

Hon Judith Tizard, Associate Transport Minister

Speech title: 2006 EFNZ Seminar Fuel Emissions and Technologies

Speech

Occasion: Keynote address for the 2006 Fuel Emissions & Technologies

Date and time of speech: 10am, Monday 27 November 2006

Audience: Industry organisations, local and central government, Crown entities, research organisations and law firms

Location: Hotel Inter-Continental, Wellington

[Introduction]

Tena kotou, tena kotou, tena tatau katoa.

Thank you to the Energy Federation for inviting me to speak at this seminar on Fuel Emissions and Technologies.

It is heartening to see so many of you today to learn more about the critical area of fuel emissions. An issue near and dear to my heart as an Aucklander.

Emissions initiatives

The government is committed to tackling the health and environmental impacts associated with vehicle emissions. This is an issue that has always been important, but in recent months we have seen interest increase even further. I think many groups have recognised that we must act now to reduce the environmental effects from transport. I have to mention that I have recently detected a significant change in people across industry, non-governmental

organisations and other representatives where they are now working collectively on common goals to reduce emissions.

We know the transport sector contributes significantly to emissions of greenhouse gases. Almost 20 percent of our total greenhouse gas emissions, principally carbon dioxide, come from transport.

This government is fully aware of the startling figures recently released that New Zealand has the highest vehicle per capita ownership in the world. This unsettling statistic is something we as New Zealanders should try and shift. Moving and changing behaviour patterns towards more use of public transport and reducing congestion, is key in dealing with the impacts on climate change.

You have heard there is strong evidence about the link between vehicle emissions and health problems such as premature mortality, heart disease, cancer, and respiratory illnesses such as bronchitis and asthma. This is particularly so for children and older people.

An estimated 400 people die prematurely each year due to harmful vehicle exhaust emissions. The environmental costs of vehicle emissions are estimated to be about \$442 million a year. This is a huge cost.

So the government is looking for solutions to reduce emissions. We have already revised fuel specifications earlier this year, leading to the reduction of the sulphur content in diesel fuels and making New Zealand diesel cleaner. Plans to reduce sulphur levels to the so called zero-sulphur diesel from 2009 have also been announced.

Reducing sulphur levels is important because it reduces the emissions from all diesel vehicles. It also allows the introduction of state of the art emission control technology, currently being introduced in Europe and in other regimes where we purchase vehicles from.

Another way to reduce emissions, especially greenhouse gas emissions, is through the use of renewable transport fuels. Plans are underway to bring biofuels to market. There is a lot of

interest in biofuels. During recent consultation on the biofuels sales obligation discussion document, the Ministry received 43 submissions from a wide range of stakeholders. The submissions were from representatives of the oil industry, potential and existing biofuel producers and potential biofuel feedstock suppliers. This was along with the motor vehicle industry, the freight industry, the energy supply companies, local councils, professional institutes and, of course, individuals.

My officials at the Ministry are now putting together a policy position on the proposed biofuels sales obligation, and I look forward to seeing that advice very shortly. I expect an announcement will be made prior to Christmas which will outline the obligation levels for the period 2008 – 2012. These levels will set minimum levels of biofuel that the oil companies must sell. It's important to note that they will not require the provision of any specific formulations of percentages of biofuel blends. It'll be up to the oil companies to decide what blends they sell and where, provided they meet the totals.

Proposed features of the obligation include the ability to rollover the liability in the first two years of the obligation, trading between liable firms in all years, limited 'banking' of over and undersupply and a penalty per petajoule of biofuel not supplied between 2010 and 2012.

Biofuels that can be used to meet the obligation are those that directly replace petrol and diesel.

In addition to increasing fuel choices, we are looking at setting minimum emissions standards for vehicles entering the fleet. I intend that we'll require all vehicles to meet approved emissions standards before they can be certified for use on New Zealand's roads. We're also likely to require the emissions of the vehicles to be tested to ensure they continue to comply with the standards before they enter our fleet.

These two initiatives 'cleaner fuel and cleaner cars' are designed to cut harmful vehicle emissions significantly, in the longer term. Preliminary figures indicate the move to ultra-low sulphur diesel earlier this year may contribute to a 30 percent reduction in premature deaths each year.

We have also been looking into practical initiatives to ensure our current vehicle fleet is as clean as it can be.

Only last month, the visible smoke check was introduced, and is now part of the warrant of fitness inspection. The smoke test is a practical step in reducing emissions and saving on running costs, which is very encouraging.

The government recognises that the visible check is subjective, but that does not mean it will not have a benefit. I can tell you, just being next to a particularly nasty car belching out grey smoke, for a few minutes was not an experience I want to repeat! Getting cars like that one-off the road- is something we can all agree on, and I don't think it requires a machine to tell us what we can already see.

In August this year, I launched a public awareness campaign to encourage New Zealanders to "choke the smoke" to reduce vehicle emissions.

The campaign involved radio advertisements, billboards and images and reminders in car parks. The key message was that we all need to do our bit and get our cars tuned and serviced. We need to take our foot off the accelerator. We need to stop using the car for short trips and start walking - or use walking school buses or public transport.

I'm informed by the Motor Trade Association, who supported this campaign that it is the most successful campaign of its type that they have been involved in. They have seen noticeable increases in the number of people bringing their vehicles in for servicing and tune-ups. Recent polling also revealed very high levels of public awareness of the campaign.

Given the clear success of this campaign, we're planning to continue it next year, with a changed focus of reducing greenhouse gas emissions.

The vehicle fleet and technology

The make-up of the New Zealand vehicle fleet is unique, due to the high level of imported used Japanese vehicles and vehicles sourced from all around the world. This means that any policies we develop must take the fleet into account.

As each year passes, technology and emissions improve – over time this will lead to improvements in the emissions performance of the New Zealand vehicle fleet. International experience shows us that an effective way to tackle emissions over the long-term is by setting high emissions standards for vehicles entering the fleet.

I am keen to progressively ratchet up emissions standards at the New Zealand border for imported used vehicles. New Zealand should not continue to accept vehicles built to older emission standards. This is especially true for diesel vehicles where there have been considerable reductions in the amounts of harmful pollutants that are allowed by the relevant standards over the past decade. Given the evidence that diesel vehicle emissions are the most harmful, we must prevent vehicles built to lower standards from entering the country.

The government will shortly announce new policies on this as part of a wider package of emissions-related work we are undertaking.

One of my concerns, however, is that restrictions not be too draconian. If we act too quickly, and New Zealanders react in turn by retaining their existing vehicles longer, we may actually make emissions worse. I've also said, many times, that I don't wish to see the ability of New Zealanders get access to transport compromised.

In-service emissions performance

Updating the vehicle fleet to newer technology and introducing cleaner fuels will make a big difference. But it still leaves the question of how to ensure that the present fleet of vehicles performs well and stays 'clean', at a reasonable cost.

The Auckland Regional Council, Greater Wellington and others have run a number of very effective campaigns targeting the worst vehicles. I thank them for their efforts and wish to reassure them that we will continue to develop initiatives that help them meet the National Environmental Standard for Air Quality (NES).

Getting these smoky vehicles off the road and requiring the owners to get the problem sorted out is a matter of enforcement.

As I mentioned, to supplement on-road enforcement, we now have amended the Rule so that the visual smoke test is now part of the warrant and certificate of fitness check, taking into account classic vehicles. The test, consists of a straightforward, subjective visual smoke test, similar to that used in the UK. Vehicles belching smoke would require repair before a warrant or certificate of fitness could be issued.

I remain committed to doing more to reduce emissions from our in-service fleet, and especially from our older diesel fleet, as this is what the health people tell us is the most important.

Other initiatives

The Govt3 programme is a commitment by 47 central government agencies to become more sustainable by improving energy efficiency and reducing greenhouse gas emissions. In September this year, in line with the aims of Govt3, Cabinet directed government agencies to adopt best practice in the in the transport area.

This work will include developing and implementing workplace travel plans to help people make better-informed travel choices for work-related travel, including commuting. Workplace travel plans help reduce greenhouse gas emissions and transport costs and improve the health of staff by increasing physical activity, a key objective of the government's Healthy Eating - Healthy Action Strategy.

As part of improvements in the transport sector, government agencies have also been asked to implement more sustainable fleet practices. To facilitate these improvements, the Ministry of Transport is currently working with 21 central government agencies – reviewing their current fleets and making recommendations for change.

In addition to the worthwhile cost and emissions savings achievable for the government fleet, the real value, of a government commitment to purchase fuel efficient vehicles is the potential influence on purchasing decisions for company fleets (231,000 cars and vans) and, in due course, vehicles owned by private individuals (2.4 million cars and vans).

Government domestic and international travel generates greenhouse gas emissions and there could be an opportunity to demonstrate leadership by measuring, reducing and offsetting these emissions through a carbon offset programme. Such programmes enable travel to be "carbon neutral" by offsetting emissions through native bush regeneration and investment in low carbon technologies. The Ministry of Transport is working with the Govt³ agencies to develop guidelines on how to measure, reduce and offset the carbon footprint associated with transport impacts by April 2007.

Conclusion

I have already made a commitment to ensuring any emissions regime is fair, equitable, workable, and will not unduly penalise the vast majority of responsible motorists.

I believe the measures announced already, and that we will announce shortly honour that commitment.

The government remains determined to reduce the harmful health and environmental effects of vehicle exhaust emissions.

The New Zealand vehicle fleet is large, extremely diverse and, in emissions terms, poorly equipped.

As a nation, we have come to this problem late. We have made good progress, but trying to turn back the clock on the current vehicle fleet is futile.

New vehicle and fuel technologies coming on stream will make a big difference toward cleaner air and healthier people.

I'm optimistic that by working together, being sensitive of each other's needs, and by keeping an open mind, we can come up with a workable and affordable package of measures that help us deal with the appalling health and environmental problems associated with vehicle emissions.