

Submission on the Productivity Commission's draft report *Low-emissions economy*

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In its draft report the commission concludes the transport chapter by saying:

"Raising the emissions price in the NZ ETS is an important step in reducing transport emissions. However, because fuel demand is relatively unresponsive to changes in price, additional measures are needed to achieve large emissions reductions. With New Zealand's low-emissions electricity grid, EVs provide a huge mitigation opportunity. Modelling suggests that EVs can contribute a significant portion of emissions reductions across the economy. As costs continue to fall, EVs can also provide cost savings for consumers, though price is still among the key barriers to faster EV uptake. Further, New Zealand's vehicles stay in the fleet for a long time, so electrification of the whole fleet will take decades. To achieve an ambitious long-term emissions target, additional policies are needed to support and accelerate uptake of EVs. The Commission recommends that MoT takes steps towards introducing a price feebate scheme to provide stronger incentives to purchase low-emission vehicles."

Carbon fuel needs to become more expensive both as part of the effort to encourage uptake of cleaner alternatives but also as part of signalling to the community that it is time to change. The second part of this is probably as important as the first.

As the commission has identified, the price of electric cars is a barrier and quite correctly suggests a mechanism to address this. However, even with a mechanism such as a feebate, or even a more direct subsidy, it is likely that electric transport will be available initially to those already well off. They alone will reap the advantages of a feebate scheme and the reduced running costs of an electric car. In order to promote fair and widespread access to electric transport, the government should be looking at what it can do to support mobility as a service, through electric car sharing schemes. The Christchurch City Council has made a small start in this direction. One of the most expensive aspects of setting up a car sharing scheme is the sharing platform. If the government were to set up a software platform to host car sharing, then towns and cities around the country would only need to put cars on the road to get a scheme up and running. They could be either quite large enterprises or very small village or neighbourhood schemes.

At any rate, it seems entirely likely that during the period that the commission discusses, the next couple of decades, mobility as a service will only become more common; whether as a result of smartphone-based services involving drivers or increasingly autonomous transport. Mobility as a service has the potential to contribute to emissions reductions by encouraging a mix of transport modes: shared electric car, electric car taxi service, electric bus, electric bike, push bike, skateboard and walking. There is some evidence that millennials are less motivated to own a car themselves, rather mixing and matching transport modes to meet their needs. The question is, what role can the government play to support this?

The commission discusses the role the government might play in the roll-out of charging infrastructure for electric cars.

"The Government should provide financial support for charging infrastructure projects to support the uptake of EVs. Support should be limited to specific gaps in the charging network that are not commercially attractive to the private sector (eg, charging stations in lowly populated regions)."

The roll-out of charging infrastructure so far has been particularly slow and patchy. There is an urgent need for central government to take a strong and central role in this area; perhaps in partnership with local government. In Dunedin, for example, driving north over the Leith Saddle and the Kilmog hills, there is no rapid charger for the best part of 80km. This is on State Highway 1. That is patently ridiculous. The commission says the government's efforts "should be limited to specific gaps in the charging network that are not commercially attractive to the private sector". So far, the private sector has been shown to be incapable of rolling out charging at the required speed. This is to be expected in a small and thinly populated country such as New Zealand. The largest player in the market at present is essentially involved as a philanthropic exercise. There is only one agency with sufficient resources and reach to complete this task in good time, and that is central government. To suggest otherwise is to ignore the evidence. Without a lot more charging, installed in quick time, the uptake of electric transport will continue to be hamstrung. Furthermore, without government playing a central role, already deprived and poorly serviced parts of the country will find they have a deficit in yet another area.