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New Zealand's freight sector – preparing for the challenges ahead

A National Freight & Supply Chain Strategy and a programme for reducing emissions

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Horses to EVs in 100 years

90s cycle couriers
(before the internet)

The bikes rise again

System shifts are nothing new

What’s next??

A National Freight & Supply Chain Strategy for New Zealand

Taking on challenges & maximising opportunities

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Freight and supply chains are important and complex

280m

tonnes of freight moved around New Zealand each year

99%

of New Zealand's international freight volumes carried by sea

93%

of New Zealand's domestic freight volumes carried by road

Major trends pose significant challenges and opportunities

Climate change

- Adaptation to climate change impacts

  eg. damage to infrastructure, more frequent disruptions

- Meeting mitigation goals

  eg. reducing emissions, increasing efficiency, mode choice

Population growth and density

- Higher freight volumes and concentration
- Pressure on transport infrastructure and corridors
- Competition for land use

Major trends pose significant challenges and opportunities

International developments

- Increasingly volatile geopolitical landscape
- Decisions in international freight transport

  E.g., larger ships, vertical integration, low emission ships

Digitisation & technology

- Potential disruptors to existing ways of moving freight
- Opportunities to integrate operations, improve visibility and efficiency

What does this all mean?

- Increasing uncertainty and difficulty in managing supply chains
- Rising freight costs, will impact New Zealand harder
- Need to improve productivity and resilience, while moving to a low emission future
- Potentially unequal impacts and opportunities for different groups of people

The Issues Paper: what we heard from submitters

- Important to be clear about Government’s role
- Long-term infrastructure investment planning pipeline needed to give industry certainty to plan their own investments
- Consenting and spatial planning issues
- Support for intermodal freight system and a more structured approach to ports
- Widespread support for improved freight data collection and sharing
- Labour concerns across the industry
- Challenges of transition: costs often borne by those who can least afford them

A more strategic and coordinated way forward

- In partnership
- Evidence based
- Multi-modal

Provide a long-term and system-wide view of New Zealand’s freight & supply chain system

Provide a strategic direction to inform investment decisions by government, mana whenua and private sector

Align relevant policies across government

Support coordination and info sharing across the system where appropriate

Many big questions

How do we ensure resilience of critical infrastructure? Who pays?

What is the potential for mode shift to lower emission modes?

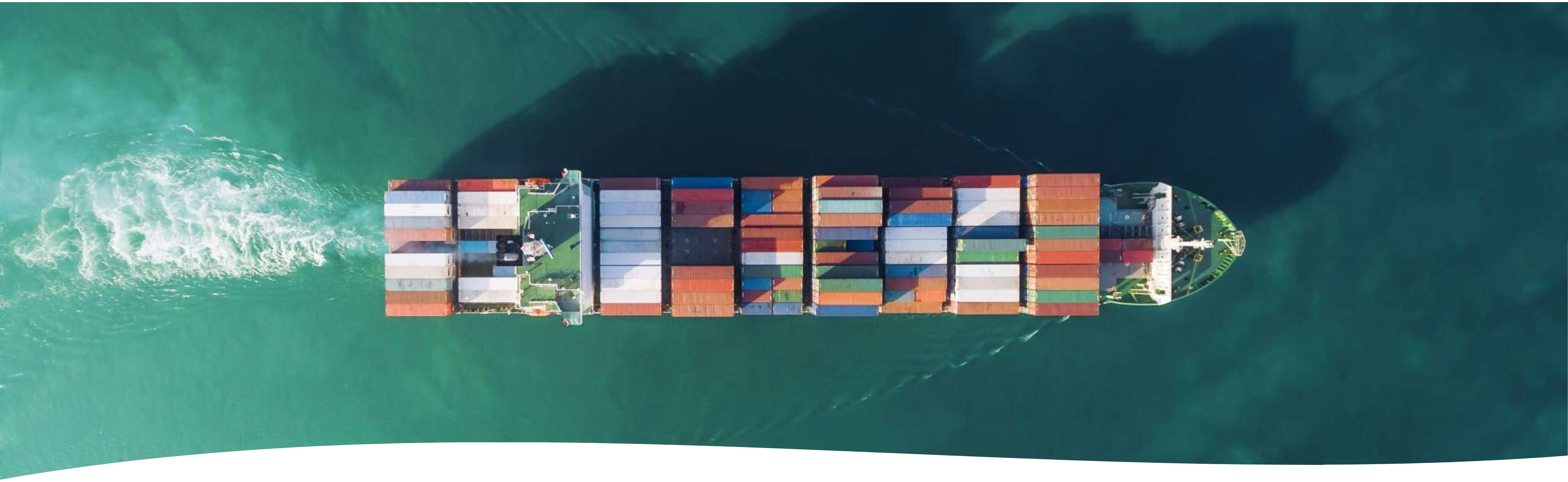
How to ensure a future-proofed labour force?

What are the decarbonisation pathways for the freight sector?

Is our current port model fit to respond to future change?

How can the freight system support the growth of the Māori economy and the regions?

How to make better use of data across supply chains?



- Thank you to all those who submitted on the Issues Paper
- Processing initial feedback we received
- Stakeholder engagement is ongoing – we want to hear from you at any stage of the process
- Will be following up with relevant stakeholders on specific feedback
- We want to collaborate on solutions

Freight decarbonisation

Supporting New Zealand to meet its targets

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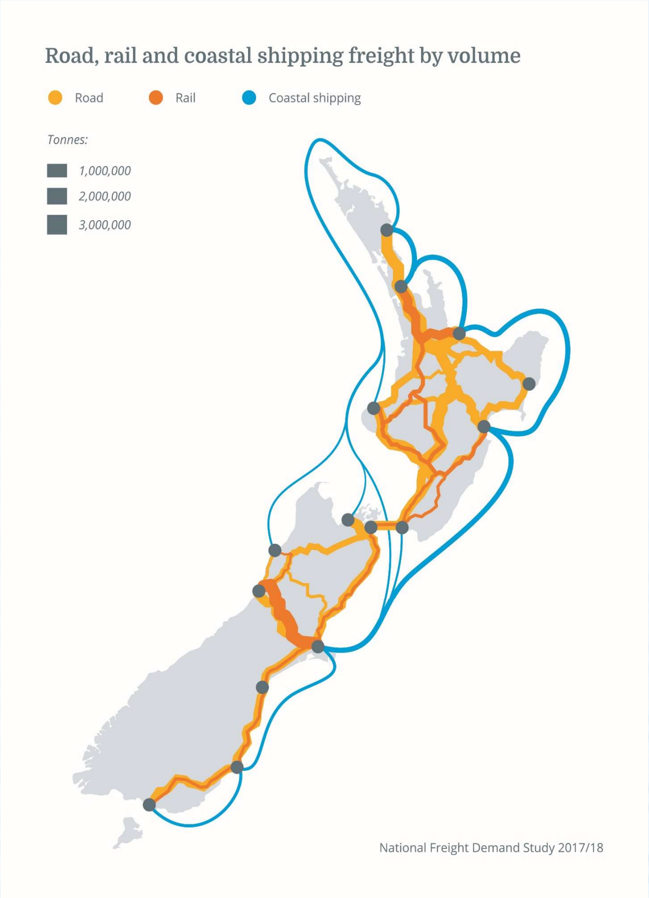
Our heavy vehicle fleet

- 3.5% of NZ's total transport fleet
- contributing 25% of total road transport emissions

- 92.8% of freight volumes within NZ transported by trucks
- tonnes per km: road transport responsible for around 75% of freight



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NZ’s first Emissions Reduction Plan

Target: to reduce freight transport emissions 35% by 2035

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GLOBAL COMMERCIAL VEHICLE
DRIVE TO ZERO
A CAMPAIGN OF THE CLEAN ENERGY MINISTERIAL

MoU on Zero-Emission Medium- and Heavy-Duty Vehicles

100% zero-emission new truck and bus sales by 2040

…with an interim goal of 30% zero-emission vehicle sales by 2030…

to facilitate achievement of net-zero carbon emissions by 2050

Meeting our targets

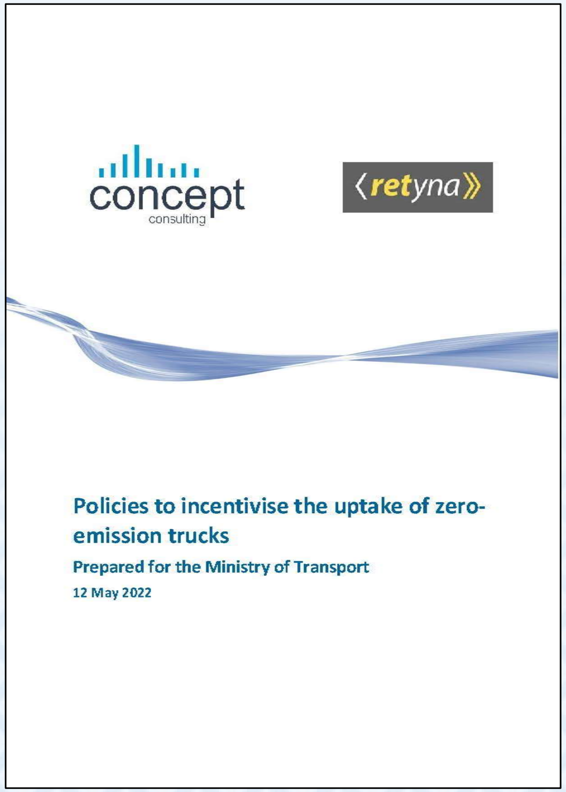
We have some measures in place:

- Heavy electric vehicle RUC exemption till 2025
- EECA's Low Emission Transport Fund
- All new buses to be zero-emissions vehicles from 2025

We need to:

- accelerate uptake of zero emission heavy vehicles (ZEHV)
- reduce the emissions in our existing fleet by improving vehicle and operational efficiencies
- accelerate uptake of biofuels to reduce the carbon intensity of our fuels
- adopt Euro VI standards to increase fuel efficiency and reduce harmful pollutants

How to incentivise the uptake of zero-emission trucks?


concept
consulting
retyna
Policies to incentivise the uptake of zero-emission trucks
Prepared for the Ministry of Transport
12 May 2022

What regulatory policies and incentives need to be in place?

How to ensure early access to market supply?

This MoT-commissioned report is publicly available: https://www.concept.co.nz/uploads/1/2/8/3/128396759/policies_to_incentivise_the_uptake_of_zero-emission_trucks.pdf

Several significant barriers:

- High-capex-low-opex profile of ZEVs
- ICEV trucks don't pay the full global warming and human health costs of their exhaust emissions
- Inadequate public recharging/refuelling infrastructure for ZEV trucks
- Electricity tariffs for recharging trucks are higher than the underlying cost of supply
- The cost of electricity network upgrades deters 'first movers'
- RUC and VDAM rules and categorisations are disadvantaging ZEV trucks in many instances

Recommendations to address these barriers:

- A supplier obligation in the form of a ZEV mandate
- Accelerated depreciation on ZEVs, plus a discount on the purchase price
- Jointly funding a network of truck-scale public BEV chargers and FCEV refuelling stations
- Funding to address poor electricity network upgrade cost allocation outcomes for depot charging installations as an interim measure
- Removing artificial barriers from RUC and VDAM rules
- Introducing ZEV mandates for procurement of some government truck services and expanding ZEV truck demonstration projects.

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Find out more; feedback always welcome

Our website: www.transport.govt.nz/supplychain

Our email: supply.chain@transport.govt.nz