



7 July 2022

OC220552

**Hon Michael Wood**

**Minister of Transport**

cc Hon Kieran McAnulty

Associate Minister of Transport

## **NEW ZEALAND FREIGHT AND SUPPLY CHAIN ISSUES PAPER TE RAUTAKI UEĀ ME TE RAUTAKI WHAKAWHIWHINGA O AOTEAROA SUMMARY OF PUBLIC SUBMISSIONS**

### **Purpose**

To update you on the content and common themes of the 83 public submissions we received on the New Zealand freight and supply chain strategy issues paper.

### **Key points**

- Submitters felt that there is a role for government in supply chains as an investor, regulator, and overall system steward, although views differed as to whether direct intervention or industry enablement was the correct approach to different issues.
- A number of submitters believed that government should develop a long-term infrastructure investment plan with broad, high-level political support, which would give the industry certainty to plan their own investment and capability development.
- Consenting and spatial planning issues were a common concern, with the RMA reform regarded as crucial for the efficient operation of the supply chain.
- There was support for an intermodal freight system, enabled by hubs that would allow cost effective, quick and flexible transfers between modes and drive mode shift, and allow cargo agglomeration to take advantage of economies of scale.
- There was broad agreement that the direction of travel for New Zealand ports is moving towards a hub-and-spoke model, but the specific details remain unclear. Many submitters were concerned about the current port ownership structure and domestic connections to potential hubs.
- There are labour concerns across the industry, with submitters in agreement that current settings do not create a suitable number of workers across all skill levels. There was a split between those who believed we should build our domestic training and capability and those who considered that immigration should fill skills gaps.

- Automation is of interest, with some optimism around automating repetitive and unattractive tasks, the greater utilisation of infrastructure, and the safety improvements it could achieve. However, there are concerns relating to both equity and feasibility across the supply chain.
- Among those who submitted on data issues, there was unanimous desire for more data collection, collation and sharing across the industry, to improve cooperation and collaboration without reducing competition. There were many suggestions that government has a role in setting common standards and acting as a trusted custodian of the data
- The fragmented nature of the sector, particularly road freight, means that transition costs (especially for decarbonisation) are often borne by the SMEs that can least afford them (including owner-operator truck drivers). There is a strong appetite for government to fund or co-fund these transitions to ensure they happen equitably and efficiently, without reducing the competitive nature of the freight sector.

## Recommendations

We recommend you:

- |   |   |        |
|---|---|--------|
| 1 | <b>note</b> the content and key themes of the submissions             |        |
| 2 | <b>agree</b> to discuss any concerns about the content with officials | Yes/No |



---

Harriet Shelton  
**Manager, Supply Chain**  
07/07/2022

---

Hon Michael Wood  
**Minister of Transport**  
..... / ..... / .....

**Minister's office to complete:**

- |  |   |
|--|---|
| <input type="checkbox"/> Approved            | <input type="checkbox"/> Declined             |
| <input type="checkbox"/> Seen by Minister    | <input type="checkbox"/> Not seen by Minister |
| <input type="checkbox"/> Overtaken by events |   |

Comments

Contacts

Name	Telephone	First contact
Harriet Shelton, Manager, Supply Chain	s 9(2)(a)	✓
Jacob Ennis, Principal Advisor, Supply Chain	s 9(2)(a)	
Liam Fechney, Graduate Advisor, Supply Chain	s 9(2)(a)	

## NEW ZEALAND FREIGHT AND SUPPLY CHAIN ISSUES PAPER TE RAUTAKI UEĀ ME TE RAUTAKI WHAKAWHIWHINGA O AOTEAROA SUMMARY OF PUBLIC SUBMISSIONS

- 1 This briefing is an initial summary of public submissions, which reflects the diverse range of views we heard and which officials at Te Manatū Waka (the Ministry) present without comment. We will work through the submissions in more detail and engage further with key stakeholders before making any recommendations or decisions around the Strategy.

*Government has a role in supply chains as a major investor, the system steward and the regulator*

- 2 Submitters on the issues paper (IP) largely agreed there was a role for Government as a key direct investor in the supply chain system, as they felt it was the only entity that could take a whole-of-system view. Many submitters felt there should therefore be a long-term supply chain infrastructure investment plan with broad, high-level political support, the certainty of which would greatly enable industry to plan investments of their own. This would include planning private infrastructure around future Government investment in utilities and transport nodes, providing certainty of future capability needs for construction companies, and allowing local government to make more informed and joined-up investments through their own regional transport and spatial plans.
- 3 Co-investment was also identified as an area where Government could make a difference, as submitters felt it would enable industry to make market-based decisions that would improve their individual efficiency while still delivering the system wide benefits Government seeks from investment. It was also identified as a way Government could meet its Te Tiriti o Waitangi commitments to Māori while accelerating economic development, with a great deal of positive sentiment across the industry towards the Ruakura freight hub development.
- 4 There was appetite for Government, the Ministry and other transport agencies to step more firmly into their respective roles as system stewards, with a handful of submitters identifying that the Ministry in particular may need to “come off the fence” and make decisions that it has been reluctant to historically. This was viewed as being very important in the fuel space, given the need for Government investment to support uptake of various alternative fuels and Zero Emissions Vehicles (ZEVs). Most submitters who commented on this issue felt that while Government should allow some flexibility to ensure New Zealand is not locked into a particular technology pathway in case it is superseded, if we want to lead in the decarbonisation of our transport system we will likely need to commit to a small number of alternate fuels and fund the provision of their supporting infrastructure.
- 5 In line with their roles as system stewards, the regulatory functions of agencies were frequently mentioned. There were some advocates for ensuring regulation sat exclusively with the directly responsible agency (for example, moving all maritime regulation to Maritime New Zealand), while others advocated for broader Government capability around regulation. This often reflected a view from submitters that a systems approach should be taken, given supply chains are broader than just

transport, and thus input and action is needed from the responsible agencies where they sit outside the Ministry's remit.

- 6 Overlapping work programmes across the Ministry and other agencies were a related concern from some submitters, due to the risks of both engagement fatigue and conflicting or duplicated regulations that would make compliance difficult. A more flexible, coordinated regulatory structure was a frequent desire, with the suggestion that these could be modelled around the various COVID-19 Government/industry groups in a more formalised framework that would allow more rapid and coordinated responses to supply chain disruption and future developments.
- 7 Government also has a role as the sole entity able to influence international relations, negotiate better market access, and meaningfully effect change in international bodies such as the International Maritime Organisation (IMO) and the United Nations. New Zealand's perceived lack of engagement at some of these organisations was highlighted as disappointing given their ability to ensure global change in areas such as transport decarbonisation policy. The need to diversify our import and export trade partners was also a common theme, although there were concerns that this should not come at the expense of relationships with our current and traditional partners.

*Submitters considered that government needs to take a more active role in local consenting and infrastructure management, given the implications for supply chains*

- 8 The RMA reform attracted a great deal of interest, with a unanimous view that the current Act impinges on the development of infrastructure necessary for an efficient and productive supply chain. However, there were no concrete suggestions about how the RMA reform could best enable the provision and planning of future infrastructure while protecting the natural environment.
- 9 There were also concerns about related consenting issues, including local government regional and district plans and the Public Works Act. The social license of supply chain infrastructure to operate under these plans is perceived to be under threat. Submitters want to see protection of key logistics routes and nodes, especially in urban areas that are expected to densify. A couple of submitters also advocated moving to 24/7 freight operating hours (outside ports which already operate 24/7) to increase efficiency.
- 10 Managing infrastructure in a changing climate is likely to present unique challenges to New Zealand, given we are an island nation with transport connections clustered near the sea. There were concerns about Government approaches to managed retreat, and how to safeguard critical infrastructure such as ports. The potential for the nature of our exports to evolve (either as climate change modifies harvest seasons and what can be produced in certain areas completely, or as we increase our value-added exports) could also have serious implications for our infrastructure needs, with inland ports and freight hubs highlighted as key freight agglomeration and storage areas.

*Intermodal freight could enable a more resilient, flexible and efficient system*

- 11 Across the freight and logistics system, there was a strong desire for more intermodal options in freight, with a key enabling suggestion being freight hubs that would allow

freight to be easily transferred between modes. Submitters suggested that intermodal hubs and inland ports in appropriate locations could allow for agglomeration of cargo, which could benefit rail in particular, as well as reduce storage requirements at ports. A move to a hub-and-spoke port network could increase the need for intermodal hubs to aggregate volumes.

- 12 A number of submitters supported mode shift to rail, while others identified that rail is unlikely to be competitive with road transport for certain commodities (small dimension, high value, and/or urgent), as well as for short distances and were concerned about double handling costs associated with using rail. There was also a view that rail is simply not resilient enough, being more vulnerable to seismic events than road or coastal shipping and with fewer or no options to reroute if an event does close a major rail corridor.
- 13 One submitter pointed out that who pays for, and who decides to use, various modes is often different; for example, freight forwarders make the decision, but their customers ultimately pay for it. As the “deciding” party does not see the cost savings, they are currently incentivised to use faster, more emissions-intensive modes to ensure they meet their contractual obligations around delivery timings. Other suggested barriers included the low rate of containerisation of domestic cargo, which makes intermodal transfers a labour and time-consuming process, and lack of data interoperability between different modes and operators to enable seamless transfers.

*International and coastal shipping*

- 14 International shipping to New Zealand is widely expected to develop into more of a hub-and-spoke model, although perspectives differed dramatically on the degree to which ports and volumes would consolidate, and the speed at which this would occur. There were also concerns about Government taking an active role in encouraging a move to hub-and-spoke as previous port reforms have not achieved the expected outcomes, and some felt certain decisions should now be left up to market forces. There was interest in Government’s role in enabling and funding the supporting infrastructure (rail and road links, etc), that supports access to ports.
- 15 In addition, multiple international shipping lines cautioned that while container vessel sizes will grow, there is an upper limit on those visiting New Zealand. This limit is lower than other countries as the perishable and heavy nature of our exports has led to an emphasis on providing more frequent services with smaller ships, rather than less frequent visits from larger ships. Those in the aviation sector pointed out that the expected global hub-and-spoke network for passengers has not occurred despite the availability of very large aircraft, and the international model has instead remained a largely point-to-point network with more efficient aircraft.
- 16 There were also concerns from a few submitters that a hub-and-spoke model could further evolve where New Zealand becomes merely a spoke on a network hubbed in Australia, increasing transit times to key export markets and increasing risk of exposure to any disruption at Australian ports.
- 17 In support of the ambition for hub-and-spoke ports, there was corresponding support for a larger coastal shipping sector. Mode shift to coastal shipping was also viewed

more positively by those who had reservations about mode shift to rail, with some citing rail's exposure to weather and seismic events. Multiple submissions specifically referred to the Kaikōura earthquake as an example of how coastal shipping could offer greater resilience to natural disasters than land transport.

- 18 There were some concerns about barriers to the growth of New Zealand's coastal shipping sector, with submissions highlighting a lack of maritime workforce, infrastructure, and space at New Zealand ports to handle the additional movements that more coastal shipping would create. Certain exporters and international lines felt that allowing more foreign vessels to operate in the coastal space would alleviate some of these capacity concerns.
- 19 Despite Government action around MARPOL Annex VI, the Clydebank Declaration and other measures to reduce the emissions intensity of shipping, there were concerns that the pathway towards decarbonisation for the sector is still less clear than land transport, especially for international shipping where there are fewer levers to directly influence major shipping lines.

*Ports have challenges around their current ownership models that are not easy to solve*

- 20 Aside from the RMA issues in the context of ports, the current port ownership structure was widely identified as potentially reducing New Zealand's productivity and competitiveness, including by some port companies. However, most submitters considered that the current competition between ports delivers benefits for NZ Inc and has historically reduced shipping costs for businesses.
- 21 The main concern was that the ownership of port by local government means investment in ports and supporting infrastructure has been aimed at improving regional competitiveness rather than taking an NZ Inc perspective. This has resulted in unnecessary duplication of infrastructure (such as inland ports that cannibalise each other's catchments) and ports failing to achieve the forecast returns on investment.
- 22 We would note that there was no content in submissions from local government bodies that specifically focused on port ownership issues, apart from a brief mention by one Regional Transport Committee. Submitters felt that Port of Tauranga's mixed ownership model has proven to be successful in terms of delivering better system benefits and return on investment, and that this approach could be expanded to the wider port network.
- 23 A further concern was that there was a perceived focus on containerised shipping as opposed to bulk or break-bulk shipping, which have more demanding infrastructure and labour requirements of ports.

*The workforce and labour situation faces a dichotomy between those who want more domestic capability, and those who want more immigration, on top of some perception issues around roles in the industry and automation in the future*

- 24 There was strong support to build more career pathways and capability within New Zealand's current and future supply chain workforce. The aging nature of much of the

sector's workforce means that many submitters called for urgent action to develop training and education programmes while promoting careers in the sector now, given the lag between this work beginning and qualified workers becoming available. Building these capability pathways domestically was also identified as improving resilience, especially when there is strong demand for supply chain workers internationally, and also delivering on equity outcomes by ensuring upskilling of New Zealanders.

- 25 Despite the desire to build domestic labour capability, immigration was a contentious area. A number of submitters felt that the current immigration settings were far too restrictive with flow-on effects for the wider economy, while others (largely those that supported building domestic capability) felt that New Zealand has been reliant on “unsustainable” immigration for too long. Still others felt that a hybrid approach should be adopted, with more access to migrant workers in the short term (considering the absence of many supply chain roles from critical skills shortage visa lists), while industry and Government work to build a pathway to develop the domestic labour capability in the medium to long term.
- 26 Automation was something that most submitters approached with caution. There was general recognition of the possibilities around safety, efficiency and 24/7 operation enablement, but also concern around how the legislative and economic frameworks around automation might be structured. Automation was also identified as a broad topic in the context of supply chains, and something that could be implemented to a lesser or greater degree across the transport, warehousing and logistics sub-sectors. There were also suggestions that technology could be used to automate less attractive, repetitive roles in the industry, freeing up labour capacity for more creative, higher skilled and better paid jobs.
- 27 A major part of Te Waihanga Infrastructure Commission's infrastructure strategy focused on maximising utilisation of existing infrastructure, and they and other submitter repeated this view in the context of a proposed shift to 24/7 supply chains to ensure that infrastructure is never idling. However, there were concerns that an industry that already has perception issues around being “3D” (dirty, dangerous and demeaning) will struggle to attract workers to work “non-traditional” hours – although potentially automation could offer some solutions here.
- 28 A number of submitters were also concerned about safety, with a few recommending that the Strategy's safety workstream receive elevation to underpin all the other workstreams given its importance to the system. There were also concerns about relative trade-offs and linkages between safety and productivity in the system. Some submitters suggested that mode shift could enable greater safety, given the ability to separate freight from people when using rail or coastal shipping.

*Data was a common area of concern and opportunity for cross-workstream supply chain improvements*

- 29 Compared to other topics which were more contentious, data was, for those who commented on it, universally identified as an area in need of development. Most submitters saw a role for Government in the provision, distribution and regulation of data. There was also discussion of the need for Government to ensure that young



people receive suitable education in data literacy, to ensure the future supply chain is well supplied.

- 30 Data was seen as an area which would enable ports and transport companies to cooperate while still competing commercially, as standardised formats and open information flows would allow the sector as a whole to better plan utilisation and investment, and manage disruption.
- 31 The supply chain system of New Zealand was identified as being data immature, with a poor history of both forecasting, data needs identification, and data transfer between entities. Suggested areas to explore included data already held by other agencies, such as Customs and MPI, as well as data held by ports and freight forwarders. Submitters belonging to both the latter two groups proposed partnerships with Government to make this data available to a wider audience.

*A fragmented road freight sector faces decarbonisation funding challenges, but will remain a crucial part of our supply chains*

- 32 The decarbonisation of a highly fragmented road transport sector was identified as a particular challenge, with concerns about the cost being likely to be borne by the smaller owner-operators and SMEs that can least afford it. The scale of price difference between ICE trucks and ZEVs is vastly more than the difference for the light vehicle fleet, which complicates rolling out a scheme similar to the Clean Car Discount for trucks, for example.
- 33 Road freight currently carries the vast majority of our freight task, and even if ambitious mode shift targets were set, submitters were keen to point out that the sector is critical to the functioning of New Zealand's supply chains, due to the flexibility, speed and direct routings that it offers.
- 34 There were also some concerns about the state highway network, with few alternative routes in the event that one of the routes is shut, and ongoing issues with maintenance of the network. In addition, some had concerns about the potential funding pressures that heavier ZEVs may cause, especially as they receive RUC exemptions to incentivise uptake. Some members of the transport sector felt that recent speed limit reductions to improve safety outcomes will reduce productivity, and from a NZ Inc perspective we would be better to invest in improvements such as median barriers to maintain existing speed limits.
- 35 Future charging and fuelling infrastructure are a concern throughout the road freight sector. There are broad concerns about the capability of the electricity network to manage the charging requirements of the future battery-electric medium and heavy transport fleet, without putting unreasonable costs on individual transport businesses.
- 36 Heavy hydrogen fuel cell electric vehicles were seen as playing a key role in the long distance, line haul work especially given their higher range, quicker refuelling times and lower payload penalties, but concerns remained about the cost of hydrogen, and provision of an adequate fuelling network. There are similar concerns about the cost of sustainable biofuel to ensure that the current truck fleet can decarbonise without being forcibly retired ahead of their economic lifetime.

*There are concerns that the role of airfreight in the supply chain is underplayed*

- 37 Airfreight advocates questioned whether the issues paper was overly focussed on volume of freight moved rather than value, and therefore minimised the role that airfreight plays in the supply chain system. In the context of climate change, some in the aviation sector believed there is opportunity for mode shift to air freight from sea or land transport. They suggested that this is because the types of products that are typically carried by air are much higher value, and these producers of these products are better able to absorb increased carbon prices, even if the high carbon price affects air freight more than other modes.
- 38 Airfreight decarbonisation issues are also similar to those for shipping, where it is less clear which technologies and fuels might be used in the future (compared with land transport). However, in the medium term, international aviation will need supplies of Sustainable Aviation Fuel (SAF) that are currently not available in New Zealand and will be much more expensive than traditional fuel. One submitter believed that Government should consider SAF and sustainable biofuel for land and sea transport together given their similar requirements.

PROACTIVELY RELEASED BY REPORT  
TE MANATŪ WAKA MINISTRY OF TRANSPORT

## ANNEX 1

### Summary of responses to consultation questions

*Q1 Do you agree with the outlined description of the freight and supply chain system?*

There was broad agreement with the description, although a number of submissions noted that supply chain system was already under stress long before COVID-19 induced pressures, with continued operation being unsustainable long term. There were also concerns that the description was too transport weighted to be a description of the entire supply chain system.

*Q2 Do you have any views on the outlined role of government in the freight and supply chain system?*

This was the most contentious question, with some submitters advocating for more direct intervention from government, while others argued a more hands-off approach with government taking an industry enablement role. A number of submissions noted that government is the sole entity that can take a system wide view and represent the general public who are outside the supply chain system but still affected by it (in terms of freight costs, product availability, indirect employment, etc).

*Q3 Do you agree with the outlined strategic context and key opportunities and challenges?*

Submitters broadly agreed with the outlined strategic context, although a handful were concerned that the remit is not broad enough to truly represent a “supply chain strategy” and that instead it is a “freight strategy”.

*Q4 Are there any trends missing that we should consider?*

There were some comments around automation, 3D printing and other emerging technologies not being fully captured by the issues paper. A few submitters additionally identified missing trends that reflected their organisations particular point of view. For example, one submitter felt we should further examine whether there had been a long-term shift away from container shipping as a result of supply chain disruption that reflected that they are involved in break-bulk shipping.

*Q5 Which of the opportunities and challenges do you believe will be most important in shaping the future of the freight and supply chain system in New Zealand and why?*

Climate change, shipping and technology change were identified as key challenges and opportunities. Climate change is likely to lead to significant changes in what New Zealand produces and where, and how it gets to market both domestically and internationally. Some submitters suggested that there is an opportunity to significantly restructure the nature of our economy. Domestic and international shipping resilience and reliability with the likelihood of greater disruption in the future also needs to be addressed.

*Q6 Do you agree with the outlined vulnerabilities of the current system?*

Most submitters agreed with the outlined vulnerabilities, but some questioned whether there would be sufficient appetite to address them as New Zealand returns to business as usual

after the COVID-19 related disruption. For example, the highlighted vulnerability of globalised Just-In-Time (JIT) supply chain operations to disruption might move businesses to adopt a Just-In-Case model in the interim, but some submitters were not convinced this would persist, and eventually the efficiency of JIT would attract businesses back to that model.

*Q7 Is there any key information missing in understanding the vulnerabilities of the current system?*

A number of submitters used this question to point to the lack of data availability and some questioned whether we could conclusively state the vulnerabilities of the system without it, despite agreeing with them as they had been outlined.

*Q8 Do you agree with the proposed outcomes? If not, please explain why.*

There seemed to be quite a bit of confusion on this question, as from their answers it was apparent many submitters thought the four statements were about the current system rather than the proposed outcomes once the strategy is implemented. Despite this misunderstanding, based on their answers the vast majority supported the proposed outcomes.

*Q9 Are there more outcomes the strategy should focus on? If so, please explain what they are.*

A few submitters had additional outcomes that largely reflected their perspectives on the supply chain system (for example, exporters desiring a focus on export specific outcomes), but there were no common additional outcomes sought.

*Q10 Do you agree with the potential areas of focus for the strategy?*

Similar to the outcomes, most felt we had captured the correct areas of focus. There were a few suggestions to rearrange the structure, however. A couple of submissions felt that safety should be elevated to underpin all other workstreams rather than remaining as an independent workstream.

*Q11 Which of these areas of focus would be most important to prioritise?*

There was a split on this question between those who prioritised Low Emissions, those who prioritised Productivity and a few that focused on Safety. These generally reflected the outlooks of their organisation.

*Q12 What would successful stakeholder engagement on the development of the strategy look like from your perspective?*

There was common interest in remaining engaged throughout the strategy. No one felt over-consulted; a few felt they had been under-consulted to date.

*Q13 How could we best engage with Māori on the strategy?*

Most submitters felt that we should be engaging with Māori but did not have specific suggestions for what this engagement should look like. One Māori submitter was keen to engage but felt they lacked resourcing without support from the Ministry, and it is likely there were other groups in a similar position. There were a few submitters who cautioned against engagement with Māori that are not directly involved in the transport sector, along with a very small number who felt there should be absolutely no special engagement with Māori.

*Q14&15 Further feedback and attachments*

There were a few additional comments supporting the development of the strategy and offering additional information about specific issues for their organisation.

PROACTIVELY RELEASED BY  
TE MANATŪ WAKA MINISTRY OF TRANSPORT

## ANNEX 2

### Summary of feedback from key industry stakeholders

#### *Business New Zealand*

- Government should create regulatory environment that allows market to determine how best to decarbonise. Rely on the ETS and allow flexibility.
- Support multi-modal hubs and investment in rail and coastal shipping where those modes are efficient
- Port ownership by local government may be causing inefficient investment in ports due to parochial reasons. Tauranga provides model for mixed ownership and has better productivity than comparison ports. RMA/consenting reform critically needed.
- Training for roles needs to be accessible and attractive, but we also need more immigration and allow migrants to be paid below median wage otherwise there will be supply chain worker shortages.
- Government needs to be careful about picking winners when it comes to technology but should increase digitalisation of trade to improve productivity and export competitiveness.

#### *Customs Brokers and Freight Forwarders New Zealand*

- Freight forwarder SMEs do not have capacity to consider climate change impacts, action will be driven by larger companies in this space.
- RMA/consenting reforms to deliver critical infrastructure are important.
- Labour concerns in sector are not being taken seriously, need more immigration and to ensure that things like congestion charging do not create unsocial working hours that further decrease attractiveness of sector.
- Data held by CBAFF and freight forwarders could be used by Government to jointly inform better policy.
- Shipping not adequately supported by Government, should have system similar to MIAC and also explore a national shipping line with Australia.
- Port of Auckland is a major bottleneck for the supply chain at the moment and NorthPort is not a suitable alternate. International lines calling alternate ports decrease productivity and increase emissions.

#### *Maritime Union of New Zealand*

- Climate change is the most important strategic challenge facing transport, and coastal shipping can reduce emissions at lowest overall cost.
- Hub and spoke is a clear trend, and we need to ensure there exists greater capacity for coastal shipping as a result
- Concerned that hub and spoke may further evolve to NZ becoming a spoke on a network hubbed in Australia, increasing our exposure to disruption there.
- Labour issues, with an aging workforce in coastal shipping and no clear pipeline of younger workers to replace them.

### *Ports*

- Concerns about port ownership by local government leading to inefficiency in the port system are widely, but not universally held by ports themselves.
- RMA reforms and other consenting issues are top of mind for most ports, as well as their continued social license to operate.
- Hub-and-spoke appears to be naturally evolving, and some ports are reconfiguring their operations around that model but need better land and sea links to and from ports to support such a model.
- Labour challenges another key concern, as well as future automation of their operations.
- Port competition is important, and has reduced freight costs to NZ Inc, as well as incentivising productivity improvements that would not have occurred otherwise.

### *KiwiRail*

- KiwiRail are pursuing a fleet decarbonisation business case, and also looking at transitions away from coal transport.
- Long term infrastructure planning critical – very supportive of work like the Rail Plan that provides more certainty to industry for investment.
- Data provision would help with industry planning, and legislative change could enable this while still respecting privacy concerns.
- Labour concerns, as much has changed in labour market and immigration settings which may cause shortages depending on how the changes settle.
- Consolidation of freight volumes improves case for freight and intermodal hubs, and rail connections.

### *Air New Zealand*

- Need a pathway for aviation specific decarbonisation, including clear emissions reduction targets. Opportunity for NZ to be a world leader in this space.
- Other sectors will decarbonise more quickly, but airfreight is critical to get high value/perishable products to market. Need bilateral initiatives, especially around SAF development.
- Government has a key role as investor in infrastructure, which should be intermodal to enable flexibility in how freight moves depending on needs.
- Government also has role in collection and provision of supply chain data, and enabler of trade digitalisation.
- Need to focus more on value, rather than just volume of freight carried.

### *Ia Ara Aotearoa Transporting New Zealand*

- Most freight carried by trucks not contestable by other modes, so need to decarbonise trucks quickly. Low hanging fruit includes reducing emissions of current fleet.
- Risk of stranded assets by early adopters of technology – difficulty when NZ trucking fleet is largely small owner-operators who cannot afford stranded assets.
- Competition settings for ports are suboptimal and there is a need for more collaboration between ports.

- Market will and should drive change rather than Government, who do not understand the system properly.
- Road freight will remain centre of supply chain as it is nearly always the most efficient and effective way to move freight – especially in times of disruption.
- Need better pathways to trucking career and more immigration to address aging workforce in sector.

*National Road Carriers Association*

- NZ is a technology taker, and Government needs to consider who will bear transition costs.
- ZEVs have a productivity penalty, at the same time that smaller consignments are increasing demand for trucking over other modes.
- Need a long-term investment plan to provide industry with certainty to plan their own investments (direct in infrastructure/equipment and in their own capability/labour)
- Need to increase productivity without compromising safety, improved data on domestic freight movements could help with this as well as improving resilience.
- Transport network too vulnerable with single point of failure issues, especially for rail.
- ZEV charging/fuelling network needs to be developed and need sustainable supply of biofuel for existing fleet until they can be replaced by ZEVs as they reach end of life.

*New Zealand Shipping Federation*

- Should be careful not to set decarbonisation targets ahead of what is possible, especially for shipping and infrastructure.
- There should be a more even playing field between domestic and international shipping operators, and with other domestic modes to allow development of resilient domestic shipping capacity.
- Need to make domestic maritime training more attractive and develop a pipeline of trainees – risk of losing workers overseas and cannot rely on immigration to fill all the gaps in a specialised workforce like shipping.
- Push for supporting infrastructure such as a dry dock in NZ.

*Freightways*

- Need clear guidance and signals long in advance on future of RUC, tolling and congestion charging, especially for ZEVs.
- Need a road infrastructure plan including charging network plan for ZEVs and how managed retreat will work for certain roads abandoned due to effects of climate change.
- Big single point of failure issues with current transport network, primary thing MoT should be working to resolve through the strategy.
- Infrastructure takes too long to build and is too expensive. Procurement should be streamlined, and RMA issues need resolution.
- Decisions around port locations should take into consideration better balancing freight flows between imports and exports to improve efficiency.

Future technologies such as 3D printing will not reduce volume of goods to be transported, just what type of goods need to be transported.