



Ref No.: DOIA 2122-2052

25 May 2022

s 9(2)(a)

Dear s 9(2)(a)

Thank you for your email of 27 April 2022 to the Ministry of Business, Innovation and Employment (the Ministry), requesting following information under the Official Information Act 1982 (the Act):

*Under the provisions of the OIA please release all research, reports and correspondence, including text and email messages, that weigh the vehicle replacement or new purchase options for government agencies where battery electric vehicles and plug-in hybrid vehicles are not suitable or entail considerable drawbacks.*

*My request includes, but is not limited to, instances where MBIE has considered the purchase or lease of petrol or diesel utes more suitable or has otherwise preferred them over EV and hybrid options in its advice to government agencies.*

*My request covers November, 2020 to the present.*

The Ministry has identified four documents which include all information in scope of your request. Two of the documents identified are publicly available and can be found using the links provided in the table below. One of these being a Cabinet paper and the other the Minutes of Decision on the same. Therefore we will be refusing this part of the request under 18(d) of the Act.

Description / Title	Link to Document
Carbon Neutral Government Programme – transitioning the government fleet	<a href="#">Carbon Neutral Government Programme: Report Back on Transitioning the Government Fleet (mbie.govt.nz)</a>
Cabinet minutes of decision on Carbon Neutral Government Programme – transitioning the government fleet	<a href="#">Carbon Neutral Government Programme: Report Back on Transitioning the Government Fleet – Minute of Decision (mbie.govt.nz)</a>

Please find the further two documents attached, as detailed in the below Document Schedule. Please note that some information within the documentation for release has been withheld under the following sections of the Act:

- 9(2)(f)(iv) to maintain the confidentiality of advice tendered by Ministers of the Crown and officials; and
- 9(2)(g)(i) to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty.

**Documents Schedule**

Description / Title	Withholding Grounds
Relevant excerpts from 2122 2851 Carbon Neutral Government Programme – progress report on transitioning the government light vehicle fleet to electric vehicles	9(2)(f)(iv) 9(2)(g)(i)
Guidance on exemption to purchase a petrol or diesel vehicle	Released In Full

I am satisfied that, in the circumstances, the withholding of this information is not outweighed by other considerations that render it desirable to make the information available in the public interest.

You have the right to seek an investigation and review by the Ombudsman of this decision, in accordance with section 28(3) of the Act. Information about how to make a complaint is available at [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz) or freephone 0800 802 602.

Yours sincerely



Richard Lee  
Policy Manager  
New Zealand Government Procurement

Relevant Excerpt from briefing 2122-2185 Carbon Neutral Government Programme – progress report on transitioning the government light vehicle fleet to electric vehicles

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1. As part of the requirements of the Carbon Neutral Government Programme, procurement mandated agencies (mandated agencies) are required to:
  - a. Optimise their fleets with the aim of reducing the number of vehicles;
  - b. Purchase battery electric vehicles (BEVs), or plug-in hybrid electric vehicles (PHEVs) if a BEV is not appropriate for the proposed use, when replacing vehicles, unless there are operational requirements or other circumstances that prevent this.
  
11. The main barrier reported by agencies is a lack of available EVs that are “fit for purpose” to meet operational requirements. For example, some agencies report that operationally they require:
  - a. vehicles with a long battery range, without which their operational responsibilities could be compromised (e.g. emergencies);
  - b. vans and utes to transport large numbers of passengers or heavy equipment, for which there are currently no suitable EV equivalents.
  
16. NZGP will work with the Energy Efficiency and Conservation Authority (EECA) to undertake targeted engagement with agencies:
  - a. *Those that have not submitted a Transition Plan:* Support them to do develop their plan.

*'Fit for purpose' supply*

42. Some agencies reported that their fleet vehicles needed to be able to travel long distances or respond to emergency situations, and that the range and charging capacity of available EVs does not meet their operational needs. In these instances, agencies are choosing to retain petrol or diesel vehicles, or to transition to petrol hybrid vehicles to reduce their emissions but maintain functionality. Most of the agencies reporting this barrier indicated that they would revisit the available options as supply and technology improves.
  
43. For some agencies, the capacity of vehicles was important for their operations. Examples include:
  - a. Some agencies need vehicles that can transport large numbers of passengers or animals securely, often in remote locations or over long distances.
  - b. Some agencies need utility vehicles or vans for which suitable electric alternatives are “not readily available”. Some reported that trials of available electric alternatives had failed to meet their operational needs.
  - c. Some agencies s 9(2)(f)(i) need vehicles that can carry heavy equipment to isolated areas as a normal operation.
  
44. Agencies that respond to disaster or emergency situations reported a need to be able to operate in locations without a guaranteed power supply or to travel at high speeds or distances for significant periods of time, often carrying heavy equipment, hazardous substances, personnel, or animals.
  
45. s 9(2)(g)(i)



## Guidance on exemption to procure a petrol or diesel vehicle for government fleets

The Government is committed to transitioning its fleet to low emissions vehicles to reduce emissions, demonstrate leadership, and stimulate the supply of electric vehicles (EVs) in New Zealand. This includes a shift to prioritising EVs – or ‘electric vehicles first’.

Agencies are required to choose a battery electric vehicle (BEV), or a plug-in hybrid electric vehicle (PHEV) if a BEV is not appropriate, **unless** there are **operational requirements** or **other circumstances** that prevent them from doing so.

New Zealand Government Procurement (NZGP) and the Energy Efficiency Conservation Authority (EECA) have developed this guidance to help agencies decide when a low-emission vehicle may not be a practical option and when an exemption to buy a petrol or diesel vehicle may be considered reasonable.

These reasons have been identified as possible grounds for exemption:

1. **Availability** - there are no BEV or PHEV options available at the intended time of purchase that can perform the role required at all (likely to apply only to specialised vehicles such as fire appliances).
2. **Suitability** - BEVs/PHEVs available could not perform the role required due to operational limitations that would have a significant negative impact on an agency’s ability to fulfil its core functions (such as the need to carry particular specialist large scale or heavy commercial equipment, and analysis of all possible EV options has been carried out).
3. **Location** – a suitable BEV/PHEV is available, but the installation of infrastructure or availability of servicing support is not possible, or able to be provided, and all possible solutions have been exhausted.<sup>1</sup>

The Government is demonstrating leadership through transitioning the Government’s fleet to EVs, and as a way to accelerate the uptake of EVs throughout New Zealand. For this reason, cost should not be considered a ground for exemption except in very rare circumstances. In this case, an agency must demonstrate that the total cost of ownership for an EV is so much greater than a petrol or diesel vehicle that it would impact the agency’s ability to undertake core functions. It is estimated the total cost of ownership for a new BEV will be lower than a petrol or diesel vehicle from 2022, and by 2030 will be 20 per cent lower<sup>2</sup>. In addition, it is expected that price will be offset by:

- the Clean Car Discount;
- funding from the State Sector Decarbonisation Fund for agencies to purchase battery electric vehicles; and
- lower operating costs and depreciation over the life of the vehicle and resale.

<sup>1</sup> In a recent example, an agency identified BEVs as its preferred vehicle choice, but there appeared to be no local service agent. However, negotiations with the manufacturer’s New Zealand office identified a servicing solution that enabled the preferred BEVs to be purchased.

<sup>2</sup> According to the Climate Commission’s Report [Ināia tonu nei: a low emissions future for Aotearoa \(amazonaws.com\)](https://www.amazonaws.com)

You can compare the cost of buying, running and on-selling new vehicles (electric, hybrid, petrol or diesel) using EECA's vehicle total cost of ownership tool on its website: <https://tools.genless.govt.nz/businesses/vehicle-total-cost-of-ownership-tool/>

## Decision tree for vehicle purchasing

Step through this process to determine the best option for your agency when looking to buy a vehicle.

### 1. Do you need to buy a vehicle?

Fleet size can be reduced by using the vehicles more efficiently, or using other transport options. Transitioning a reduced fleet may fully or partly offset any financial shortfall when purchasing EVs.

### 2. Can you buy a BEV?

If it is necessary to buy a vehicle, agencies should then consider buying a BEV. A BEV should be the first option when buying vehicles from the AoG Motor Vehicles panel.

You should only consider a PHEV as the next option if a BEV is not appropriate for the proposed use, at the time you intend to buy the vehicle.

It may not be appropriate to buy a BEV because:

- There are particular specialised capacity or performance requirements that available BEVs cannot meet;
- The range capacity of a BEV;
- The location and/or availability of service providers.

An example of a situation where a PHEV was determined to be more appropriate at the time was where an agency required vehicles that could operate in extreme weather conditions and carry necessary specialised heavy but highly technical equipment and a BEV would not meet these requirements at that time. It is noted however, that the agency concerned intends to transition these vehicles to BEVs before the end of the 2025/26 financial year.

### 3. Can you buy a PHEV?

In most cases a PHEV will address the barriers to buying a BEV.

An exemption to buy a petrol or diesel vehicle may be granted only where operational requirements or other circumstances make this necessary to avoid significantly **compromising or preventing** an agency from undertaking a **core agency function**. This should only be considered after considering all EV options.

### 4. Do you need to use an exemption to buy a petrol or diesel vehicle?

Exemptions to the 'electric vehicles first' policy will be relatively rare and limited to situations where vehicles are subject to unusual requirements.

Analysis of all possible EV options based on availability, suitability, and location has been carried out.

Examples may be emergency response vehicles that need to be able to travel at high speed for a significant amount of time (potentially leading to rapid battery draining), or carry specialist large scale or heavy commercial equipment.

Granting an exemption is limited to the purchase of specific vehicles on specific occasions. Over time, BEV technology and vehicle choice are expected to improve further, so that need for exemptions will diminish.

When it has been determined that an exemption to buy a petrol or diesel vehicle is justified, the emissions for the vehicle that is chosen should be at least 20 percent below the emissions profile of the vehicle it is replacing.

## Approval process

It is expected that you seek approval from your Chief Executive in order to buy a petrol or diesel vehicle from the AoG Motor Vehicles panel instead of a BEV or PHEV in accordance with the 'electric vehicles first' policy.

Chief Executives should apply the reasoning set out above when making their decision whether to approve an exemption from the 'electric vehicles first' policy.

The sign off from your Chief Executive must present, at a minimum:

- An explanation for why buying an electric vehicle(s) will **significantly compromise or prevent your agency from undertaking a core agency function**, including:
  - documentation of the rationale and proof that the options to buy a BEV or PHEV have been exhausted before considering the reasons for an exemption to buy a petrol or diesel vehicle;
- A plan and timeframe for resolving this operational limitation;
- The total number of petrol or diesel vehicles that will be purchased within the scope of the exemption, and the time period for completion of the purchase.

NZGP reserves the right to audit and review the case and scope of the proposed exemption(s) at any time.

## More information

These requirements are part of the Carbon Neutral Government Programme that aims to make a number of government organisations carbon neutral from 2025. They are expected to accelerate progress towards the goal that the government's fleet should be emissions free by the end of 2025.



**Carbon Neutral**  
**Government Programme**

[Carbon Neutral Government Programme](#)

For further advice and support on purchasing and other transition information please contact:  
NZGP's AoG Motor Vehicles team at: [vehicles.coe@mbie.govt.nz](mailto:vehicles.coe@mbie.govt.nz) or [Michael.Rencen@EECA.govt.nz](mailto:Michael.Rencen@EECA.govt.nz).

[Learn more about AoG Motor Vehicles panel](#)