



SUBMISSION

To: Ministry of Business, Innovation and Employment (MBIE)

Submission: Draft Fuel Security Plan

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Sent to: GasFuelPolicy@mbie.govt.nz

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Ia Ara Aotearoa Transporting New Zealand submission to the Ministry of Business, Innovation and Employment (MBIE) on the Draft Fuel Security Plan consultation

Introduction

- 1 Ia Ara Aotearoa Transporting New Zealand (Transporting New Zealand) welcomes the opportunity to make a submission on MBIE's Draft Fuel Security Plan consultation document.
- 2 As a national road freight association, Transporting New Zealand's member's businesses and its services to customers are heavily reliant on diesel powered trucks. Approximately 92.8 percent of the domestic freight task is transported by road, predominantly by trucks. There are approximately 193,000 registered heavy vehicles (trucks and buses over 3,500kg GVM) currently in NZ¹, of which approximately 587 are electric, plug-in hybrid or hydrogen-fuelled (as at 2024), or around 0.3% of the total heavy fleet.
- 3 Figure 1 below shows that demand for diesel over the last 32 years has been generally increasing compared to petrol.

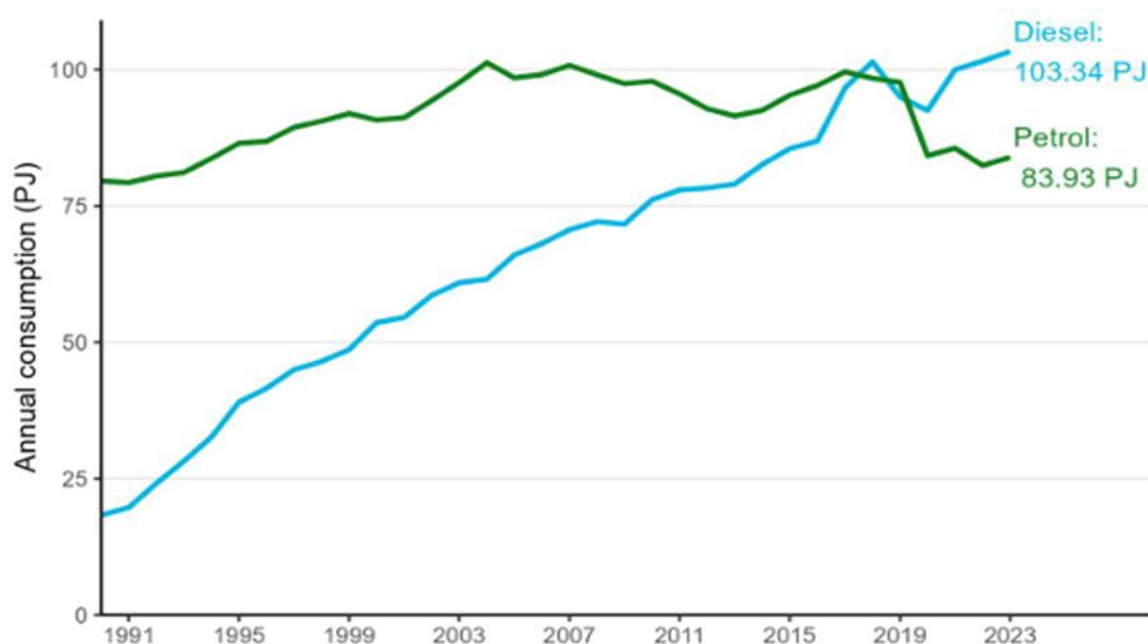


Figure 1: Annual consumption (PJ) 1991 to 2023, [Energy in New Zealand 2024](#)

- 4 Transporting New Zealand acknowledges MBIE's recognition in the consultation document that "Diesel is our most important fuel by volume and strategic value. It is used by heavy vehicles [and] underpins our freight industry...". Over the 10-year scope of the plan, diesel demand is forecast to level off and start declining by 2035, although we would caution that whilst there will be some growth in zero-emissions heavy vehicles, the expected growth in the overall freight task may offset any gains from reduced diesel demand. For example, a Ministry of Transport study forecasted that road freight tonnage will grow by 57% from 217 million tonnes in 2012/13 to 340 million tonnes by 2042/43,

¹ Ministry of Transport fleet statistics: <https://www.transport.govt.nz/statistics-and-insights/fleet-statistics/monthly-mv-fleet/>

while light commercial (including light trucks) vehicle kilometres travelled (VKT) are projected to increase by 100% over that timeframe, with heavy truck VKTs growing by around 50%.²

- 5 Consequently, Transporting New Zealand supports the draft plan's overall objectives to reduce vulnerabilities in the fuel supply chain, and to minimise the impact of fuel disruptions, particularly specific actions to increase the domestic stockholdings of diesel.
- 6 There is nothing confidential in our submission and we permit it to be published in full.

Comments on MBIE questions

- 7 Transporting New Zealand supports MBIE's vision and three objectives for the fuel system, and for the plan to cover the period out to 2035 (questions 1-3).
- 8 Question 4: Transporting New Zealand considers Focus Area 1 (Resilience against global supply chain disruptions) addresses the challenges the fuel sector is facing around managing global supply shocks.
- 9 Question 5: Transporting New Zealand believes the actions under Focus Area 1 will maintain or improve NZ's fuel security, and we endorse the plan to amend regulations to require fuel importers with more than a 10% market share to increase their stockholding of diesel from 21 to 28 days (by July 2028). Although we note in practice 28 days onshore storage of diesel is already in effect, with the government procuring another 7 days – if this ceases in 2028 with the industry upping its storage then in effect there is no improvement to (diesel) fuel security. Nevertheless, we also support reviewing this in 2026 to consider extending the requirement to all importers regardless of market share.

We are curious about plans to develop information campaigns on fuel demand management and fuel switching to alternative fuels, and request to be consulted on the development of these campaigns due to the technical challenges involved with some alternative fuels (excluding biofuels).

- 10 Question 7: Transporting New Zealand considers Focus Area 2 (Domestic resilience) addresses the challenges the fuel sector is facing around managing domestic resilience.
- 11 Question 8: Transporting New Zealand believes the actions under Focus Area 2 will maintain or improve NZ's domestic fuel security, and we support the planned action of liaising with the fuel companies to ensure there is sufficient alternative distribution (e.g. fuel tankers), to manage disruptions to infrastructure. We understand that previous iterations of fuel security plans also proposed to consider utilising milk tankers and their drivers in the event of a shortage of road carrying capacity. We also support the planned action of incorporating resilience plans in a future Emergency Management Bill. But it would be interesting to understand what the implications of fuel security plans and possible rationing of fuel supplies to core services would have on the functioning of the economy. During the Level 4 COVID lockdown for example, data from EROAD showed that 30% of EROAD active heavy vehicles were still operating.³
- 12 In addition to our feedback in paragraph 11 above, we recommend that the scope of the planned action 2.7 regarding distribution capacity (e.g. fuel trucks and drivers) be extended. History has shown during crisis responses (Christchurch earthquake and Cyclone Gabrielle, the RAP disruption) that typically fleet and drivers can be made

² <https://www.transport.govt.nz/assets/Uploads/Report/TransportOutlookFutureState.pdf> (2017)

³ <https://www.eroad.co.nz/news/traffic-comparisons-show-impact-of-changed-covid-19-alert-level/>

available and the more significant constraints are those at the loading facilities (terminals). Those constraints are:

- Insufficient loading bays which constrains throughput;
- Inconsistency across the industry in terminal loading procedures and overly bureaucratic driver induction requirements which are a barrier to drivers operating from terminals.

Therefore, we recommend MBIE engage with fuel companies and counsel them on remedying these constraints.

- 13 Notwithstanding the comments in paragraphs 11 and 12, bearing mind that diesel is a hazardous substance and petrol a Class 3 dangerous good, there are specialist equipment and qualifications related to their transport and therefore using an alternative fleet is not straightforward nor a likely realistic alternative. In the event that MBIE cannot be assured there is sufficient fleet and drivers, then MBIE needs to consider and remedy the question of willingness to pay.
- 14 Question 10: Transporting New Zealand considers Focus Area 3 (Supporting domestic fuel alternatives) generally addresses the challenges the fuel sector is facing around supporting domestic alternatives, although we think more could be done to support biofuels and renewable fuels (see below).
- 15 Question 11: Whilst some of these actions might help support investment in domestic production of low-carbon fuels like biofuels and renewable fuels – including a new standard for renewable diesel and the intriguing plan to explore Special Economic Zones – the key challenge with these alternative liquid fuels is their high cost relative to mineral fuels. Not only for domestic motorists, but more so for transport companies, a higher alternative fuel price is uneconomic and difficult to justify in a competitive industry with tight margins.
- 16 Question 12: Transporting New Zealand supports actions to increase the uptake of heavy vehicles using alternative fuels such as through the LEHV fund, although we note the RUC exemption for heavy EVs will expire in 2027. There is more that could be done to incentivise these vehicles, such as reviewing axle limits so that heavy EVs are not paying higher RUC fees compared to equivalent diesel models, and similarly reviewing the driver licence thresholds. However, as noted above, heavy electric vehicles are few and diesel trucks will continue to dominate the fleet for years (the average age is around 18 years).

The quickest way to reduce heavy vehicle CO₂ emissions would be through increasing usage of biofuels and renewable fuels which are readily compatible with the current fleet, and we consider that there are more actions that could support domestic low-carbon fuels. The Climate Change Commission's July 2025 emissions reduction monitoring report also identifies the lack of concrete policy proposals for low-carbon liquid fuels as a risk to meeting emissions targets⁴. When biofuels were first introduced into NZ, bioethanol was exempted from FED, while an equivalent rebate for biodiesel was offered, but subsequently withdrawn. These helped make the retail cost of biofuels comparable with mineral fuel and thus supported their introduction into NZ and uptake. The absence of a biodiesel rebate explains the lack of retail biodiesel today, whereas bioethanol-blended petrol (which still attracts the FED exemption) is still retailed, albeit in modest volumes. Furthermore, there have been two separate government plans to

⁴ <https://www.climatecommission.govt.nz/assets/Monitoring-and-reporting/ERM-2025/CCC-5929-ERM-2025.pdf>, p100

introduce a biofuels mandate, but which never proceeded, and there is no reference in the draft fuel security plan to resurrecting this to help support domestic alternatives.

- 17 Question 13: Transporting New Zealand considers Focus Area 4 (Resilience in a transitioning market) generally addresses the challenges the fuel sector is facing around resilience in a transitioning market.
- 18 Question 14: Transporting New Zealand agrees that there is a role for the government to minimise the risk of stranded assets or underinvestment, certainly by continuing to monitor fuel supply and demand and especially focus on regional vulnerabilities. With the transition to battery-electric vehicles (EVs), petrol demand is forecast to continue to fall, and this may make some remote, low-turnover service stations less economic. These stations can also service the freight sector, and closure of some sites could reduce choice and impact freight logistic schedules (although a closure is probably a greater issue for motorists and tourists if it results in longer distances between service stations). At the same time, the growth in EVs requires a nationwide network of charging stations (as per Focus Area 3, supporting the deployment of EV charging infrastructure), and perhaps these could help keep some remote service stations viable whilst giving EV drivers the confidence to travel to remote locations.

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 focus areas for the period 2025 to 2027:

- Advocacy and policy
- Improving infrastructure to improve productivity
- Making our industry and our members businesses stronger and more resilient
- Sustainability
- Transporting New Zealand business performance

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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