Our Reference: A775936

2 June 2022

Supply Chain
Te Manatū Waka Ministry of Transport
PO Box 3175
**Wellington 6140**
By email: supply.chain@transport.govt.nz

Dear Sir

***Otago and Southland Regional Transport Committees combined Feedback on Te rautaki ueā me te rautaki whakawhiwhinga o Aotearoa - The New Zealand Freight and Supply Chain Issues Paper***

1. The Otago and Southland Regional Transport Committees (RTCs) thank the Ministry of Transport (MoT) for the opportunity to provide feedback on the freight and supply chain issues paper.

**Background and context**

2. The RTCs are committees of their respective regional councils. The RTCs comprise the authorised organisations who plan transport activities in the Otago and Southland regions. The members are representatives of the five territorial authorities in Otago, three territorial authorities in Southland, the Otago Regional Council, Southland Regional Council (Environment Southland) and Waka Kotahi. The purpose of the committees is to set the direction for transport investment in the regions in a combined Regional Land Transport Plan and monitor the implementation of the Plan to meet the needs of Otago and Southland communities.

3. All members actively participate in the committee - Queenstown Lakes, Central Otago, Clutha, Waitaki, Southland and Gore District Councils, Dunedin and Invercargill City Councils, Otago and Southland Regional Councils and Waka Kotahi.

4. We note that member organisations may also be making individual submissions in their own right. This submission does not necessarily reflect any individual member organisation responses.

**General Comment**

5. The RTCs have a long-standing interest in the movement of freight to and from the regions. As regions that export a significant quantity of the produce from the rural sector, efficient and economic freight connections are essential. Efficient operation of the South Island's Port facilities and transport linkages between them provide the link to our export markets.

6. The other major component of freight movement of concern to the RTCs revolves around servicing our communities. Just-in-time delivery of goods and in particular, the essentials for everyday existence (food stuffs etc) put significant pressure on the whole country's supply lines. Therefore, the resilience of the land transport network is of major concern. Our reliance on the Cook Straight Ferries and land transport links between the lower and upper South Island have been demonstrated in the last two years. Canterbury floods where the lower South Island was cut off for a number of days particularly highlighted the issue (as did the Kaikoura earthquakes).

7. As indicated, the RTCs' interest in freight crosses regional boundaries and in fact covers the South Island and the entry points through both seaports and airports. The South Island has some unique challenges compared to the north, namely its low population base, relative isolation, and challenging geography and large contribution to the New Zealand export economy. There is also a high reliance on road freight particularly in servicing the communities where there are no other options.

8. The RTCs agree that change is required. The road freight sector is efficient, reliable, and relatively low cost and will remain the dominant mode for moving goods into the future, but it is also emissions-intensive, and the networks lack resilience. For most freight tasks, shifting to other modes (rail or coastal shipping) will require a road transport connection at one or both ends of the trip. The costs of these modal transfers means that rail or coastal shipping is typically only economically viable for longer trips. A better understanding is needed of the economic drivers across the system internally and externally to allow a move toward the outcomes we desire and to do so in a way that supports the competitiveness of our regional economies.

9. The RTC are concerned about the long-term financial commitment that will be required for rail in some areas particularly where a large portion of existing load is coal that will inevitably reduce or cease in the future. The potential for passenger rail to be a viable alternate use for rail infrastructure is low due to the population base.

10. The RTCs would be concerned if the Freight Strategy only considered the needs of the freight task on the transport network. The network still needs to fill the function of connecting communities, seaports and airports. Alternative to the use of private vehicles for these interactions will not be economically possible in lower population areas or out of the major cities.

11. **Response to questions in the paper**

    1. *Do you agree with the outlined description of the freight and supply chain system?*
       The RTCs broadly agree with the outlined description of the freight and supply chain system. The data on inter-regional and within region freight needs to be better quantified to allow increased reporting and understanding resulting in any actions being the correct ones. The National Strategy should identify data gaps and the path forward to fill those gaps.

    2. *Do you have any views on the outlined role of government in the freight and supply chain system*?
       The RTCs agree that greater government intervention is required in the freight and supply chain system to achieve better outcomes. However, while the paper acknowledges government's role as regulator, this section could place greater emphasis on the role of

government as an investor in the infrastructure that supports freight movement. Government investment will be required to ensure resilience projects are funded as a priority. For the lower South Island examples are, replacement of the Ashburton Bridge, reducing Hilderthorp flood risk, and infrastructure such as hydrogen stations or roll-on roll-off coastal services.

3. *Do you agree with the outlined strategic context and key opportunities and challenges*?
The RTCs agree that decarbonising road freight is central to meeting committed GHG reduction targets. With the right supporting infrastructure and incentives, the decarbonisation of heavy vehicles could get underway relatively quickly. There is less confidence in the opportunities to maximise efficiencies from the current fleet until a clear direction and best alternative for transport is messaged - that means a greater commitment to, for example, hydrogen trucks or coastal shipping, reducing the risk of investment decisions into more efficient machinery being delayed.

4. *Are there any trends missing that we should consider*?
The RTCs agree with the value proposition for rail and coastal shipping, and the acknowledgement in the paper of the co-benefits of freight mode shift to rail and coastal shipping (road safety, road maintenance, air quality, etc.). However, the resilience benefits of a shift towards rail and coastal shipping warrant greater mention in this section. Increasing frequency of high impact weather events is of increasing concern for all transport modes but particularly land transport infrastructure. The South Island Road networks are highly vulnerable to disruption from a range of natural hazards and the current reliance on road freight and just-in-time logistics is currently exacerbating the impacts of these disruptions on our communities. There is a trade-off between resilience and productivity for the sector and ways to minimise the impact of disruptive events on some essential commodities need to be explored.

5. *Which of the opportunities and challenges do you believe will be most important in shaping the future of the freight and supply chain system and why?*
The RTCs consider transitioning to a low emissions freight system to be the single most important issue for the sector.

The vision of shifting toward a hub and spoke model for the freight and supply chain systems are shared. Long-term investment in our ports to accommodate larger ships needs to be better co-ordinated to avoid over-investment in potentially under-utilised or stranded assets. This will also have implications for land-based road and rail infrastructure connecting to ports. The need to explore changes to support both shipping and airfreight capacity is acknowledged. The RTCs are willing and able to participate in and help lead these conversations across the sector and within our communities.

In many cases, the options available (greater availability of dedicated freight, cycle and HOV lanes on key strategic routes, investment in rail capacity, all-of-network congestion pricing and other demand management measures) can deliver on multiple outcomes and facilitate more efficient freight movement. For these reasons, we do not consider this a strategic priority or major focus area for the freight system.

The increasing demands for land are a strategic issue for the freight sector. The transport and logistics sector is a land-intensive industry, requiring large-lots, in expensive, flat land that is highly accessible to strategic transport networks yet buffered from incompatible land uses (e.g. residential). Sites that meet all these criteria are often scarce and competition is often intense, particularly for well-located sites.

This imperfect competition is imposing greater costs on land-extensive occupiers such as the freight sector. The issue is compounded by residential-zoned greenfield land on the fringes of our towns and cities often being of higher value than commercial or industrial zoned land, which results in difficulty retaining identified future business land through planning and urban development processes. Integration between transport and land use needs to be considered within this strategy. The ability of Port Companies to carry out future land reclamations at our major seaports is likely to be challenged.

6. *Do you agree with the outlined vulnerabilities of the current system*?
The RTCs agree with the difficulty in shifting between freight modes and impacts of disruption on just-in-time supply chains. We agree that New Zealand's port settings may not be optimal, and that better co-operation and specialisation of ports is required. We agree that a lack of data is hindering decision-making, particularly information on intra-regional freight movements. We note that better information on tonnages moved across road networks would also be a very useful input into the asset management plans of road controlling authorities. We acknowledge the challenges for the sector in accessing labour or consenting concerns and the lack of priority efficient movement of freight has in transport planning and investment. We agree with the issue of a lack of viable alternative corridors for land-based movement.

7. *Do you agree with the proposed outcomes*?
The RTCs agree with the proposed outcomes and the priority given to each; low emissions highest priority, then resilience, and thirdly productivity and innovation. However, we consider that equity and safety might be better framed as principles in how we work towards achieving the first three outcomes. For example, a principle that sector stakeholders look to develop skills, improve safety and manage disproportionate impacts in making the transition to lower emissions, more resilient and more productive freight and supply chain system.

9. *Do you agree with the potential areas of focus? Which would be most important to prioritise (Q10)?*
The highest-priority focus areas under the outcomes would be (in order of importance):

(a) Improving resilience across the freight and supply chain system. We see this as being addressed through a mode shift to rail and coastal shipping and greater funding for, and investment in, resilience projects within the land transport network. We will continue to advocate for resilience to be included as a priority area in the Government Policy Statement on Land Transport.
(b) Improving modal options. Greater investment in rail and coastal shipping to make it easier and more efficient to shift between modes. Improving the efficiency and reducing the cost of modal transfers will make shorter distance freight movements by rail and coastal shipping more economically viable.
(c) Enabling the shift to zero and low emissions heavy vehicles, both hydrogen and electric, through stronger incentives, regulation and co-investment in supporting infrastructure (e.g., charging stations) to support this transition to occur at pace.
(d) Improving freight data access and collection, particularly the availability, and a better understanding of the internal freight task that is required to sustain our

communities. A better understanding of the role coastal shipping and rail will have in a low emissions environment when the road transport industry may well be running low or zero emission vehicles well ahead of the other sectors.

(e) Assessing and addressing port settings. This submission has earlier addressed the desire to shift more toward a hub and spoke model for South Island freight and supply chains. We recognise that this means greater collaboration and co-operation across the sector (including competing port companies), and planning and investing for longer-term outcomes, as opposed to short-term commercial gain.

(f) All other focus areas, such as safety, urban access, and the current labour/skills challenges within the transport industry need to be acknowledged.

12. *What would successful stakeholder engagement look like?*
The RTCs would support a strong understanding of business needs, particularly those of smaller freight operators in more rural and provincial areas. We support taking an evidence-based approach that involves working with regional and local communities to help them to understand why change is necessary and what the longer-term benefits are, e.g. international competitiveness, efficiency and productivity. We suggest early engagement with Local Government New Zealand zone committees as a key local government forum. We would support early and open engagement with mana whenua stakeholders and with port and airport companies.

13. *How could we best engage with Māori?*
We suggest liaising with Māori. Our regional councils already have strong linkages and engagement protocols with Māori, and these can be used to advance early discussion.

**Conclusion**

The summary of early stakeholder engagement identifies the request from some freight operators who want to see more roads suitable for HPMV, including bridges. The common experience with road controlling authorities is that unfortunately widespread non-compliance with existing restrictions (overweight, over-dimension loads etc) reduced their willingness to consider removing or reducing restrictions.

Thank you once again for the opportunity to provide feedback on the discussion document. Should you require any further information please contact Russell Hawkes, Lead Transport Planner, Environment Southland on 021 970 997 or russell.hawkes@es.govt.nz.

Cr Lloyd McCallum
**Chair**
**Southland Regional Transport Committee**

Alexa Forbes
**Chair**
**Otago Regional Transport Committee**