

Briefing to the Incoming Minister of Transport

Key issues and priorities for our members
and the wider road freight sector



Foreword

Ia Ara Aotearoa Transporting New Zealand is the peak body and authoritative voice of the road freight sector. We help our members operate successful, safe, and sustainable trucking businesses across the country. With nearly 93 percent of New Zealand's freight task being transported by road, our sector is essential to the success of the entire economy, particularly our exporters and consumers.

It is a pivotal time for the road freight industry. The COVID-19 pandemic and recent severe weather events have demonstrated the vital importance of a resilient transport system, supply chain, and workforce. Slow economic growth coupled with stubborn inflation make improving our economic productivity and freight efficiency more important than ever. Low and zero-emission technologies also provide an exciting pathway to decarbonise the freight task in the medium to long term.

In this briefing, we outline the key issues and priorities for our membership and the wider road freight sector, as they pertain to the transport portfolio. We look forward to working constructively with you and your officials to ensure the road freight industry can continue to deliver for New Zealand.



Dom Kalasih

Interim Chief Executive
Transporting New Zealand

Sector overview

Road is the dominant freight mode in New Zealand, transporting 92.8% of the freight task on a tonnage basis, and 75.1% on a tonne-km basis.¹ The road freight transport industry employs over 34,000 people across more than 4,700 businesses, with an annual turnover of \$6 billion. The majority of road freight firms are small to medium sized family businesses - 75% of trucking companies operate 5 trucks or fewer.²

The Ministry of Transport projects that New Zealand's freight task will increase substantially over the next 20 years to 366 million tonnes in 2042 (from 278.7 million tonnes in 2018). Road freight is projected to account for 95% of this growth in tonnage.³ While rail and coastal shipping will continue to play an important supplementary role in our supply chain, the efficiency, resilience and convenience of road freight limits the contestability of the freight task.⁴

The success of the road freight sector is a good barometer for the health of the wider economy, with heavy vehicle movement having a strong correlation with GDP.⁴ By working with industry to address long term challenges including the infrastructure deficit, skills shortages, and an inflexible regulatory framework, the Government can support improved levels of growth and opportunity for the entire country.

\$6B

The road freight industry's annual turnover

34,000+

People employed by the road freight industry in 2022

\$1.9B

Forecast RUC revenue (2023/24) from diesel vehicle users

31%

Projected increase in freight tonnage from 2018 to 2042

2,400

Estimated truck driver shortage in 2023 (PerformX Aotearoa and Dot Loves Data)

75%

Of NZ's 4,700 trucking businesses operate 5 trucks or fewer



Immediate priorities

Transporting New Zealand has identified **8 actions** that would immediately provide practical support and reassurance to our members and the wider road freight sector.

TRANSPORT PRIORITIES

- ☐ 1. Rewrite GPS24 to prioritise road maintenance, network resilience and strategic roading investments.
- ☐ 2. Confirm the commencement date and funding sources of the Government's 13 new Roads of National Significance and four major public transport upgrades.
- ☐ 3. Commence an urgent review of the heavy vehicle permitting system to identify and remove barriers to uptake of more productive trucks.
- ☐ 4. Urgently progress amendments to Land Transport Act 1998 to fix the stalled roadside drug testing regime.
- ☐ 5. Accelerate Ministry of Transport's policy work removing regulatory barriers to Zero Emission Heavy Vehicles, currently scheduled for completion in 2025.
- ☐ 6. Repealing or substantially amending the Land Transport Rule: Street Layouts 2023 "Reshaping Streets" regulatory changes that currently allow vehicle traffic to be unduly impeded.

OTHER PORTFOLIO PRIORITIES

Transport and State-Owned Enterprises

- ☐ 7. Provide an industry briefing on KiwiRail's Interislander ferry service and the steps necessary to provide Cook Strait services that are reliable and safe.

Immigration and workforce

- ☐ 8. Immediately amend immigration settings to allow transport companies to fill critical workforce gaps across all sectors and license classes, while continuing to support domestic workforce development and competency assessment.



Key issues and priorities

There are many opportunities and challenges facing the transport system and supply chain. Four key areas are of particular importance to our members and the wider road freight sector:

Transport funding and GPS24

Driving productivity

Better safety outcomes

Emissions reduction

Transport funding and GPS24

Roads are the lifeblood of the economy, ensuring that people and freight can be travel reliably, safely and efficiently around the country. Road freight companies contribute substantially to the maintenance and improvement of the roads by paying road user charges (forecast to be \$1.94 billion in 2024⁵). Heavy trucks cover substantially more of their cost to the government than light vehicle and rail transport do.⁶

Transporting New Zealand supports the Government's commitment to rewriting the Government Policy Statement on Land Transport 2024 (GPS24) within the first six months of the term. Transport investment must be recalibrated to prioritise investment in roading resilience, maintenance, and improvements. Additional detail can be found in our former [GPS24 submission](#).

Industry priorities

Road maintenance and network resilience

Improving the dire state of New Zealand's roads is a top priority for our members and the wider public. Poorly maintained roads are damaging vehicles, hiking journey times and endangering road users.

- We endorse the Automobile Association's call for an increase in road maintenance by at least \$1.2 billion over the next three years.
- Road maintenance must be entrenched as a priority in GPS24, with increasing resilience positioned as the overarching strategic focus.

Restarting the infrastructure pipeline

New Zealand's increasing population and freight task cannot be accommodated safely or efficiently on our existing roading network. Transporting New Zealand asks that the Government:

- Confirms the commencement date and funding sources of the 13 new Roads of National Significance and four major public transport upgrades.
- Develops cross-party support on a long-term transport infrastructure pipeline to provide certainty for industry, avoid costly project churn, and address the infrastructure deficit.

Maintain fuel excise duties and road user charges at current levels

With transport costs soaring, it is not appropriate time to be placing additional cost on road transport businesses and their customers. Current pressure on the National Land Transport Fund (NLTF) can be managed through greater utilisation of alternative revenue sources (including tolls, equity funding and congestion charging) and reallocation of non-roading NLTF expenditure.

- Fuel excise duties and road user charges must not be increased until inflation falls within the Reserve Bank's target band.

Driving productivity

Increasing freight efficiency is essential to meeting New Zealand's economic, emissions reduction and safety aspirations. We can't let the transport system idle. To ensure strong economic growth and fight inflation, the Government must reform our immigration settings, roading policies and regulatory frameworks.

Industry priorities

Addressing critical skills shortages

Truck drivers and operational staff are the road freight industry's greatest asset. Unfortunately, the industry's long-term skills shortage has rapidly escalated over the past few years as the freight task increases and our workforce ages. The current shortfall stands at least 2,400 truck drivers, leaving thousands of vehicles parked up and increasing pressure on the existing workforce.

The trucking industry is already playing its part through competitive wage increases, and improved working conditions. Our "Road to Success" traineeship also provides new entrants a path into the industry and ongoing development opportunities. The Government can help by removing regulatory barriers for new drivers, and amending migration settings.

- The Driver Licensing Rule must be amended to simplify license progression for heavy vehicle licenses, and improve license accessibility more generally.
- We recommend removing median wage requirements for migrant bus and truck drivers, introducing a permanent path to residency for drivers, and expanding residency eligibility to include class 2 truck drivers (currently only class 4 and 5) until acute shortages are addressed.

Moving freight more efficiently

Transport policy and investment must allow for bigger trucks, making fewer trips, with reduced journey times. We recommend:

- Commencing an urgent review of the heavy vehicle permitting system to identify and remove barriers to uptake of more productive trucks.
- Repealing or substantially amending the Land Transport Rule: Street Layouts 2023 "Reshaping Streets" regulatory changes that currently allow vehicle traffic to be unduly impeded.
- Increasing speed limits on roads that can safely accommodate them to reduce travel times and maximise freight efficiency.

A flexible and responsive regulatory system

Rapid technological innovation in the transport sector, including zero emissions vehicles and driver assistance technology, is being obstructed by our inflexible road transport regulations. We recommend:

- Progressing changes to various land transport rules, with a focus on improving freight productivity (including driver licensing, work time and logbooks, vehicle dimensions and mass and vehicle standards compliance).
- Continuing existing policy work to modernise the regulatory system, including how regulatory frameworks ought to work during periods of rapid change.



Better safety outcomes

Improving road safety is a priority for Transporting New Zealand. The roads are the primary workplace of many of our members, who all want to see reductions in fatality and serious injury rates from road trauma. Road to Zero, New Zealand's road safety strategy, has not been successful in achieving better road safety outcomes (as recently demonstrated in the March 2023 progress report) and should be substantially reworked.

While New Zealand's road toll continues to be unacceptably high, truck related incidents are declining. Data from Waka Kotahi shows there has been a decrease in heavy good vehicles (HGV) related deaths and serious injuries (DSIs) since 2017. Trucks are also rarely to blame in fatality crashes. Of all DSIs involving HGVs between 2012-2021, there was no recorded contribution by the truck driver in 82% of cases.⁷

Industry priorities

A safe, modern roading network

Reestablishing a long term roading pipeline must be a top safety priority - new roads are safer roads. A 2023 study completed by WSP for AA Research Foundation concluded that the construction of eight bypasses between 2009-16 resulted in a 37% reduction in deaths and serious injuries.⁸

- We support the reallocation of funds from poorly performing initiatives in the Road to Zero activity class towards investment in road network improvements.

Better speed management

The previous government's approach to speed management resulted in heavy-handed, blanket speed reductions that alienated both our members, councils, and the wider public. Speed limits must be reasonable, have a community mandate, and be considered alongside good engineering and enforcement tools (including random roadside drug testing). Transporting New Zealand will continue to support targeted, risk-based speed management proposals, including variable speed limits in high-risk areas.

- We support the prompt repeal of The Land Transport Rule: Setting of Speed Limits 2022.

Chain of responsibility reform

While enforcement plays an important part in ensuring compliance, current legislation does not account for the pressure that can be applied to truck operators by the procurers of freight services. Often, in situations involving non-compliance (including working hours and overloading), transport companies are responding to external pressure from clients who exercise a significant degree of power and control.

- We recommend that you initiate a review of the "chain of responsibility" provisions in the Land Transport Act 1998 to ensure pressure from procurers of freight services is adequately accounted for.



Emissions reduction

Decarbonisation presents great challenges and opportunities for our hard-to-abate sector. Many of the more promising zero emissions technologies for heavy vehicles are still in their infancy, and the tight margins and small size of most trucking firms present additional challenges to rapid decarbonisation. Emissions reduction policy must carefully balance supply chain resilience, our growing national freight task, and New Zealand's reliance on technological innovation by international vehicle manufacturers.

Industry priorities

Modernising our existing fleet

Despite promising developments in hydrogen and battery electric technology, diesel powered trucks remain the only commercially viable option for road freight companies (making up 99.6% of truck imports in 2021).⁹ Battery electric and hydrogen vehicles cost between 2-4 times more than diesel powered equivalents, while offering substantially reduced range and payload.

Fortunately, with support from government, we can achieve significant carbon reductions while gradually transitioning from our ICE fleet. Modern diesel trucks are significantly more efficient than older models, with Euro VI trucks reducing CO₂ emissions by 10 to 20 percent (as well as significantly reducing harmful emissions). High productivity motor vehicles (over 44 tonnes) can also reduce CO₂ emissions by up to 35 percent.¹¹

- Transporting New Zealand advocates for accelerated (100% first year) depreciation for low and zero emission trucks, including HPMVs, as a relatively low cost policy option incentivising fleet renewal.
- Our roading network must be modernised to allow for heavier low and zero emission vehicles, including supporting councils to strengthen bridges and low capacity local roads.

Preparing for zero emission heavy vehicles

There is a complete disconnect between New Zealand's current targets in our Emission Reduction Plans and the Global MOU on Zero-Emission Medium- and Heavy-Duty Vehicles, and the lack of preparatory work being done around heavy vehicle charging infrastructure and regulatory barriers to zero emission heavy vehicle (ZEHV) uptake.

- Policy work to remove regulatory barriers to ZEHVs must be expedited in order to get low and zero emission trucks on the road.
- The Electric Vehicle Charging Strategy must place greater emphasis on electrifying the heavy vehicle fleet. This should include piloting public heavy vehicle charging infrastructure, completing network modelling, regulatory work around inter-operability and charging standards, and standardising land consenting processes.

More information about industry efforts towards emissions reduction is available in our [Green Compact](#) decarbonisation framework.

