



**ROAD TRANSPORT FORUM NEW ZEALAND INC
SUBMISSION
ON
Review of New Zealand's oil security
Discussion paper**

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SUBMISSION BY ROAD TRANSPORT FORUM NEW ZEALAND TO MBIE ON THE REVIEW OF NEW ZEALAND'S OIL SECURITY DISCUSSION PAPER

1.0 Road Transport Forum New Zealand

1.1 Road Transport Forum New Zealand is a nationwide organisation of voluntary members drawn from the road transport industry and includes owner-drivers, fleet operators and providers of services to freight transport operators. The Forum provides services to and public policy advocacy for its members.

1.2 The Forum's Constituent Associations include:

- National Road Carriers (Inc)
- NZ Road Transport Association Region 2 (Inc)
- Central Area Road Transport Association (Inc)
- NZ Road Transport Association Region 4 (Inc)
- Combined Owner Drivers Association (S.I.) Inc (Trading as NZ Trucking Association)
- NZ Road Transport Association Region 5 (Inc)

1.3 The Forum's Associations have in excess of 4,000 members and associate members who operate approximately 17,000 trucks over 3,500 kg or 80% of the hire and reward truck fleet in New Zealand.

1.4 The Forum is the authoritative voice of New Zealand's road transport industry which employs 22,600 people (3.0% of the workforce), has a gross annual turnover of \$6 billion and carts over 80% of New Zealand's land based freight.

2.0 Overview

2.1 We welcome the opportunity to comment on the Review of New Zealand's oil security. The discussion paper presents a number of obstacles (listed below) that will limit the road freight industry's ability to respond efficiently to an oil disruption.

- The inability of government to relax truck weight restrictions in a timely manner
- Delays in importing offshore trucks
- Delays with overseas licensed drivers being able to drive trucks in New Zealand
- Delays in training and issuing licence endorsements (D endorsed drivers)
- Difficulties to overcome with approved handler qualification
- Assessing unconventional trucks in New Zealand
- Driving restrictions

3.0 **Comment**

3.1 Nowhere in the report has consideration been given to transport operator reaction to an oil emergency. The discussion document appears to have assumed that in the event of an oil disruption transport operators will unquestionably contribute their services and meet increased transport demand.

3.2 The road freight industry has a well-documented history of meeting civic demands at times of disaster. We expect that the industry would act accordingly in the event of an oil disruption. However, it is presumptuous to assume at this point in discussions that transport operators will react as expected in the discussion document.

3.3 The discussion document is split into two distinct and separate topics: International oil security and Domestic oil security.

3.4 We have no feedback to provide on International oil security.

3.5 The topic of domestic oil security covers a wide range of eventualities varying in size from relatively small to full scale oil disruption crises.

These events could occur at any time in any of New Zealand's oil storage and delivery regions.

3.6 It is impossible to anticipate every eventuality. We have confined our comments to a broad overview of concerns that we have with points raised in the discussion document.

3.7 The majority of constraints highlighted in the discussion document are the result of government regulation. The topics covered in the discussion document may be able to be addressed by industry- but only if the industry has the inclination to do so.

3.8 Additional offshore trucking capacity and employing comparatively unskilled or migrant drivers has been analysed but it hasn't been considered whether local transport operators would choose to utilise these options.

3.9 There are costs associated with following these options. There will also be legislative and operational hurdles to overcome. Any one of these factors may discourage transport operators from considering the options presented in the discussion document.

3.10 In the event of an oil emergency transport operators will be presented with three main concerns. An increase in fuel movements on road will increase demand for trucks (and trailers) and drivers. The extent of that demand will depend on the scale of oil supply disruption. The extent of the disruption will govern the level of logistical input required to maximise vehicle utilisation.

4.0 **Trucks and trailers**

4.1 A number of suggestions are mooted for increasing truck reserves. No consideration is given to who will be responsible for importing additional trucking capacity if it is required. If it is presumed that New

Zealand fuel companies will take on this responsibility there may need to be more discussion held on this.

- 4.2 There is no guarantee that transport operators in New Zealand will invest in importing overseas equipment. One obvious conundrum is that it will be pointless importing overseas vehicles if there are insufficient numbers of drivers to fully utilise these vehicles.
- 4.3 The issue also arises that there is no guarantee that overseas vehicles will be available in the advent of an oil distribution crises in New Zealand. The report mentions that other vehicles already in New Zealand could be utilised similarly. However, issues may arise that would restrict their utilisation. For example, the use of rural fuel delivery vehicles would rely on their availability and location at the time of a disruption. Milk collection vehicles and other vehicles should be considered similarly.
- 4.4 Although we have mentioned milk collection vehicles we doubt that these vehicles could be used. Aside from the incompatibility with food product there also would be issues with loading unloading, fuel security and other fundamental safety requirements that vehicles other than dedicated fuel vehicles wouldn't meet.
- 4.5 But that is a discussion that should be had with those vehicles' operators and the necessary officials.
- 4.6 The concept of keeping additional trucks in reserve has merit but to do so would underutilise equipment. The transport industry operates on very tight margins. Return on investment is commensurately marginal. There would be an unwillingness to purposely underutilise equipment.
- 4.7 HPMV vehicles are also discussed in the paper. HPMV is a relatively recent addition to the options available for transporting at higher mass or at excess dimensions. While uptake of HPMV vehicles has

generally been steady since its introduction there is no guarantee that in the future that HPMV vehicles will be prolific within the fuel distribution fleet.

- 4.8 Discussions are currently under way with the NZTA to operate 9 axle combination vehicles at 50 tonne with general access without the need for an over dimension permit. Lower Bound may be a more attractive option than HPMV, but only if transport operators have that equipment in use at the time of a disruption.
- 4.9 If vehicle mass limits are to be raised in an emergency situation it is probable that the only constraints would be presented by road mass policy. Typically New Zealand road transport vehicles have gross vehicle and manufacturer recommended mass limits far in excess of road mass policy.

5.0 **Drivers**

- 5.1 The extent of oil disruption will dictate the scale of industry reaction and need for additional drivers. The need for additional drivers could range from managing capably with the pool of existing local drivers to recruiting migrant drivers to compensate for excess shortfall.
- 5.2 To attract drivers (either migrant or local) into short term fuel transport roles drivers would be seeking compensation of sufficient magnitude to offset any personal disruption created by making themselves available for employment during a disruption.

Existing drivers

- 5.3 The report mentions that in the advent of a major crisis it may be necessary for drivers to extend their work time beyond normal limits. Doing so might negate the need to employ additional drivers and additional vehicles.

- 5.4 If additional drivers are required there may be opportunities to use retired qualified drivers or to employ non-qualified drivers and either provide them with the training necessary to transport fuels or to have them overseen by trained non-driving personnel.
- 5.5 If there are adequate numbers of vehicles to be driven and insufficient numbers of drivers to support an increase in transport driver recruitment will be paramount. No mention has been made in the report of contingency plans if drivers do not make themselves available or are unable/unwilling to assist in a crisis.
- 5.6 It will be difficult for existing drivers to take on secondary employment as fuel drivers if they are nearing the limits of their primary employment as drivers.
- 5.7 There is no merit in accelerating a class 2,3 or 4 driver up to class 5 licence so that they can transport fuel. The time taken to do so and the risk associated with transporting fuels probably outweighs any benefits.

Migrant drivers

- 5.8 Immigration policy is one hurdle that the road freight industry has been unable to overcome and as touched on in the report makes emigrating to New Zealand an often unattractive proposition.
- 5.9 There is no long term security offered to migrant drivers coming to New Zealand to drive trucks during an oil disruption. No consideration has been given in the report to migrant status immediately after an oil disruption has ended.
- 5.10 There is a likelihood that migrant drivers would find themselves unemployed once a disruption has been sufficiently dealt with. This has negative consequences in respect to immigration approval and employer/employee long term employment confidence.

- 5.11 It may also be a difficult task encouraging drivers from traditional trading partners in OECD nations to migrate to New Zealand. It is a known fact that wages in New Zealand are considerably less than those of other OECD economies. Migrant drivers would also require time to adjust to different legislative and operational conditions that they are not used to.
- 5.12 Employing drivers from non-traditional trading partners would also require cultural, social and language barriers to be overcome. The immediacy of oil disruption would make overcoming these barriers a longer process than the disruption's duration.
- 5.13 Aside from licensing and immigration concerns there are other factors that would need to be considered. For example, without IRD numbers employees cannot be legitimately paid. Processes for assigning IRD numbers and other similar requirements would require streamlining.

6.0 **Logistics**

- 6.1 The Logistical management of deliveries and resources is probably the highest priority discussion that should be had. The greatest efficiencies will be gained through careful assessment and planning of human capital and vehicle movements if an oil disruption occurs.
- 6.2 The topic of logistics is not covered within the discussion paper. There is a discussion within the paper on allowing collaboration between fuel companies to co-ordinate fuel deliveries and trucking resources but this discussion focuses on competitive boundaries rather than on co-ordinating oil delivery.
- 6.3 In the event of an oil disruption we imagine that each individual company will assess its resource and create plans around them. Centralised planning will be required to co-ordinate the activities of

the individual companies. This planning should not be the government's role. The government has no expertise in this area.

- 6.4 The road freight industry has this expertise-and not necessarily within the fuel companies. Our suggestion is to create an industry group that may prepare in advance for oil disruption eventualities. If an oil disruption eventuates the group would then be activated to engage and plan fuel movement with transport companies.

Conclusion

The discussion paper raises a number of policy and regulatory issues that will need to be addressed if New Zealand is to be adequately prepared for an oil disruption.

Only the Government and its departments have the ability to adjust or remove the prevailing constraints.

In order for the road freight industry to efficiently cater to an oil disruption crises inter-company coordination will be paramount. Creating a group with the necessary expertise to manage vehicle movements may be prudent.

Industry reaction to an oil disruption deserves more consideration than has been given in the discussion document. There is a possibility that the reaction of drivers, transport operators, international trading partners and migrant drivers may not meet the document writers' expectations.

We trust that the responses we have provided will be of value to the discussion document's writers. We welcome the opportunity to discuss the contents of our submission or any other topics that officials raise.