

*Anthony Harper*

# During the Covid crisis(es) our supply chains have demonstrated strength and resilience.

The **CEO** of the **National Road Carriers Association**, discusses the sector and the threats and opportunities it faces moving forward.



Road freight is vital to New Zealand's economy (93% of freight is moved by road) and is predicted to grow substantially over the next 30 years. Not surprisingly then, road freight transport played a critical role in keeping the supply chain going as we moved up, down (and now back up) the alert levels.

There were challenges aplenty – what are essential goods; what are essential workers; which containers/cargo can be moved; what do we do about “non-essential” goods causing blockages; how can we load and run our fleet efficiently in the face of lockdown restrictions; how do we keep our drivers and warehouse staff safe and healthy (from new PPE and procedures, to finding open toilets and places to eat on the way); what about worktime restrictions, the risk to perishable goods and meeting import/export cut-off times at ports and airports when a truck is stuck in a queue at the border between level 2 and level 3?

Through it all, the industry has had to be resilient and nimble and industry associations like the National Road Carriers Association have been run off their feet

responding to queries, pushing information out to members and up to Government.

Commentary by [Chris Dann, Partner, Anthony Harper](#).

**The transport and logistics industry was deemed an essential service during the Covid-crisis? How did the industry cope under these unusual conditions and were there learnings for the future?**

The road transport sector did a spectacular job making sure essential goods were delivered. Everyday drivers, logistics staff and service providers risked their health and wellbeing to ensure essential freight is delivered to where it is needed.

What we learnt, as we did during previous crises, i.e. Christchurch and Kaikoura earthquakes, was that it was road freight that stepped up to ensure essential goods were delivered - more so than any other freight mode. What was disappointing however was that during this time, to our knowledge, the government didn't recognise the hard work and sacrifice the road transport sector made.

**The Government has announced a NZ\$2.6B fund, over 150 projects to improve the country's infrastructure. Where do you think the money should be spent?**

We believe that the focus should be on infrastructure that not only helps stimulate the economy, but major infrastructure projects that will have long term benefits to improve productivity and efficiency. There are a number of key roading projects that need to be completed that will not only reduce congestion but also allow freight to be moved efficiently. Rail and other modes have their place, but the vast majority of freight will always be moved by road, hence we need to keep developing this infrastructure.

*Editor's note: On 6 August, the Government announced extra funding support for Waka Kotahi (NZ Transport Agency) to continue transport projects currently underway (like the Waikato Expressway) or recently announced (like the Manawatu Gorge replacement), including a \$600m top-up from the COVID Response and Recovery Fund to the National Land Transport Fund to cover the impact of reduced revenue from petrol excise duty and road user charges and COVID-related expenditure. Minister Twyford noted: "The pandemic has hammered the transport system and we've worked hard to keep it moving given how vital it is to the economy and communities".*

**National leader Judith Collins, has also announced her party's plans to improve the transport infrastructure around Auckland and the upper North Island. National's NZ\$33B plan includes large infrastructure projects (second crossing) and increased spending on roads and rail. What do you think of the plan?**

If we are talking about NZ Inc., then the type of infrastructure they are talking about will assist in improving productivity long term which New Zealand needs.

**Covid highlighted our (and the world's) dependence on international trade. Do you see New Zealand becoming more self-reliant and if so what would this mean for our logistics and transportation network?**

What Covid highlighted is that in order for societies to function they need essential goods in order to survive. These include food, medicine, housing etc. New Zealand is a net exporter of clean, quality agricultural goods which will continue to be highly sort after. As it is now, agricultural goods will continue to be a major contributor to the NZ economy and the Covid pandemic will likely lead to increased demand from international markets. During this crisis, we have seen international trade continue, although supply and demand for some goods, consumer goods, decline. Therefore we expect international trade to continue to be crucial to NZ. The transport sector will continue to be the key to moving goods, although there may be changes in the nature of the goods. As always, the road transport sector will quickly adjust to any changes.

**What in your view represents the greatest opportunity and threat for your industry in the next 12 months?**

Threats:

- Economic downturn leading to reduced spending and therefore less freight movements.
- Anti-competitive behaviour as road transport is a very competitive sector with low margins already.
- Cash flow & bad debts.

Opportunities:

- Changing freight demand, increasing opportunities for those willing to change or diversify.
- Freight is seen as an essential service, therefore more people looking to get into the industry, assisting the previous driver shortage.
- Assist with the economic recovery.



David Aitken is the CEO of the National Road Carriers Association. The Association provides members with advocacy, representation and business support. For more information, click [here](#).

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