

1 April 2022

The Hon Michael Wood  
Minister for Transport  
Parliament Buildings  
Wellington

Tēnā koe Minister

When He Pou a Rangī Climate Change Commission delivered *Ināia Tonu Nei* last year, we presented ambitious, achievable and equitable paths for Aotearoa to meet its climate targets and contribute to global efforts to address climate change.

It is now over to Government to determine and resource the specific policies that will form the Government's first Emissions Reduction Plan, and to set the first three emissions budgets to 2035.

As the Government moves to finalise the policies that will make up the plan, I am writing to relevant Ministers to highlight recommendations from *Ināia Tonu Nei* and offer to meet with them.

The Government has already made some progress on the transport recommendations outlined in *Ināia Tonu Nei*. However, we are not on track to meet our 2030 target and the 2050 target will not be met without action.

The Commission's ongoing engagement has shown us that businesses are looking to the Government for certainty and leadership, so that they can plan and invest with confidence and in alignment with the decarbonisation pathway Aotearoa needs.

The Emissions Trading Scheme is not, and seems unlikely to ever be, the determining factor for households when they make their transport choices. Convenience, upfront or sunk costs, barriers or lack of alternatives all inform choices. Fluctuations in liquid fossil fuel prices, caused by changes in the international price of oil and the New Zealand exchange rate, can dominate the effects of emissions pricing embedded in prices at the pump. Complementary measures, such as the clean car discount scheme, can make a significant difference, as we have seen from the evidence here and overseas. We look forward to the new evidence base that comes from the reduction in public transport fares following the recent policies implemented to address the impact of oil prices on the cost of living.

### **Reduction in car and light vehicle use**

One of our three key recommendations included reducing reliance on private vehicles and supporting people to walk, cycle and use public transport. We also noted that local government plays an important role in changing how people travel, and that it needs support from central government to do its job well.



We welcome the rise in funding in the Government Policy Statement 2021 for public transport and walking and cycling. A further rebalancing of funding will be required to make the transport system compatible with the transformation signalled by our advice on emissions budgets.

We are pleased to see the progress of *Auckland Light Rail* and *Let's Get Wellington Moving*. The commission is also encouraged that low traffic city centres are being actively considered in Auckland and Wellington – and we are interested in developments around congestion charging where this could reduce emissions. We hope that with support from central government, other local councils across Aotearoa can follow suit and use these tools to accelerate our transport transformation.

We expect to see action in this area spanning from major infrastructure projects across our urban areas. Regulatory changes would ease the burdens placed on local government allowing them to implement decarbonisation options, such as cycleways, faster and easier.

### **Accelerate emissions reductions from light vehicles**

Our second recommendation was that Aotearoa must rapidly adopt low emissions vehicles, with ambitious policy structures put in place to address supply, demand, and cost constraints to bring more low emission vehicles into the country.

The Commission notes that while the Government has passed the Clean Vehicles Act, no deadline has been set to eliminate fossil fuel vehicle imports altogether. The Commission's work showed that to meet the 2050 target no new internal combustion engine vehicles should enter the light vehicle fleet from 2030 or at latest 2035. Signalling ever reducing acceptable tail pipe emissions from the already in country fleet of vehicles will help vehicle buyers and owners make better choices about where to spend their transport dollars.

To support the continued rollout of EVs it will be important to ensure the national charging network grows at pace to match uptake. New Zealand has one of the most impressive charging networks in the world, but that will only last for as long as we continue to resource it. We hope to see a coordinated approach, working with private investment, to grow New Zealand's charging network.

It's promising that we are currently ahead of our projected estimates for EV uptake in Aotearoa. We recognise the impact of complementary policies, alongside a response from companies in ensuring the supply of vehicles, and diversifying models.

### **Work to decarbonise heavy transport and freight**

We advised the Government should begin work now to decarbonise heavy freight and encourage the production and use of low emissions fuels. We would like to understand the progress in developing low carbon fuel markets which will be required to decarbonise heavy transport over the longer term.

We welcome the work with MBIE and Air New Zealand on SAF production. Regulation, such as the biofuel mandate, provide an opportunity to kickstart developments in this area. The pledge towards a \$1.3 billion rail investment programme to support rail growth, as well as the commitment to 24 hydrogen refuelling stations across Aotearoa by 2026 and 100 by 2030, is a starting point. In our recent letter to Minister Woods, we noted and endorsed issues raised by the Parliamentary Commissioner for the Environment, Simon Upton, in respect of using scarce renewable electricity to make hydrogen for export.

We continue to support initiatives to evaluate the role hydrogen might play in decarbonising transport, in particular heavy freight and in the manufacture of sustainable aviation fuels.



We urge the Government to maintain a focus on future proofing the transport options available to people when developing the policy direction for implementation of the ERP. Low-emissions transport is pivotal to achieving our long term, 2050 targets.

Strategy, policy implementation and funding will play a significant role in the transition to a thriving, climate resilient, low emissions Aotearoa. I welcome the opportunity to meet and discuss our recommendations, ahead of the ERP release in May.

Ngā mihi nui



Dr Rod Carr

**Chair of He Pou a Rangi Climate Change Commission**

**cc:** The Hon James Shaw - Minister of Climate Change

