



The Sustainable Energy Forum Inc.

25 August 2009

An Open Letter to the Minister of Transport

Dear Minister,

Since coming to office, the Government has embarked on a land transport policy which strongly favours road transport, and in particular private road transport, for both vehicles and freight. This approach has been reflected in a reallocation of funding away from less oil-dependent transport modes, as demonstrated in the *Government Policy Statement on Land Transport Funding 2009/10 - 2018/19*.

In its briefing to the incoming Government of December 2008, the Sustainable Energy Forum pointed out that, in an era of concern about both rising oil prices and climate change, transport policy should instead be focused on increasing the resilience of the transport system and decreasing its reliance on non-renewable fossil energy sources. This requires increased investment in rail freight (particularly electrified rail, where feasible), rail and road public transport, active modes such as walking and cycling, and a comprehensive and effective sea freight strategy.

So far, the Government has chosen not to follow this advice. This month, however, two developments which should cause a rethink have occurred.

1. The IEA predicts a future oil supply crunch. As a member of the OECD, New Zealand is also a member of the International Energy Agency (IEA). The IEA has usually taken an optimistic view of the future of world oil supplies, but its view has become considerably more pessimistic over the past two years. As reported in *The Independent* (UK) on 3 August 2009,¹

The IEA estimates that the decline in oil production in existing fields is now running at 6.7 per cent a year compared to the 3.7 per cent decline it had estimated in 2007, which it now acknowledges to be wrong.

"If we see a tightness of the markets, people in the street will see it in terms of higher prices, much higher than we see now. It will have an impact on the economy, definitely, especially if we see this tightness in the markets in the next few years," [IEA Chief Economist Dr Fatih] Birol said.

To illustrate the scale of the problem, Dr Birol said that 64 mb/d of gross capacity needs to be installed between 2007 and 2030 – six times the current capacity of Saudi Arabia – to meet demand growth & offset decline. He went on to say:

"Many governments now are more and more aware that at least the day of cheap and easy oil is over... [however] I'm not very optimistic about governments being aware of the difficulties we may face in the oil supply."

Putting so many eggs in the state highway basket suggests that New Zealand is among the countries which are not aware of these difficulties. The IEA's warnings are too urgent to be ignored any longer.

¹ See <http://www.independent.co.uk/news/science/warning-oil-supplies-are-running-out-fast-1766585.html>

2. The Government sets greenhouse gas emissions reduction targets. The Government has adopted a 2020 greenhouse gas reduction responsibility target of between 10% and 20% on 1990 levels to take to the December 2009 Copenhagen climate negotiations. New Zealand will be under heavy pressure in the negotiations to accept a final target at or above the upper end of this range. Although some of the needed reductions can be achieved offshore and through the use of forestry offsets, it will still be necessary to make substantial reductions in domestic emissions.

Domestic transport greenhouse gas emissions increased 64% between 1990 and 2006, and constitute approximately 20% of New Zealand's total greenhouse gas emissions. A transport policy which concentrates on increased provision for private motor vehicles will see transport emissions continue to rise over the period to 2020, given that electric vehicles are forecast to form only a very limited part of the private vehicle fleet by 2020. Both local and international research shows that building new roads to relieve congestion simply results in further congestion.

Thus, we are faced with the combination of further steep oil price rises, and the need to sharply reduce greenhouse gas emissions from transport. In the light of these, the Government should rethink its current approach to current and future transport policy. The Sustainable Energy Forum calls on the Government to:

- Rethink the shape of New Zealand's future transport system in the light of the twin imperatives of reducing greenhouse emissions and reducing the transport system's dependence on oil.
- Focus infrastructure development on areas which will reduce New Zealand's exposure to high oil prices, and increase New Zealand's resilience in the face of oil depletion and climate change. Such suitable developments include the wider roll-out of fast broadband; increases in the range, reliability and quality of public transport systems; a strong, effective coastal shipping system; and the electrification of the transport system wherever this is feasible.
- Avoid infrastructure development which makes us more dependent on fossil fuels and leads to further increases in New Zealand's greenhouse gas emissions. Such unsuitable developments include converting coal to liquid fuels, and continuing to spend money on new state highway construction.

Yours sincerely

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