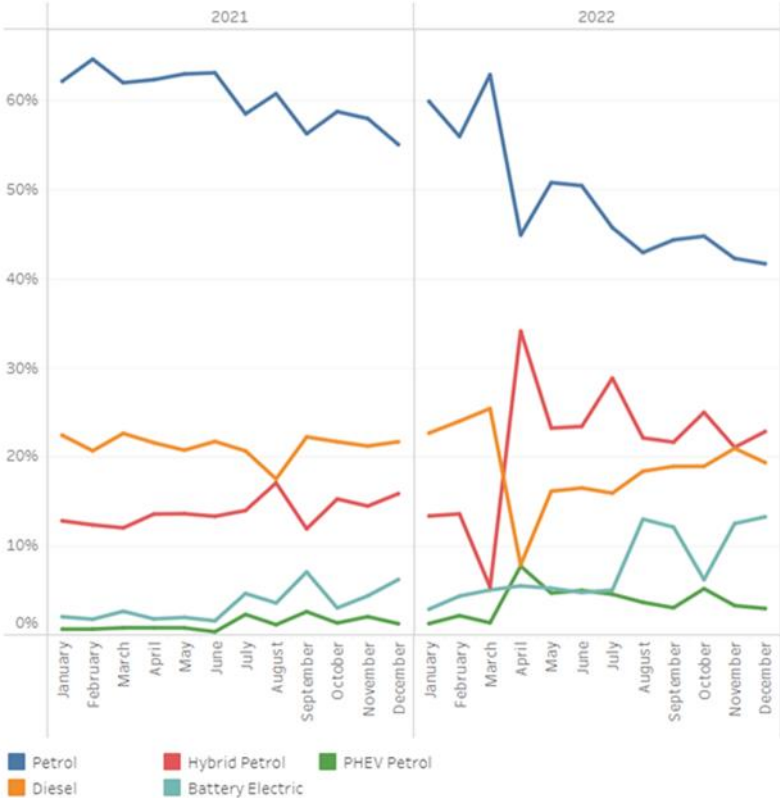
To manage this risk, Cabinet agreed on 19 April 2021 that the schedule of rebates and charges would be regularly reviewed and recalibrated [CAB-21-MIN-0128.01 refers].

**The Clean Car Discount is accelerating the transition to a zero-emission vehicle fleet**

To date the uptake of low emissions vehicles has outperformed government and industry expectations. The graph below shows the change achieved since the Clean Car Discount's introduction in July 2021, with headline results being:

- the share of petrol and diesel vehicles entering the vehicle fleet has fallen from almost 77 percent in 2021 to 61 percent in 2022
- the share of BEVs entering the fleet has increased from 2 percent in January 2021 to 13 percent in 2022. The increase is greater for new vehicles, with registrations for BEVs increasing from 1.8 percent in January 2021 to 20.3 percent in December 2022
- petrol hybrids as a share of used-vehicle imports have increased from 19 percent in January 2021 to almost 40 percent in December 2022.

**Monthly share of light vehicle registrations by type**

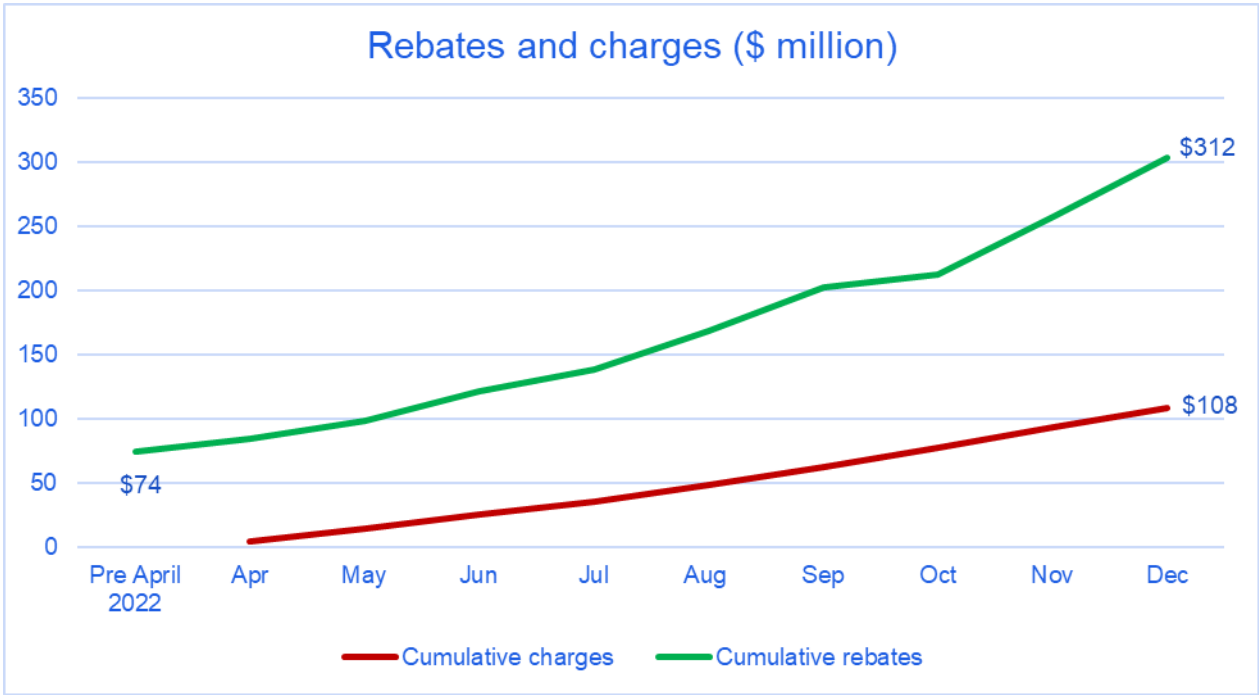


These shifts in vehicle preferences have significantly increased the CO2 emissions reduction rate of vehicles entering the fleet. Average CO2 emissions of imported light vehicles in 2022, both new and used, have decreased by 14.4 percent when compared to the same 12-month period before the Clean Car Discount was implemented. This represents a large improvement on the 1.9 percent average annual decrease of the five years prior to the Clean Car Discount.

The scheme's success means New Zealand aligns with other strongly incentivised markets, such as the United Kingdom and Europe, in the market shares of new BEVs and plug-in hybrid EVs (PHEV) entering the fleet. New Zealand is now ahead of the global sales average, including the United States, Japan and Australia (see Annex 1).

**The scheme’s status quo settings will lead to the temporary suspension of the scheme**

Because of the scheme’s strong performance, substantially more in rebates has been paid out than has been received in charges. The graph below shows that since the scheme began, Waka Kotahi has paid out close to three times the amount of funding it has collected in charges. Over the period 1 July 2021–31 December 2022, Waka Kotahi paid out \$312 million in rebates. This compares with the \$108 million that it received from charges over 1 April–31 December 2022<sup>1</sup>. The \$204 million difference has been funded from the repayable Crown grant.



Over 2023, based on vehicle industry information, the sale of vehicles eligible for rebates is expected to grow, while charge revenue is expected to remain relatively steady.<sup>2</sup> Current settings are estimated to result in rebate expenditure of \$369–\$438 million against a revenue forecast of around \$141–\$145 million.

If the scheme’s revenue becomes exhausted, Cabinet agreed the payment of rebates stops and no rebates are queued for later payment. Rebates commence once the scheme’s cash reserve has been sufficiently replenished through the build-up of charge revenue [CAB-21-Min-0128.01 refers].

**A temporary suspension of the Clean Car Discount will affect the outcomes of the Clean Car Standard as the policies are interdependent**

The Clean Car Discount is intended to work with the Clean Car Standard in transitioning the vehicle fleet. The Discount influences the demand for low- and zero-emission vehicles through consumer facing incentives, while the Standard is focused on increasing the supply of low-emission vehicles by setting an annual fleet emission average that importers must meet. Because they are complementary policies, the effectiveness of the

<sup>1</sup> Rebate and charge amounts are higher than those Waka Kotahi gave to the media in January 2023 as the ones here include amounts owed as well as paid, whereas those provided to the media are based on money paid.

<sup>2</sup> Informed by assessing detailed confidential plans from key domestic suppliers, discussions with industry bodies, analysing domestic and international sales statistics, and a consumer survey on the Clean Car programme.



Clean Car Standard will be impacted if the Discount is suspended. Specifically, suspension is likely to lead to a reduced level of compliance across the vehicle industry with the Standard's CO2 targets for 2023 and 2024.

### **The current coverage and level of the scheme's charges**

Current charges apply to light vehicles with emissions of 192 grams of CO2 per kilometre and above, and are set using the following formulae (all figures are GST inclusive):

- New vehicles: \$345.00 plus \$57.50 per gram
- Used-imports: \$258.75 plus \$43.13 per gram.

### **What is the policy problem or opportunity?**

If the uptake of low-emission vehicles continues to be strong, the Clean Car Discount's repayable Crown grant, which funds rebates when charge revenue is insufficient, will be exhausted by the middle of 2023; It is likely that uptake will continue to be strong. If no action is taken to restore the scheme's revenue, either by increasing charges and/or providing Crown funding, the payment of rebates will be temporarily suspended.

### **A temporary suspension would likely slow-down the rate of vehicle transition and lower the expected emission reductions over 2023 and 2024**

It is likely to take many months to accumulate sufficient charge revenue to build a workable cash reserve to operate the scheme. For example, over the three months to 31 December 2022 \$41 million was received in charges. A sum of this amount could plausibly be required for a single month of rebate payments at recent levels.

The key outcome from temporarily suspending the payment of rebates is that it would likely slow the transition to low-emission vehicles. Consequently, lower than expected emission reductions over 2023 and 2024 would be achieved. This is because suspension risks:

- losing some of the momentum that has been achieved in encouraging people to switch to low and zero emission vehicles. To date the purchase of a wide range of low-emission vehicles has been encouraged through the scheme. 42,034 new vehicles (average purchase price \$52,747) and 35,277 used imports (averaging \$18,296) attracted rebates in the 18 months to the end of 2022
- undermining public support for the scheme. It would frustrate buyers of low-emission vehicles who wish to buy vehicles at a time when rebates are suspended (particularly those who have already ordered a vehicle assuming they will get a rebate but are still awaiting the vehicle's arrival). As well, if suspension lasts several months the social license for the scheme's implicit "off-setting contract" between charge-payers and rebate receivers could be lost. People who, for whatever reason, buy a high emission vehicle pay a charge to lower vehicle prices for those who are willing to purchase a low-emission vehicle. This contract could be perceived to be broken if charges exist in the absence of rebates
- a marked spike in the purchase of low-emitting vehicles once rebates commence that could undermine the recovery of the scheme's financial position and its ongoing durability. This would occur if the magnitude of the spike was under-estimated in the decision on when to resume the payment of rebates

- increasing cash-flow pressures for the vehicle industry, especially if the suspension lasts several months. For example, vehicle distributors and dealers could be left holding large volumes of low-emission vehicles that they are unable to sell until the suspension is lifted.

The cost to New Zealand’s decarbonisation goals of temporarily suspending the scheme have not been estimated. However, they can be expected to be significant because the Clean Car Discount is an efficient way to reduce emissions. The scheme is estimated to have a negative marginal abatement cost (MAC) per tonne of CO<sub>2</sub> ranging from -\$170 to -\$199. This means it saves the economy money in reducing CO<sub>2</sub>, rather than imposing costs. This supports easing the cost of living burden on New Zealanders, and occurs primarily due to the savings in fuel costs for people who purchase a zero- or low-emission vehicle through the scheme.

Consultation with the vehicle industry indicates that the Motor Industry Association (MIA), which represents new vehicle distributors, has a strong preference for the scheme to continue uninterrupted for several more years. The MIA consider the scheme critical to building and maintaining demand for low emission vehicles. The scheme reduces some of the commercial uncertainties they would otherwise face in bringing new low-emission vehicles to the market. In doing so it lowers the costs the industry faces in complying with the Clean Car Standard.

The Imported Vehicle Industry Association (VIA), which represents used-vehicle importers do not support the Clean Car Discount. In its view it creates a “transition for the wealthy paid for by those who have benefited least from the current fossil fuel driven economy”. The Ministry notes that this view is not supported by the above data that shows that more buyers of used-import vehicles receive rebates than pay charges.

### **Equity considerations**

Consistently, up-front cost is the greatest barrier to purchasing a low- or zero emission vehicle over its conventional counterpart. Wealthier New Zealanders are more likely to purchase new vehicles, while “average New Zealanders” are more likely to purchase used-imports. The scheme’s design seeks to avoid disadvantaging “average New Zealanders” as the fees on new high emitting vehicles are used to fund rebates for the purchase of low-emission used-imports.

While there is evidence that wealthier New Zealanders are more likely to adopt EVs—and by implication benefit from the Clean Car Discount—purchase data suggests that “average New Zealanders” are likely to have benefited most. To date, markedly more buyers of used-imports received rebates (56.2 percent) than buyers of new vehicles (38.5 percent). At the same time, fewer buyers of used-imports paid charges (14.7 percent) than buyers of new vehicles (39.7 percent).

There are some specific transport inequities for Māori:

- Māori are more likely than non-Māori to live in small urban and rural communities;
- Māori are disproportionately younger and in lower income households;
- Māori are disproportionately more likely to work in industries that require lengthy travel with limited access to public transport, such as horticulture and forestry.

Given the above, it is likely that Māori are more unlikely to benefit from the Discount, as their vehicle needs cannot be met by currently available low- or zero-emission models.

For those that cannot directly benefit from the Discount, there are distributional benefits for increasing the prevalence of low- and zero-emission vehicles in New Zealand. Over 70 percent of annual vehicle sales are of vehicles already in the fleet. This indicates that while it

is unlikely that groups listed above would be able to benefit from the Discount, the increased market penetration of low- and zero-emission vehicles will provide more-cost effective options to those groups sooner, allowing them to benefit from the cost savings and health benefits.

### **Key assumptions underlying the Ministry's understanding of the problem**

The key assumption the Ministry has made is that the Clean Car Discount has influenced the vehicle purchasing decisions of New Zealanders since its introduction on 31 July 2021. We have a high level of confidence in this assumption based on:

- consumer surveys. 62 percent of surveyed EV owners stated that they purchased their EV sooner than they would have otherwise because of the Clean Car Discount<sup>3</sup>
- a historical analysis of average fleet emission reductions. In 2022, imported light vehicle CO<sub>2</sub> emissions, both new and used, decreased by 14.4 percent on average when compared to the same 12-month period before the Clean Car Discount was implemented. This represents an exponential improvement on the 1.9 percent average annual decrease of the five years prior to the Clean Car Discount
- the recent changes seen since the scheme's introduction in July 2021 where:
  - the share of petrol and diesel vehicles entering the vehicle fleet has fallen from almost 77 percent in 2021 to 61 percent in 2022
  - the share of BEVs entering the fleet has increased from 2 percent in January 2021 to 13 percent in 2022. The increase is greater for new BEVs (ie excluding used-imports) with the battery EV share of new vehicle registrations increasing from 1.8 percent in January 2021 to 20.3 percent in December 2022
  - petrol hybrids as a share of used-vehicle imports have increased from 19 percent in January 2021 to almost 40 percent in December 2022
- international experience. A key difference between countries with low or high uptake of EVs is the level of policy that lowers purchase prices and increases demand. Countries with high levels of EV uptake, such as Norway, impose fees or taxes on buying high emitting vehicles and provide discounts on low emission ones. Countries such as Australia, with few or no incentives to encourage low emission vehicles, still have relatively low levels of EV and low emission vehicle uptake.

It is also assumed that the rebate adjustment is such that:

- the pool of vehicles to which rebates are provided is reduced by increasing the threshold from 146 grams of CO<sub>2</sub> per kilometre to 100 grams.
- the rebate for new battery electric vehicles (BEVs) is reduced from \$8,625 to \$7,015;
- the rebate for used-import BEVs is increased from \$3,450 to \$3,507.50;

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<sup>3</sup> EECA EV Public Charging Research 2023.

- the rebate for low-emission vehicles, including plug-in hybrid electric vehicles, is reduced by amending the existing rebate formula for:
  - (i) new vehicles to \$1,725 plus \$57.50 for every gram of CO<sub>2</sub> per kilometre below 100 grams, with a maximum rebate of \$4,025;
  - (ii) used-imports to \$862.50 plus \$28.75 per gram of CO<sub>2</sub> per kilometre below 100 grams, with a maximum rebate of \$2,012.50;

### **What objectives are sought in relation to the policy problem?**

The following objectives are sought in restoring the financial sustainability of the Clean Car Discount.

- Maintain the momentum the scheme has achieved in driving emissions reduction in the light vehicle fleet.
- Ensure the scheme's revenue is sufficient to match rebate expenditure over 2023 to at least mid-2024.
- Minimise demands on Crown funding by making the scheme self-financing over 10 years.
- Minimise the level of disruption to vehicle suppliers.
- Minimise disadvantage to consumers who are currently unable to opt for a low-emission vehicle.

Some of these are competing objectives, and the proposed approach should ideally seek to balance them and maximise overall benefits.

## Section 2: Deciding upon an option to address the policy problem

### What scope will options be considered within?

The scope of the options considered to restore the financial sustainability of the Clean Car Discount was as follows.

- Temporarily suspend the payment of rebates until the scheme's cash reserve has been sufficiently replenished through the build-up of charge revenue. Temporary suspension is part of the policy design of the scheme agreed by Cabinet. It is the default option if no further funding is provided, and the repayable Crown grant is exhausted.
- Increase charges and reduce rebates to ensure charge revenue matches rebate expenditure. A range of options were canvassed to recalibrate rebates and charges. As well, two implementation dates were considered of 1 July 2023 and 1 December 2023.
- Increase the existing repayable Crown grant by an amount sufficient for the scheme to maintain a positive cash reserve through 2023 and 2024. This option would require additional increases to charges and/or reductions in rebates to enable the increased Crown grant to be repaid.
- Supplement the existing repayable Crown grant with an additional non-repayable grant.

The scope of options was limited to those that could be progressed within the existing framework of the Clean Car Discount.

The non-regulatory options of increasing the Crown grant were limited by the decisions Cabinet took on Budget 2023.

## What options were considered by Cabinet

Cabinet considered three options to widen and increase charges as a means to match expected rebate expenditure over 2023, and part of 2024, with sufficient revenue. These options were as follows.

### *Option 1: Increasing charges strongly to best support self-financing and decarbonisation*

Increasing the level and coverage of charges through the following adjustments (all figures include GST):

- widening the pool of vehicles subject to charges by lowering the emissions threshold from 192 grams of CO<sub>2</sub> per kilometre to 150 grams
- increasing the level of charges by amending the formulae:
  - (i) for new vehicles, \$575 plus \$57.50 per gram above 150 grams
  - (ii) for used-imports, \$287.50 plus \$28.75 per gram above 150 grams
- increasing the maximum cap on charges for vehicles with very high emissions from \$5,175 to \$6,900 for new and from \$2,875 to \$3,450 for used-imports.

*Option 2: Increasing charges moderately, to reduce the impact on those still buying high emission vehicles, while maintaining adequate self-financing and decarbonisation. (Differences to Option 1 are underlined for clarity)*

Increasing the level and coverage of charges through the following adjustments (all figures include GST):

- widening the pool of vehicles subject to charges by lowering the emissions threshold from 192 grams of CO<sub>2</sub> per kilometre to 150 grams
- increasing the level of charges by amending the formulae changing to:
  - (i) for new vehicles, \$575 at 150 grams, plus \$57.50 per gram above 175 grams
  - (ii) for used-imports, \$287.50 at 150 grams, plus \$28.75 per gram above 175 grams
- increasing the maximum cap on charges for vehicles with very high emissions from \$5,175 to \$6,900 for new and from \$2,875 to \$3,450 for used-imports.

### *Option 3: Providing a Crown contribution in lieu of increased charges*

Not amending the charges of the scheme at this time and instead increasing the Crown grant by \$250 million to provide the revenue that would have otherwise been generated by Option 1 or 2 and with no requirement for the increase to be repaid through future charges.

As there are few low-emission utes available in New Zealand, Cabinet considered also two options for the treatment of the best performing diesel utes. These options were as follows.

*Option 1 (utes)– Treat efficient diesel utes differently from other high emission vehicles*

Introduce a separate emission threshold for charges on utes of 218 grams CO<sub>2</sub> per kilometre, such that utes with emissions at or below this threshold would attract no charge, if registered on or before 30 June 2024.

*Option 2 (utes) – Maintain the status quo where all vehicles are treated the same*

Charges payable on utes remain consistent with those imposed on other vehicle types.

The Government also considered two alternate start dates for the changes – 1 July 2023 or 1 December 2023.

### **What was the Government’s preferred option and what impacts will it have?**

Cabinet preferred Option 1, which makes relatively strong increases to charges. New vehicles with emissions of 150 grams of CO<sub>2</sub> per kilometre or higher will attract a base charge of \$575 that increases at a rate of \$57.50 per gram above 150 grams. The rate for used-imports is half that of new vehicles, i.e. a base charge of \$287.50 plus \$28.75 per gram above 150 grams.

The maximum cap on charges for vehicles with very high emissions increases from \$5,175 to \$6,900 for new, and from \$2,875 to \$3,450 for used-imports.

The increased charges will be in effect from 1 July 2023.

The Government also opted to maintain the status quo setting of not treating diesel utes differently from other high-emitting vehicles.

A graphical representation of the changed schedules for rebates and charges arising from the preferred options is in Annex 2.

### **How well will the Government’s preferred option achieve the objectives sought in relation to the policy problem?**

*Maintaining the momentum of the scheme in reducing emissions from light vehicles*

Under current settings the cumulative emission reductions achieved by the Clean Car Discount and Standard has been re-estimated at 8,280 kilotonnes over the period 2022–2050. For the purposes of analysing the impact that widening and increasing charges will have on this estimate, the analysis has not separated the impact of:

- the Clean Car Discount from the Clean Car Standard as the policies are interdependent
- the Government decision to reduce most rebates from the impact of widening and increasing charges

Also, the modelling’s “status quo” could not, in the timeframes, model a temporary suspension of rebates, which in reality would occur if no measures to increase revenue are in place. Instead, the “status quo” comparison assumes the scheme continues uninterrupted with current settings. This has the effect of making the “status quo” more favourable in the estimate of emission reductions.

Nevertheless, it is estimated that the combined impact of widening and increasing charges and reducing most rebates, will lower the emission reductions from the Clean Car policies by

269 kilo tonnes of CO<sub>2</sub>-e over the period to 2035 and by 369 kilo tonnes to 2050. This lowers the estimated cumulative emission reductions achieved by the Clean Car Discount and Standard to 7,911 kilo tonnes over 2021–2050.

In the Ministry's view, the estimated small reduction in the decarbonisation outcome is preferable to the status quo and the other options considered by Cabinet. This is because the Government's preferred options best increase the durability of the Clean Car Discount. Durability of the policy is necessary for the 7,911 kilo tonnes reduction to be achieved.

Further, the preferred option to maintain the status quo of no special treatment for utes is consistent with New Zealand's decarbonisation goals. Diesel utes significantly raise New Zealand's average vehicle emissions because their emission levels and sales volumes are high. The alternative option would likely increase emissions by inadvertently encouraging people to buy utes over more efficient vehicles.

#### *Restoring scheme revenue to match rebate expenditure and minimising the demands on Crown funding*

To help restore the scheme's revenue, the Ministry estimates that the Government's preferred options will ensure revenue is sufficient to match rebate expenditure until mid-2024. In comparison, with the status quo the scheme's revenue is likely to be exhausted by mid 2023 and early 2024 with Option 2 (moderate increases to charges).

The Government's preferred options also minimise the demands on Crown funding and are most consistent with the scheme being self-financing over 10 years. Specifically, a repayable \$100 million Crown grant is required for a cash reserve to cover short-term imbalances between rebate expenditure and charge revenue.

In comparison, the status quo would require a non-repayable Crown grant of \$350 million for the cash reserve, which would depart from the principle of a self-financing scheme over 10 years. Option 2 and a start date of 1 December 2023 would require a Crown grant of \$350 million. The repayment of this grant would effectively transfer the payment of the higher charges in Option 1 to future consumers of vehicles that attract charges.

The Government's preference to not afford utes special treatment is also consistent with the revenue objectives. To date, about 6 percent of scheme revenue has come from utes with emissions at, or below, 218 grams of CO<sub>2</sub> per kilometre. These utes were about 22 percent of new ute sales over January and February 2023. The loss in revenue to the scheme would be about \$12–\$22 million for each of the 2023 and 2024 calendar years, depending on the level of ute sales and whether the exemption were to change incentives.

#### *Minimising disadvantage to vehicle consumers*

Based on the vehicles entering the fleet in December 2022, the percentage of vehicles attracting a charge with the preferred options would increase from about 31 percent to around 52 percent. However, with strong increases to charges there is likely to be behavioural change as most consumers will be able to avoid charges if they wish to. This is due to the recent widespread availability of affordable efficient petrol vehicles and hybrids, and increasingly PHEVs and EVs.

Annex 3 shows how the top 20 new and used vehicles sold over December 2022 to February 2023 would be affected by the Government's preferred options relative to the status quo, and the moderate increases of Option 2.

From this data, consumers of used-imports will be among the least affected by the changes to charges. Eighteen of the top 20 used-imports will attract either a rebate or no charge.



Similarly, price-sensitive buyers of new small conventional vehicles such as Suzuki Swifts are also unlikely to be affected as these vehicles have emissions below the 150 grams threshold for charges.

However, the following consumers will be disadvantaged by the increased charges and this is one of the key trade-offs.

- Consumers of conventional utes, vans and medium and large SUVs and cars with emissions over 150 grams. Of these vehicle types, the consumers most disadvantaged by increased vehicle prices will be those who require the functionality of utes given the very few low-emission models available<sup>4</sup> in New Zealand. In 2022, less than 1 percent of utes new to the fleet were low-emission and attracted a rebate, the remainder attracted charges as diesel utes are high-emitting.
- Some consumers of new vehicles who are awaiting the arrival of their ordered vehicles. New vehicle wait times can be up to or more than a year. With the preferred start date of 1 July 2023, some of these consumers will be faced with higher charges when they complete their vehicle purchases than they expected when placing their order.

The Ministry has no data on vehicle preferences by the ethnicity or gender of the consumer. Consequently, we are unable to comment on whether there are any related distributional impacts arising from the preferred options.

The increase in charges for utes would be expected to impact most on rural communities where the need for the functionality of utes is often greater.

#### *Minimising disruption to the vehicle industry*

The most significant trade-off with the Government's preferred options is with the objective of minimising disruption to the vehicle industry. While the start date of 1 July 2023 will maximise scheme revenue, it will be disruptive for the vehicle industry.

New vehicle distributors will be impacted most as their vehicle volumes are negotiated with their overseas vehicle manufacturers years in advance. This limits their ability to reduce their planned stocks of vehicles with emissions over 150 grams of CO<sub>2</sub> per kilometre. Consequently, they will face costs in managing the sale of vehicles with higher than anticipated retail prices.

Also, as discussed above, some distributors have long wait times for ordered vehicles. Vehicle distributors with consumers awaiting their ordered vehicles that do not arrive before 1 July 2023 will face costs in managing consumer reaction to the increased charges. For example, some distributors may choose to cover the cost of the increases by reducing their profit margins on the vehicles. Applying the current formulae to already ordered vehicles was not considered as it would be challenging to determine eligibility, rebates and fees would be difficult to quantify and require significant additions to IT systems, and the industry identified a preference for an extended lead-in over retroactive payments.

Used-vehicle importers will be less disrupted as their commercial model is very different to new vehicle distributors. Used-import suppliers source their vehicles from on-line overseas vehicle auctions, typically in Japan. This allows the supply of vehicles to change relatively quickly.

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<sup>4</sup> A 2WD electric ute was introduced at the end of 2022. A 2WD and 4WD hybrid ute is likely this year. Further hybrid and electric models are expected in 2024 and 2025.

## **Engagement with the vehicle industry informed the Government's preferred options**

Due to the time constraints, stakeholder engagement was limited to the Motor Industry Association (MIA), the Imported Motor Vehicle Industry Association (VIA) and Drive Electric. Of the top vehicle sales outlined in Annex 3, all models are represented in these groups except Tesla. Consumers are not specifically represented in these groups.

The MIA has a strong preference for the scheme to continue for several more years. It supports the preferred option to impose charges from 150 grams CO<sub>2</sub> per kilometre but prefers Option 2 – Moderate increases over Option 1 – Strong increases because it views this would have less impact on petrol car buyers. The MIA supports the highest emitting vehicles being imposed with charges that are several thousand dollars higher. However, the MIA support an exclusion or “less severe” approach to charges for most utes.

The MIA does not support a start date of 1 July 2023. Instead it favours a 8 to 9 month notice period so distributors can order the right volumes of vehicle models from their overseas suppliers. The MIA advised that if the start date is 1 July 2023 then it would like committed vehicle orders to proceed with the existing charge settings, given delivery times remain long on popular models.

The VIA has mixed views about the scheme and the changes to charges. It stated that for the scheme to remain in financial balance, the rebate and charge proposals do make sense. Like the MIA, the VIA prefers Option 2 – Moderate increases, as it views this would place lower charges on petrol car buyers.

The VIA considers a 1 July 2023 start date to be sufficient notice but prefers a longer notice period (December) to garner better support. They suggest there is good volume of vehicles below 150 grams to enable most consumers to avoid charges.

Drive Electric, which represents new EV buyers, electricity companies, and other organisations relevant to EV uptake, strongly supports the continuation of the scheme. It noted that strong uptake of new EVs now will lead to more second-hand EVs being available later this decade. It supports imposing charges on vehicles with emissions of 150 grams and higher. It proposes a notice period of at least 2 months (this is consistent with a 1 July 2023 start date) followed by retrospective treatment of charges to account for 3-6 month delivery times for vehicles.

Drive Electric considered there are merits to both proposals on lowering or retaining charges on utes. It noted the inter-relationship of the Clean Car Discount and Standard.

### *Broader thorough engagement was undertaken in 2019*

On 9 July 2019 Te Manatū Waka released the consultation document, *Moving the light vehicle fleet to low-emissions: discussion paper on a Clean Car Standard and Clean Car Discount*, asking for public feedback on the Clean Car reforms. The currently proposed changes to the scheme consider the feedback received at that time.

Within the consultation period, Te Manatū Waka reached out to iwi groups directly to raise awareness of the consultation and to ask whether any iwi would be interested in meeting with officials to discuss the reforms. One iwi group requested a meeting, a workshop was held in Rotorua with Te Arawa Lakes Trust, which represents the interests of Te Arawa hapū and whānau. Te Arawa Lakes Trust were very supportive of measures to address climate change and were positive about the Clean Car Reforms.

## **The Government's preferred options best balance the competing objectives in resourcing the uninterrupted operation of the Clean Car Discount**

In the view of Te Manatū Waka, the Government's preferred options will maintain the public benefit of the Clean Car Discount. The preferred options strike the best balance between restoring scheme revenue, minimising demands on Crown funding, decarbonisation, and minimising disadvantage to vehicle consumers and disruption to the vehicle industry.

Te Manatū Waka initially recommended a longer notice period, with implementation on 1 December 2023. While an increased notice period would reduce disadvantage to vehicle consumers and disruption to the vehicle industry, the extension of current settings would not be affordable. It is preferable for changes to come in sooner, with a shorter notice period, rather than the scheme running out of money and stopping the payment of rebates.

## What are the marginal costs and benefits of the option?

Affected groups	Comment	Impact	Evidence Certainty
<b>Additional costs of the preferred option compared to taking no action</b>			
Vehicle consumers	Consumer welfare loss.	\$45 million	Medium
Vehicle importing industry	Increased compliance (search cost)	\$17.6 million	Medium
Regulator NZTA	Ongoing costs to administer the scheme. This includes the costs of fee collection and rebate payment and to monitor the balance of the feebates fund. To date, costs have been much lower than anticipated.	\$37.7 million	Low
<b>Total monetised costs</b>		\$100.3 million	
<b>Non-monetised costs</b>			
<b>Additional benefits of the preferred option compared to taking no action</b>			
Vehicle consumers	Reduced vehicle purchasing cost	\$21.0 million	
	Reduced vehicle maintenance cost	\$80.3 million	
	Reduced energy costs	\$3.0 million	
New Zealand	Reduction in GHG emissions Total CO2 reduction: Average reduction per year: Marginal abatement cost of carbon:	\$10.8 million 210,000 tonnes 7,000 tonnes -\$71/tonne	
<b>Total monetised benefits</b>		\$115.1 million	
<b>Non-monetised benefits</b>	<ul style="list-style-type: none"> <li>Improved energy security as New Zealand reduces reliance on fossil fuels</li> <li>Longer term behavioural response, awareness of emissions</li> <li>Additional altruistic and bequest values</li> <li>Reduction in the social costs of air pollution</li> </ul>	<i>(Medium - these benefits are already ongoing. They increase slightly due to assurance that the scheme will continue)</i>	

If no action were taken, charges would continue to be collected, but rebates would only be paid as funding allows. Costs would be consistent with those calculated for the CBA at the

commencement of the scheme, while benefits would likely be significantly reduced as a result of uncertainty as to whether a rebate would apply to vehicle purchases.

Rather than seeking to estimate the impacts if no action were taken, the analysis included in this section simply compares the proposed system with if the scheme was completely discontinued. The CBA has been updated since the initial Regulatory Impact Statement but is largely unchanged. The rationale for this is that by helping to restore the scheme's revenue through increasing charges, the benefits and costs as initially envisaged are maintained:

- Despite increased costs paid by consumers (as a result of the proposals) for high emitting vehicles and lower rebates to consumers purchasing low emission vehicles, they will still balance, which is consistent with the assumptions in the initial CBA
- The incentives for uptake of low emission vehicles will be slightly lower than when the scheme was developed given the lower rebates, but this will be balanced by stronger disincentives for the purchase of high emission vehicles due to the increased charges.
- The administrative costs to the regulator and the compliance costs for the vehicle industry in the initial CBA included a portion that would be a one-off fee at the establishment to get systems set up, so overall it is likely that the actual costs will be smaller than those set out above.

## Section 3: Delivering an option

### How will the new arrangements be implemented?

The increase to charges will require an amendment to Section 7 of the Land Transport (Clean Vehicle Discount Scheme Charges) Regulations 2022.

The Minister of Transport will announce the changes as soon as practicable so as to commence the notice period for consumers and the vehicle industry. Delay in providing this information to consumers may increase their dissatisfaction as delayed delivery of vehicle orders will incur the new rebate and charge amounts. However, given the relatively small change (the scheme's levels are changing but the structure is remaining the same), an announcement is deemed sufficient, and no major risks are anticipated from this approach.

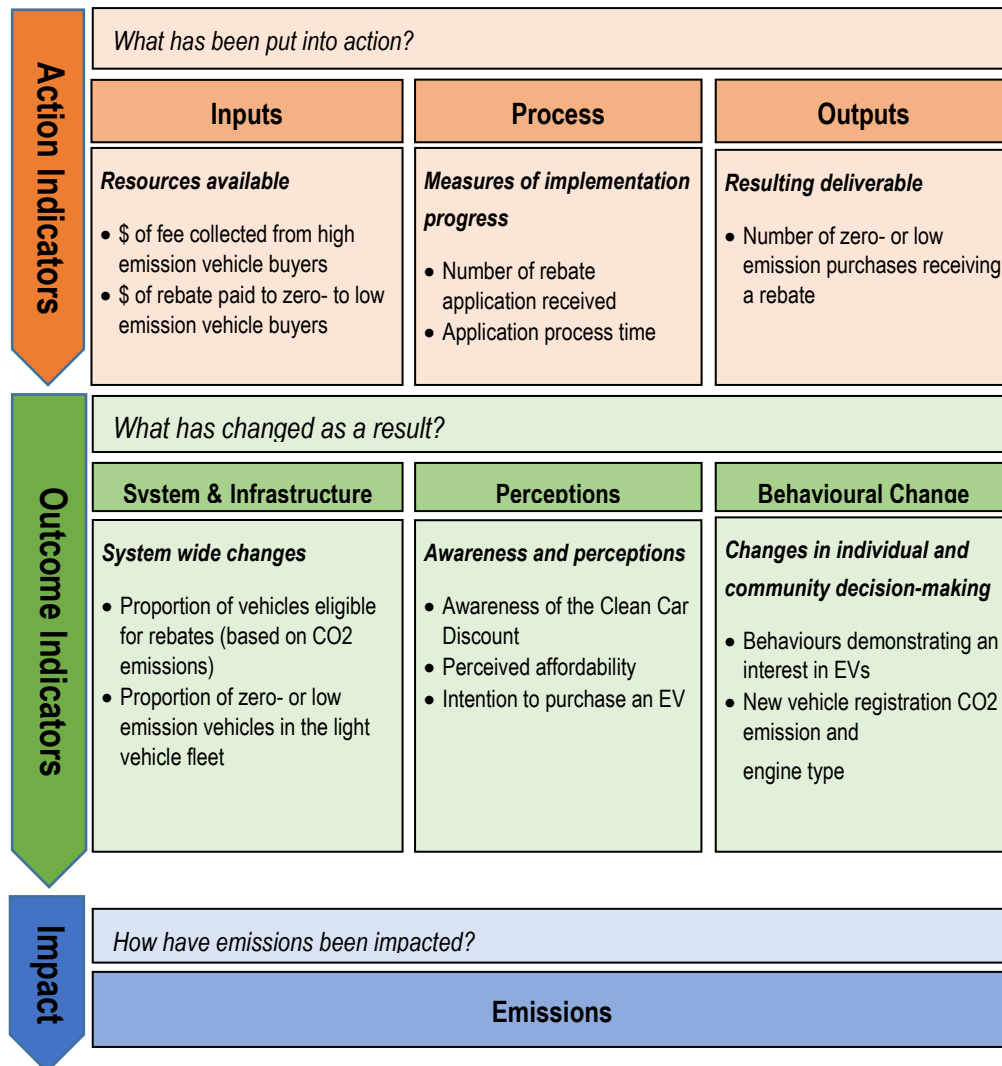
Waka Kotahi will prepare public resources for consumers about the changes. This includes ensuring the Right Car Website is updated. It will also make the necessary IT system and business process changes to implement the changed charges.

### How will the new arrangements be monitored, evaluated, and reviewed?

The performance of the changes to charges on the financial sustainability of the Clean Car Discount will be monitored by Waka Kotahi. As the administrator of the scheme, Waka Kotahi is required to provide a quarterly report to the Ministers of Transport and Finance detailing the closing balance of the scheme's fund, and an explanation for any material underspend, or overspend, for the preceding quarter.

The longer term impact will be evaluated by Te Manatū Waka in its existing monitoring of the Clean Car Discount. The diagram below shows the monitoring framework that is being used to evaluate the performance of the scheme in speeding the transition to a zero- and low emission vehicle fleet as a means to reduce CO2 emissions from transport.

More detailed analysis will be prepared as the scheme matures, with a full evaluation planned after the scheme has been fully operational for more than two years. This will include analysis of the impact of the current changes to the scheme.



## Lessons Learned

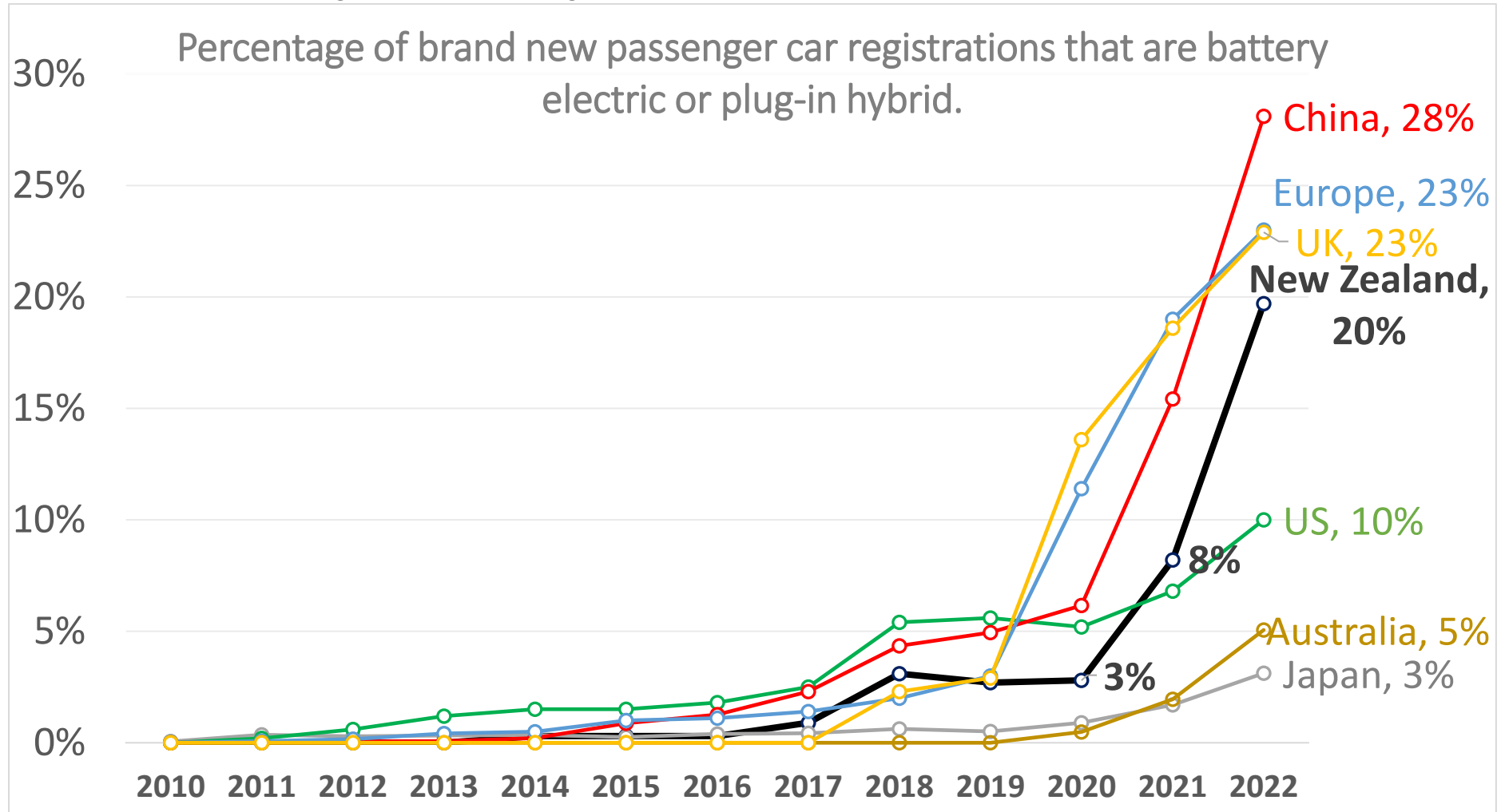
The haste with which these changes needed to be implemented reveals that changes in the monitoring process are likely needed in Te Manatū Waka. Key gaps in information have been identified, including a lack of information around distributional impacts of the scheme.

While officials hold a good understanding of charges collected and rebates paid, projected costs are not well understood. Our records of payments are updated monthly; our modelling is updated every one to two years. Separate modelling is undertaken by Waka Kotahi and Te Manatā Waka, and the differences can add additional uncertainty to the outlook.

The legislation dictates a review of the settings every one to two years, and this review was started in line with that expectation. While it was immediately clear that the settings initially in place for the Discount were not “balancing” the charges and the rebates, nor repaying the fund as is expected, competing priorities prevented resource from being dedicated to the review. There was also as a desire to keep the existing settings in place for as long as possible to avoid disruption to the market or slowing of low emission vehicle uptake, which given no clear sign that the fund was near depletion, lowered the priority for review.

Officials will work to develop more agile methods of assessment to initiate reviews more quickly as needed in the future, ensuring quality information is available as required, and ample time is provided to Ministers for decision making.

Annex 1 – New Zealand’s EV growth compared to global markets

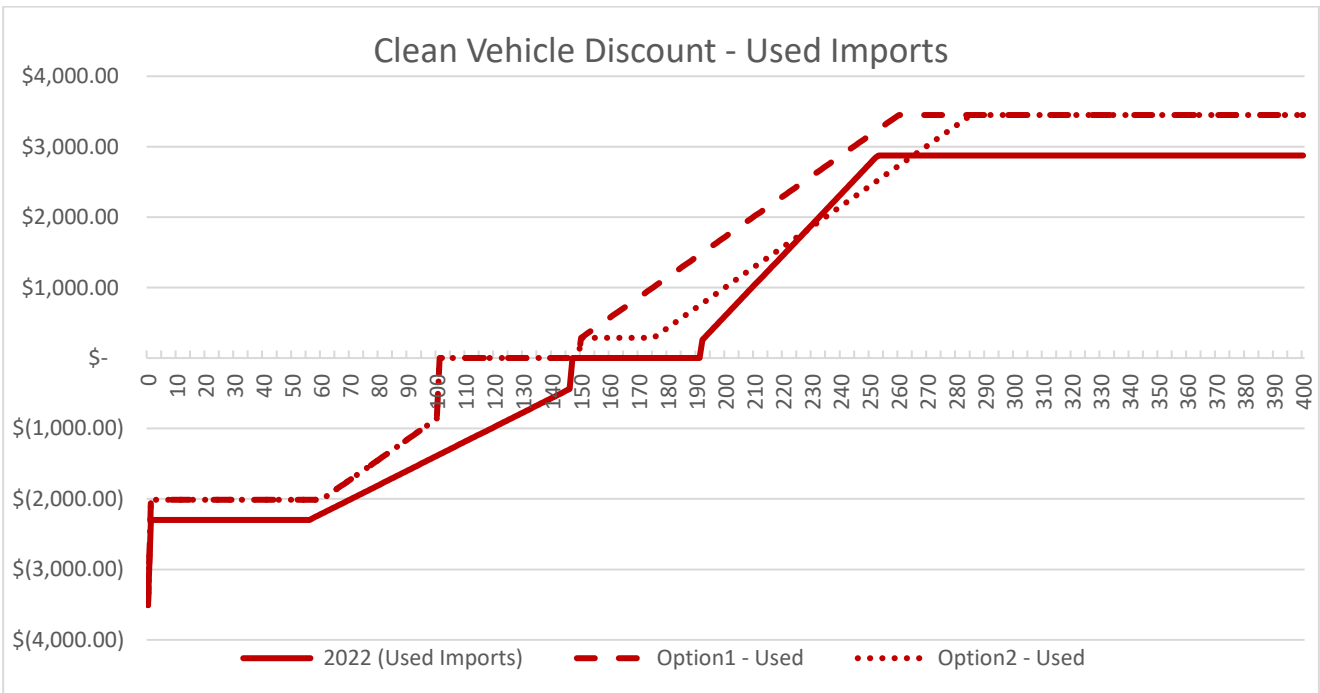
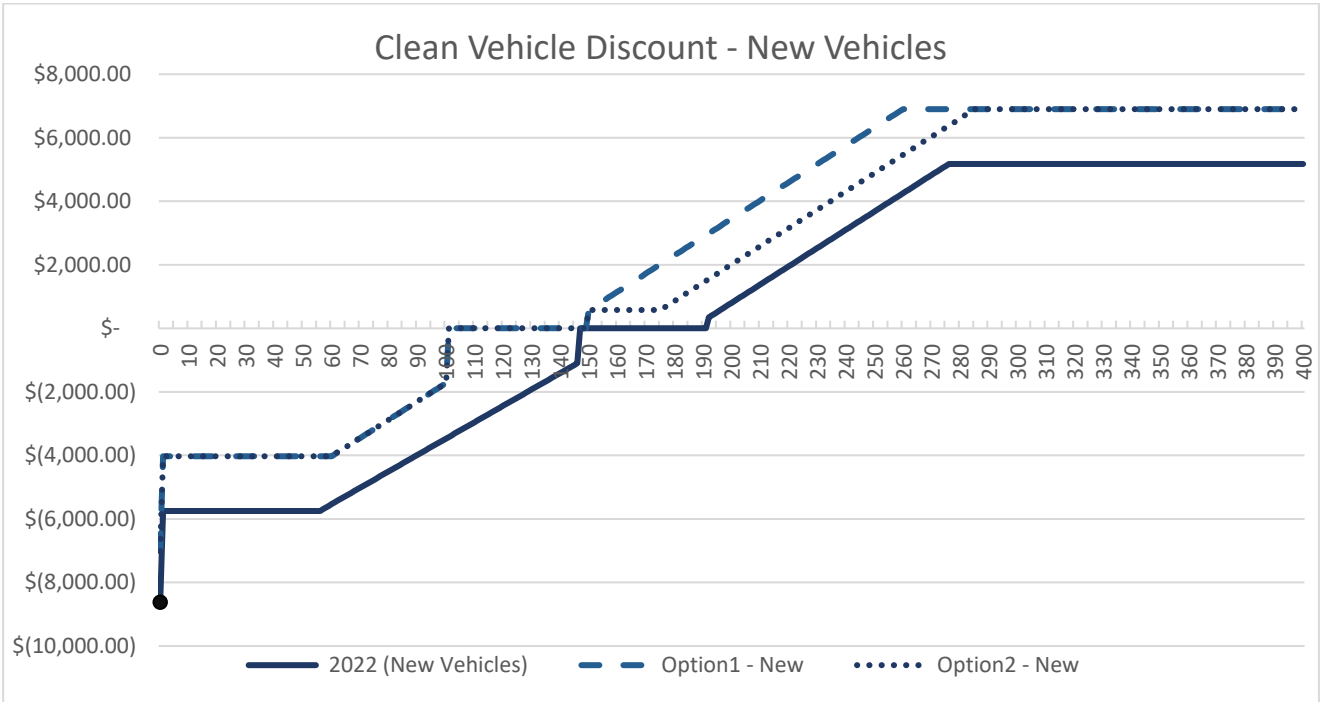


Source – Ministry of Transport

<https://www.transport.govt.nz/assets/Uploads/Comparison-of-Electric-Vehicle-and-Plug-In-Hybrid-marketshares-in-key-global-markets-2010-to-2022.pdf>



**Annex 2 – The current settings and the options considered by Cabinet (Option 1 is the preferred option)**



Dollar amounts on the vertical axis above \$0 are charges. Dollar amounts below \$0 are rebates. The horizontal axis shows grams of CO2 emissions per kilometre.

*Option 1* has stronger increases to charges whereas *Option 2* has more moderate increases (and decreases for some used vehicles); both have the same rebate settings.

### Annex 3 –New Zealand’s top selling vehicles and the impact of change to rebates and charges

The following table shows the top 20 new and used vehicles sold in the past three months (December 2022 to February 2023). This table reflects recent sales figures and does not include changes to models currently underway. For example, brands such as Suzuki, Toyota and Ford appear to be largely ending their petrol-only passenger car sales mid 2024 and switching to hybrids. As such, their rebate or charge treatment could become significantly more favourable for consumers.

BRAND NEW VEHICLES		ICE (Petrol/Diesel) Model				Hybrid Model				Plug-In Hybrid Model				Battery EV Model (zero emission)			
Vehicle	Number	CO2	Current	Moderate	Strong	CO2	Current	Moderate	Strong	CO2	Current	Moderate	Strong	CO2	Current	Moderate	Strong
Ford Ranger (ute)	2,766	232	\$ 2,645	\$ 3,853	\$5,290	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Toyota Hilux (ute)	2,264	238	\$ 2,990	\$ 4,198	\$5,635	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Suzuki Swift (car)	1,180	130	-\$ 1,923	\$ -	\$ -	106	-\$ 3,161	\$ -	\$ -	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Tesla Model Y (SUV)	1,096		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	-\$ 8,625	-\$ 7,015	-\$7,015
MG ZS (SUV)	935	182	\$ -	\$ 978	\$2,415	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	-\$ 8,625	-\$ 7,015	-\$7,015
Mitsubishi Eclipse Cross (SUV)	890	189	\$ -	\$ 1,380	\$2,818	n/a	n/a	n/a	n/a	47	-\$5,750	-\$4,025	-\$4,025	n/a	n/a	n/a	n/a
Toyota RAV4 (SUV)	853	162	-\$ -	-\$ 575	-\$1,265	121	-\$ 2,387	\$ -	\$ -	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mitsubishi Outlander (SUV)	829	194	\$ 460	\$ 1,668	\$3,105	n/a	n/a	n/a	n/a	38	-\$5,750	-\$4,025	-\$4,025	n/a	n/a	n/a	n/a
Mitsubishi Triton (ute)	820	256	\$ 4,025	\$ 5,233	\$6,670	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
BYD Atto 3 (SUV)	696		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	-\$ 8,625	-\$ 7,015	-\$7,015
Toyota Corolla (car)	621	156	-\$ -	-\$ 575	-\$ 920	98	-\$ 3,573	-\$ 1,840	-\$1,840	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Tesla Model 3 (car)	543		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	-\$ 8,625	-\$ 7,015	-\$7,015
Hyundai Kona (SUV)	535	168	\$ -	\$ 575	\$1,610	101	-\$ 3,418	\$ -	\$ -	n/a	n/a	n/a	n/a	0	-\$ 8,625	-\$ 7,015	-\$7,015
Honda Jazz (car)	501	146	-\$ 1,098	\$ -	\$ -	89	-\$ 4,037	-\$ 2,358	-\$2,358	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mitsubishi ASX (SUV)	453	196	\$ 575	\$ 1,783	\$3,220	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Toyota Yaris Cross (SUV)	445	138	-\$ 1,511	-\$ -	-\$ -	95	-\$ 3,728	-\$ 2,013	-\$2,013	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Kia Stonic (car)	442	144	-\$ 1,202	\$ -	\$ -	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Hyundai Santa Fe (SUV)	416	222	\$ 2,070	\$ 3,278	\$4,715	144	-\$ 1,202	\$ -	\$ -	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Kia Niro	406		n/a	n/a	n/a	101	-\$ 3,418	\$ -	\$ -	19	-\$ 5,750	-\$4,025	-\$4,025	0	-\$ 8,625	-\$ 7,015	-\$7,015
Ford Everest (SUV)	403	243	\$ 3,278	\$ 4,485	\$5,923	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

**Key to text colour of models:**

Green=still gets rebates;

Black=can avoid charge;

Purple=charges unavoidable for

this model at present.

USED IMPORT VEHICLES		ICE (Petrol/Diesel) Model				Hybrid Model				Plug-In Hybrid Model				Battery EV Model (zero emission)			
Vehicle	Regs	CO2	Current	Moderate	Strong	CO2	Current	Moderate	Strong	CO2	Current	Moderate	Strong	CO2	Current	Moderate	Strong
Toyota Aqua (car)	3,360		n/a	n/a	n/a	89	-\$ 1,615	-\$ 1,179	-\$ 1,179		n/a	n/a	n/a		n/a	n/a	n/a
Toyota Prius (car)	1,917		n/a	n/a	n/a	99	-\$ 1,409	-\$ 891	-\$ 891	68	-\$ 2,048	-\$1,783	-\$1,783		n/a	n/a	n/a
Mazda Axela (car)	1,238	167	\$ -	\$ 288	\$ 776	99	-\$ 1,409	-\$ 891	-\$ 891		n/a	n/a	n/a		n/a	n/a	n/a
Mazda Demio (car)	749	118	-\$ 1,017	\$ -	\$ -		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a
Toyota Corolla (car)	725	139	-\$ 584	\$ -	\$ -	91	-\$ 1,574	-\$ 1,121	-\$ 1,121		n/a	n/a	n/a		n/a	n/a	n/a
Honda Fit (car)	661	128	-\$ 811	\$ -	\$ -	105	-\$ 1,285	\$ -	\$ -		n/a	n/a	n/a		n/a	n/a	n/a
VW Golf (car)	635	161	\$ -	\$ 288	\$ 604		n/a	n/a	n/a	60	-\$ 2,213	-\$2,013	-\$2,013	0	-\$ 3,450	-\$ 3,508	-\$3,508
Nissan Note (car)	634	120	-\$ 976	\$ -	\$ -	91	-\$ 1,574	-\$ 1,121	-\$ 1,121		n/a	n/a	n/a		n/a	n/a	n/a
Subaru Impreza (car)	552	170	\$ -	\$ 288	\$ 863	137	-\$ 625	\$ -	\$ -		n/a	n/a	n/a		n/a	n/a	n/a
Nissan Leaf (car)	517		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	0	-\$ 3,450	-\$ 3,508	-\$3,508
Mazda CX5 (SUV)	506	170	\$ -	\$ 288	\$ 863		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a
Mitsubishi Outlander (SUV)	499	206	\$ 863	\$ 1,179	\$1,898		n/a	n/a	n/a	64	-\$ 2,130	-\$1,898	-\$1,898		n/a	n/a	n/a
Nissan Serena (SUV/van) <sup>5</sup>	479	183	\$ -	\$ 518	\$1,236	171	\$ -	\$ 288	\$ 891		n/a	n/a	n/a		n/a	n/a	n/a
Nissan X-Trail (SUV)	443	180	\$ -	\$ 431	\$1,150	137	-\$ 625	\$ -	\$ -		n/a	n/a	n/a		n/a	n/a	n/a
Suzuki Swift (car)	406	136	-\$ 646	\$ -	\$ -	107	-\$ 1,244	\$ -	\$ -		n/a	n/a	n/a		n/a	n/a	n/a
Toyota Hiace (van)	403	231	\$ 1,941	\$ 1,898	\$2,616		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a
Toyota CHR (SUV)	368		n/a	n/a	n/a	99	-\$ 1,409	-\$ 891	-\$ 891		n/a	n/a	n/a		n/a	n/a	n/a

<sup>5</sup> Nissan Serena – a hybrid used import option is also available at 111g, would avoid charges.

<sup>6</sup> Toyota Hiace – if a used import, under the *Moderate* option, the charge imposed slightly reduces compared to current settings.

Subaru XV (SUV)	321	162	\$ -	\$ 288	\$ 633	135	-\$ 666	\$ -	\$ -	n/a	n/a	n/a	n/a	n/a	n/a
Toyota Vitz (car)	289	117	-\$ 1,037	\$ -	\$ -	90	-\$ 1,594	-\$ 1,150	-\$ 1,150	n/a	n/a	n/a	n/a	n/a	n/a
Mazda Atenza (car)	285	182	\$ -	\$ 489	\$1,208		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

**Key to text colour of models:**

*Green=still gets rebates;*

*Black=can avoid charge;*

*Purple=charges unavoidable for this model at present.*

For used imports, only two of out of the top 20 top selling models would be always imposed with a charge (Toyota Hiace van, Mazda CX5 SUV), given all other models are available in either an efficient petrol, hybrid or EV variant that is below 150g of CO<sub>2</sub>/km.

For brand new vehicles, 5 of the top 20 selling models would always attract a charge (three utes and two SUVs). Those models are over 192g so already face charges today