



la Ara Aotearoa Transporting New Zealand

submission to:

Waka Kotahi NZ Transport Agency

On the:

Proposal to toll Penlink

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Ia Ara Aotearoa Transporting New Zealand (Transporting New Zealand) submission to Waka Kotahi NZ Transport Agency on: The proposal to toll Penlink

1. Representation

- 1.1 Ia Ara Aotearoa Transporting New Zealand (Transporting New Zealand) is made up of several regional trucking associations for which Transporting New Zealand provides unified national representation. It is the peak body and authoritative voice of New Zealand's road freight transport industry which employs 32,868 people (2.0% of the workforce), and has a gross annual turnover in the order of \$6 billion.
- 1.2 Transporting New Zealand members are predominately involved in the operation of commercial freight transport services both urban and inter-regional. These services are entirely based on the deployment of trucks both as single units for urban delivery and as multi-unit combinations that may have one or more trailers supporting rural or inter-regional transport
- 1.3 According to Ministry of Transport research (National Freight Demands Study 2018) road freight transport accounts for 93% of the total tonnage of freight moved in New Zealand

2. Introduction

- 2.1 Transporting New Zealand provides sector leadership and believes we all need to operate in an environment where the following must be managed and co-exist:
 - The safety and wellbeing of our drivers and other road users; our drivers are our most valuable asset
 - The impacts of transport on our environment
 - The transport of goods by road is economically feasible and viable and it contributes the best way it can to benefit our economy.
- 2.2 Transporting New Zealand welcomes the opportunity to comment on Waka Kotahi NZ Transport Agency's (Waka Kotahi) proposed toll options for Penlink.

3. Submission

- 3.1 Transporting New Zealand supports the growth objectives outlined in the toll proposal paper, coupled with the need to develop a reliable link to Auckland's northern urban communities.
- 3.2 However, the substantive issue for us is the question of whether a toll and its external (and the internalised Waka Kotahi management cost) administrative burden for the road freight sector (representing trucking) is actually justified. We raise this question in a context of the government's intent to source operational funding for KiwiRail from the National Land Transport Fund (NLTF). In our view, this is an inconsistent approach within the present NLTF funding environment when a commitment to maintain the road is so obviously self-evident by virtue of

the proposal's text.

- 3.3 The proposal paper recognises this situation by commenting that the NLTF is under increasing pressure which we think is a particularly honest gesture.
- 3.4 While the proposal paper outlines the key benefits of the toll option and the fairness approach by utilisation of variable tolls and multiple tolling points to ensure a fully granulated charge reasonability, we are not convinced the idea to toll is the right decision.
- 3.5 On this basis, we find it hard to support an additional toll over and above the capital costs required for maintaining the ongoing safety and reliability status for what is such small section of network (some 7km).
- 3.6 'What's equally of concern is the initial build proposal includes walking and cycling adjuncts. To our mind these are actually amenity benefits, not fundamental components of the vehicle or traffic carriage way development and their capital costs should come from the amenity component of the NLTF budget, as should their maintenance.
- 3.7 Interestingly, there is no comment on how the investment in pathways and cycling amenities on this short 7km route will actually enhance economic wellbeing although for the few users it might offer a healthy societal transport choice thereby meeting the Government's ideological position.
- 3.8 As a general principle, Transporting New Zealand strongly supports the concept that funds paid by road users through road user charges (RUC), fuel excise and vehicle registration fees should predominately be used to pay for road construction and maintenance and road policing enforcement services such as the Commercial Vehicle Safety Team (CVST).
- 3.9 Last year, there were an estimated 800,000 light vehicles which contributed \$800 million in RUC fees, while another 190,000 heavy vehicles contributed about \$1.1b under the system, according to Ministry of Transport (MoT) figures, as reported by Brent Melville of Business Desk.
- 3.10 Many truck and truck combinations operated on New Zealand roads already pay more than the costs they occasion, that is, the costs attributed to their road use and pavement consumption. The addition of this road toll, much like the Auckland regional fuel tax, is simply another example, in our view, of the Crown overreaching on its mandate of agreement with the motoring public and transport industry not to increase road funding taxes between 2021 to 2023, announced by Hon Phil Twyford in September 2020.
- 3.11 The NLTF should return to being ring-fenced for roading projects and paying low-level subsidies of public transport operating costs. Decisions on road funding should be determined by rigorous cost-benefit analysis using well-accepted methodologies. This, we argue, is the only way to maintain the integrity of the NLTF.

4. Tolling trucks is costly for both the roading agency and the industry

- 4.1 The proposal is relatively silent on the toll service to be implemented on the Penlink route but commenting on this aspect is not in any way to be construed as support for the tolling option.
- 4.2 Historically, tolling systems have been identified as administratively expensive to operate and in some cases, the toll operational system has generated significant income for its owners and operators while the infrastructure owner has done not so well. Even with advances in technology the operational cost burdens have largely been shifted to fall more directly on the users, but the back-room management systems still draw a large part of the revenue stream away from the infrastructure needs.
- 4.3 All-electronic tolling (AET), often referred to as cashless tolling, is an increasingly prevalent option for toll revenue collection overseas. Vehicles in many jurisdictions can pay only via transponders, or via a toll-by-numberplate recognition (ANPR) invoice in the mail approach, which is the model alluded to in the proposal summary.
- 4.4 While fleet vehicles can continue to travel with or without a transponder and using an AET model with a transponder such as a GPS interface can help reduce toll costs, back room administrative fees and delays in transaction reporting undermine the economics of short distance tolling. AET invariably leads to an increase in toll-by-plate transactions for fleets.
- 4.5 Regardless of fleet size, paying for toll usage based on ANPR capture can have a significant impact on transport operations and company bottom lines. In addition to the administrative fees and delayed billing, leased trucks and other tolled transport equipment present unique challenges for commercial freight operators to manage because of the lack of sophistication in the tolling operation. These issues present a collective management burden to the commercial road user and the perverse outcome is the possibility of toll avoidance occurring.
- 4.6 With ANPR there are also complications that arise when plates are transferred from one vehicle to another, or when equipment, from power units to trailers, is leased, rented, or borrowed - a point we touched upon above. The issue is determining toll liability when these vehicle custodial changes take place. For larger fleets that are constantly replacing older pieces of equipment with newer units, these complications are amplified by the need to track license plates or transponder details if transponders are an option, and then update that information in a timely manner with relevant tolling authorities to mitigate any gaps in coverage.
- 4.7 In terms of back-office administration, if a fleet reallocates or rebills its toll fees as a standard business practice, then the delay inherent in ANPR-based transactions can disrupt accounting, resulting in at best, a delay in billing, or at worst, the inability to recoup the expense from clients.

5. Interoperability challenges

- 5.1 Electronic vehicle-based solutions for tolling systems are not without problems. The international literature suggests the lack of uniformity in transponder functionality leads to interoperability challenges that are difficult to resolve. This results in companies having to develop management plans to avoid violations. ANPR is by far the simplest option but other technologies shouldn't be ruled out entirely.
- 5.2 As a result, fleets need to conduct a cost-benefit analysis to determine how they can pay the lowest possible amount for toll while also optimising their company's internal operational efficiencies.

6. Concluding comments

- 6.1 We suggest the benefits of a tolled Penlink are more imagined than real. Faster freight movements are likely to be elusive because of the short distance, but we appreciate the sentiment expressed in the paper.
- 6.2 The tolling proposal appears to be clearly seeking to gauge public opinion as the overall paper is light on economic detail apart from alluding to the possible toll cost and the legislative framework development to enable tolling.
- 6.3 We find it difficult to understand, or see any justification (apart from the future maintenance scenario) for the cost of implementing a toll on a relatively short piece of infrastructure. In fact, the loss of toll revenue to internal administration and recovery of unpaid tolls could completely override the portion of usable toll revenue.
- 6.4 For these reasons outlined we are opposed to the tolling option and suggest the NLTF should provide the funds for ongoing maintenance.