MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

COVERSHEET

Minister	Hon Stuart Nash	**Portfolio**	Minister for Economic and Regional Development
Minister	Hon James Shaw	**Portfolio**	Minister for Climate Change
Title of Cabinet paper	Carbon Neutral Government Programme: Report Back on Transitioning the Government Fleet	**Date to be published**	27 September 2021

List of documents that have been proactively released		
Date	**Title**	**Author**
August 2021	Carbon Neutral Government Programme: Report Back on Transitioning the Government Fleet	Offices of the Minister for Economic and Regional Development and Minister of Climate Change
12 August 2021	Carbon Neutral Government Programme: Report Back on Transitioning the Government Fleet ENV-21-MIN-0043	Cabinet Office

Information redacted **YES**

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under the Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld for the reason of Confidentiality of advice to Government.

In Confidence

Office of the Minister for Economic and Regional Development

Office of the Minister for Climate Change

Cabinet Economic Development Committee

Carbon Neutral Government Programme – Report Back on Transitioning the Government Fleet

Proposal

1 This paper reports to Cabinet on progress towards lowering vehicle emissions from the Government fleet, by reducing the number of vehicles and transitioning to low-emissions vehicles, as part of the Carbon Neutral Government Programme.

Relation to government priorities

2 Optimising the government fleet and transitioning the vehicle fleet to low-emissions vehicles such as electric vehicles (EVs) contributes to the climate change response, both by reducing emissions from the fleet and demonstrating leadership.

Executive Summary

3 Reducing vehicle emissions from the government fleet, by reducing the number of vehicles and transitioning to low-emissions vehicles, is one component of the Carbon Neutral Government Programme.

4 The Carbon Neutral Government Programme is a long-term work programme that aims to make a number of government organisations carbon neutral from 2025, and help them accelerate their emissions reduction journeys [CAB-20-MIN-0491 refers].

5 The government has committed to transitioning its fleet to low emissions vehicles (where practicable) to reduce emissions, demonstrate leadership, and stimulate the supply of EVs in New Zealand. In the past 12 months, the government vehicle fleet has reduced by over 1,100 vehicles.

6 It is expected that the government EV[1] fleet will be at least five per cent of the total fleet within 12 months, and EVs are expected to make up half of the government fleet by 2025.

[1] EVs include Battery electric vehicles and Plug-in hybrid electric vehicles, but excludes petrol and diesel hybrid vehicles.

7 As directed by Cabinet, the Ministry of Business, Innovation and Employment (MBIE) sought transition plans from all procurement mandated agencies[2].

8 As only twenty (or 29 per cent) of agencies with fleets have fleet optimisation and transition plans in place, MBIE sought information about their fleet optimisation and transition intentions through a survey. The survey shows that some agencies are well advanced, while other agencies are at various points of the planning process, which is to be expected in the adoption of new technologies.

9 Agencies report a number of remaining barriers to transitioning, which are outlined in this paper, such as costs, resourcing and capability to develop transition plans and operational difficulties in installing charging infrastructure. MBIE and the Energy Efficiency and Conservation Authority (EECA) have identified mechanisms to address these issues and are taking action to support agencies and accelerate the transition.

10 We expect officials to report on progress with fleet optimisation and the transition to Carbon Neutral Government Programme Ministers regularly to ensure ministerial oversight and we will report progress to Cabinet.

Background

11 The public sector spends around $51.5 billion each year through government procurement of goods and services from third parties. In October 2019 new Government Procurement Rules (Rules) came into effect. The new Rules place greater emphasis on leveraging government procurement to support wider social, economic, cultural and environmental outcomes that go beyond the immediate purchase of goods and services. This included a focus on transitioning to a net zero economy.

12 On 30 November 2020, Cabinet agreed to establish the Carbon Neutral Government Programme, a long-term work programme that aims to make a number of government organisations carbon neutral from 2025, and help them accelerate their emissions reduction journeys [CAB-20-MIN-0491 refers].

13 The Carbon Neutral Government Programme includes a shift to prioritising EVs – or “electric vehicles first”. Where practicable, agencies are now required to:

13.1 optimise their fleets with the aim of reducing the number of vehicles in the government fleet;

13.2 choose a battery electric vehicle (BEV), or a plug-in hybrid electric vehicle (PHEV) if a BEV is not appropriate for the proposed use, unless

[2] The EV requirements outlined in this paper only apply to those agencies that are required to follow the Government Procurement Rules, referred to as agencies throughout the paper. All references to the government fleet, in this paper, refer to fleet of mandated agencies.

there are operational requirements or other circumstances that prevent them from doing so.

14 We consider that this commitment to electric vehicles first, where practicable, will drive a faster and more extensive transition of the fleet. It replaces the previous requirement on agencies to purchase replacement vehicles with carbon dioxide (CO_2) emissions profiles at least 20 per cent below their current fleet average, which could be met without purchasing EVs.

15 The Carbon Neutral Government Programme was announced on 2 December 2020 and since then, work has been underway to set up and implement the programme.

16 On 6 April 2021, Cabinet invited the Minister for Economic and Regional Development and the Minister for Climate Change, to report back by 30 June 2021 on:

16.1 progress towards transitioning the government fleet to low-emissions vehicles;

16.2 the development of a transition timeline;

16.3 any remaining barriers to the transition and options to address them;

16.4 advice on mechanisms to support agencies to accelerate the transition, including on different financing options.

Progress towards optimising the government vehicle fleet and transitioning to low-emissions vehicles

17 There are two key areas we are monitoring in relation to the transition of the vehicle fleet:

17.1 Reduction in the number of vehicles in the fleet. In the last 12 months, the vehicle fleet has reduced in size by 1,115 vehicles, or seven per cent;

17.2 Increase in low emissions vehicles. Agencies have increased the number of BEVs and PHEVs by 166 vehicles in the last 12 months.

18 The table below sets out the latest vehicle fleet composition.

Table 1: Government vehicle fleet size and composition (July 2020 – July 2021)

	Fleet size	BEV	PHEV	BEV + PHEV as percentage share of Fleet
July 2020	15,870	108	n/a[3]	n/a
November 2020	15,764	146	77	0.9%
February 2021	15,162	155	80	1.6%
May 2021	14,778	191	90	1.9%

[3] Separate reporting on PHEV commenced from Q2 2020/21, prior to that PHEVs were incorrectly included with fuel hybrid vehicles.

July 2021	14,755	260	91	2.4%
Change in 12 months	**- 1,115**	**+ 152**	**+ 14**	**+1.7%**
Committed upcoming investment		+386		5.0%

19 An additional 386 EVs will be added to the government fleet over the next 12 months as the recent funding decisions from the State Sector Decarbonisation Fund (SSD Fund) are implemented. This will take the EV share of the vehicle fleet to five per cent. We expect to see a continual increase in the number of EVs in the fleet, and a further reduction in fleet size as agencies optimise their fleets in the near future.

20 Government vehicle purchases have shifted significantly from agencies almost exclusively purchasing petrol and diesel vehicles in 2017/18 (99 per cent) to 77 per cent for the first three quarters of 2020/21.

21 A revised Government fleet emissions dashboard (the Dashboard) has recently been published on the New Zealand Government Procurement (NZGP) website. This will deliver greater transparency to the public on progress with transitioning the government fleet.

22 We expect officials to report on progress on fleet optimisation and transitioning the government fleet to low emissions vehicles to Carbon Neutral Government Programme Ministers regularly to ensure ministerial oversight and we will report progress to Cabinet.

Barriers to the development of a transition timeline

23 The largest barriers to fleet optimisation and transitioning to low-emission vehicles reported by agencies are identified below and the mechanisms to address them.

Transition Plans

24 On 6 April 2021, Cabinet directed Chief Executives of procurement mandated agencies to provide costed plans for transitioning to low-emissions vehicles to MBIE [CBC-21-MIN-0030 refers].

25 As only 20 agencies had fleet optimisation and transition plans, MBIE sought information from all fleet carrying procurement mandated agencies, regarding their fleet optimisation and transition intentions through a survey.

26 The survey results indicate that significant progress will be made by the end of 2025/26. The 57 agencies that responded to the survey account for 98 per cent of the current total of 14,755 vehicles in the government fleet. All 29 agencies with a significant fleet size (100 vehicles or more) responded to the survey.

27 Key findings of the survey are as follows:

27.1 Out of the 57 agencies that responded, 20 agencies have a fleet optimisation and transition plan in place, a further 33 will have one in the next six months, and four did not indicate one would be in place;

27.2 Agencies indicated that 49 per cent of the current fleet is able to transition to BEVs by the end of 2025, given the technology and vehicle options currently available;

27.3 26 agencies plan on reducing their fleet size leading up to the end of 2025, compared to seven agencies planning to increase their fleet.

28 Annex 3 lists the agencies that responded to the survey and identifies those agencies that did not.

29 This “S-Curve” pattern is typical of adoption of any new technology, with a smaller number of early adopters leading the way for a larger group of fast followers. EECA’s experience with fleet audits and optimisation shows that organisations tend to provide a conservative opinion on their level of transition, which will be clarified when the agency completes a fleet audit.

30 However, in order to accelerate the transition, a key barrier to address is ensuring that all procurement mandated agencies have a fleet optimisation and transition plan in place.

31 MBIE will direct all procurement mandated agencies to put in place a fleet optimisation and transition plan by 1 December 2021 and report on the implementation of this direction.

32 In addition, MBIE will increase engagement with Chief Executives and fleet managers to inform them of Cabinet’s expectations and to accelerate development of transition plans. MBIE is holding a workshop with fleet managers in agencies with a significant fleet size (100 vehicles or more) in August 2021.

33 Actions underway to further assist agencies with fleet optimisation and the switch to EVs (while still meeting operational requirements) are:

33.1 MBIE has put in place a qualified panel of experts that can provide advice on fleet optimisation and transition planning. The scope of services within the panel include:

33.1.1 Audit of the existing vehicle fleet, which provide an evidence base for fleet use and potential for optimisation and transition;

33.1.2 Fleet rationalisation recommendations;

33.1.3 Development of a transition plan.

33.2 As well as providing guidance on charging infrastructure, MBIE and EECA are developing the parameters of when an exemption to procure a petrol or diesel vehicle due to ‘operational requirements’ may be considered and used by procurement mandated agencies. We would

expect exemptions to be approved by Chief Executives. The guidance is expected to be in place in August 2021.

33.3 EECA has optimisation initiatives in place to support further reductions of the fleet size, for example:

33.3.1 EECA has a small amount of co-funding available to support procurement mandated agencies to optimise their fleets;

33.3.2 EECA has also been working with some agencies to support them to develop optimisation plans.

Costs and access to funding

34 A number of initiatives are now in place that establish avenues to access Crown funding and reduce the cost of EVs to accelerate optimisation and transition of the government vehicle fleet.

Financial support for agencies to accelerate the transition

35 Financial support is in place to support agencies as they implement the 'electric vehicles first' policy and overcome the upfront cost barrier.

36 Co-funding is being provided to agencies from SSD Fund for projects to replace fleets with EVs. About $20 million of capital from the $200 million State Sector Decarbonisation Fund was notionally allocated to co-fund the purchase of EVs, and this was boosted through Budget 2021 to about $30 million. Over $14 million has been approved to date to co-fund 456 EVs for 13 agencies.

37 A further $42 million of operational funding was approved in Budget 2021 to support fleet optimisation and the leasing of EVs. This will fund support services provided by EECA, as well as provide co-funding to help meet the additional cost of leasing EVs.

38 Further co-funding may be needed in the future given the estimated cost and number of agencies that cited budget as a constraint on transitioning the fleet. The magnitude of support needed in the future will be less given the recently introduced Clean Car Discount and expected reduction in the purchase price of EVs. Estimates are that the Clean Car Discount introduced on 1 July will reduce the cost by Confidential advice to Government.

Demonstrating value for money and managing the investment premium

39 There is a higher up-front cost for purchasing EVs, however, running costs are lower and EVs have good resale value. We have taken several steps to address this up-front investment barrier:

39.1 support provided by the State Sector Decarbonisation Fund;

39.2 there are now 19 models of BEV to choose from on the AoG vehicles catalogue;

39.3 there is now a ‘Less-than-one-day rentals’, also known as ‘car sharing’ category in the AoG rental vehicle contract;

39.4 fleet audit and optimisation also means that agencies are not facing one-for-one replacement, reducing transition costs further.

40 We also expect that, as the EV market matures, the price premium for purchasing EVs will reduce and reach price parity with Internal Combustion Engine (ICE, or petrol and diesel) vehicles. According to the Climate Change Commission’s report,[4] it is estimated the whole-of-life cost[5] for a new BEV will be lower than an ICE vehicle from 2022, and by 2030 will be 20 per cent lower. It is estimated that EVs will then reach purchase price parity with ICE vehicles on average by 2031.

Estimated costs of transition have reduced, based on new information

41 Transition costs will be largely met through a mix of agency baselines and the State Sector Decarbonisation Fund. Current estimates are forecasted on an assumption that the transition will result in a twenty per cent overall reduction in total vehicle fleet size through fleet optimisation. Factors including a maturing EV market and initiatives such as the All-of-Government vehicle catalogue are likely to offset costs further. The recently announced Clean Car Discount that has applied to low-emission vehicles since 1 July 2021 will significantly reduce the cost as shown in Table 2.

42 Based on survey results, officials have estimated that marginal costs of transitioning 49 per cent of the fleet (and assuming a 20 per cent reduction in fleet size due to optimisation) will likely be in the order of Confidential advice to Government over the next four years, with the rebates through the Clean Car Discount bringing the estimated total cost pressure to Confidential advice to Government. A high level breakdown of the marginal cost is shown in Table 2 below.

43 A significant amount of funding has already been dedicated to the transition (refer paragraphs 34-37). The estimated impact of the Clean Car Discount policy is shown in Table 2 below. Note that this does not include the impact of the fee on petrol and diesel vehicles[6] that will further reduce the marginal cost of the transition (the fee is expected to apply from 1 January 2022, subject to legislation).

[4] Ināia tonu nei: a low emissions future for Aotearoa: Advice to the New Zealand Government on its first three emissions budgets and direction for its emissions reduction plan 2022 – 2025, 31 May 2021.
[5] Which takes into account the total cost of ownership –because EVs are cheaper to fuel and run, they will have a lower total cost of ownership compared with an ICE vehicle several years ahead of reaching purchase price parity
[6] Will be based on emission levels but capped at $4,500 (excluding GST).

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Estimated carbon reductions

44 Officials' modelling also suggests an emissions savings of 163,221 tonnes of CO^2e in total compared with the business-as-usual scenario over the lifespan of the vehicles (see Annex One for details, including the assumptions used).

Mechanisms to support agencies to accelerate the transition, including on different financing options

Charging infrastructure and support for co-ordination of transition

45 Transition of vehicle fleets agency by agency could result in inefficiencies. For example, where agencies are co-located a joint approach to purchase and installation of on-site infrastructure (chargers) is likely to result in less disruption and cost-savings. Support for this type of co-ordination could be useful.

46 At this early stage, agency feedback has included some challenges around infrastructure. Specifically, agencies have noted that installing chargers has required upgrades to the local lines network (upgrades to street power lines capacity and transformers, for example) and landlords of leased buildings have taken variable stances on installing chargers. Also noted was additional costs associated with the cost of cabling, upgrades to switchboxes, load management systems, trenching, conduit and installation.

47 Prior to developing and finalising guidance on charging infrastructure, MBIE and EECA will further engage with agencies to better understand the scale and nature of the barriers that they are experiencing. The engagement will be a critical step in filtering legitimate and consistent themes of difficulties in

[7] Capital cost figures shown under FY21/22 (see marked *) are inclusive of approximately Confidential advice to Government yet to be allocated under the SSD Fund.
[8] Internal Combustion Engine.
[9] Marginal total Operating costs will likely be lower, due to the cost savings each agency will experience based on lower ICE uptake.

installing or uptake in infrastructure across the agencies, apart from isolated instances of difficulties they encounter.

48 A centralised approach is a potential solution to avoid these types of inefficiencies, while also ensuring interoperable EV charging between buildings and agencies. Options for further involvement will include a review of transition plans, through to leveraging further opportunities to reduce up-front costs of purchasing through co-ordinated or bulk purchasing.

49 MBIE and EECA will explore co-ordinating effort to address the existing barriers to infrastructure, and report to Ministers if further support is required. Guidance on installing infrastructure will be developed and provided to agencies alongside education on the public charging network.

50 There is now a public charger every 75km along almost every stretch of State highway in the country, and EVs now commonly have a range of 300-400 kilometres (more than what would normally be travelled in a day). The Minister of Transport is leading work on a longer term EV charging strategy.

Promoting alternative transport

51 There is now a ‘Less-than-one-day rentals’, also known as ‘car sharing’ category in the AoG rental vehicle contract, which should significantly shift behaviours for agencies that do not have significant operational requirements for car travel.

Alternative Finance

52 The financing of the fleet transition needs to be considered in the broader context of our approach to funding and financing New Zealand’s transition to a low emission and resilient economy. In particular, ensuring that initiatives support a least-cost approach to abatement, and that government initiatives complement or align with an economy-wide transition. In June 2021, Cabinet agreed to a work programme that will generate recommendations on how to fund and finance New Zealand’s transition.

Alternative Finance - Leasing options

53 Leasing vehicles could provide an opportunity for agencies to use financing options and avoid the up-front capital cost barrier. Agencies can enter into ‘operating leases’, but ‘finance leases’ require the approval of the Minister of Finance – the key difference is that finance leases result in the agency eventually either owning the assets or (substantially) having all the risks and rewards incidental to ownership of the vehicle transferred to them.

54 Recent experience in delivering the SSD Fund has highlighted that leasing an electric vehicle costs about the same as purchasing one, but that the revenue from selling the vehicle means the net cost is lower if agencies purchase the vehicle. This appears to be due to leasing companies (conservatively) pricing in uncertainty about the re-sale value of electric vehicles. By purchasing electric vehicles, agencies take on the re-sale value risk themselves.

55 For most agencies, it is likely that purchase, rather than lease, is the most appropriate option. EECA is providing advice to agencies accordingly.

Alternative Finance - New Zealand Green Investment Finance

56 New Zealand's transition will require both public and private funds to support mitigation and adaptation objectives. We have taken steps to mobilise private investment through the establishment of, and investment in, New Zealand Green Investment Finance (NZGIF).

57 NZGIF have successfully developed a set of commercial investments, and officials recommend that they continue to focus on the transition of the private fleet; while the Government continues to demonstrate leadership in its optimising and transitioning its fleet through the Carbon Neutral Government Programme.

Monitoring the market

58 We have previously noted concerns about the supply of EVs into New Zealand. There are currently supply chain problems for vehicles generally, affecting some brands more than others. We will continue to monitor the EV market, through fleet service providers and EV suppliers.

59 Options to maintain good supply lines in the future will consider approaches such as co-ordinated or bulk purchasing, and/or a planned pipeline of investment clearly signalled to the market. MBIE is exploring these options.

60 This type of intervention has the benefit of working with normal market operations, and could support supply into New Zealand for non-government vehicle fleet as well.

Financial Implications

61 There are no direct fiscal implications for the Crown in this paper. While there is an investment cost in transitioning to EVs, this is mitigated to some extent by lowering operating costs, fleet optimisation, and good resale value.

Legislative Implications

62 No legislative implications have been identified in this paper.

Te Tiriti o Waitangi Implications

63 In the widest context, climate change impacts are a significant issue for Māori (for example, the Wai 2607 claim). However, there are expected to be limited direct effects of the Carbon Neutral Government Programme on iwi and Māori. The direct impact of the Carbon Neutral Government Programme will be on the organisations included within it (see Appendix 1), their employees and any other building inhabitants of these organisations, which may include Māori individuals. Carbon Neutral Government Programme participants will be reminded to consider the impacts of reducing their emissions on iwi/Māori and wider community.

Impact Analysis

Regulatory Impact Statement

64 A regulatory impact analysis is not required.

Climate Implications of Policy Assessment

65 As noted in a previous Cabinet Paper on the establishment of the Carbon Neutral Government Programme [CAB-20-MIN-0491 refers], the CIPA requirements apply to Carbon Neutral Government Programme decisions since an objective of the Carbon Neutral Government Programme is to reduce greenhouse gas emissions. However, collating further data to complete a full quantitative CIPA has not yet been possible since the requirement is for the first tranche of organisations (Public Service and non-Public Service departments) in the Carbon Neutral Government Programme to report their emissions by December 2022.

66 A full quantitative CIPA based on these reports is expected to be provided in the first half of 2023 to Carbon Neutral Government Programme Ministers.

Population Implications

67 There are no population-specific implications from this paper. We note that agencies are taking the needs of disabled staff or vehicle users into account when making decisions about fleet optimisation. There may also be benefits for rural communities in increasing the EV fleet, as this will support extending the EV charging network throughout New Zealand.

Human Rights

68 No human rights implications have been identified in this paper.

Consultation

69 All agencies that are required to apply the Government Procurement Rules were given the opportunity to comment on this Cabinet paper. A full list of the agencies given the opportunity to comment is included in Annex Two.

Proactive Release

70 Following Cabinet Office Circular CO (18) 4 regarding the proactive release of Cabinet papers, this paper will be proactively released subject to redactions, as appropriate under the Official Information Act 1982.

Recommendations

The Minister for Economic and Regional Development and the Minister for Climate Change recommend that the Committee:

1 **note** that on 6 April 2021, Cabinet invited the Minister for Economic and Regional Development and the Minister for Climate Change, to report back by 30 June 2021 on:

1.1 progress towards transitioning the government fleet to low-emissions vehicles;

1.2 the development of a transition timeline;

1.3 any remaining barriers to the transition and options to address them;

1.4 advice on mechanisms to support agencies to accelerate the transition, including on different financing options.

2 **note** that in November 2020, Cabinet agreed that mandated agencies should optimise their fleets with the aim of reducing the number of vehicles in the government fleet, and to an "electric vehicles first" policy (where they must purchase electric vehicles unless there are operational requirements that cannot be met) [CAB-20-MIN-0491].

3 **note** that the electric-first policy for vehicle fleets is part of the Cabinet agreed Carbon Neutral Government Programme that aims to make a number of government organisations carbon neutral from 2025, and was announced on 2 December 2020;

4 **note** that this replaced the 2018 Cabinet expectation that when purchasing replacement vehicles, agencies must purchase vehicles with emission profiles significantly below their agency's current fleet average [CAB-18-MIN-0516.01] as progress to transition the fleet had been slow under this expectation.

5 **note** that monitoring of progress towards transitioning the government fleet to low-emissions vehicles is being revised to reflect this 'electric vehicles first' policy and provide more transparency.

6 **note** that agencies are in various stages of transition and optimisation planning and implementation, and an MBIE survey indicated that:

6.1 49 per cent of the current fleet is able to transition to EVs by the end of 2025, given the technology and vehicle options currently available;

6.2 26 agencies plan on reducing their total fleet size leading up to the end of 2025, compared to seven agencies planning to increase total fleet size.

7 **note** that lessons and experience from early adopters will be used to accelerate the optimisation of the vehicle fleet and transition to electric vehicles.

8 **note** that based the MBIE survey forecasts, the transition is estimated to:

8.1 cost approximately Confidential advice to Government with the recently announced Clean Car Discount, over the next four years; and

8.2 result in a 163,221 tonne reduction in CO^2e emissions over the lifespan of the vehicles.

9 **note** the following actions are underway to support optimisation and transition:

9.1 establishment of an expert panel to provide support for fleet optimisation and transition plans;

9.2 end-to-end guide on fleet optimisation and transition;

9.3 issuing guidance on the parameters of the exemption to procure a petrol or diesel vehicle due to 'operational requirements';

9.4 promoting EVs on the AoG vehicles catalogue and actively engaging with agencies on demonstrating value for money;

9.5 financial support for fleet transition, including through the State Sector Decarbonisation Fund and Clean Car Discount Scheme.

10 **note** the following actions are planned to accelerate fleet optimisation and transition:

10.1 directing all procurement mandated agencies to have a fleet optimisation and transition plan by 1 December 2021;

10.2 Increased engagement by MBIE with fleet managers to accelerate development of transition plans;

10.3 support for co-ordinating transition, to ensure efficient infrastructure management and interoperability;

10.4 promoting functionality and opportunities for fleet optimisation and transition;

10.5 advice that operating leases are an option for agencies, but it is likely that ownership will be the better option for many;

10.6 monitoring the supply market.

11 **note** that initiatives to support transitioning the government vehicle fleet should complement and/or align with economy-wide transition and support least-cost abatement.

12 **agree** that MBIE and EECA will continue to report to Carbon Neutral Government Programme Ministers on optimisation and transition of the government vehicle fleet.

Authorised for lodgement

Hon Stuart Nash

Minister for Economic and Regional Development

Hon James Shaw

Minister for Climate Change

Annex 1: Estimated emissions savings from transitioning government fleet to low emissions vehicles

Emissions Savings (t)	***2021***	***2022***	***2023***	***2024***	***2025***	***2026***	***2027***	***2028***	***2029***	***2030***	***2031***
	0	-3,001	-6,089	-9,265	-12,441	-12,187	-11,991	-11,655	-11,185	-10,814	-10,447
Emissions Savings (t)	***2032***	***2033***	***2034***	***2035***	***2036***	***2037***	***2038***	***2039***	***2040***	***2041***	***Total***
	-10,152	-10,075	-10,114	-9,883	-9,688	-7,197	-4,703	-2,336	0	0	**-163,221**

Key assumptions on for cost and emissions estimates

- Lifecycle of an average fleet vehicle before replacement = 4 years
- Vehicle life = 15 years
- Reduction in total fleet size due to vehicle optimisation: 20 per cent
- Average distance travelled per vehicle = 14,000km/annum
- Clean Car Discount: $7,500 (excluding GST) for BEVs, $5,000 (excluding GST) for PHEVs – assumed to stay at the same level for next four years
- 35% of the fleet is leased (as opposed to owned)
- CO2 Price = $50 per tonne

Annex 2: Agencies given the opportunity to comment on the Cabinet paper

Accident Compensation Corporation, Accreditation Council, AgResearch Limited, Arts Council of New Zealand Toi Aotearoa, Auckland District Health Board, Bay of Plenty District Health Board, Broadcasting Commission (NZ On Air), Broadcasting Standards Authority, Callaghan Innovation, Cancer Control Agency, Canterbury District Health Board, Capital and Coast District Health Board, Children's Commissioner, City Rail Link Limited, Civil Aviation Authority of New Zealand, Climate Change Commission, Commerce Commission, Counties Manukau District Health Board, Criminal Cases Review Commission, Crown Infrastructure Partners Limited, Crown Irrigation Investments Limited, Crown Law Office, Department of Conservation, Department of Corrections, Department of Internal Affairs, Department of the Prime Minister and Cabinet, Drug Free Sport New Zealand, Earthquake Commission, Education New Zealand, Education Payroll Limited, Education Review Office, Electoral Commission, Electricity Authority, Energy Efficiency and Conservation Authority, Environmental Protection Authority, External Reporting Board, Financial Markets Authority, Fire and Emergency New Zealand, Government Communications Security Bureau, Government Superannuation Fund Authority, Guardians of New Zealand Superannuation, Hawke's Bay District Health Board, Health and Disability Commissioner, Health Promotion Agency, Health Quality and Safety Commission, Health Research Council of New Zealand, Heritage New Zealand (Pouhere Taonga), Human Rights Commission, Hutt District Health Board, Independent Police Conduct Authority, Inland Revenue Department, Institute of Environmental Science and Research Limited, Institute of Geological and Nuclear Sciences Limited, Kāinga Ora–Homes and Communities, Lakes District Health Board, Land Information New Zealand, Landcare Research New Zealand Limited, Law Commission, Maritime New Zealand, MidCentral District Health Board, Ministry for Culture and Heritage, Ministry for Pacific Peoples, Ministry for Primary Industries, Ministry for the Environment, Ministry for Women, Ministry of Business, Innovation and Employment, Ministry of Defence, Ministry of Education, Ministry of Foreign Affairs and Trade, Ministry of Health, Ministry of Housing and Urban Development, Ministry of Justice, Ministry of Social Development, Ministry of Transport, Museum of New Zealand Te Papa Tongarewa Board, National Emergency Management Agency, National Institute of Water and Atmospheric Research Limited, Nelson Marlborough District Health Board, New Zealand Antarctic Institute, New Zealand Artificial Limb Service, New Zealand Blood Service, New Zealand Customs Service, New Zealand Defence Force, New Zealand Film Commission, New Zealand Forest Research Institute Limited, trading as Scion, New Zealand Green Investment Finance Limited, New Zealand Growth Capital Partners Limited ,New Zealand Infrastructure Commission/Te Waihanga, New Zealand Lotteries Commission, New Zealand Police, New Zealand Productivity Commission, New Zealand Qualifications Authority, New Zealand Symphony Orchestra, New Zealand Tourism Board, New Zealand Trade and Enterprise, New Zealand Transport Agency, New Zealand Walking Access Commission, Northland District Health Board, Office for Māori Crown Relations - Te Arawhiti, Office of Film and Literature Classification, Oranga Tamariki–Ministry for Children, Otakaro Limited, Parliamentary Counsel Office,

Pharmaceutical Management Agency, Predator Free 2050 Limited, Privacy Commissioner, Provincial Growth Fund Limited, Public Service Commission, Public Trust, Radio New Zealand Limited, Real Estate Agents Authority, Research and Education Advanced Network New Zealand Limited, Retirement Commissioner, Serious Fraud Office, Social Wellbeing Agency, Social Workers Registration Board, South Canterbury District Health Board, Southern District Health Board, Southern Response Earthquake Services Limited, Sport and Recreation New Zealand, Statistics New Zealand, Tairawhiti District Health Board, Takeovers Panel, Tamaki Regeneration Limited, Taranaki District Health Board, Taumata Arowai, Te Kāhui Whakamana Rua Tekau mā Iwa — Pike River Recovery Agency, Te Puni Kōkiri (Ministry of Māori Development), Te Reo Whakapuaki Irirangi (Maori Broadcasting Funding Agency), Te Taura Whiri I Te Reo Maori (Māori Language Commission), Television New Zealand Limited, Tertiary Education Commission, The New Zealand Institute for Plant and Food Research Limited, The Treasury, Transport Accident Investigation Commission, Waikato District Health Board, Wairarapa District Health Board, Waitemata District Health Board, West Coast District Health Board, Whanganui District Health Board, WorkSafe New Zealand

Annex 3: List of respondents to survey of agencies' fleet optimisation and transition intentions

List of fleet carrying procurement mandated agencies that responded to survey:

New Zealand Police, Department of Corrections, Fire and Emergency New Zealand, Department of Conservation, Ministry of Education, Housing New Zealand Corporation, Ministry of Social Development, Ministry for Primary Industries, Counties Manukau District Health Board, Waitemata District Health Board, Auckland District Health Board, Northland District Health Board, Canterbury District Health Board, Southern District Health Board, Bay of Plenty District Health Board, Capital and Coast District Health Board, Nelson Marlborough District Health Board, WorkSafe New Zealand, Ministry of Justice, New Zealand Customs Service, MidCentral District Health Board, Ministry of Business, Innovation and Employment, New Zealand Transport Agency, Accident Compensation Corporation, New Zealand Defence Force, The New Zealand Institute for Plant and Food Research Limited, West Coast District Health Board, Taranaki District Health Board, Lakes District Health Board, Waikato District Health Board, Tairawhiti District Health Board, National Institute of Water and Atmospheric Research Limited, Whanganui District Health Board, Department of Internal Affairs, South Canterbury District Health Board, Education Review Office, Hawke's Bay District Health Board, AgResearch Limited, Television New Zealand Limited, Maritime New Zealand, Institute of Geological and Nuclear Sciences Limited, New Zealand Lotteries Commission, New Zealand Trade and Enterprise, New Zealand Blood Service, Statistics New Zealand, Callaghan Innovation, Earthquake Commission, Public Trust, Government Communications Security Bureau, National Emergency Management Agency, New Zealand Antarctic Institute, Civil Aviation Authority of New Zealand, Heritage New Zealand (Pouhere Taonga), Land Information New Zealand, Sport and Recreation New Zealand, Accreditation Council, Commerce Commission, Inland Revenue Department, New Zealand Forest Research Institute Limited, Te Puni Kokiri (Ministry of Maori Development).

List of fleet carrying procurement mandated agencies that did not respond to survey:

Landcare Research New Zealand Limited, Ministry of Health, Radio New Zealand Limited, Te Kahui Whakamana Rua Tekau ma Iwa - Pike River Recovery Agency, Ministry for Pacific Peoples, Museum of New Zealand Te Papa Tongarewa Board, Institute of Environmental Science and Research Limited, The Network for Learning Limited, New Zealand Qualifications Authority.