



Submission

To: Ministry of Primary Industries

Submission: Forestry and Wood Industry Transformation Plan

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Sent to: forestrywoodprocessingitp@mpi.govt.nz

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Ia Ara Aotearoa Transporting New Zealand submission to Ministry for Primary Industries – on the Forestry and Wood Industry Transformation Plan – September 2022

1. Introduction

- 1.1 Ia Ara Aotearoa Transporting New Zealand (Transporting New Zealand) provides leadership, advisory and advocacy to the transport industry and believes we all need to operate in an environment where the following must be managed and co-exist:
 - The safety and wellbeing of our drivers and other road users, our drivers are our most valuable asset
 - The impacts of transport on our environment
 - The transport of goods by road is economically feasible and viable and it contributes the best way it can to benefit our economy.
- 1.2 Transporting New Zealand welcomes the opportunity to comment on the draft Forestry and Wood Processing Industry Transformation Plan (ITP) being consulted on by the Ministry for Primary Industries.
- 1.3 The predominant lens and scope of our submission is the impacts and risks associated with commercial (road freight) traffic and the economy that traffic serves. Movement of logs and processed wood makes up a significant part of the road freight activity involving some 2500¹ heavy truck trailer combinations.

2. Submission summary

General

- 2.1 Transporting New Zealand supports the draft vision, namely that “the forestry and wood processing sector generates more value for New Zealand, is a key pillar of our regional communities, and underpins New Zealand’s low-emissions economy”.
- 2.2 We understand the key intended change of the ITP is to process more logs and residues onshore to reduce our emissions, increase our production of value-added wood products, and fuel the growing bioeconomy.
- 2.3 Considering each of the changes in paragraph 2.2 above in turn:
 - We agree in principle with the aim of reducing emissions by processing more logs and residues onshore however, we have concern that achieving that outcome has some risk as it will be highly dependent on how that processing is done and the details of that to date appear unknown.
 - We agree in principle with the intention of increasing our production of value-added wood products. We understand from the Hon. Stuart Nash, Minister of Forestry, that 15 percent of the wood exported as value added processed wood generates 40 percent of total export revenue. It is

¹ Extrapolated from New Zealand Forest Owners Association: Cleaner, Safer More Efficient, September 2009

generally accepted that increased earnings of exports is beneficial to our country's macro-economy, therefore, with the following caveat we support this change. There will need to be significant changes in capacity and capability to undertake that additional value-add to wood, and it is critical that these changes are well-planned and managed otherwise there will be perverse and unintended adverse outcomes to people's welfare their communities.

- In terms of growing our bioeconomy we agree in principle with this intention. We are also mindful that in addition to helping reduce emissions, a stronger bioeconomy can:
 - create new opportunities (for example, but not limited to: new jobs such as in resource recovery, bioproducts and design
 - drive innovation
 - result in cost savings for households and businesses, and reduce the amount of waste that has traditionally been left on logging sites and can be problematic if washing down into rivers and the sea.

- However, in similar vein to the concern expressed above, being successful in reducing net emissions will be highly dependent on how that change is managed, and to date that level of detail appears to be unknown. For example, our understanding at this time is that transportation will be a significant cost component of producing biofuel from woody biomass, therefore until truck related fuel emissions are carbon free this will actually increase transport related emissions. The cost and quality of biofuel will also impact its uptake by the diesel-engined fleet which we presume will still largely be in-service while the changes related to the ITP are implemented.

2.4 Notwithstanding our concerns above, Transporting New Zealand believe Government needs to be working with industry groups like ourselves with urgency to properly consider making these changes as there are many areas where capability and capacity build is required and that will take considerable time to implement and realise.

Comments related to heavy transport

2.5 We predict the first order consequential impacts of the ITP on the transport sector will be an increase in heavy vehicle kilometres travelled and an increase and shift in the vehicle configuration proportionality associated with the task. For example:

- rather than most logging trucks travelling from forest to port, more of that travel will be to processing plants.
- the increase in processed wood will result in increased travel such as from or between various processing plants or to retail sites or to ports. Depending on the products and destination, we envisage demand for services of vehicle configurations such as curtainsiders, flat decks or ISO container trucks will increase
- the movement of woody biomass for biofuel production will require:
 - bulk tipper configuration truck trailers similar to those used for woodchips transporting the biomass to the manufacturing plant and
 - bulk liquid tankwagons transporting the biofuel from the manufacturing plant to refuelling sites

2.6 Time and again the heavy road freight transport sector has demonstrated incredible resourcefulness in it responding to market demands with high levels of agility, adaptability and resilience. However, we are concerned that there are increasing threats to our sector sustaining those high levels of response. Examples of these threats are:

- the availability and capability of drivers to manage the increasing demand
- uncertainty with evolving vehicle motive power, for example, battery, hydrogen or liquid fuel (diesel or biofuel)
- uncertainty with future market demand impacting the risk appetite to invest in capital in new vehicle configurations
- uncertainty in the future capability of the road and bridge network, in particular constraints with weight limits.
- uncertainty in the reliability of access to the road network

2.7 Transporting New Zealand notes points 10 and 11 of the draft Vision (refer page 11 of the ITP) are to:

- create a strong and collaborative sector
- grow and attract the future workforce

2.8 To create those system changes would likely require policy changes in the areas of:

- Employment
- Immigration
- Transport (driver licensing, vehicle size and weight)
- Health and Safety (the effectiveness of current Person Conducting Business or undertaking (PCBU) roles and responsibilities)

2.9 Furthermore, it is our view that the settings in paragraph 2.7 above need to be much more than visionary statements. Government's Road to Zero is a vision, it is widely considered to be an aspirational goal that is useful in setting direction but it is not practicably achievable. Whereas we do not see how the ITP can be successful unless there actually is strong collaboration and a well-integrated across-government response that can effectively be implemented to achieve the necessary changes. Frankly, over recent years we have not seen enough evidence that a well-integrated across-government response can be achieved and consequently that places the future success of the ITP at considerable risk.

3. Summary

3.1 In principle Transporting New Zealand agree with the general thrust and intent of the ITP. However, we see considerable risk in the implementation of the plan, particularly in terms of the level of success and the risk of unintended and perverse outcomes.

3.2 Transporting New Zealand welcome further consultation from MPI and offer our assistance in further discussing what policy areas need changing to maximise the ITP likelihood of success.

4. Representation

- 4.1 Ia Ara Aotearoa Transporting New Zealand (Transporting New Zealand) is made up of several regional trucking associations for which Transporting New Zealand provides unified national representation. It is the peak body and authoritative voice of New Zealand's Road freight transport industry which employs 33,000 people (1.2% of the workforce), and has a gross annual turnover in the order of \$6 billion. This is part of a wider transport sector that employs 108,000 people, or 4 percent of the country's workforce and contributes 4.8 percent of New Zealand's GDP².
- 4.2 Transporting New Zealand members are predominately involved in the operation of commercial freight transport services, both urban and inter-regional. These services are entirely based on the deployment of trucks both as single units for urban delivery and as multi-unit combinations that may have one or more trailers supporting rural or inter-regional transport.
- 4.3 According to Ministry of Transport (MOT) research (National Freight Demands Study 2018) road freight transport accounts for 93% of the total tonnage of freight moved in New Zealand.

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² [Transport factsheet \(mbie.govt.nz\)](https://www.mbie.govt.nz/transport-factsheet)