

5 June 2018



New Zealand Productivity Commission

Submission on Low Emissions Economy draft report

INTRODUCTION

1. EROAD is a New Zealand technology company specialising in regulatory vehicle telematics, providing services in New Zealand and exporting services to Australia and the United States. Our submission comprises three parts:
 - Part 1: About EROAD, to help you understand our perspective
 - Part 2: Summary comment on the matters covered in Chapter 11 of the report, on transport
 - Part 3: Specific responses to the transport questions, findings and recommendations.
2. We appreciate the opportunity to provide this submission. Representatives of EROAD are available to speak on the submission at your convenience.

PART 1: ABOUT EROAD

3. EROAD is a global leader in application of telematics technologies to helping the road transport sector satisfy the letter and spirit of its regulatory requirements, is a high growth publicly-listed New Zealand company (NZX: ERD), and has been ranked in the fastest growing 300 technology companies in Asia-Pacific for five years. EROAD is committed to maintaining its leading role. We have successfully penetrated the United States and Australian markets, with growth in the US market particularly taking off strongly.
4. We released our original technologies in 2009 for New Zealand, to become the first in the world to deliver a network-wide GNSS based road user charging (RUC) system. Since then, at no cost to the government, we have collected over \$1.8 billion in RUC. There are currently over 60,000 vehicles being driven on New Zealand roads with our technology installed. These vehicles cover 38 million km per week. Of these, 40,000 are heavy commercial vehicles – 25 percent of the heavy vehicle fleet, and nearly one third of the total heavy commercial fleet – while the other 20,000 are light commercial vehicles. In total we serve nearly two percent of New Zealand's entire vehicle fleet, and the data provides an insight into the operation of every public road in the country.
5. The size and reach of our New Zealand dataset is such that we offer a unique view, both in real-time and backward looking, into how New Zealand's roads are actually used. For example, our data has supported government analysis of how road improvements create shifts in heavy freight vehicle routing to capture fuel savings and other operational benefits. Similarly, we support our customers in optimising vehicle maintenance, operation, routing, and tasking, leading to significant reductions in fuel use.
6. If you would like to know more about EROAD, you can visit the following websites:

<http://www.eroad.co.nz/>

<http://www.eroadglobal.com/global/capabilities-and-expertise/>



PART 2: SUMMARY COMMENT ON THE MATTERS COVERED IN THE STRATEGY

7. EROAD acknowledges the significant amount of work that has obviously gone into developing the draft report. We recognise the importance of the question of attaining a low emissions economy and the need for New Zealand to 'get it right'.
8. Chapter 11, on transport, contains a lot of useful information and insight. However, it does not appear to be developed to the same degree of completeness or understanding as the other chapters. It takes at face value a number of commonly held but incorrect assumptions about the limits of the planning and investment system, pricing and price sensitivity, and the problems of the heavy road freight fleet:
 - a. The issues of **integration and mode neutrality** are political in nature and origin, not an artefact of the system design. The exception is the location of lead responsibility for advice on KiwiRail, which would need to be taken from the Treasury and given to the Ministry of Transport if current fragmentation is to be addressed.
 - b. Road use is price sensitive under certain conditions, even more so in the heavy fleet than the light. Done bluntly, pricing is highly regressive, and the draft report's proposed approaches to incentives only reinforce this. **Price-based incentives and disincentives** need to deliberately address the constraints on low income households and road users in order to remove the significant tail of older, dirtier light vehicles, as well as encourage earlier replacement of older vehicles in the commercial and heavy fleets.
 - c. The **heavy road freight** sector is the only part of the *land* transport sector (including rail) that is already operating in a fully-price conscious, unprotected market environment. Innovation and technology uptake at the new vehicle end of the market is high and significant gains have been made to reduce emissions for a given unit of task. Not acknowledging and exploring this avenue in the draft report, nor developing recommendations that encourage the use of the new technology, may constitute significant missed opportunities.
9. The recommendations from chapter 11 have significant inter-dependencies, both with those of other chapters, and intra-dependencies with each other. In general, the linkages with other chapters are made clearly. However, the transport recommendations are not compiled in a way that presents an optimal package of transport changes. While this is, to some extent, a political question and in that respect out of scope, the inter-dependencies demand that, in order to be most effective, certain things should be delivered together. It seems appropriate for the report to comment on this.
10. The government needs to set out its vision for a smarter pricing system for road transport.
 - a. A clear direction that builds on the strong foundation New Zealand has already built will let industry develop and propose the tools that might deliver it. The Ministry of Transport would be able to complete its work on enabling legislation.
 - b. Second only to gaining social license, the biggest hurdle will be determining the right institutional framework for price setting. Current legislative drafting conventions are not well suited for empowering dynamic pricing by central government, so the risk posed by the need for significant institutional reform could be signalled.



PART 3: RESPONSES TO THE FINDINGS PRESENTED & QUESTIONS ASKED

Ref.	Text	Comment
Questions		
Q11.1	How could New Zealand signal a commitment to a widespread transition away from fossil-fuel vehicles? For example, should New Zealand explicitly aim to phase out the importing of fossil-fuel vehicles by some specified future date?	<p>The discussion in this chapter points towards a need for no additional internal combustion engine vehicles entering the New Zealand fleet from 2030. If that is a robust benchmark, then it makes sense to recommend it as a hard threshold.</p> <p>Given the challenge an import ban would present to new and used vehicle importers alike, including that there is a lag time for pre-orders, the sooner any such target is set the better.</p>
Q11.2	Should a price feebate scheme cover vehicles within the heavy vehicle fleet? What other policies are appropriate for incentivising the uptake of low-emission heavy vehicles?	<p>Noting the significant contribution fossil fuel costs make to operating costs, strong commercial incentives exist for purchasers of new heavy vehicles to buy more fuel efficient and/or alternatively-powered vehicles. This is already evident in purchase patterns.</p> <p>The challenge in achieving low emissions in the heavy freight and passenger tasks is at the middle and older end of the fleets, where capital constraints surpass operating constraints, and into which used vehicles are passed.</p> <p>Some kind of feebate scheme at this end, perhaps tied to scrappage and lifting vehicle emissions standards, might be useful in accelerating movement towards cleaner vehicles, sooner: i.e. more rapidly improving average performance by ensuring the tail is addressed too.</p> <p>Given how suitable current EV technologies are for light and medium urban haulage tasks, a scheme could start with a focus on these segments before deciding whether and how to incentivise uptake in the long-haul fleet.</p>
Findings		
F11.1	At the current low emissions price, the New Zealand Emissions Trading Scheme (NZ ETS) has a small effect on fuel prices, and accordingly, a small effect on consumer behaviour and transport emissions. A higher emissions price would have a greater impact. Yet, because consumers are relatively unresponsive to changes in fuel	<p>The key idea in this finding is the need for additional measures beyond increasing the price of carbon. However, the idea of an inelastic demand for fossil fuels, while commonly held, is premised on a significant misconception.</p> <ul style="list-style-type: none"> • In 2012/13 consumers demonstrated significant responsiveness to high pump prices at a time when real household incomes still had not changed to reflect the economic



Ref.	Text	Comment
	<p>prices, additional measures will be required to achieve large emissions reductions.</p>	<p>upturn. The New Zealand Household Travel Survey showed significant reductions in discretionary travel.</p> <ul style="list-style-type: none"> At the same time, the Household Expenditure Survey suggested that most households held transport expenditure as a percentage of weekly outgoings constant, compared to immediately before the GFC, except the lowest income group which increased its weekly outgoings to maintain necessary minimum levels of travel. <p>This points to two issues that finding 11.1 needs to grapple with:</p> <ul style="list-style-type: none"> What level of price is needed to replicate the constraint revealed in 2012/13, while allowing for the risk of fluctuations in the price of oil and the need to calibrate the tax accordingly If a government chooses to price fossil fuels at this level, how do you mitigate the punitive regressive impacts of such a choice? <p>It seems likely that a balanced approach to pricing transport would recognise that:</p> <ul style="list-style-type: none"> The primary sector will determine the maximum acceptable carbon price that can be embedded in the pump price of fossil fuels. Per kilometre charging designed to promote mode shift in congested corridors and areas would be the least regressive means of disincentivising unnecessary travel. Uptake incentives for low emissions vehicles need to look past middle-class uptake and make the change accessible and attractive to low income users of older vehicles.
F11.2	<p>Light vehicles entering New Zealand's fleet emit significantly more CO₂ than in most developed countries, and efficiency improvements have stalled since 2013. Evidence suggests vehicle manufacturers are opting to provide less efficient variants of vehicle models to the New Zealand market compared to markets where CO₂ emissions standards apply.</p>	No comment.
F11.3	<p>Vehicle CO₂ emissions standards are warranted because buyers tend to discount future fuel savings at a</p>	No comment.



Ref.	Text	Comment
	much higher rate than is socially optimal. Domestic standards could also mitigate risks around “dumping” of high-emissions vehicles in New Zealand due to stringent standards and regulations adopted in other regions.	
F11.4	The use of electric vehicles (EVs) leads to substantial emissions reductions compared to fossil-fuel vehicles, due to New Zealand’s low-emissions sources of electricity generation. EVs also contribute to reduced air and noise pollution, and involve lower fuel and maintenance costs.	No comment.
F11.5	A rapid uptake of light EVs will likely be a critical part of achieving a low-emissions economy. To electrify the bulk of the light vehicle fleet by 2050, nearly all newly registered vehicles would need to be electric by the early 2030s.	No comment.
F11.6	The most significant barriers inhibiting the uptake of EVs in New Zealand are: <ul style="list-style-type: none"> • the upfront cost premium compared to petrol and diesel vehicles; • limited travel range, and associated range anxiety; • the lack of public awareness and understanding of EVs; and • the lack of cost-reflective pricing of electricity. 	No comment.
F11.7	A large uptake of EVs would add significant load to the electricity grid. Without measures to encourage off-peak charging, such as cost-reflective pricing and smart metering, electricity emissions could rise significantly. The additional electricity load could also put significant pressure on the existing network, and require large investments to provide additional capacity.	No comment.



Ref.	Text	Comment
F11.8	<p>Overpricing of off-peak electricity and under-pricing of CO₂ emissions and air pollution from fossil-fuel vehicles means that the running costs of EVs (relative to fossil-fuel vehicles) are higher than they should be. In choosing a vehicle, consumers are also likely to undervalue the large emissions that are locked in over the vehicle's lifetime (eg, due to high discounting of future running costs). This provides a case for Government to provide some form of transitional price support to incentivise EV uptake.</p>	<p>No comment.</p>
F11.9	<p>A well-designed price feebate scheme based on the GHG emissions of light vehicles entering the fleet would provide the most cost-effective approach to incentivising the uptake of low-emission vehicles. The approach:</p> <ul style="list-style-type: none"> • provides a continuous incentive for purchasing lower-emitting vehicles (including fossil-fuel vehicles); • is technology neutral; and • can be designed to be revenue neutral. 	<p>The average age of the light vehicle fleet reflects the constraints on the purchasers and users of used cars that are already in the New Zealand fleet.</p> <p>A 'continuous incentive' would operate, not just continually for persons and organisations buying in new vehicles, but continuously through the life of each vehicle to help push them down to displace the tail of the internal combustion engine fleet.</p> <p>As a technology company, EROAD understands the importance of technology neutral policy and regulatory settings. However, hydrogen fuel-cell technology involves significant additional and duplicative costs that it may not be in the best interests of the nation to take on by accident or through minority pressure. This is an area where some clear choices about technology may be not only appropriate, but necessary.</p> <p>Government revenue neutrality is a distraction and an option, not a necessary objective. Net cost and the incidence of that cost are more important, noting again the regressive tendencies in the package of measures presented in the draft report.</p>
11.10	<p>The effective design of a feebate scheme is critical for its success. Excessively high or low feebates can lead to adverse outcomes. Applying a one-off feebate when a vehicle enters the fleet provides stronger incentives than an annual charge over time.</p>	<p>The first two sentences do not add anything that is not intuitively obvious. They detract from the final sentence, which is the key point, and which could instead be reinforced.</p>



Ref.	Text	Comment
11.11	<p>The provision of EV charging infrastructure in New Zealand, especially fast charging stations, has been relatively strong with the current level of government support. Yet, some gaps appear to exist in specific regions, and for slow chargers within urban areas.</p>	<p>No comment.</p>
11.12	<p>Several advantages of hydrogen fuel-cell vehicles, including the lower weight and greater travel range, make them especially suited to reducing emissions from road freight. The biggest challenge for achieving uptake in New Zealand is the significant investment needed in new infrastructure.</p>	<p>This finding understates the challenges of adopting hydrogen fuel-cell technologies, given that the technology involves developing an entirely new infrastructure network from scratch.</p> <p>The finding also seems disconnected from the earlier findings about the constraints on clean electricity production, given that large quantities of clean electricity would be needed to create the hydrogen supply and deliver the sought-after emissions benefits.</p> <p>This discussion suffers from the chapter not having properly addressed the changes to date in the fuel efficiency and cleanliness of modern heavy diesel vehicles and, in consequence, the absence of any real consideration of counter-factuals.</p>
11.13	<p>Biofuels can potentially deliver considerable reductions in emissions, especially for transport modes that are more challenging to electrify (eg, heavy vehicles, aviation and shipping). New Zealand's current production of biofuels is relatively small. A higher emissions price in the NZ ETS would create a greater incentive to develop and switch to biofuels. However, the biofuel technologies with the greatest promise for New Zealand's context are not yet commercially proven.</p>	<p>Biofuels represent a carbon accounting 'holding action' rather than a genuine change in efficiency. Policy action based on this finding should recognise this limitation and comprise other actions to shift the under-lying efficiency of each segment of the transport task.</p>
11.14	<p>Increasing the use of public transport, and cycling and walking provide relatively small emissions reductions benefits. On the other hand, shifting to these modes can achieve significant other benefits, including reduced congestion,</p>	<p>This finding seems to reflect an assumption that public transport and active modes policy will remain within some increment of recent historic settings. This ignores the opportunities presented by:</p> <ul style="list-style-type: none"> • growing congestion in Auckland and other space-constrained metropolitan areas



Ref.	Text	Comment
	<p>better health outcomes and overall productivity gains.</p>	<ul style="list-style-type: none"> • Auckland growth generally and the way it is forcing changes in urban design • wider cultural and demographic change, with younger generations wanting alternatives to cars, and older generations needing them. <p>Interventions to reduce congestion necessarily support the objective of reducing emissions. In fact, congestion is more within a government's ability to drive short-term change. Congestion should be addressed urgently in its own right, noting that doing so will also deliver emissions benefits.</p> <p>This topic feels like it deserves one or more bold recommendations, for example around expanded rapid transit and local collector services for public transport, and restoring safe and attractive walking and cycling corridors for intra-suburban journeys in conjunction with urban redesign.</p>
11.15	<p>Moving freight via rail and coastal shipping is less emissions intensive than road transport. However, because a large proportion of freight carried by road is not economically contestable, the potential to reduce emissions from shifting modes of freight is limited. Electrifying rail would enhance the emissions reductions from shifting to rail, but would require significant capital expenditure.</p>	<p>This finding could be split into two distinct findings:</p> <ul style="list-style-type: none"> • one addressing the question of emissions from rail and sea freight; and • one addressing the question of emissions from the heavy road freight sector. <p>Although rail and coastal shipping as modes are less emissions intensive, the New Zealand rail and shipping fleets are older and less efficient by class. They appear to lack incentives to take up new technologies and the ability to attract private investment in adopting these technologies in the way the heavy road freight sector is rapidly evolving.</p> <p>For per tonne-kilometer 'rail user fees' to come down to the same level as RUC for a 50-Max truck, the rail task needs to carry something like between two and four times the tonnage it currently does for the same maintenance and operating budget as now.</p> <ul style="list-style-type: none"> • Any serious discussion of the contribution the rail task can make needs to confront this reality. • Companies like Mainfreight and Toll are keen to make greater use of rail, but the lack of a coordinated government approach to organising rail, ports and inland collection and distribution may be a drag on this.



Ref.	Text	Comment
		<p>In general, road freight gets more fuel- and emissions-efficient the bigger the load carried. This is because, as with trains and ships, larger vehicles have the ability to achieve less TARE weight and drag per tonne of payload. General access and high productivity vehicle dimensions and mass allowances are at the maximum levels that can be fit on New Zealand roads (c.23m length grossing up to 58 tonnes). These limits are actually quite high by international standards, but lag behind some of the limits achieved in Australia. In addition to continuous pressure on emissions and particulate standards, policy could consider:</p> <ul style="list-style-type: none"> • Road infrastructure improvements on high productivity routes to allow larger combinations to operate (e.g. 'B-Triple' 35-meter road trains) • Rail infrastructure changes on low volume/uneconomic lines to enable mixed use by larger road trains again (e.g. ABB or BAB quad 53.5m road trains). <ul style="list-style-type: none"> - In addition to allowing more efficient vehicles to operate safely separate from other road users, this could provide a secondary income for the rail network operator. - Volvo have been experimenting with EV trucks drawing power from overhead lines: there may be potential to use vehicles that use the same electrification infrastructure as an electrified train fleet. • Regulatory framework changes to encourage the uptake of onboard mass measuring devices, linked to real-time location and speed data, in support of higher allowable gross weights on existing infrastructure. <ul style="list-style-type: none"> - The current HPMV network has a 12-tonne allowance, some or all of which could be released as pure payload if road controlling authorities had certainty over permit compliance. - Australia has made significant progress in exploring the technical aspects of this question.
11.16	Developing demand management and intelligent transport systems provides new opportunities to make the transport system more efficient.	This finding is more generic than it needs to be given the current state of technology and experience.



Ref.	Text	Comment
	<p>A more efficient system can reduce emissions and achieve wider benefits such as lower congestion.</p>	<p>Smarter road pricing for demand management purposes should be addressed separately to the less certain, and less proximate, subjects of the uptake and impact of connected and/or autonomous vehicles.</p> <p>The Road User Charges Act 2012 has been independently evaluated three times in the course of its implementation. Among other things, the evaluations found:</p> <ul style="list-style-type: none"> • Qualitative and quantitative proof that the change in pricing structure (from nominated weights to maximum gross vehicle mass) has driven shifts in vehicle types and loading behaviours, as well as the uptake of intelligent fleet management systems and electronic RUC systems. • That GNSS-based location and route tracking, coupled with accurate mapping technologies and the ability to account accurately for signal blackspots and off-road travel, are all mature technologies. • Allowing for possible variations in initial equipment costs, eRUC enables significant reductions in operating and administrative costs of the tax, as well as greater certainty and compliance in revenue gathering than paper-based RUC and traditional tolling systems. <p>The single greatest current impediment to adopting pricing to support demand management is the lack of knowledge and confidence among policy officials in how well New Zealand is placed to move ahead because of its foundation of eRUC services.</p> <p>Government needs to identify the pricing goal and experience it wants to deliver so that industry can create and optimise the equipment needed to give effect to that goal. The Productivity Commission could make a recommendation to this effect.</p>
11.17	<p>New Zealand's current transport investment system is biased towards investment in roading. An efficient transition to a low-emissions transport future requires an investment system that is:</p> <ul style="list-style-type: none"> • better integrated across modes; 	<p>The opening premise of this finding is factually incorrect:</p> <ul style="list-style-type: none"> • The statutory framework allows for rail and coastal shipping to be considered alongside roads. The NZTA has also undertaken analysis across all major corridors that recognises clearly where rail investment



Ref.	Text	Comment
	<ul style="list-style-type: none"> • more flexible, with greater competition for funding across different transport modes and activities, and greater autonomy for councils; • more neutral, by removing distortions and biases that favour particular modes or activities, and fully accounting for social, economic and environmental costs and benefits. 	<p>would make best sense for the transport tasks concerned.</p> <ul style="list-style-type: none"> • The failure to apply a multi-modal approach and achieve a higher degree of integration stems from political choices, made by successive governments to the point where it could be considered a bipartisan view. • The one structural element that stands in the way is the treatment of KiwiRail as an SOE with the Treasury providing the lead advice. Treasury are focussed on minimising losses, not optimising the transport task, and reinforce the political view of rail as a financial risk rather than a national asset. <p>Policy and institutional leadership in rail could be returned to the Ministry of Transport.</p> <p>The suggestion that more local autonomy is needed contradicts the finding that greater integration is needed:</p> <ul style="list-style-type: none"> • Most local authorities' road management organs are under-capable and under-resourced; back office amalgamation is needed to achieve scale before autonomy can be delivered in a way that supports integration. • Excessive autonomy is an historic cause of over-investment in roads and inflated levels of service, while the more recent perception of under-investment is the necessary outcome of constrained optimisation: good budgeting is always about choices. The reality is that in many districts local road stocks have already outgrown the local economic base for maintaining them, necessitating progressively greater central subsidies. As roads become closer to a free good for local authorities the need for centralised moderation becomes stronger. • Competition for funding exists: the proper focus of continual debate is the <i>terms</i> of the competition, which are expressed through the Government Policy Statement on land transport. <p>Roads are paid for by powered-vehicle road users in a way that is simply not true for rail. The call from the rail sector for mode neutrality is disingenuous and self-serving.</p> <p>Claiming that various externalities are not paid for by road users is a distraction, since no other</p>



Ref.	Text	Comment
		<p>powered mode is paying for those externalities either.</p> <p>It is necessary to observe that the truck fleet, which pays its full direct costs and exists in a highly competitive market environment, has made significant investment in bringing modern clean vehicles into service. The same cannot be said for rail, despite significant ongoing subsidies, or shipping, given the vessels shipping companies put on low volume routes.</p>
Recommendations		
R11.1	The Government should introduce CO ₂ emissions standards for light vehicles entering the New Zealand fleet, subject to detailed consideration of design options (for example, including or excluding small traders).	No comment.
R11.2	The Government should introduce a price feebate scheme for vehicles entering the fleet, subject to identifying the most suitable design features for the New Zealand context. The feebate scheme should replace the existing road-user charge exemptions for light EVs.	<p>The proposal could encompass heavy vehicles to some degree.</p> <p>The proposal could consider steps to shorten the tail of older, dirtier light and heavy vehicles.</p> <p>A focus on new vehicles will generate a lot of false positive subsidy payments, and generally reinforce the largely regressive nature of any accompanying fossil fuel-based pricing measures. The recommendation could make clear the social and environmental importance of targeting assistance to lower income vehicle owners with older vehicles.</p>
R11.3	The Government should provide financial support for charging infrastructure projects to support the uptake of EVs. Support should be limited to specific gaps in the charging network that are not commercially attractive to the private sector (eg, charging stations in lowly populated regions).	No comment.
R11.4	The Government should encourage government agencies where practical to procure low-emission vehicles.	<p>While we do not object to the recommendation, we note that it is, as presented, just an isolated initiative. It lacks the boldness or imagination that the salience given to the overall discussion of fleet turn-over implies is needed.</p> <p>We suggest that it needs fleshing out with more thought given to how it could be used to</p>



Ref.	Text	Comment
		<p>generate compounding benefit beyond the simple act of adding more low-emission vehicles to the fleet. For example:</p> <ul style="list-style-type: none"> • Should there be an accompanying disposal plan that prioritises passing these vehicles on at a discounted rate again, on an income-tested vehicle swap-and-scrappage basis? • Should there be an accelerated cycle for fleet purchase and turn-over?
R11.5	<p>The Government should take steps to amend the pricing system for transport so that a greater share of the external costs associated with private vehicle use are internalised. For example, Government should work with councils to enable and encourage the use of road pricing tools to reduce congestion and emissions in main urban centres.</p>	<p>This recommendation, of necessity, is seeking a comprehensive reform of the road tax framework.</p> <ul style="list-style-type: none"> • While the existing suite of tools is quite clean, and pricing selected externalities could be treated as just adding additional layers or tools to the kit, the reality is that fuel excises have a limited useful life as transport funding tools and introduce a significant regressive element to the system as it is now evolving. • Rebasing the system onto the consistent application of RUC, with the potential to vary base or targeted charges according to different externalities, is a big change. However, it is well within reach given New Zealand's unique starting position and world leading industry. <p>Government needs to work with local authorities to determine the range of pricing circumstances and purposes a comprehensive national road tax reform should provide for.</p> <ul style="list-style-type: none"> • In 2017 the Ministry of Transport developed a long-list of externalities to form an initial assessment of what current systems can already measure for pricing purposes. • The work had been consulted on with the telematics industry and presented in international forums. While it is unclear what the status of the work now is, it is clear that the material exists to enable a central-local government dialogue to occur sooner rather than later. <p>Network demand management, even if only in Auckland, will require something on the spectrum towards real-time dynamic pricing.</p> <ul style="list-style-type: none"> • Current legislative conventions struggle to give this kind of authority to a government agency.



Ref.	Text	Comment
		<ul style="list-style-type: none"> It is likely, in this situation, that a third party, independent pricing agency and/or price regulator, might be needed. This would constitute a significant institutional shift for the transport sector. In this kind of world, the proper role of local authorities might better be limited to determining functional road classifications and the network outcomes they want, with an independent road provider taking on the role of price-setting agency. The risks and opportunities for future market form could sit behind a variation on this recommendation that takes account of these downstream questions. In the absence of this discussion this recommendation perhaps under-represents the complexity of the change involved.
R11.6	The Government should make emissions reductions a stronger strategic focus in transport investment. This should include changes to the Government Policy Statement on Land Transport to broaden its scope to cover the whole land transport system and make the transition to a low-emissions economy a strategic priority.	<p>Adjustments to the GPS are not merely something to be included, they are the starting point for any change in the applied strategic direction of the land transport sector.</p> <p>The framing of this recommendation better expresses the system-level need than the discussion in finding F11.17, as it correctly identifies the problem as the political expression of the goals the land transport sector needs to work towards and how it does so.</p>

EROAD CONTACT

Peter Carr
 Director Regulatory Market Development
 Australia New Zealand
 peter.carr@eroad.com