



## Submission

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To: Ministry for the Environment

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# **la Ara Aotearoa Transporting New Zealand submission to Ministry for the Environment on its Consultation document: Pricing agricultural emissions.**

## **1. Introduction**

- 1.1 la Ara Aotearoa Transporting New Zealand Incorporated (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 GDP<sup>1</sup>.
- 1.2 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
- 1.3 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.
- 1.4 la 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.
- 1.5 Transporting New Zealand welcomes the opportunity to comment on the document regarding Pricing Agricultural Emissions that is being consulted on by the Ministry for the Environment.
- 1.6 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.

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<sup>1</sup> [Transport factsheet \(mbie.govt.nz\)](https://www.mbie.govt.nz/transport-factsheet)

## **2. Submission summary**

### **General**

- 2.1 Transporting New Zealand recognises that Green House Gas (GHG) reduction is key to our long-term future.
- 2.2 Transporting New Zealand believe Government's pricing regime is a key programme to achieve this, therefore we support Government's intent.
- 2.3 Transporting New Zealand would like to acknowledge and show our appreciation that despite Government not having progressed a pricing regime, the agricultural sector has not been sitting on its hands and it has already been doing some proactive work to reduce GHG in its sector.

## **3. Responses to Ministry for the Environment questions in its Snapshot of the Consultation**

- 3.1 In regard to who pays the emissions price, Transporting New Zealand believe that all parties responsible for creating the emissions should be play their part in reducing emissions.
- 3.2 Transporting New Zealand does not have the expertise to make meaningful comment on whether there should be separate pricing for long-lived and biogenic methane.
- 3.3 As with paragraph 3.1 above, Transporting New Zealand refrains from commenting on the proposed centralised calculator.
- 3.4 In principle Transporting New Zealand supports the proposal that revenue from the pricing system funds incentive and sequestration payments. However, we have concerns that a "ring-fencing" approach is not dissimilar to how the Road User Charges regime in land transport was initially established and more recently that hypothecation approach has since become diluted. Money collected from road users is now put towards rail and coastal shipping and that shift has been detrimental to the upkeep of safe and fit-for-purpose roads. We would query Government's ability to avoid a similar risk playing out here.
- 3.5 In regard incentivising emissions reduction, this sounds sensible and Transporting New Zealand support it in principle however, the devil can be in the detail. We have seen the Energy Efficiency and Conservation Authority (EECA) take a similar approach in efforts to reduce transport related emissions. Subsequently, we have seen EECA invest several hundred thousand dollars in a handful of electric trucks but the equivalent carbon cost for the respective actual reduction delivered in tonnes CO<sub>2</sub> delivered is grossly disproportionate to that cost. We would caution Government to carefully consider the return on investment, and to also ensure there is a fair and transparent process in place for the consideration and selection of proposed emission reduction initiatives and programmes.
- 3.6 Transporting New Zealand agree in principle with recognising sequestration in the Emissions Trading Scheme (ETS) however, we believe more work needs to be done to understand the wider impacts, in particular those to society and the economy, and especially in the regard the conversion of arable land to forestry.

- 3.7 Transporting New Zealand is concerned at Government's proposal to set up a revenue recycling body or bodies to advise on strategy for the use of system revenue, and we are similarly concerned at Government's proposal to appoint an implementation agency or agencies to manage the farm level and/or processor levy. In transport we have seen an explosion in the growth and costs related to Waka Kotahi NZ Transport Agency and the returns on investment are highly questionable. Therefore these proposals appear to be additional unnecessary government bureaucracy and we think that advice or administration services should be able to be leveraged off existing bodies such as the Ministry for the Environment, Ministry for Primary Industries or EECA.
- 3.8 Transporting New Zealand has no comments on emissions from synthetic fertiliser
- 3.9 Transporting New Zealand is concerned that at national level we are not achieving carbon emission results fast enough to meet our international obligations therefore we support an interim processor levy.
- 3.10 From the systemic view of the agricultural supply chain, road transport contributes to varying degrees depending on the activity however in every case we believe we play a significant role and therefore the impacts of these proposals will have flow on effects to our sector. We welcome a much better cross-government approach to managing these changes and we request that the Ministry for the Environment share with us the modelling that has been done for it on the impacts on transport.

**ENDS**