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Submitted to New Zealand freight and supply chain issues paper | Te rautaki ueā me te rautaki whakawhiwhinga o Aotearoa
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What is your organisation?

Organisation:
National Road Carriers Association

Part 1: Understanding the freight and supply chain system in New Zealand

1 Do you agree with the outlined description of the freight and supply chain system?

Please explain in the box below. :

Yes.

I do feel there is a lack of understanding of how vital the freight sector is to every aspect of what New Zealanders expect the lives to be. The freight sector has performed so well despite very significant disruptions caused by natural disasters, global pandemics and conflict.

2 Do you have any views on the outlined role of government in the freight and supply chain system?

Please leave your comment in the box below::

Provision of policy that enables increased productivity without compromising safety.

Provide the framework for long term investment in transport infrastructure ahead of demand that will enable New Zealand to continue to thrive as population grows.

Provide clear direction on long term aims so that industry can plan accordingly.

Part 2: The strategic context for change

3 Do you agree with the outlined strategic context and key opportunities and challenges?

Please explain in the box below. :

It is important to acknowledge that New Zealand is largely dependent of transport technology developed elsewhere as we do not have the scale locally. We are at the end of a long supply chain and there is significant global demand for "green" solutions which means other larger markets are more attractive to suppliers of those solutions.

We also have an old light vehicle fleet and the cost to change to alternatives may be prohibitive for many low-middle income households.

Likewise the lack of supply of alternative heavy fleet and the significant cost penalty will need to be addressed if we are to meet our targets.

Currently there are significant capital cost and productivity penalties for those that are early adopters of zero emission heavy vehicles.

There has been a reduction average consignment size as consumers buying patterns changed. The automation of supply chains has resulted in smaller more frequent consignments that has increased the demand for road transport.

There will need to be changes in consumer demand for "just in time" and an acceptance of increased cost for there to be any reversal of the trend towards road.

Increased Coastal Shipping is more likely to impact rail volumes as the transit times and commodity type is closer aligned. Therefore any expectation that modal shift will make a material difference to emissions is unjustified.

Enabling increased productivity and providing the regulatory framework that allows for innovation will be essential if we are going to be able to adapt at the pace required.

4 Are there any trends missing that we should consider?

If "yes", please write the trends we are missing in the box below. :

The growth in what were small rural communities is leading to increased use of road transport especially as many of these have no rail connection. Rural Waikato is an example with towns like Mercer, Te Kauwhata, Huntly, Cambridge etc growing as families escape Auckland.

5 Which of the opportunities and challenges do you believe will be most important in shaping the future of the freight and supply chain system in New Zealand and why?

Please explain in the box below. :

New Zealand will be at the mercy of global events for the foreseeable future.

The ability for New Zealand to produce sufficient clean electricity and clean Hydrogen once they are combined with the availability of vehicles at affordable prices will allow New Zealand to become a zero carbon domestic transport system. However this will require significant investment if it is to be accelerated to meet the target of 50% reduction by 2030.

Our electricity network requires upgrading to handle any significant increase in EV and there is almost no infrastructure in place for Hydrogen. There are currently significant capital barriers to those wishing to move to cleaner technology along with productivity penalties. These will need to be addressed.

The establishment of reliable cost effective bio fuel supply that will allow the existing fleet to lower emissions without increasing cost is also important if we want to avoid price shocks.

New Zealand is in a position to apply appropriate government assistance to accelerate this inevitable change.

Provide clear direction regarding Port infrastructure and rail so that there are options for multi modal freight.

Clear long term pipeline of work that delivers a safer road network that will reduce death and serious injury alongside increased productivity. This will allow civil contractors to plan long term investment in capability. This pipeline of work needs to include provision that allows safety and productivity technology developed overseas to work in New Zealand.

Part 3: Current vulnerabilities of the freight and supply chain system

6 Do you agree with the outlined vulnerabilities of the current system?

If not, please explain why:

COVID 19 is only one example of a disrupter to the smooth operation of our supply chain.

New Zealand is also exposed to significant disruption due to natural disasters such as earthquakes, volcanoes and severe weather events.

The Kaikoura earthquake in 2016 was only a 7.6 yet it cut off the south island rail connection entirely for 10 months and whilst road transport was able to adapt to alternate routes within hours of the quake there was a significant cost increase.

New Zealand has several significant earthquakes likely in the near future with some almost certain to be well above the 7.6 magnitude. The Alpine fault and the Hikurangi Trench both have the potential to do significant damage to transport infrastructure.

Increasing adverse weather events are also already causing disruptions to transport infrastructure. The flooding on the west coast of the south island and east coast of the north island damaged bridges and blocked access to communities.

In addition to COVID there is also geo-political disruption events that New Zealand has no control over. Russia's invasion of Ukraine is causing disruption to the supply chain.

My advice would be to assume the supply chain and freight network is vulnerable to disruption with little or no warning and to ensure that there is sufficient capability within the ministry and the regulatory framework that enables participants in the supply chain to adapt quickly.

7 Is there any key information missing in understanding the vulnerabilities of the current system?

If 'Yes' please explain here:

Yes there is still very little accurate data on the domestic freight task.

We have reasonably good data on international shipping and air freight but very little granularity regarding domestic freight.

Increasing the knowledge of where the freight that is required to move to support each community would assist the Ministry to build resilience into the supply chain.

Knowing how long various key industries and communities could function following a disruptive event would be useful.

Part 4: Our proposal for developing a freight and supply chain strategy

8 Do you agree with the proposed outcomes? If not, please explain why.

Do you agree with the proposed outcome 1. Low emissions? – 1. Low Emissions – New Zealand's freight and supply chain system is underpinned by a low emissions freight transport system:

Strongly agree

If you have answered "Disagree" or "Strongly disagree" please explain why:

Do you agree with the proposed outcome 2. Resilience? – 2. Resilience – New Zealand's freight and supply chain system is resilient, reliable, and prepared for potential disruptions:

Disagree

If you have answered "Disagree" or "Strongly disagree" please explain why:

There are far too many parts of our network where there is only one highway access and no alternative should that be shut. We are already seeing productivity loss as operators are faced with long detour or reduced mass to cope.

Lack of understanding of the importance of freight if a road closure is required and the consequences of schedule disruption far beyond the immediate delay.

Our rail network is also vulnerable to disruption caused by both weather and seismic activity.

Do you agree with the proposed outcome 3. Productivity and Innovation? – 3. Productivity and Innovation – New Zealand's freight and supply chain system is highly productive and innovative, and performs well when measured against global standards:

Strongly agree

If you have answered "Disagree" or "Strongly disagree" please explain why:

But it can do better...

Do you agree with the proposed outcome 4. Equity and Safety? – 4. Equity and safety – We transition to a low emission, resilient, productive and innovative freight and supply chain system in a way that is equitable and safe for all:

Strongly agree

If you have selected "Disagree" or "Strongly disagree" please explain why here:

9 Are there more outcomes the strategy should focus on? If so, please explain what they are.

Please explain here:

Productivity.

We need to look for ways to improve productivity.

New Zealand sits near the bottom of the OECD re productivity.

There are still opportunities to increase productivity that would assist to minimise the increased costs of low/zero emission trucks.

10 Do you agree with the potential areas of focus for the strategy?

If not, please explain why:

11 Which of these areas of focus would be most important to prioritise?

Type your answer here:

Resilience and productivity as that is what will enable New Zealand economy to grow.

Safety & equity are beliefs that should be locked in and form part of these two main focus outcomes.

Lowering emissions will occur more as a result of technological change and our ability to access this. We just need the right policy framework that enables operators to adapt as quickly as technology develops.

12 What would successful stakeholder engagement on the development of the strategy look like from your perspective?

Type your answer here :

Regular engagement (at least quarterly) to report progress towards the objectives and to openly discuss what steps if any are required to progress at a faster rate or to resolve any barriers that may occur.

13 How could we best engage with Māori on the strategy?

Type your answer here :

Invite Iwi to participate in the dialog.

Provide further feedback

14 Any general feedback on the consultation

Add your comments, ideas, and feedback here:

The issues outlined are all valid and we are in a unique position globally to overcome the challenges and provide global leadership on strategies that will result in New Zealand being able to export solutions to other jurisdictions.

15 Upload supporting documentation

Upload documentation:

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