

## 19<sup>th</sup> International Conference, Moving New Zealand Forward

Opening address – Chris Carr – IRTENZ President

Welcome

**TR Group, Fruehauf, Fairfax, NZ Trucking, Scania, Transpecs, Jost, Fuso**

These supporters help us to bring the issues to you that we all face.

IRTEZ conferences have been pushing our move into the future for many years, and the audience and industry has been changing. Since our last conference an increasing number of operators have started the decarbonisation journey. Our members have been travelling and gaining knowledge from offshore. Our government organisations related to our industry have been considering what changes they need to make. We've all been learning where the road to **The Future of Heavy Vehicles** is going

**Decarbonisation has struck some hurdles offshore.**

**Regulatory targets** in some jurisdictions are found to be **more optimistic** than the public's **willingness to pay** for the regulated changes. In some cases, this has led to easing of targets, and in others (and ours) it has led to a reduction of legislative penalties. It has also led to an extension of time frames, from interim targets around 2035 while not losing the 2050 target date.

In the USA, in the passenger car sector **GM has written off US\$1.6 billion** in losses related to EV production reductions. Hertz have **registered a US\$2.9 billion** loss based on EV uptake and performance not meeting their financial and sales expectations.

Legislator's **expectations for carbon reductions are not being met**, and it shows that the limits, **penalties and restrictions placed on the supply side** of the vehicle production equation **are not being met by increased sales on the demand side.**

**Put simply not enough people want them.** The punters don't share the regulators vision, and in the end their financial choices make the decisions for us.

This is **equally true for Heavy Vehicles.**

Our theme this year is "**Moving New Zealand Forward**" which is difficult in the current trading environment, so maybe we should ask:

**What is holding us back?**

Two things we can't change are **our physical location in the world**, and our small **population** stuck on a couple of rocks in the south pacific.

Concerns **around increased weight, increased capital cost, vehicle build specifications and client reluctance are true for NZ**, just as they are in the rest of the world. Freight **moves on small margins**, and no one can afford the huge subsidies that it would take to bring about sudden change.

To September this year there have been 234 heavy BEV registered in NZ, and 166 or 72% of these were buses. 28 are eCanter. That leaves 15 heavy trucks (6%). Volvo 9, Hyundai 3, 1 each for Scania, Benz and Deepway.

To put that into perspective BEV trucks make up about 0.4% of heavy truck sales

The reasons for these low numbers are simple. **Capital cost is too high, they're too heavy**, and charging **infrastructure doesn't support** uptake in volume yet.

Productivity increases are demanded by our customers, and carbon free trucks don't deliver.

**Buses are a success story**, but there are some fundamental differences:

Buses are bought with public **"ideological" money**, and Councils tolerate the overloaded axles. Buses have the advantage of relatively short runs, and ready access to depot charging during the day.

Auckland Transport's **Glenfield depot** can charge 34 buses at once using an overhead gantry system, and is one of **five AT depots** with charging infrastructure. **New Lynn is Australasia's largest all electric** bus depots. AT plans to have a fully zero emission bus fleet by 2035.

**Electric buses** are also available in **configurations** which suit the NZ market. **Road User Charges have not had the same effect** on bus design as they have on freight vehicles.

**The use of public money solves, for buses, the huge capital cost upfront, and allows bus operators to benefit from the downstream operating cost savings.**

The end customer on a bus is subsidised, so doesn't have the same resistance to freight rates as the commercial freight market does. The passenger market is not a competitive one in that the passenger doesn't get to choose the cheapest bus.

Buses have a better path to decarbonisation than freight.

**Buses can do it better**

We are not alone in the world, despite being alone on an island thousands of km away from our nearest neighbour.

In the next two days we'll hear from experts who have gained information from offshore, and our own domestic experts who attempt to wrestle with some of our peculiar problems.

We have a small **population** (less than Melbourne) and spread over a large area (just less than the states of Victoria and Tasmania combined).

**We've got high expectations and small pockets.**

We're poor compared to our neighbours. Our GDP per capita is 70% of theirs.

We don't have 27 million people.

Truck Manufacturers seek to solve the issues facing them in their largest markets first. The largest selling vehicle in Europe is the 4x2 tractor unit (**More than 60%**). Here it can gross 14 tonnes, there it can gross 18, (**plus 4 tonnes**) before EV allowances are applied.

**“ EU Official Journal**

**P9\_TA(2024)0126** proposed **increases of 4 tonnes for a Zero Emission combination,** and **2 tonnes for a zero emission** trailer. Both increases to be **cumulative 😊**”

**6 tonnes** goes a long way to mitigating the extra weight required for decarbonisation. It represents a **15% increase**. But I doubt that would be acceptable for NZ conditions.

**50Max would become 57.5Max 😊**

A simple expectation of increasing axle loadings and vehicle dimensions will not be as easy as some people are imagining.