

- 9 Current policies will slow the growth in transport emissions, but not nearly enough to meet New Zealand's obligations and targets. Additional policies and interventions will be required given that the New Zealand Emissions Trading Scheme (NZ ETS) provides a weak price signal due to demand inelasticity in petrol prices.
- 10 The Government is legally required to prepare an Emissions Reduction Plan, including a transport section, by December 2021. This needs to identify policies that the Government will develop and implement to reduce emissions.
- 11 The Ministry of Transport (MoT) developed *Hikina te Kohupara – Kia mauri ora ai te iwi: Transport Emissions – Pathways to Net Zero by 2050* (HtK) to inform the Government's Emissions Reduction Plan. HtK identifies what the Government could do to accelerate emission reductions from transport. It does not commit the Government to specific policies or actions.
- 12 HtK includes four potential pathways to zero transport carbon emissions. These pathways aim to demonstrate the scale of change required to decarbonise the transport system. One of these pathways aligns with the draft target set by the Climate Change Commission¹ to reduce transport emissions by 47 percent from 2022 to 2035. The other pathways do not meet this target, but do take us close to zero transport carbon emissions by 2050.
- 13 The Government will need to make major further interventions as soon as possible to significantly reduce transport emissions by 2035, including major investments and regulatory action. The level of reduction needed² will be determined by the Climate Change Commission's final advice and how Government chooses to achieve the abatement needed across the whole economy. It is expected that transport will play a major role in meeting agreed emissions budgets.
- 14 It will be very challenging to rapidly decarbonise our transport system, but this transition will make New Zealand a healthier, safer, more vibrant, resilient, and prosperous place to live and work. There are many opportunities to reduce emissions while improving well-being, creating more liveable towns and cities, and stimulating economic activity and jobs.
- 15 I am seeking Cabinet's approval to release HtK as a discussion document for targeted engagement with key transport stakeholders and partners from central and local government, businesses, NGOs, academics and Māori/iwi from May to June 2021. This engagement will inform the Government on what transport policies we should include in the Emissions Reduction Plan. We can receive feedback on options and the pathway we could take, without committing to specific policies during this engagement.
- 16 Following this targeted engagement, the Government will need to move swiftly (within a month) to confirm what to include in the transport section of its draft Emissions Reduction Plan. The Government will undertake public consultation on the Emissions Reduction Plan in the second half of 2021 (dates are to be confirmed), before it is finalised. Although these timeframes are very tight, targeted engagement on HtK in May and June will make it easier to consult on the transport content of the draft Emissions Reduction Plan. It will help to ensure that options are credible before wider consultation begins, and help to build a public mandate.

¹ Final advice from the Climate Change Commission is due on 31 May 2021.

² Currently 47 percent by 2035 in the Climate Change Commission's draft advice.



