



Road Transport Forum NZ Submission to:

**Ministry of Business, Innovation and
Employment**

on:

**Energy efficient products and services, a
regulatory reform discussion document**

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Road Transport Forum (RTF) submission on the Ministry of Business, Innovation and Employment regulatory reform discussion document regarding energy efficient products and services.

1. Representation

- 1.1 Road Transport Forum New Zealand (RTF) is made up of several RTF members that include Road Transport Association NZ, National Road Carriers, and NZ Trucking Association. The affiliated representation of the RTF is some 3,000 individual road transport companies which in turn operate 16-18,000 trucks involved in commercial road freight transport, as well as companies that provide services allied to road freight transport.
- 1.2 The road freight transport industry is 3.0% of New Zealand's gross domestic product (GDP) and it carries 93% of the nation's freight. We employ around 26,000 people and vocational education is of growing importance in our industry due to a shortage of drivers and other workers.
- 1.3 This submission supplements any submission from the regional trucking associations for which the RTF provides unified national representation.

2. Introduction

- 2.1 The Ministry of Business, Innovation and Employment (MBIE) is seeking feedback on its regulatory reform discussion document regarding energy efficient products and services.
- 2.2 The RTF provides sector leadership and believes we all need to operate in an environment where the following must be managed and co-exist:
 - 2.2.1 The safety and wellbeing of our drivers and other road users. Our drivers are our most valuable asset.
 - 2.2.2 The impacts of transport on our environment.
 - 2.2.3 The transport of goods by road is economically feasible and viable and it contributes the best way it can to benefit our economy.
- 2.3 The RTF has been participating in government conversations on energy efficiency and transport emissions over a prolonged period of time and our most recent substantive formal feedback includes:

- 2.3.1 The Green Freight Project, background paper on reducing greenhouse gas emissions from road freight in NZ through the use of alternative fuels (October 2019).
- 2.3.2 Climate Change Commission 2021 Draft Advice (March 2021).
- 2.3.3 Ministry of Transport Te Manatu Waka (MoT) on Hīkina te Kohupara - Kia mauri ora ai te iwi Transport Emissions: Pathways to Net Zero by 2050 (June 2021).
- 2.4 Currently Minimum Efficiency Performance Standards (MEPS) do not apply to heavy vehicles. The closest associated MEPS are the Energy Efficiency (Vehicle Fuel Economy Labelling) Regulations 2007. We have therefore limited this submission to only a few of the five areas of proposed change.

3. International developments on truck fuel efficiency

- 3.1 Before providing feedback on the MBIE discussion document we would like to advise MBIE we are aware that the European Commission is preparing a regulatory proposal that would set mandatory CO₂ limits for the heavy vehicles.
- 3.2 We have heard from manufacturers that while the introduction of a mandatory CO₂ rating is well intended, it is a pragmatic political solution and it is unlikely to be effective in making any change. Unlike with light vehicles where there is relative certainty and consistency in the final product, the nature of truck engines and their application is very different. A given truck engine may be used in a wide variety of applications, for example, the same engine could be used in a bus or a semi-trailer tractor unit, or a rigid truck, or a truck trailer combination. The fuel consumption will vary significantly which poses considerable risk to the effectiveness of using CO₂ standards.
- 3.3 Given 3.2 above, and bearing in mind it would appear predictable that at some stage in the future New Zealand government will want to take a similar approach with heavy vehicles as it has done with light vehicles and the Energy Efficiency (Vehicle Fuel Economy Labelling) Regulations 2007, nothing in this submission should be inferred or perceived as RTF supporting a similar approach.

4. Feedback on proposed changes

- 4.1 Part 1: Future-proofing the system

- 4.1.1 With regard proposal 1.3, namely to “Allow MEPS and labels to include requirements which are indirectly connected to energy performance, such as safety requirements”, with the following caveats we agree in principle:
 - 4.1.1.1 There should be good alignment and consistency in the respective rating systems which is currently not the case. For example, a 4-star energy rating will always be less energy efficient than a 5-star rated appliance. However, with light vehicles this is not the case, for example a large 4-star ANCAP car could be safer than a 5-star ANCAP small car because other factors such as vehicle mass come into play.
 - 4.1.1.2 The respective agencies coordinate so that duplication of information, resources and funding is avoided. Such duplication and waste occurred with Waka Kotahi NZ Transport Agency and its Rightcar initiative to check on vehicle safety <https://rightcar.govt.nz/> and the development of a light vehicle fleet comparison tool by Energy Efficiency Conservation Authority (EECA).

4.2 Part 3: Consistent and fair regulation

- 4.2.1 With regard proposals 3.2 and 3.3 regarding allowing exemptions, we would advise extreme caution with any such allowance. In our experience exemptions are inherently problematic, in particular:
 - 4.2.1.1 They create an “unlevel playing field”
 - 4.2.1.2 There is invariably a significant administrative burden associated with managing exemptions and rarely if ever are the associated costs recovered therefore, it is typically poor use of public monies.
 - 4.2.1.3 There is an associated opportunity cost with 4.2.1.2 above.

4.3 Part 4: Ensuring effective compliance

- 4.3.1 With regard proposal 4.1, regarding enhancing EECA’s monitoring, inspection and investigation powers, we note page 29 of the discussion document refers that this change is not expected to require increased costs. We would not support this proposal without greater certainty on the change being at least cost neutral and preferably it leading to a reduction in costs.

4.4 Part 5: Delivering good and fair process

- 4.4.1 With regard proposal 5.4 to include a process of internal review and a right of appeal in the Act:

- 4.4.1.1 We believe internal reviews are good business practice and we do not believe it is necessary to include a requirement in an Act to undertake such therefore, we do not support that part of the proposal.
- 4.4.1.2 We support a right of appeal. We are aware that a number of agencies have made decisions in the past that have been inconsistent with earlier decisions and/or policies. Our raising of this fact should in no way be seen as apportioning blame or being critical of any agency or government department. Mistakes or errors are human nature and occur in every business therefore, we believe it is important to have an avenue for such eventuality to be remedied and the right of appeal will provide that.

5. Concluding comments

- 5.1 We support and lead advocacy on managing the impacts of transport on our environment and we agree that information on the way energy is used can assist our response to climate change.
- 5.2 We support the notion of keeping regulations in this space fit for purpose. We would urge MBIE to ensure that any consequential changes, particularly regarding vehicles, should not be done in isolation from other agencies, such as Waka Kotahi, or without proper stakeholder consultation, and those changes should be supported by robust benefit cost analyses.