



SUBMISSION

Submission: 2024/25 Energy Levies Proposal

To: Te Tari Tiaki Pūngao Energy Efficiency And Conservation Authority
levyconsultation@ecca.govt.nz

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Ia Ara Aotearoa Transporting New Zealand (Transporting New Zealand) submission to the Energy Efficiency and Conservation Authority (EECA) on the 2024/25 Energy Levies Proposal

Background

1. Transporting New Zealand appreciates the opportunity to provide feedback to EECA on the 2024/25 Energy Levies Consultation.
2. Transporting New Zealand agrees in principle that efforts need to be made to reduce emissions in the transport sector. In February last year Transporting New Zealand launched its Green Compact: our framework for decarbonising commercial road transport by 2050.
3. Transporting New Zealand's interest lies with the Petroleum or Engine Fuel Monitoring (PEFM) component of the levies. We have no comment on either the Electricity Industry (Electricity) or the Gas Safety, Monitoring and Energy Efficiency (GSME) levies.
4. Transporting New Zealand made a submission in December 2022 on the 2023/24 energy levies funding proposal and it supported the then proposed \$3 million increase in the PEFM levy, subject to EECA continuing to support freight decarbonisation.
5. We note the proposed PEFM levy for 2024/25 of \$13.5m remains the same as last year.
6. We note there is a reduction from the total forecast cost of the PEFM levy related activities in 2023/24 of \$28.61m to \$27.62m in 2024/25.
7. We stated in our last submission that our support for PEFM levy increases is not endless. In the near future, as decarbonisation technologies in the transport sector become more commercially practical and widely available, Transporting New Zealand expects that the need for co-funding through the LETF (and the PEFM levy) will reduce. Our view on this remains unchanged.

Industry developments

8. Light vehicle technology in the low emissions area has developed and evolved significantly. For example, previous concerns with range anxiety are almost a distant memory, there are multiple global manufacturers supplying a range of vehicles and the network of charging infrastructure has grown considerably.
9. At the end of calendar year 2023, there were 106,942 registered plug-in [electric vehicles in New Zealand](#), consisting of 76,550 battery-electric vehicles and 30,392 plug-in hybrid vehicles, together making up 2.2% of the national fleet.
10. Given the market penetration of electric vehicles (EV) and plug in hybrid electric vehicles (PHEV) in total now exceeds 2 percent, as expected, the [government confirmed](#) recently that the exemption from road user charges (RUC) for owners of light electric vehicles (EVs) and plug-in hybrids will end from 1 April this year.

11. We believe PHEV and EV light vehicles can now stand in their-own-right as practical market alternatives.
12. For heavy vehicles, decarbonisation technologies are still in their infancy. Even where they are developing most with the smaller size of trucks there are serious constraints and that can lead to other unwanted outcomes.
13. In a recent Australian Transport News [article](#) Daniel Petrovski, Hino Australia Department Manager - Product Strategy was quoted “ to do the job of a diesel truck or a hybrid electric truck you would need at least two electric trucks doing the same job in terms of uptime range. “.
14. In addition to reduced uptime, the inherently higher weight of electric trucks is also raising issues with reduced access to the road network, more strict driver licence requirements and reduced payload. We have identified and proposed to the Ministry of Transport and Waka Kotahi NZ Transport Agency some solutions that could help reduce these barriers.

The proposed PEFM levy funded programmes

15. In the light vehicle fleet it appears that the Low Emission Transport Fund (LETf) has been considerably helpful, particularly with assisting early users with decarbonisation technologies and investments that would not otherwise have been commercially practical.
16. We anticipate challenging economic conditions to continue for transport companies in 2024/2025 and that is a barrier that could see transport companies suspend or delay decarbonisation investment. This will make co-funding through the LETf more important than ever.
17. Given our view that PHEV and EV light vehicles can now stand in their own right as practical market alternatives, there should be a significant move within the LETf with a much greater proportion of funding towards promoting decarbonisation in the heavy road freight fleet.
18. For a new fleet our Green Compact advocates that accelerated depreciation (100% first year) for low and zero emission trucks would empower transport operators to improve fuel efficiency while maintaining their autonomy over their fleet. We believe the LETf is an ideal source to support this.
19. Considering there are far greater barriers to adopting EV and PHEV in the heavy vehicle fleet, Transporting New Zealand is concerned that unless we are able to progress initiatives to reduce carbon emissions with the current fleet of diesel ICE, we will not only fail to reach the Paris Agreement goal to reduce net GHG emissions to 50 per cent below gross 2005 levels by 2030, but we will also be unlikely to reach 2050 targets.
20. Transporting New Zealand's Green Compact proposes a range of initiatives that could help reduce carbon emissions with the current heavy road freight fleet and we invite EECA to discuss with us how the LETf could support these initiatives.
21. We note that the other proposed PEFM programme, the Low Emissions Transport Information Provision Programme (LETIPP), is allocated less funding compared to the

LETF (\$25.89m vs \$1.73m) for 2024/25 and that it is a reduction from the \$2.56m forecast for 2023/24.

22. In principle we support that the vast majority of the PEFM funding should be proportioned to the LETF.
23. For its supply of road freight vehicles, New Zealand largely remains a technology taker, particularly from Europe, the United States and Japan. The dominating challenge currently in this space is the lack of practical solutions available.
24. In the absence of practical vehicle solutions, the proposed content of the LETIPP, namely the benefits and costs of low emissions transport options, is of minimal value to the road freight industry.
25. We believe PHEV and EV commercial suppliers are stepping up with their product marketing therefore we agree in principle with EECA's proposal to reduce the spend on the LETIPP programme next year. We recommend EECA consider whether that reduction in spend could be even greater and be reallocated to the LETF.

About la Ara Aotearoa Transporting New Zealand

la Ara Aotearoa Transporting New Zealand is a national membership association representing the road freight transport industry. Our members operate urban, rural and inter-regional commercial freight transport services throughout the country.

As the peak body and authoritative voice of the road freight sector, Transporting New Zealand's purpose is creating the environment where trucking operators can drive successful, safe, sustainable businesses. Our strategic priorities are:

- Providing one industry voice for advocacy
- Promoting the road freight transport industry
- Attracting talent and promoting workforce development
- Supporting our members and customers
- Sustainability, safety and responsible emissions reduction

New Zealand's road freight transport industry employs 33,000 people (1.2% of the total 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 and contributes 4.8 percent of New Zealand's GDP. Road freight transport accounts for 93% of the total tonnage of freight moved in New Zealand (MoT National Freight Demands Study 2018).

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