MTA Submission

To the New Zealand Infrastructure Commission on the Infrastructure for a Better Future Consultation

2 July 2021

Dear Sir / Madam,

Submission: Infrastructure for a Better Future Consultation Document

This submission is from:

Motor Trade Association (Inc)
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The contact person in respect of this submission is:

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Thank you for the opportunity for MTA to provide comment on the Infrastructure for a Better Future Consultation regarding the views of and its effect on the automotive industry.

Yours sincerely,

[redacted]

[redacted]
Advocacy & Strategy Manager

Introduction

The Motor Trade Association (Inc) (MTA) was founded in 1917 and in 2017 celebrated 100 years of trust with the NZ motoring community. MTA currently represents approximately 3,800 businesses within the New Zealand automotive industry and its allied services. Members of our Association operate businesses including automotive repairers (both heavy and light vehicle), collision repair, service stations, vehicle importers and distributors and vehicle sales. The automotive industry employs 57,000 New Zealanders and contributes around $3.7 billion to the New Zealand economy.

Submission

MTA's submission focusses on the 'affordable outcome' supported by the 'future-focussed' decision-making principle as this element of the consultation has the potential to impact many of our members across all sectors. Below you will find MTA's answers to some but not all of the consultation questions posed.

Q1. What are your views on the proposed 2050 infrastructure vision for New Zealand?

In support of the Government plans to increase the uptake of electric vehicles (EVs) in our efforts to reduce emissions in the transport sector, an effective and accessible network of EV charging stations needs to be built in advance of the anticipated growth of the EV fleet. This aligns with the vision for 2050 by supporting *reliable, affordable and accessible travel options powered by renewable energy.*

MTA has around 930 service station members, many of which are small independent operators situated in areas of the country best placed to meet the future demands of the EV fleet.

Changing transport habits will require changing social behaviour – hearts and minds, probably more hearts than minds. As such, there is a difference between the "technical" approach to encouraging EV use through infrastructure, and the "human comfort" approach.

- The technical approach is to calculate areas and distances and deploy *X* number of chargers at certain points within each area.
- The human comfort approach appeals to a sense of comfort that drivers can refuel no matter what route they take (they see refuelling opportunities regularly).

Consumers are already familiar with the locations of service stations and these businesses have invested over the years to upgrade their consumer experience services that positions them well to readily transition to offer EV charging facilities.

Without sufficient readily accessible public charging facilities, the 'normal use' of EVs will not achieve its full potential.

There are electricity supply infrastructure barriers that need to be addressed to enable service station operators to make business decisions to invest in EV chargers. Early research undertaken by MTA shows that a typical service station has a 30 to 50kVA electricity supply

and would need to invest between $10,000 to $30,000 to upgrade the power supply capacity to their site before considering whether to further invest around $100,000 for a 50-100 kW EV fast charger.

An accessible fast charging network that offers EV owners other services while they wait for their vehicle to be charged is essential to ensuring the widespread uptake and use of EVs.

These costs are a significant barrier that will delay any investment by the service station sector until the number of EVs in the fleet reach the predicted numbers advised by the Climate Change Commission in or around 2035-2040.

We need Government to be bold and act by supporting the building of an EV charging infrastructure well in advance of the EV fleet numbers desired by 2035-2040.

It must be remembered, that EVs are only part of the solution. Use of alternative fuels – biofuels, synthetic fuels, hydrogen, etc – will require the infrastructure strategy to consider creating new or repurposing existing distribution networks and facilities.

Q2. What are your views on the decision-making principles we've chosen? Are there others that should be included?

MTA support the Principles and Outcomes outlined on page 8 but would also like to see some alignment with what the Government refer to as 'just transition' in the decision-making principles where significant change has the potential to negatively impact on communities.

While the "Equitable" principle may be broadly in line with a "Just Transition", we are concerned that this principle is not manifested in the Proposed Action Areas and it receives scant attention through the whole consultation document. There is mention of "equitable funding and financing" but this is not indicative of the equitable or "just" outcomes envisaged by the principles.

On page 32, the potential for social inequities are discussed, but the impact on small businesses of transitioning to a net-zero carbon future must be recognised. Many of these small businesses, especially those in the automotive sector, deliver essential services to communities. During the covid-19 lockdowns, the essential nature of service stations (often the hub of small communities) and automotive repairs and vehicle sales were identified by Government. This recognition is not linked solely to covid-19 but is an enduring service provided by the automotive sector to New Zealand.

In developing infrastructure, we must be mindful of the impact that construction and changing behaviours within a community will have on businesses that have established themselves in specific areas to deliver specific needs. While the implementation of infrastructure to meet future needs is important, how equitably we transition the existing services and community context must also be considered.

Q3. Are there any other infrastructure issues, challenges or opportunities that we should consider?

The greatest challenge New Zealand is timing. Climate change has been identified as a national emergency. The response will require many actions to be taken and the timing of those actions will be critical to whether the objectives of efficiency and equitability are achieved. For example, there may be inequitable outcomes for low income Kiwis if standards and regulations impacting the import and use of vehicles come into full force (limiting supply, raising prices) before the Government completes actions to provide adequate access to public transport or other modes of lower emission travel.

Current Government policy is to have a publicly accessible charging network at intervals of 75km within the state highway network. As we note above, , these intervals need to be a lot closer and in line with the existing distribution of service stations simply to cater for expected EVs in the fleet comparable to the needs for the existing fleet of internal combustion engine vehicle refuelling needs. Consumer research conducted for MTA in June 2021 found that 69% of respondents were concerned about the availability of charging infrastructure if there were a rapid transition to EVs.

It is important to utilise the existing network of service stations and support them financially to invest in EV chargers and alleviate financial hardship due to stranded assets currently used to supply liquid hydrocarbon fuels for the existing vehicle fleet. This would align with the Government principle of applying a *just transition* when moving toward a low emission economy.

There is currently too much uncertainty around the predicted makeup of the vehicle fleet that gives the private sector, in particular small businesses the confidence to invest in EV charging facilities. Waiting until the fleet makeup gets closer to what is predicted will place demands on an electricity supply system that may not be able to cope.

There will be a further challenge in adapting to technological and digital change. The challenge comes in the shape of New Zealand's ability to train or attract skilled "human capital". The transition to EVs and other transport technologies (such as hydrogen and biofuels or synthetic fuels) will require an upgrade or change in the skills being learned and employed by workers in the automotive sector.

Vocational education – workplace training – requires that the trainee/apprentice is supervised and mentored by a skilled technician with experience in the knowledge being taught. With new and emerging technologies, we will need to ensure that immigration and educational settings accommodate the need for industry to 1) hire in skills from overseas and 2) teach these skills in the workplace. Current immigration settings do not suitably respond to industry needs – in many instances, skill is simply approximated by a salary level and this can be a barrier to hiring relevant and necessary skills.

Infrastructure cannot exist without the skills needed to maintain, repair, and improve it. As such, concurrent policies around training, immigration, and access to relevant technical data will need to be considered.

Q4. For the 'Building a Better Future' Action Area and the Needs:

- *What do you agree with?*
- *What do you disagree with?*
- *Are there any gaps?*

Agree with all action areas and needs, particularly preparing infrastructure for climate change (F1) and ensure equitable funding and financing (S2).

We also support adapting to technological and digital change (F3), as noted in the challenges question above.

Q5. How could we better encourage low-carbon transport journeys, such as public transport, walking, cycling, and the use of electric vehicles including electric bikes and micro-mobility devices?

See responses to questions 1 (vision) and 3 (challenges) and 6 (addressing waste).

Q6. How else can we use infrastructure to reduce waste to landfill?

One of the biggest issues the automotive sector faces is the lack of coordinated waste material collection, recycling and disposal systems. While we are implementing product stewardship schemes to manage some aspects of waste from the automotive sector, plastic remains unresolved. The collision repair sector replaces around 250,000 plastic bumpers each year and automotive repairers have a similar number of plastic lubricant containers to dispose of. There have been trials undertaken to use this type of plastic as a binding agent in asphalt for road surfaces as well replacement aggregate in concrete. Unfortunately, these mixes have higher costs than their traditional mixes. The Government needs to be bold and take steps toward mandating the incorporation of this type of useful waste products into infrastructure contracts for road surfacing or construction.

The consultation document mentions reviewing waste-disposal charges to landfill that uses pricing as a mechanism to reduce the amount of waste going to landfill. In principle MTA supports this methodology but would suggest caution be applied to ensure there are adequate alternative processes to manage certain waste products. For example, with no suitable end use for plastic bumpers at this stage, the only option for disposal is at landfill. To compound this situation, insurance companies to a greater extent control the cost of vehicle repair and are reluctant to allow collision repairers to pass on any waste disposal costs to them or the vehicle owner.

Initiatives such as the Battery Industry Group (BIG) are looking at circular economy solutions that seek to re-use and re-purpose material rather than have it go straight to landfill. These concepts should be included in thinking around the infrastructure strategy.

MTA recommends Government introduces a coordinated end-of-life waste programme for vehicle scrappage, which includes interlinking existing or to-be-developed waste management schemes and a financial incentive to vehicle owners to dispose of older vehicles.

We have outlined the many components of a vehicle in **Appendix I**. Schemes have been approved or proposed for most of these materials (such as Tyrewise and BIG), but they need to be well-resourced to get off the ground and achieve momentum.

Q7. What infrastructure issues could be included in the scope of a national energy strategy?

See responses to questions 1 (with respect to charging and alternative fuel networks) and 3.

Q8. Is there a role for renewable energy zones in achieving New Zealand's 2050 net-zero carbon emissions target?

No comment.

Q9. Of the recommendations and suggestions identified in the Ministry of Business, Innovation and Employment "accelerating electrification" document, which do you favour for inclusion in the Infrastructure Strategy and why?

MTA's position is that EVs are part of the solution, but not the only solution. As we mention in the response to Question 1, achieving net-zero carbon objectives will require a range of policies implemented in a considered timeframe.

To achieve the EV element will require support to be offered to businesses who want to explore opportunities for building EV charging facilities. The cost of electricity transmission upgrades being passed on to grid users presents a significant barrier to building the required network of EV chargers needed to service predicted fleet numbers by 2040.

Q10. What steps could be taken to improve the collection and availability of data on existing infrastructure assets and improve data transparency in the infrastructure sector?

No comment.

Q11. What are the most important regulatory or legislative barriers to technology adoption for infrastructure providers that need to be addressed?

New Zealand's current immigration settings limit our ability to seek and obtain experienced workers who can help us harness the benefits of all available technology. See response to question 3.

Q12. How can we achieve greater adoption of building information modelling (BIM) by the building industry?

MTA provides no comment on **Questions 12 - 18**.

Q19. What cities or other areas might be appropriate for some form of congestion pricing and/or road tolling?

New Zealand may be small, but it is a country of variety. It is difficult to make a blanket statement about which areas would benefit from this form of regulation. Page 81 notes that other mechanisms may be used in addressing congestion. The Government should review the

international and local research referenced in the paper (pp 80 and 81) and determine those criteria that best identify a transport corridor as a candidate for congestion charging. It should be based on evidence rather than a popularity contest in a consultation process.

Q20. What is the best way to address potential equity impacts arising from congestion pricing?

As we note in the above reply, each affected area will have different considerations. If the goal is to reduce traffic volumes through certain areas, then the equitable relief needed for parties within the impacted region will need to be considered at a local level. For example, impacts on manufacturing areas will be different from those on a retail shopping precinct or a residential area.

Q21. Is a 10-year lapse period for infrastructure corridor designations long enough? Is there a case for extending it to 30 years consistent with spatial planning?

MTA provides no comment on **Questions 21 – 23.**

Q24. For the 'Creating a Better System' Action Area and the Needs:

- *What do you agree with?*
- *What do disagree with?*
- *Are there any gaps?*

As we note in the response to Question 2, there needs to be consideration of the "just transition" principle and assessing the impact on relevant parts of the community as we move forward with infrastructure creation. This may live under the area of "informed and transparent decision-making", but it is not clear.

Q25. Does New Zealand have the right institutional settings for the provision of infrastructure?

No comment.

Q26. How can local and central government better coordinate themselves to manage, plan and implement infrastructure?

There needs to be a joint effort by both local and central government if we New Zealand is to successfully implement infrastructure for a better future.

Q27. What principles could be used to guide how infrastructure providers are structured, governed and regulated?

MTA provides no comment on **Questions 27 - 36**.

MTA appreciates the opportunity to submit on Infrastructure for a Better Future.

Appendix I: Vehicle Components and Waste

Waste product	Notes	Product stewardship scheme status
Tyres	5 million tyres per annum available for disposal. Product stewardship scheme expected start 2023.	Approved-pending implementation
Synthetic refrigerant gases (SRG)	Automotive air condition systems account for approximately 200 tonnes of synthetic refrigerant gases (SRG). SRGs have been declared a priority product and work is under way to implement a mandatory product stewardship scheme. A levy has been collected since 2013 to cover the emission trading scheme mitigate greenhouse gas warming impacts of vehicle air conditioning system gases.	Approved-pending implementation
Lead acid Batteries	Car batteries have a recycling value but a coordinated scheme needs to be put in place.	Various scrap merchant solutions
Li iron Batteries	Li iron EV car batteries have a recycling value but a coordinated scheme needs to be put in place. Battery Industry Group (BIG) looking to develop product stewardship scheme.	Need a product stewardship scheme
E-waste	Modern motor vehicles have a significant amount of electronic componentry as well as wiring and e-waste has been declared a priority product and work industry has been working on setting up product stewardship schemes.	Approved-pending implementation
Vehicle structure	Motor vehicles have been a focus of vehicle dismantlers for some time, extracting the valuable sub-components for recycling and then crushing the residual body for recycling.	Various scrap merchant solutions
Engine oil and oil filters	A voluntary product steward scheme has been in place since 2011 (Recycle Oil Saves the Environment -R.O.S.E). A number of service providers have exited the industry due to increasing cost of recycling.	Approved and operating but voluntary
Engine coolant fluid	There are a number of service providers who offer a voluntary collection, treatment and disposal service.	Current collection services but voluntary
Plastic bumpers	Around 200,000 plastic bumpers are replaced annually, but there is currently no official product stewardship scheme to prevent this plastic product going into local landfills. More work is needed to divert this type of waste away from landfill.	Need a product stewardship scheme
Plastic vehicle trim	There are many other plastic components within the vehicle that could have value in recycling.	Need a product stewardship scheme
Catalytic convertors	Recovery of the catalyst material (platinum, palladium etc) has a value but there is no formal product stewardship scheme managing this type of waste.	Various scrap merchant solutions
Glass	Automotive wind screens can be recycled into a range of products and there are voluntary product stewardship schemes in place.	Approved and operative but voluntary

■ Mandatory ■ Voluntary ■ Nothing in place

VEHICLE COMPONENTS AND WASTE

NZ FLEET STATISTICS *

14.1
average age of the light fleet

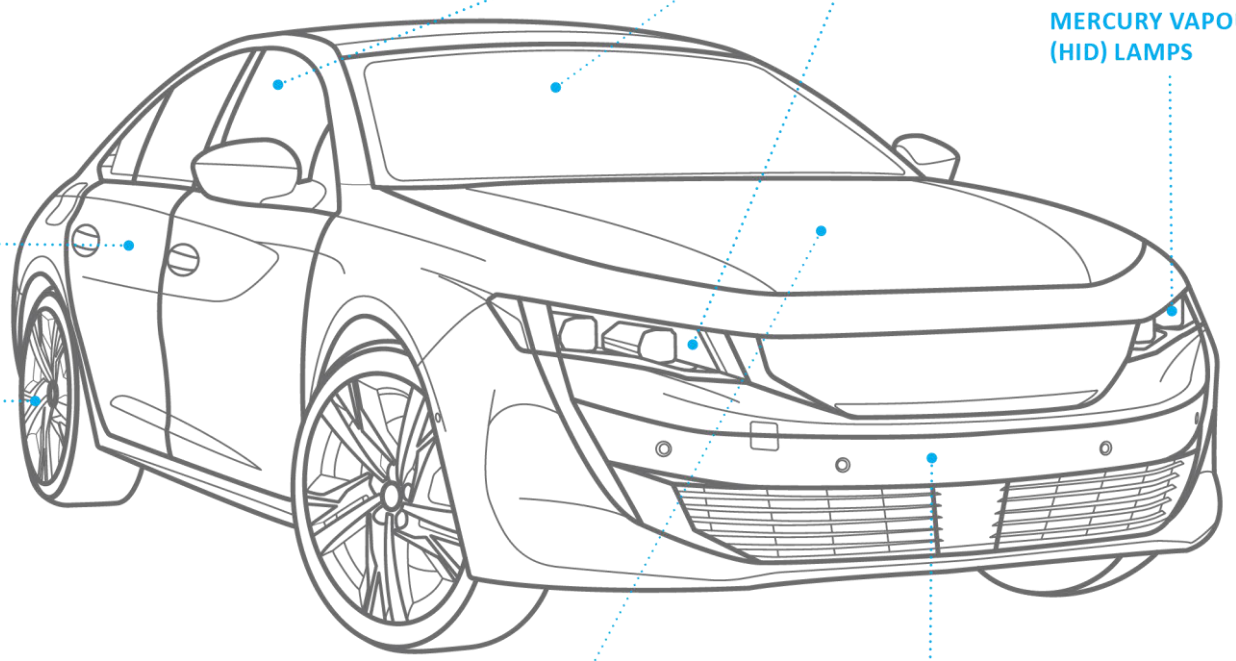
19.1
Average age of a scrapped light vehicle

300k
Average number of vehicles imported each year (new & used)

190k
Average number of light vehicles scrapped each year is approximately 180,000

SCRAP VALUE

1. Steel **$100/tonne**
2. Aluminium



VEHICLE STRUCTURE
- Steel
- Aluminium
- Exhaust system catalytic convertor

GLASS
- Windscreen/side and rear windows
- Light covers

MERCURY VAPOUR (HID) LAMPS

TYRES

ENGINE COMPARTMENT
- Air conditioning unit-synthetic refrigeration gas
- Engine coolant
- Oil filter
- Engine oil
- Auto-transmission oil
- Brake fluid
- Car battery (Pb/Li iron)
- Electronic components/wiring e-waste

PLASTICS
- Bumpers
- Interior/exterior trim panels

* Source: MOT 2019 fleet data.

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