

13 Jan 2010

Dear Tim

Thank you for your letter of 25 August 2009, concerning the transport sector's greenhouse gas emission footprint and its reliance on oil. Please accept my sincere apologies for the long delay in replying.

I note your point about the government favouring private road transport. The government considers that road users will not sacrifice personal mobility, even in light of higher oil prices. While alternative transport options such as public transport are expected to play an important role, particularly in urban areas, these options cannot fully cater for personal mobility in all places in New Zealand.

This indicates that private road transport will continue to play an important role but we will need new fuels and better technologies. While higher oil prices will accelerate the uptake of these, the government is also facilitating their uptake. Light electric vehicles are now exempt from road user charges. This exemption is valued at about \$400 per vehicle annually until 2013. There are also two incentives regarding biofuels: the waiver of excise duty for bioethanol until 2012; and grants to encourage the production of domestic biodiesel production until 2012.

The New Zealand Emissions Trading Scheme will also encourage the use of low carbon technologies. The transport sector will enter the scheme on 1 July 2010. As the scheme will affect all modes of transport, more efficient and low-carbon modes and technologies are expected to become more attractive.

To help improve the fuel efficiency of commercial vehicle fleets, the government is in the process of implementing a New Zealand version of the United Kingdom's cost effective Safe and Fuel Efficient Driving programme. Trials of the New Zealand version are expected to commence early this year, with wider implementations of a final version beginning in mid-2010.

With regard to investments and infrastructure, the Government Policy Statement outlines how investment in public transport will continue to increase. In addition to the \$899 million allocated to public transport over the next three years, there is also significant direct Crown investment going into public transport. For instance, the Government is committed to the electrification of Auckland's metro rail system.

In closing, while it is important to invest in public transport, it is also important to realise that there are significant economic costs associated with increasing investment levels to accelerate modal shift beyond what the market is able to realistically absorb. The reality is that, given our population density and history of the development of our transport system, private vehicles will continue to be the method by which most people will travel within the foreseeable future, and our investments need to reflect that reality.

Thank you again for writing. I hope this addresses your concerns.

Yours sincerely

Steven Joyce  
Minister of Transport