The Road to Sustainability

2023

Largest sustainability survey of transport operators casts doubt on the sector's ability to meet Government Net Zero goals

Transportation currently contributes to significant greenhouse gas emissions, making it a pivotal sector to address in the fight against climate change.

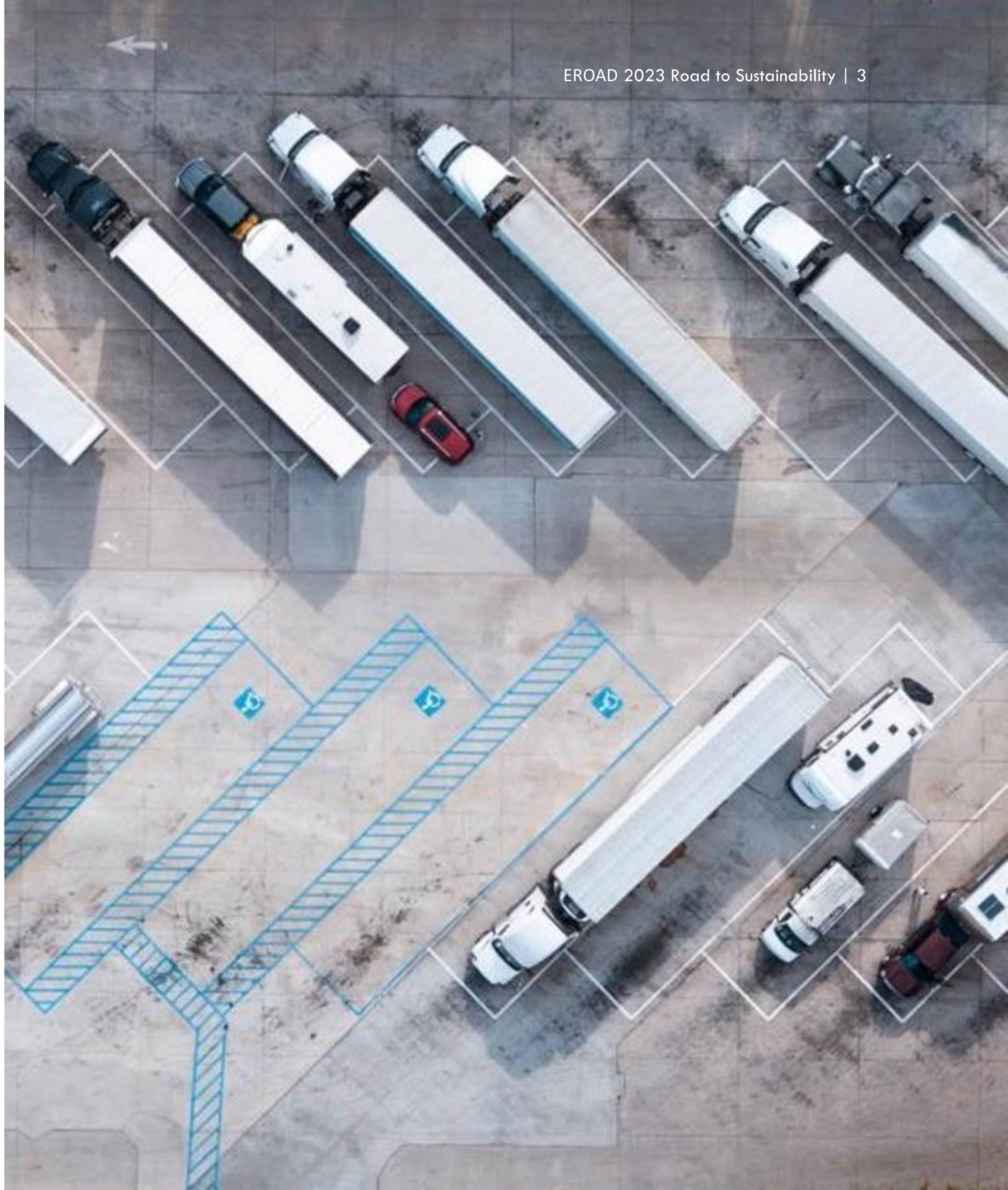
Decarbonising transport is high on the global sustainability agenda. Transport accounts for 19% of emissions in Australia and 17% in New Zealand.

With both the Australian and New Zealand government setting ambitious targets of achieving Net Zero Emissions by 2050 and a substantial 40-50% reduction by 2030, the need for innovative solutions to curb emissions is more pressing than ever.

The 2023 Road to Sustainability Report is the third annual report published by EROAD, compiled from the sustainability sentiment survey conducted across our Australian and New Zealand customer and contact base. Considering the impact transport, construction and manufacturing have on emissions targets, we believe the results of our sustainability survey give a great insight into how far businesses have travelled on the road to a sustainable future.

The 2023 report explores the findings of more than 1,250 business decision makers across transport, construction, government, services, trade, agriculture and various other sectors operating fleets. With this year's report, we uncover how prepared businesses are for the changing government landscape and looming 2030 emission targets. Our findings indicate that organisations who have prioritised getting data on their emissions exposure, feel better prepared and believe that the reduction targets set are possible.

Key Findings from 2023



Executive Summary

2 years on, and Net Zero as a goal for transport operators hasn't gained much extra traction

Net Zero as a sustainability goal and focus still ranks last amongst all business priorities, with only 3% more businesses adding it to their plans in the last 2 years.

57% of fleet operators do not currently have a plan to meet Government's 2030 Carbon Emissions Reduction goals

Although, those businesses with larger fleets have greater confidence they are better positioned to meet the planned reduction targets.

Accessing quality data is integral to being ready for change

70% of businesses who have telematics installed in their fleet said they had enough data to deliver on their sustainability goals. Compared to only 43% of business with no telematics stating they had enough data to achieve their sustainability goals.

Businesses who have started their sustainability journey are reaping the benefits

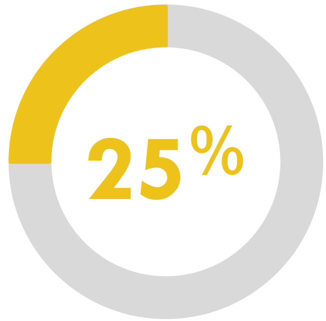
94% of businesses currently reporting on their sustainability initiatives have delivered one or more tangible business benefits, across a range of measures including: customer satisfaction, employee participation, brand recognition and impact on the environment.

01

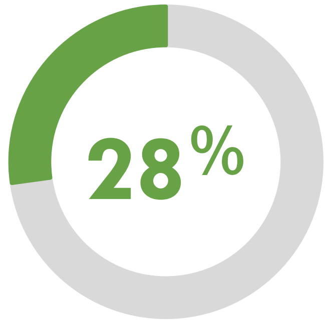
Fleet operators aren’t prepared for 2030 emission reduction targets set by Governments

Sustainability Goals

How far have we come over the last 2 years?



2021

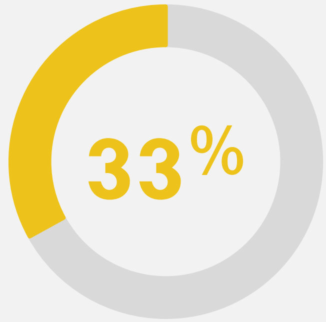


2023

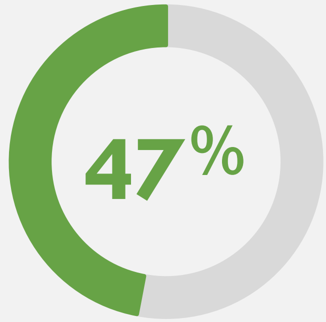
% of businesses stating zero emissions/ full carbon offset for all emissions was a current goal

Prioritising Net Zero hasn't gained much extra traction…

In 2021, Net Zero ranked last amongst current sustainability goals businesses had committed to. Only 25% of decisions makers highlighted it as one of their current sustainability goals for their business. In 2023 it is still last, although it has been adopted by slightly more businesses in the intervening 2 years, with 28% of decisions makers in 2023 highlighting it as a current sustainability goal.



2021



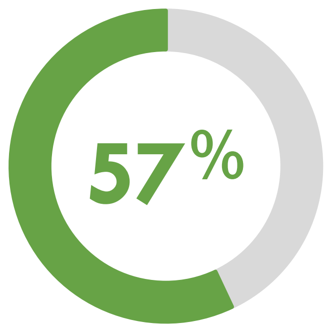
2023

% of businesses stating de-carbonisation of transport, fleet and assets was a current goal

…but reducing fleet emissions has

Decarbonisation of fleet and transport was the 2nd least popular sustainability goal in 2021, with only 33% of all businesses citing it amongst their current priorities. In the last 2 years, it has seen the biggest jump, now placing 2nd on the list, with almost half of decision makers stating it is a current focus for the business.

More than half of businesses surveyed have no current plan to comply with 2030 emission reduction targets

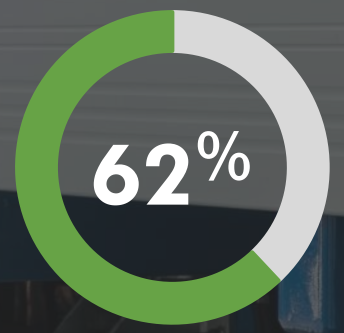


Business do not currently have a plan to comply with the 40-50% emission reduction targets set by Government by 2030.

% stating their business does not currently have a plan to enable compliance with the 2030 government emissions reduction goals

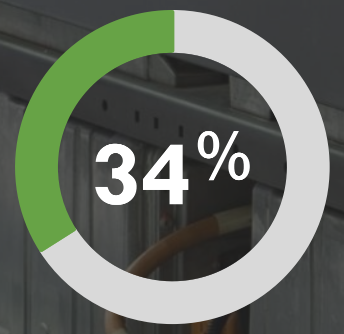
Those with smaller fleets are not confident of hitting Government targets

In any industry, the large operators tend to be the early adopters, it is no different for fleet operators. Smaller fleets, with less than 300 vehicles, are most hesitant about their ability to be ready for emission reductions by 2030. Conversely, two thirds of large fleet operators (300+ vehicles) are prepared and planning to meet the 2030 reduction goals.



Fleet < 300 vehicles

62% of businesses with smaller fleets state they do not currently have a plan and have little confidence in meeting the 2030 emission reduction targets.



Fleet 300+ vehicles

Businesses with larger fleets were more prepared, with only 34% stating they had no plans currently in place to comply with 2030 goals.

Available technology, pace of infrastructure change and regulatory barriers are the reasons change is slow

Businesses with no current plan to comply with 2030 goals:

“I don't think anybody is on target, we don't have the infrastructure in place on a national / governance level. Electric is not the way for companies such as ours due to our location. We cannot go out and just purchase new assets in the current economic cycle.”
Owner/CEO NZ

“There is no alternative fuel available to efficiently do what we are doing at the moment. 7 years from now I don't believe we will have progressed to an alternative fuel that we can all use, to replace millions of trucks in that time is not achievable.”
Fleet Manager, NZ

“Supply of equipment in NZ is the major limiting factor. We have already done everything we can in vehicle purchases to reduce emissions. There is no possibility of sufficient EV/H2Vs being available before 2030, let alone the punitive capital cost until supply drives costs down.”
Owner/CEO, NZ

“Because the government is blocking our access to affordable options to make our trucks and other construction equipment electric; and because the State energy regulators are making it too hard to effectively charge electric vehicles using renewable sources such as solar and electricity prices are skyrocketing. If the powers that be want us to embrace the change we all want to make, stop blocking our paths to doing so in the name of taxes and profits.”
Owner/CEO, Australia

Planning, utilising current data and implementing changes where feasible are all reasons why businesses feel the 2030 goals are possible

Businesses with a current plan to comply with 2030 goals:

“Transport is our biggest impact. We have adopted a vehicle replacement programme but current pricing is artificially high. We have been advised pricing should "normalise" by about 2027. Our internal combustion vehicles are quite modern and should see us to this normalisation point. In the meantime, any vehicles that do need to be replaced will most likely be hybrids (because of range and anticipated charging issues).”
Fleet Manager, NZ

“We have begun a survey of our operations to measure our carbon footprint that will allow us to set measurable goals for improvement over coming years.”
Owner/CEO, NZ

“We have already significantly reduced our coal usage in our furnaces. We are very serious on reducing our demand on fossil fuels and adapting to more eco-friendly options.”
GM, NZ

“Increase use of hybrid trucks, reduce truck movements by streamlining operations.”
Operations Manager, NZ

“We have been planning and working towards this goal and have some good programs to get us there.”
Fleet Manager, Australia

“We track all emissions. We track exactly our carbon footprint - we know exactly what it is. And we have financially viable and visible plan around what we do to offset.”
Owner/CEO NZ

02

Having quality data is crucial to planning and executing sustainability goals

Measuring environmental impact and data availability has become more prominent amongst top challenges

While there's clearly mounting pressure for businesses to increase their sustainability efforts – and some early wins to be made – many businesses say that costs are preventing them from making progress.

Whilst cost remains the number one challenge over the last 2 years, there has been a big shift in the priority order of the top challenges businesses face. Both relate to data.

Measuring the impact on the environment has moved from #4 in 2021 to #2 in 2023, and data availability to measure sustainability goals has crept further up the chain, shifting from #5 in 2021 to #4 in 2023.

Top 5 challenges in 2023

1. Costs are prohibitive to change
2. Hard to measure the impact on the environment
3. Prioritisation relative to other business goals
4. Data availability to measure sustainability goals
5. Uncertainty about how sustainability goals create tangible value

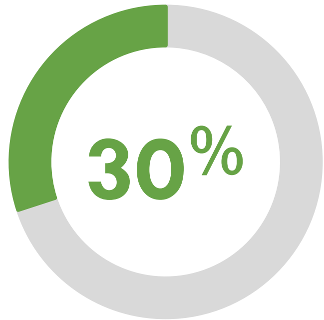
Top 5 challenges in 2021

1. Costs are prohibitive to change
2. Prioritisation relative to other business goals
3. Uncertainty about how sustainability goals create tangible value
4. Hard to measure the impact on the environment
5. Data availability to measure sustainability goals

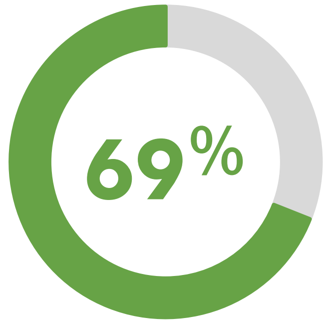
Those with current emissions data are leading with confidence towards 2030

The most significant indicator of a business's confidence in meeting their 2030 emission reduction targets is whether they are currently measuring their emissions data or not.

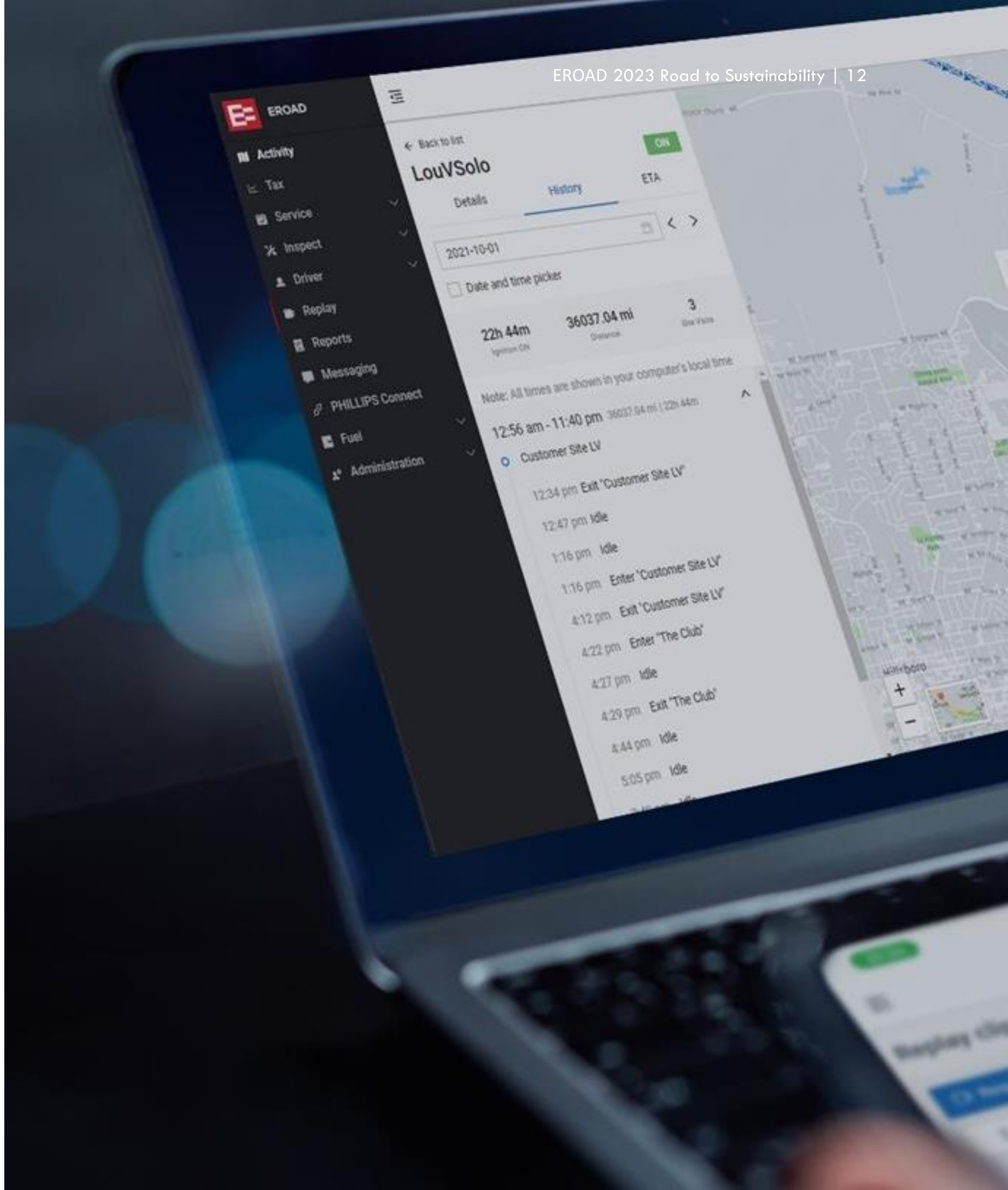
Companies that do not have a grasp of their current emissions are evidently less confident in achieving their reduction targets. This implies that measuring emissions is the best starting point for businesses. Without understanding their current emissions exposure, planning for significant reduction targets is not feasible.



Just 30% of those businesses that don't currently measure their carbon emissions, state they have a plan to comply with the 2030 goals



More than double that number of businesses that do currently measure carbon emissions are prepared and planned for 2030 reduction targets.

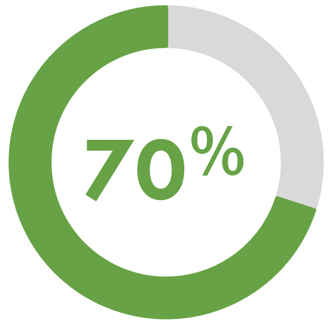


Telematics is a valuable investment in the future

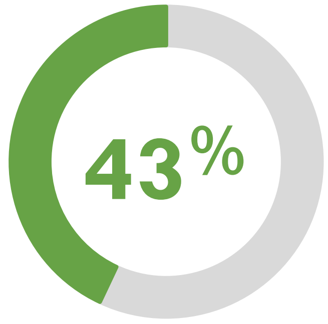
Implementing new technology always requires some upfront investment, even if it proves to be cost-effective in the long run. The cost of procuring new low or zero-emission vehicles is still a significant obstacle to adoption.

To make informed decisions that align with their business model, companies require accurate information. Fleet operators can obtain valuable data by making a small investment in telematics. This data can help them make informed decisions about long-term investments, removing the guesswork from utilisation reviews.

Telematics also enables fleets to implement, coach, and measure other sustainability initiatives, such as improving driving practices to reduce emissions, without requiring technological changes. Those who have already installed telematics are more confident about achieving their future sustainability targets



70% of businesses that have telematics installed in their fleet said they had enough data deliver on their sustainability goals.



Compared to only 43% of business with no telematics stating they had enough data to achieve their sustainability goals.

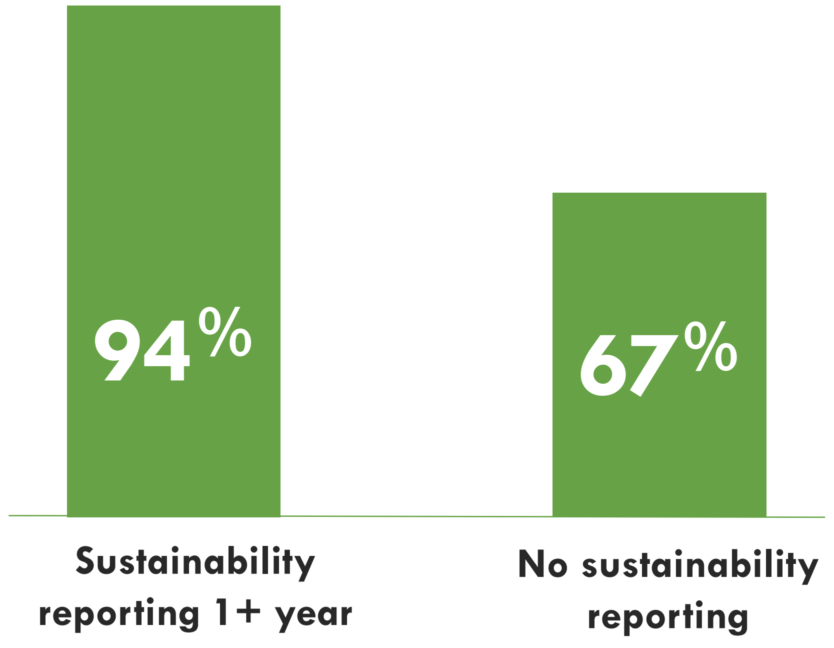
03

Early adopters are enjoying the benefits

Those with sustainability goals are seeing real tangible benefits

Businesses that presently report on their sustainability initiatives have experienced one or more tangible business benefits, as confirmed by an overwhelming 94%. These benefits span across various measures such as customer satisfaction, employee participation, brand recognition, and environmental impact.

On the other hand, companies that do not report are less likely to reap tangible benefits, with only 67% seeing value



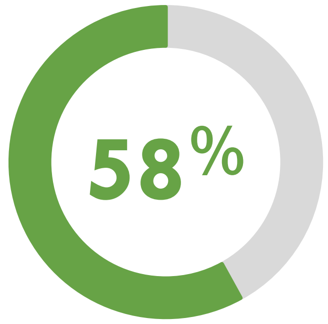
Those businesses which have recorded tangible benefits from sustainability goals

As time passes, the benefits of sustainability reporting can improve as well. Businesses that have been measuring and reporting on sustainability for an extended period are more likely to witness a positive impact on areas such as return on investment.

In fact, there is a minimum of a 20% difference between the number of businesses that report tangible benefits overall and those that are highly experienced in their sustainability journey, reporting for five or more years.

Businesses are increasingly considering sustainability performance in their vendor selection process…

The process of selecting vendors is becoming more stringent in terms of sustainability performance. A significant 58% of all businesses frequently include a request for sustainability performance in their vendor selection process. This percentage increases to 78% for businesses with larger fleets (300+ vehicles).

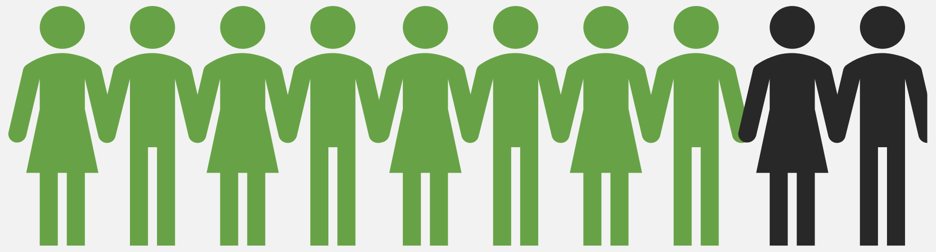


Businesses actively consider sustainability when selecting vendors

…and unsurprisingly, so are customers. This pressure will reward early adopters

Businesses with larger fleets (300+) are often under pressure from customers to provide sustainability information, especially when bidding for work. A significant 83% of businesses in this category report being frequently asked to provide details on their sustainability performance by customers and clients. Conversely, smaller fleet businesses (<300) are less likely to experience such demand, with only 49% reporting that customers often ask for sustainability information.

Despite this, customers are the stakeholder group that exerts the most influence on businesses of all sizes with regards to sustainability efforts. A notable 75% of businesses reported feeling the influence of customer pressure.



8 in 10 businesses with large fleets confirm potential customers often consider their sustainability performance when weighing up their services

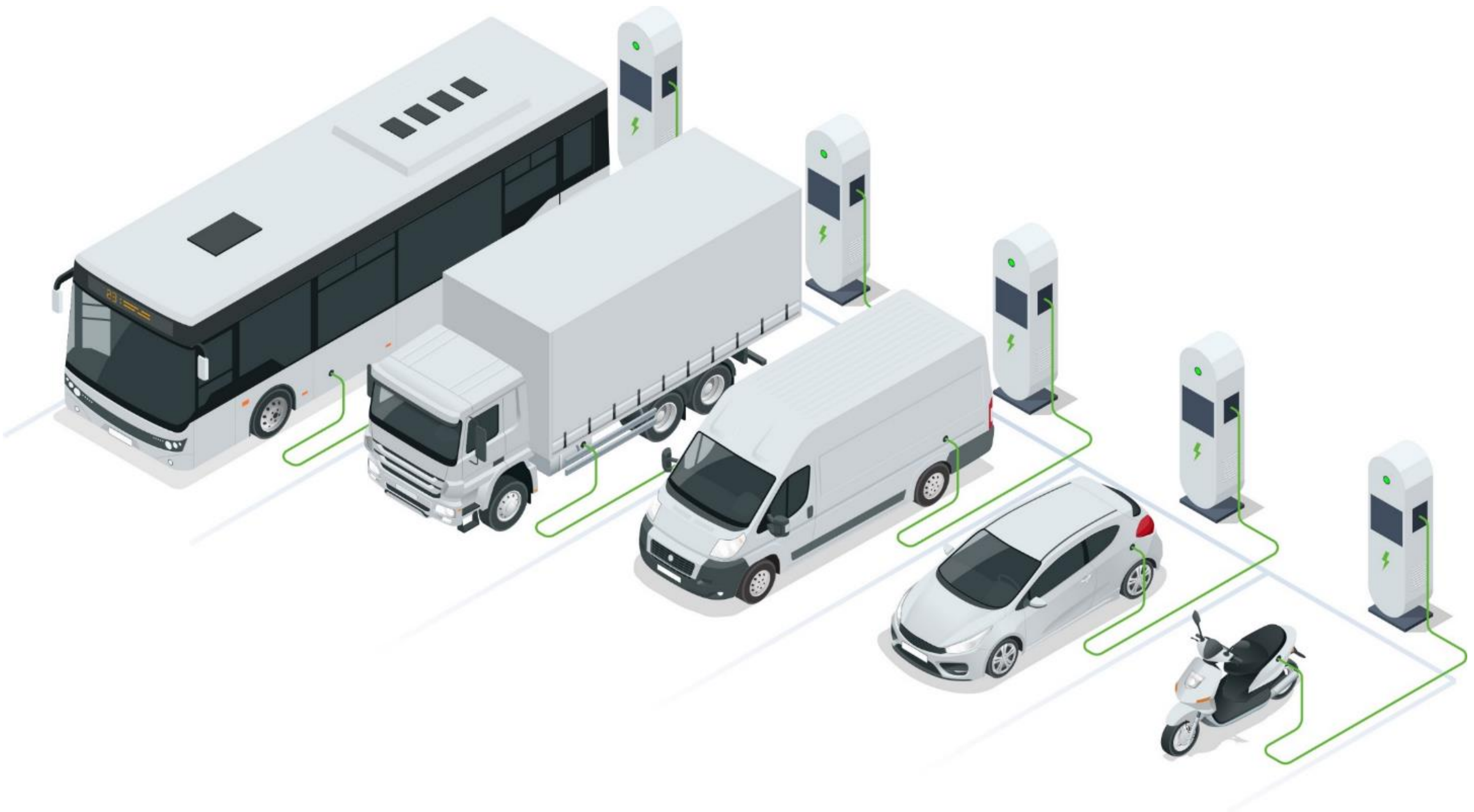
04

Ways sustainability is transforming fleet

8 in 10 plan to replace older vehicles…

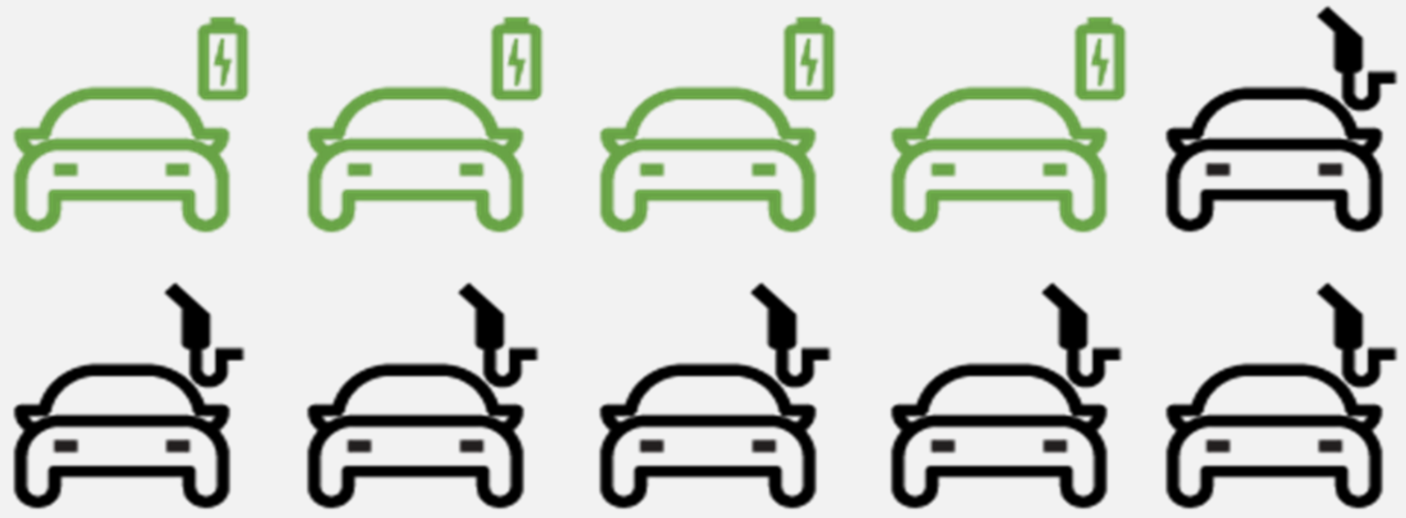
8 out of 10 fleets plan to replace older vehicles in the next 2 years. They're more costly to run – in terms of fuel efficiency and the cost to maintain and repair them. Interestingly, only 23% of all businesses have currently conducted a fleet utilisation study which helps identify suitable candidates for replacement.

A further 40% of fleets indicated that they hadn't conducted a utilisation study but did plan to in the future. So, replacement candidacy will be a big focus for sustainability initiatives over the next few years.



… and 4 in 10 plan on choosing 'green' vehicles

Part of any replacement candidacy assessment is determining which vehicles could potentially go 'green'. Over 40% of all businesses are planning on replacing some vehicles over the next 2 years with low or zero-emissions vehicles.

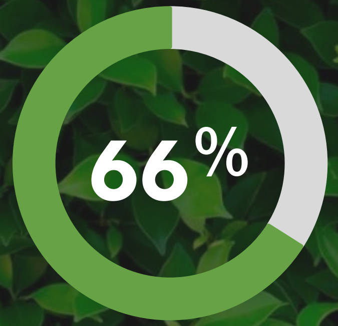


Only 29% of all fleets are currently measuring vehicle emissions

Although vehicle emissions present one of the most significant opportunities for fleets to enhance their sustainability performance, most businesses are not currently measuring the emissions their fleets.

However, businesses with the most significant exposure, and, perhaps the most significant opportunity, larger fleets (300+ vehicles) are much further along in their sustainability journey. In this cohort, 66% of all businesses were already measuring the emissions of their vehicles, and a further 9% were planning to do so soon.

All fleets



Fleet 300+ vehicles

% Fleets measuring vehicle emissions

Data points to consider

Achieving improved sustainability outcomes for fleets is not just about emissions, there are many different areas which contribute.

- No. of new efficient or low emissions vehicles
- Average fuel usage/fuel burn
- CO2 emissions
- Utilisation/usage patterns
- Idling trends
- Overspeed trends
- Driver performance
- Reduction in fleet size
- Car sharing/pooling

Easy, low-cost wins for fleet sustainability

There are several low-cost strategies that businesses can adopt to reduce their emissions, some of which may even result in cost savings. For instance, regular maintenance of vehicles helps improve efficiency and fuel usage. Encouraging sales representatives to conduct more meetings over Zoom can also help reduce overall kilometers driven. Additionally, tools such as EROAD's Leaderboard can be employed to promote and reward more efficient driving behaviour among team members.

10 ways to help reduce fleet emissions

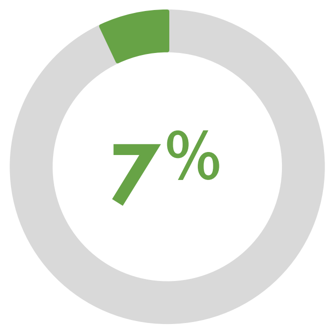
- Measure trends
- Maintain vehicles
- Optimise routes
- Reduce idling
- Optimise loads
- Track fuel usage
- Reward eco driving
- Pool vehicles
- Reduce travel
- Remove excess weight

Low or zero-emissions vehicles currently make up 7% of all fleets…

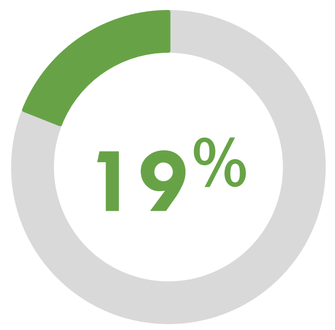
In Australia and New Zealand, low and zero-emission vehicles, including hybrid, fully electric and hydrogen vehicles, currently constitute approximately 7% of all fleet vehicles.

Fleet operators are indicating growth in this replacement program, with an 85% growth rate year on year, which is expected to result in alternatively powered vehicles accounting for 19% of fleets by 2025.

However, the pace of change is much slower than initially anticipated, despite the desire to transition. In 2021, fleet operators expected 33% of all fleets to be alternatively powered by 2035.



Fleet that Is currently alternatively powered

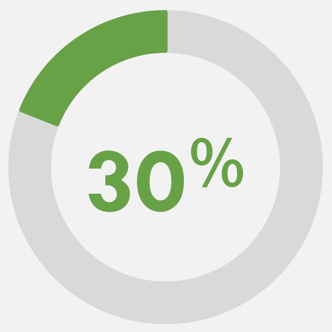


Fleet that is planned to be alternatively powered by 2025

…increasing to 19% by 2025

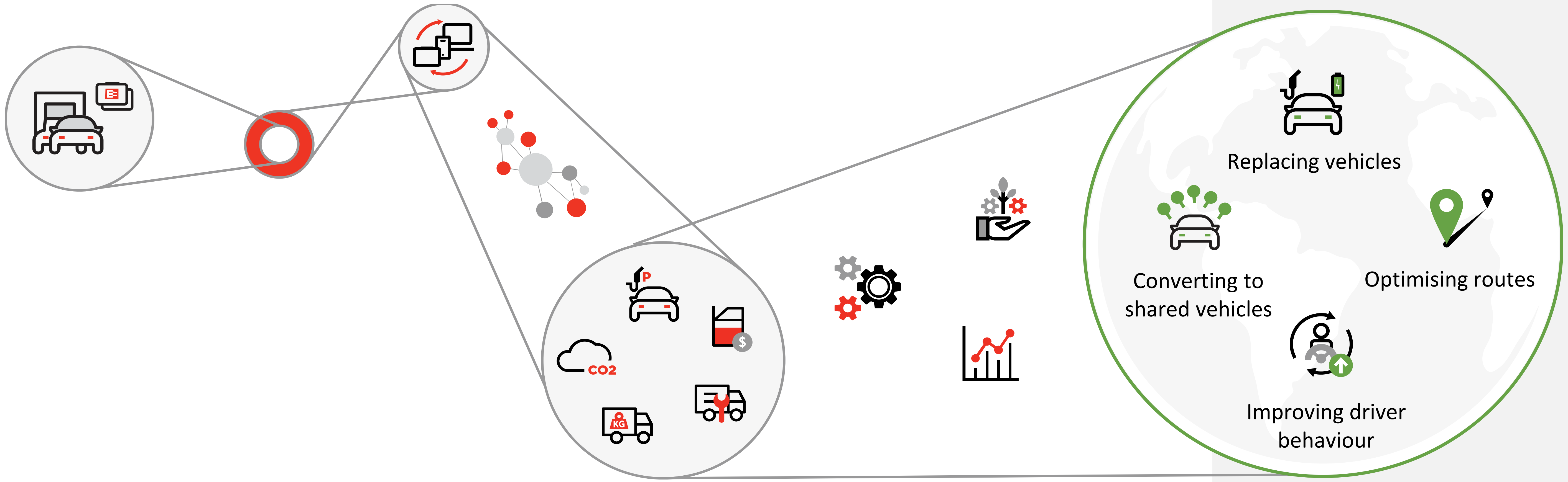
Once again, those who currently measure emissions are embracing change faster

When looking at the plans of those fleet operators who currently measure emissions, compared to those that don't, there is a widening gap around planned transition to alternatively powered vehicles. Decision makers who already measure emissions are signalling 30% of their fleet is likely to be alternatively powered in 2025, compared to the 12% predicted by those who don't analyse their emissions data.



Fleet that is planned to be alternatively powered by 2025 reported by those who currently measure emissions

Sustainability requires more than guesswork…



Without telematics it's difficult to track and measure improvements being made – and even harder to make data-driven decisions like whether to increase or decrease fleet size.

An analysis of EROAD data showed that on average, 6.2% less fuel is used by drivers who consistently achieved 4 or 5 stars on EROAD's Leaderboard in FY22. It also showed that having EROAD with Posted Speed on the screen in the vehicle led to an average 48% reduction in speeding frequency in light vehicles.

… it requires data

For businesses that are currently investing in transitioning to greener technologies, it is crucial to have the appropriate technology that can provide fast and reliable data and reporting across various metrics.

This technology is not only essential for sustainability reporting, but it can also help improve driving habits, lower operating costs, and result in direct emissions savings. Without data, it can be challenging to identify areas where your fleet is underperforming.

Vehicle-specific data can help you focus on the vehicles and drivers in your fleet that may be disproportionately impacting your efficiency and emissions.

High speeds consume more fuel. Increasing speed from 90km/h to 105km/h can raise fuel consumption by as much as 15%. Add on harsh acceleration and hard braking – these behaviours can increase fuel consumption by as much as 40% - not to mention the increased emissions output.

In-cab telematics with a driver facing screen is a great coaching tool for drivers. It increases awareness of driving behaviour. Coupled with reporting, insights and driver Leaderboard, EROAD provides you with the tools to encourage, reward and improve driving behaviour in your fleet.

As well as reducing your fuel bill and improving safety – you'll also be reducing emissions – and have data to support it.

The time to start measuring is now

Are businesses ready for any future regulatory changes, or a sudden demand for “green credentials” from their customers?

It’s inevitable in the coming years that the pressure to act will increase and businesses will need to be ready to report on their emissions and demonstrate progress on sustainability initiatives.

To ensure your business is ready, and to see where you can gain efficiencies or make improvements, you need to be measuring now.

Invest in technology for the long term

When assessing your fleet needs it’s important to consider not only those things you need in the next 1-2 years. Technology is a 3 - 5 year investment. It pays to choose a technology partner that provides options to upgrade and bolt on new services and products as you grow – and as the regulatory landscape changes.

EROAD add-on products and services

EROAD’s 4G-enabled hardware allows you to wirelessly upgrade in future to add on products and services when you’re ready.

- Integrated pool vehicle booking system – EROAD BookIt
- Vehicle maintenance & inspection tool – EROAD Inspect
- PowerBI-based custom reporting – EROAD Analyst
- Connect data to your own data warehouse – Enterprise Data Connector
- Streamlined contract reporting – EROAD Proof of Service
- Pay as you go or unlimited HD video footage on road & in cab* – EROAD Clarity

**Wireless upgrade available on EROAD Clarity Locate/Solo plans only.*

About EROAD: Advancing action with data

Integrated multi-product suite

- Vehicle Telematics
- Video Based Safety
- Asset Monitoring & Control
- Driver Apps

All Vehicles. All Assets. One Platform

EROAD's Cloud Platform

Annual activity

- **33.7bn+** Data Points
- **9.2bn+** Km travelled
- **205m+** API calls
- **352k+** Triggered events captured on video

We are more than telematics. We provide end-to-end technology solutions which connect vehicles, assets and operations to help businesses make real-time decisions from real-time data.

Delivering intelligence you can trust, for a better world tomorrow.
At EROAD, we believe you can't plan where you are going tomorrow, if you don't know where you are today. The businesses we serve are at the heart of their local economies. They don't just need data, they need intelligence. Reliable, accurate and real-time insight enabling them to make decisions which move us all forward towards a safer and more sustainable future.

Methodology

2023 Methodology
The 2023 Road to Sustainability report was based on the findings of the 2023 sustainability sentiment survey conducted by EROAD, between June 13 and August 4, 2023. 1,266 responses were received out of invitations to more than 7,000 EROAD customers and contacts across Australia and New Zealand. This survey was 8 minutes long and conducted online in English. Results have been aggregated across both countries.

2021 Methodology
Some references to material in this report are gathered from the same survey conducted in 2021. Any 2021 data mentioned relates to the survey responses of 1,134 business decision makers. The survey, fielded in collaboration with Qualtrics between August and September 2021, polled respondents from Australia and New Zealand. All major industry sectors were represented in our sample. 400 responses were polled from an unknown selection of B2B decision makers. The remainder of responses were elicited from within EROAD's contact database. This survey was 12 minutes long and conducted online in English. Results have been aggregated across both countries.

The information provided in this report is for general informational purposes only. EROAD does not guarantee you will achieve any specific results if you follow any advice in the report.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