

MINO-604 Social Leasing Query

21 February 2022

Office of Hon Michael Wood queries the following on the social leasing scheme:

- If directed to, could Waka Kotahi ensure that some or all of the 10 vehicles it purchases for the social leasing scheme are BEVs or PHEVs rather than hybrids?
- If the answer is no, is the main obstacle the lead time to procure them?
- If the April timeframe is a barrier to securing BEVs or PHEVs, how much more time would be required?

Waka Kotahi NZ Transport Agency's response:

- *If directed to, could Waka Kotahi ensure that some or all of the 10 vehicles it purchases for the social leasing scheme are BEVs or PHEVs rather than hybrids?*

It is possible that Waka Kotahi could include PHEVs and BEVs in the 10-vehicle trial. The main challenge in doing so will be cost because participant weekly fees would not be sufficient to cover the cost of providing BEVs or PHEVs (due to the higher purchase price and the cost of home charging infrastructure). Government subsidisation would therefore be required to ensure the weekly participant fee was set at an affordable level, notwithstanding that the participants will make savings on fuel costs.

The secondary challenge will be sourcing PHEVs and BEVs in a short timeframe. s 9(2)(b)(ii)

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New vehicles - the higher cost of PHEVs and BEVs would impact both the weekly cost to participants and the number of vehicles Waka Kotahi could purchase within the AoG procurement rules. The price with the addition of insurance, charging infrastructure, tyres, WoF, vehicle licensing costs would make the weekly payments unaffordable for our target market without government subsidisation. Subsidisation would impact on the amount of funding available to roll out the wider Scheme.

Used Vehicles – sourcing vehicles (in bulk) of a similar standard from one reputable supplier provides time-related challenges as we would need to identify suppliers and undertake provider checks. Higher maintenance costs, replacement batteries, servicing costs (no warranties), residual value of vehicle at the end of the trial, along with charging costs will all add to the weekly costs for participants.

- *If the answer is no, is the main obstacle the lead time to procure them?*

AoG procurement rules would impact on both new and used, PHEVs or BEVs. However, there are other constraints (some outlined above) that would add to the time needed to identify, source, and purchase the vehicles and set up the vehicle management system and processes. The inclusion of PHEVs in the 10 vehicle

trial raises questions associated with home charging that we have yet to explore. There will likely be costs to the scheme associated with providing safe home charging to trial participants.

- *If the April timeframe is a barrier to securing BEVs or PHEVs, how much more time would be required?*

While we see cost rather than time as the key challenge to including PHEVs and BEVs in the 10-vehicle trial, we have not investigated vehicle availability and other challenges such as home charging or battery replacement issues, so the additional time needed would be two months. This would have a knock-on effect on timeframes for the remaining trials, delaying the start of the second and third trials.

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