

Smoothing the road to net zero: New Zealand's transport sector

Despite being ranked ninth overall in the Net Zero Readiness Index, New Zealand is placed at 23 out of 25 for our Transport sector. This may not come as a surprise to those who know that transport makes up 47% of New Zealand's carbon dioxide emissions and is our fastest growing source of greenhouse gas emissions.²

We have a heavily car-reliant population to accommodate fairly low population density, coupled with a need to grow our public transport systems. Additionally, the challenge of retrofitting low-carbon transport options after the growth of urban areas is certainly not unique to New Zealand, as the Index points out. However, this should not lead us to believe that no effort has been exerted to reduce our transport emissions so far. Our policies are guiding us in the right direction by legislating a reduction in carbon emissions, but the complexity lies in executing these ambitions and enabling widespread adoption. There seems to be broad consensus about our net zero target, but how we get there, who is responsible, and in what timeframe are all debated. Nearly 70% of all transport emissions come from cars, SUVs, utes, vans and light trucks. The Government has been looking to schemes overseas to encourage a transition to electric vehicles, leading to the introduction of the

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Land Transport (Clean Vehicles) Amendment Bill. If passed, this will set new emission standards for imported vehicles and provide financial incentives for people to buy electric and plug-in hybrid vehicles. Appetite for EVs, however, is not the only factor, with availability of vehicles and charging infrastructure also raising considerable challenges. Some estimates suggest that charging an EV at home will add another two households' worth of power, putting pressure on both bills and power grids. The good news is that there is exciting innovation happening in this space - technology helping to create smooth charging



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that eases pressure on networks is just one example. New Zealand is also well-placed in terms of the proportion of our electricity generated by renewable energy sources. There are also implications for businesses and supply chains in New Zealand. How we move our freight to market will need to change over time to see a decrease in our transport emissions, but ease and efficiency often work against solutions like our rail freight network and coastal shipping. Logistics companies are investigating the use of hydrogen and battery-electric heavy trucks – again, technology and innovation are absolutely critical for our progress and these require investment and can take time. As part of KPMG IMPACT, we are mobilising our expertise to support with carbon



baselining and measurement, advising on changes to operating models to reduce emissions and identifying practical pathways for becoming more sustainable. We are always eager to discuss New Zealand's transport and infrastructure challenges; we know that honest, meaningful conversations are crucial to the creation of solutions. There is undoubtedly tension between the pace of change needed to dramatically reduce our emissions, and the time needed for New Zealanders and organisations to make significant, long-term changes in how we get around and how we get our goods to market. But we're not shying away from the challenge: we're New Zealanders.



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¹<https://www.beehive.govt.nz/release/govt-rev-reductions-transport-emissions>

²<https://www.transport.govt.nz/assets/Uploads/Discussion/Transport-EmissionsHikinateKohuparaDiscussionDoc.pdf>

