

Climate Change Policy: Overview of Progress Towards Reducing Transport CO₂ Emissions

On 2 October 2006, the Cabinet Business Committee (CBC), having been authorised by Cabinet with Power to Act [CAB Min (06) 36/6]:

Background

- 1 **noted** that on 23 May 2006 Cabinet:
 - 1.1 directed officials from the Ministry of Transport to engage with the transport sector on climate change policy options including investigating fuel efficiency standards (based on world's best practice) and raising the minimum requirement for imported petrol and diesel vehicles through the use of "harmful emission" standards;
 - 1.2 agreed that reports be made to the Cabinet Policy committee (POL) on the whole-of-government climate change work programme, including, amongst other things, reports on transport measures by 31 August 2006 and further transport measures by 30 November 2006;

[CAB MIN (06) 18/8]

- 2 **noted** that the paper under CBC (06) 235 responds to this direction;

Impact of the transport sector

- 3 **noted** that while the transport sector continues to rely on fossil fuels in the form of petroleum products it remains a significant contributor to New Zealand's greenhouse gas emissions and hence a focus for climate change policies;
- 4 **noted** that transport utilises 86% of New Zealand's oil consumption, with road transport making up 87% of that total;
- 5 **noted** that over the next 25 years the forecast under 'business as usual' models, with current policy settings, is for national transport energy use and greenhouse gas emissions to grow by about 35%, with road transport accounting for about three quarters of this demand growth;
- 6 **noted** that transport energy use is expected to have the largest energy demand and the largest energy demand growth in absolute terms compared to other sectors by 2030;

Current initiatives

- 7 **noted** that:
 - 7.1 a number of existing transport initiatives deliver greenhouse gas emissions reductions benefits, such as travel demand management and travel planning initiatives, support for public transport, development of fuel economy labelling at point-of-sale, the recently announced visual exhaust emissions test, work towards a biofuels sales obligation, and programmes to encourage leadership in fuel economy in the public sector;
 - 7.2 these initiatives will be pursued;

- 8 **noted** that technological solutions and behaviour change can substantially reduce emissions in the transport sector more readily than in some other sectors of the economy, such as agriculture;
- 9 **noted** that measures that reduce greenhouse gas emissions from the transport sector deliver significant co-benefits in terms of enhanced air quality, health, safety, energy security, cost saving and resilience to international oil price fluctuations;
- 10 **noted** that measures to reduce greenhouse gas emissions from the transport sector can increase the supply and demand for fuel-efficient vehicles and improve the efficiency of vehicle use;
- 11 **noted** that progress to influence demand for more fuel-efficient vehicles has been made with the launch of the *FuelSaver* website, which allows purchasers to compare fuel consumption for some new and used vehicles;
- 12 **noted** that reducing emissions from transport requires awareness of the wider context of economic transformation and, for transport, this means understanding the relationship between air quality, safety, congestion, energy security objectives and the quality of the vehicle fleet;
- 13 **noted** that the New Zealand Energy Strategy provides an opportunity to develop a longer term strategic approach for transport energy, which brings together climate change and energy security objectives;

Future options

- 14 **noted** that Cabinet is considering a variety of climate change policy initiatives [CAB Min (06) 18/8] including the specific transport initiative covered in the accompanying paper under CBC (06) 236, *Climate Change Policy: Options for Controlling Vehicle Entry: Fuel Economy Standards* [CBC Min (06) 17/18];
- 15 **noted** that the Ministry of Transport will report to POL in November 2006 with options:
 - 15.1 for transport policy initiatives that use pricing mechanisms to reduce greenhouse gas emissions;
 - 15.2 to reduce harmful emissions standards, including restricting vehicle age at point of import;

[CAB Min (06) 18/8]
- 16 **directed** officials to include in the report referred to in paragraph 15 an analysis of the extent to which existing transport initiatives and policy measures under consideration could reduce greenhouse gas emissions from business-as-usual levels for the period 2008-2012 and beyond;

A Vehicle Fleet Strategy

- 17 **noted** that a Vehicle Fleet Strategy can bring together vehicle safety, air quality and greenhouse gas emissions initiatives under a coherent framework to aid long-term policy planning for the New Zealand vehicle fleet;

- 18 **agreed** that the Ministry of Transport develop a Vehicle Fleet Strategy to better assess how climate change benefits can be delivered alongside initiatives developed under the New Zealand Transport Strategy and establish criteria to assess the relative priority of those initiatives;
- 19 **agreed** that the proposed Vehicle Fleet Strategy should take account of the whole of government climate change work programme [CAB Min (06) 18/8], in addition to the strategic direction set by the New Zealand Energy Strategy;
- 20 **directed** officials to report to POL in March 2007 with a proposed Vehicle Fleet Strategy;
- 21 **noted** that the Associate Minister of Transport, Minister of Transport and Minister Responsible for Climate Change Issues propose to publicly release the report under CBC (06) 235, with appropriate withholdings;
- 22 **noted** that the Associate Minister of Transport indicates that consultation is not required with the government caucuses or other parties represented in Parliament.