



SUBMISSION

Submission: The Second Emissions Reduction Plan (ERP2)

To: Ministry for the Environment

Date: 25 August 2024

Contact: Billy Clemens, Policy & Advocacy Lead
La Ara Aotearoa Transporting New Zealand
billy@transporting.nz
04 471 8283

Dom Kalasih, Interim CEO
La Ara Aotearoa Transporting New Zealand
dom@transporting.nz
04 472 8285

About Ia Ara Aotearoa Transporting New Zealand

Ia Ara Aotearoa Transporting New Zealand is a national membership association representing the road freight transport industry. Our 1,200 members (with a combined fleet of 14,000 heavy vehicles) 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 helps trucking operators 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).

The Second Emissions Reduction Plan (ERP2)

Transporting New Zealand's responses were submitted via the Ministry for the Environment website.

Reference	Question	Response
6.1.	Do you support the proposed actions to enable EV charging infrastructure?	<p>Transporting New Zealand supports the proposed actions to enable EV charging infrastructure, but submits that ERP2 should place additional emphasis on enabling heavy EV charging. Transporting New Zealand's general position was set out in the submission on the long term electric vehicle charging strategy in May 2023 (https://www.transporting.nz/wp-content/uploads/2023/06/IAATNZ-submission_National-EV-Charging-Strategy.pdf). There is currently a serious disconnect between New Zealand's emissions reduction targets and our commitments under the Global Memorandum of Understanding on Zero-Emission Medium- And Heavy-Duty Vehicles, and the lack of preparatory work being done around heavy vehicle charging infrastructure.</p> <p>Base or depot charging will account for the highest proportion of heavy battery electric vehicle (HBEV) charging. However, this must be supplemented by accessible public charging options. This is demonstrated by the European Union requiring member states to install fast-charging stations with HBEV charging facilities at every 60km along the trans-European transport (TEN-T) network by 2025 (https://data.consilium.europa.eu/doc/document/PE-25-2023-INIT/en/pdf).</p> <p>Freight operators and their customers have very low tolerance for HBEV 'range anxiety'. Without a robust public charging network, HBEV uptake will continue to be constrained by limited journey range of HBEVs, and the risk of costly freight delays and disruption.</p> <p>Hydrogen refueling infrastructure will also be vital to supporting heavy vehicle decarbonisation, due to the additional range, load capacity and operational convenience that hydrogen offer over HBEVs for some freight operators. Although hydrogen is not expected to play a significant role in meeting the second emissions budget, it is essential that ERP2 supports the continued development of New Zealand's fledgling hydrogen network.</p>
6.3.	Do you support the	Transporting New Zealand supports the proposed actions to reduce emissions from heavy vehicles.

	Government's proposals to reduce emissions from heavy vehicles?	
6.4.	What are the three main actions the Government can do to make it easier to switch to low- and zero-emissions heavy vehicles (without adding too much cost for households and businesses)?	<p>1. Provide co-funding for the purchase and charging / refueling facilities for low and zero emission vehicles, including hydrogen-diesel hybrid retrofitting that can achieve a 34 percent reduction in CO₂ emissions per converted heavy vehicle.</p> <p>The 30-million-dollar grant scheme for hybrid or zero emission heavy vehicles is an important start. However, low and zero emission vehicles can cost twice or three times as much as their diesel equivalent, and they currently make up less than 0.13 percent of the national heavy truck fleet. Transporting New Zealand is concerned that the current grant funding may not be sufficient. The adequacy of the grant funding should be closely monitored.</p> <p>The RUC exemption for heavy electric vehicles, set to expire in December 2025, must also be extended until they make up at least 2 percent of the heavy vehicle fleet.</p> <p>2. Reviewing vehicle dimension and mass rules will also be essential for decarbonising the transport sector, enabling greater uptake of higher productivity internal combustion heavy vehicles, and hydrogen and battery electric heavy vehicles.</p> <p>Internal combustion vehicles have a vital role to play in reducing the carbon intensity of the freight task. Transporting New Zealand has consistently advocated for granting general access for higher productivity, lower emission 50MAX trucks across the roading network without the need for permitting. Larger trucks with additional freight capacity can reduce CO₂ by up to 35 percent compared to standard truck sizes, according to the International Road Transport Union.</p> <p>The vehicle dimension and mass rules should also be amended to remove barriers to HBEV uptake. HBEV's additional battery weight and distribution can increase their Road User Charges, require manufacturers to provide costly non-standard design specifications to meet New Zealand's requirements, or put them over mass limits entirely. VDAM restrictions must be urgently reviewed in order to make HBEV operation more commercially viable.</p> <p>3. Transporting New Zealand supports accelerated tax depreciation for low and zero emission vehicles, including higher capacity high productivity motor vehicles. This policy option was recommended (for zero emission vehicles) in the "Policies to incentivise the uptake of zero emission trucks" report prepared for Ministry of Transport dated May 2022</p>

		<p>(https://www.concept.co.nz/uploads/1/2/8/3/128396759/policies_to_incentivise_the_uptake_of_zero-emission_trucks.pdf).</p> <p>As the report noted at page 40: “The cost to the taxpayer of such a mechanism is relatively low given that it is ‘just’ the interest cost of the government financing the postponed tax receipts.” Given the constrained fiscal environment that the government is operating in, this action would be a practical and positive policy response, well received by our membership and the wider road freight sector.</p>
6.8.	Please provide any additional feedback on the Government’s thinking about how to reduce emissions in the transport sector.	<p>Transporting New Zealand is broadly supportive of the proposed transport actions set out in ERP2. However, in order to ensure an equitable transition across the transport sector, urgent policy action is required to enable heavy vehicle charging and hydrogen refueling, fleet renewal and removing regulatory barriers to freight efficiency.</p> <p>The Economic Impact of ERP2 (page 44) shows that under all policy scenarios considered, there will be a seriously negative impact on commercial transport services – ICV, with an associated switch to BEV transport services.</p> <p>Unless the policy actions identified in ERP2 are adequately resourced and promptly implemented, with input from the road freight industry, the transition to low and zero emission road freight services will place considerable and politically unpalatable costs onto all businesses and consumers.</p>