

# SUBMISSION

## Land Transport Management (Time of Use Charging) Amendment Bill

Transporting New Zealand



# EXECUTIVE SUMMARY

Reducing congestion on New Zealand roads is crucial to keeping our economy moving. That's why we broadly support the Land Transport Management (Time of Use Charging) Amendment Bill.

That being said, we must ensure time of use charging schemes are carefully designed so they don't jeopardise the freight sector's ability to keep delivering efficiently for New Zealanders.



We're proposing four improvements to the draft legislation:

1. Exempting freight and public transport vehicles from liability to pay time of use charges.
2. Charging light and heavy vehicles at the same rate, rather than penalising larger, more efficient vehicles.
3. Requiring time of use charging scheme assessments to include the expected impacts on the supply chain and freight movement.
4. Allowing short-term trials ahead of confirming a time of use charging scheme proposal.

These recommendations reflect the fact that road freight demand is inflexible - driven by customers' 'capacity to receive'. This means that congestion charges do not result in material changes in heavy vehicles travelling at peak times. Without appropriate protections, congestion charges risk acting as unavoidable taxes on freight operators, raising costs for businesses and consumers without meaningfully improving traffic gridlock.

Addressing congestion is critical for New Zealand's economy and the wellbeing of all road users. If implemented, our proposed changes to the Bill would help maximise network efficiency, minimise supply chain disruption, and incentivise buy-in from the road freight sector and their customers.

We urge the Transport and Infrastructure Committee to ensure the final legislation provides a framework that will deliver successful and enduring congestion solutions for our urban centres.

**Dom Kalasih**

Chief Executive

Iā Ara Aotearoa Transporting New Zealand

# FULL SUBMISSION

To the Transport and Infrastructure Committee

## Introduction

1 Transporting New Zealand appreciates the opportunity to make a submission to the Transport and Infrastructure Committee on the Land Transport Management (Time of Use Charging) Amendment Bill (the Bill).

2 Transporting New Zealand largely supports the Bill, but would like to see amendments that will support freight and supply chain considerations.

3 These amendments would increase the likelihood of Transporting New Zealand and the wider road freight sector supporting the time of use charging schemes enabled by the legislation.

4 The amendments would maximise savings to businesses and consumers, support the efficient movement of goods, and help ensure that councils and the NZ Transport Agency (NZTA) can implement enduring and successful time of use charging schemes.

5 Transporting New Zealand's recommended improvements to the Bill:

- **Recommendation One:** That the legislation exempt freight vehicles and public transport vehicles from liability to pay time of use charges.
- **Recommendation Two:** That the legislation not allow differentiated time of use charges according to vehicle class.
- **Recommendation Three:** That the legislation specify that time of use charging scheme impact assessments include the expected impacts on the supply chain and freight movement.
- **Recommendation Four:** That the legislation enable scheme boards, with the approval of impacted local authorities and the Minister, the ability to implement short-term trials ahead of confirming a scheme proposal.



## The impact of congestion on the supply chain

### *Economic impacts*

6 The success of the national economy and the road freight sector are closely intertwined. Heavy traffic data provides a strong real-time indication on national GDP, as road freight is involved in the production of almost all goods, and retail and wholesale trade.<sup>1</sup>

7 Road freight transport accounts for 93% of the total tonnage of freight moved in New Zealand, according to the Ministry of Transport's National Freight Demands Study (2018).

8 New Zealand's worsening urban congestion is disrupting the efficient operation of New Zealand's supply chain and costing road freight companies and the wider economy billions of dollars a year.

9 The dominant role of road freight in transporting our freight task makes addressing congestion vitally important. This is particularly the case in Auckland, whose residents experience the 77th worst congestion in the world.<sup>2</sup> In 2020, 95 percent of freight movements originating in Auckland were transported via road.<sup>3</sup>

10 Freight operators are also concerned at worsening congestion in other urban centres including Tauranga, Hamilton, Wellington and Christchurch.

11 Travel time unreliability and extended journey times present multiple challenges for our freight operator members. Nationally, interpeak travel time predictability on priority freight routes has consistently sat below NZTA's target of >93 per cent – a “not achieved” by their own results measures.<sup>4</sup>

12 Freight companies are being forced to use smaller, less efficient vehicles to deliver goods on time, operate multiple depots, complete fewer cross-city runs per day, and are facing challenges to managing their fleet and drivers productively.

13 The result is higher vehicle emissions, lower labour productivity, and higher operating costs that are felt by all freight customers and consumers.

<sup>1</sup> ANZ, ANZ NZ Truckometer, April 2025. [https://www.anz.co.nz/content/dam/anzconz/documents/economics-and-market-research/2025/ANZ\\_NZ\\_Truckometer\\_20250409.pdf](https://www.anz.co.nz/content/dam/anzconz/documents/economics-and-market-research/2025/ANZ_NZ_Truckometer_20250409.pdf).

<sup>2</sup> TomTom, Auckland traffic report - TomTom Traffic Index, 2024. <https://www.tomtom.com/trafficindex/auckland-traffic>.

<sup>3</sup> Auckland Transport, Auckland Freight Plan, 2020. <https://at.govt.nz/media/1983652/item-137-aucklandfreight-plan-attachment-1-summary-report.pdf>.

<sup>4</sup> NZ Transport Agency, Annual report & National Land Transport Fund annual report (ended 30 June 2024), 2024. <https://www.nzta.govt.nz/assets/resources/annual-report-nzta/2023-24/nzta-annual-report-2024.pdf>.



14 The financial impacts of Auckland's congestion have been well investigated in a series of comprehensive reports:

- a. The Auckland Transport Cost of Congestion White Paper (January 2025), prepared by EY and ARUP estimated that Auckland's congestion problem will cost New Zealand **\$2.6 billion a year** by 2026.
- b. The White Paper noted Aucklanders experience **400,000 congested business and freight journeys each day** (excluding work commutes).
- c. The White Paper estimated the social costs (not including the economic cost of freight delays) were **\$130 million per year**.
- d. Previous modelling from the New Zealand Institute of Economic Research (2017), estimated the benefits of decongestion at up to **1.3 billion dollars per year**.
- e. Modelling from Ministry of Transport's The Congestion Question Technical Report (2020) indicated that, without policy intervention, severe congestion on the freight network during both the morning peak and interpeak will **increase by 50 per cent by 2048**.
- f. Auckland Transport's Auckland Freight Plan Summary Report (2020) noted that freight kilometres are projected to increase by **53% nationally** over the next 30 years, with Auckland freight kilometres rising by **85%**.

15 The case for enabling time of use charging is also strengthened by the Government's complementary revenue reforms involving road tolling and universal road user charges.

16 A combination of new demand management and revenue tools will be required to address New Zealand's stark transport funding deficit, estimated to reach nearly \$6 billion per year by 2034.<sup>5</sup>

17 Ambitious system-wide reform is required if the transport system is to accommodate freight task growth and see improved efficiency, safety and emissions outcomes for the entire country.



<sup>5</sup> NZTA, National Land Transport Programme 2024-2027, 2024. <https://www.nzta.govt.nz/assets/planning-and-investment/nltp/2024/docs/2024-27-national-land-transport-programme.pdf>.

### *Impacts on wellbeing and retention of drivers*

18 As well as financial impacts, congestion and delays also impact the health and wellbeing of drivers, one of the top three concerns identified by respondents in the 2025 National Road Freight Survey.<sup>6</sup>

19 Unpredictable journey times and stressful driving conditions resulting from congestion make it challenging for drivers to maintain regular working hours and achieve a healthy work-life balance.

20 Transporting New Zealand regularly hears anecdotal examples of truck drivers finding sitting in traffic frustrating and dull – removing a lot of enjoyment from their work and making it harder to retain drivers in the workforce.



### *Transporting New Zealand's recommended improvements to the legislation*

#### *Providing reassurance to freight operators, consumers and businesses*

21 Transporting New Zealand's recommended improvements would make freight and supply chain considerations a primary consideration for time of use schemes. The changes would also provide reassurance to the road freight sector, consumers, and businesses, that schemes will be focussed on productivity and cost savings, rather than revenue raising.

<sup>6</sup> A national survey of freight industry participants completed by Research New Zealand on behalf of Transporting New Zealand, involving 128 road freight companies.

22 As an illustrative example, Transporting New Zealand was concerned to read the statement from the Mayor of Wellington dated 26 August 2024 [“Wellington councils working on congestion charging proposal”](#):

*“... Not only will congestion charging improve traffic and encourage people to use public transport, but it **provides a much-needed alternative to rates when it comes to funding our transport**. Right now transport makes up the second biggest chunk of our rates bills after water. **By raising revenue through congestion charging** we can invest in transport without having to put more and more pressure on your rates...”*

[emphasis by Transporting New Zealand]

23 While well designed time of use schemes have the potential to improve network efficiency, schemes that do not adequately take supply chain considerations into account will see their productivity benefits offset by upward pressure on freight costs.

24 Freight operators have watched Port of Auckland use peak-time vehicle access pricing to hike their revenues<sup>7</sup>, with the charges increasing at a rate far higher than any associated productivity improvements.<sup>8</sup>



25 The Congestion Question produced a shortlist of five design options for an Auckland time of use scheme, that modelled freight vehicle kilometres travelled (VKT) in severe congestion reducing between 1.6 - 25.7 per cent – a considerable range. This makes it particularly important for freight considerations to be at the core of the enabling legislation.

26 The need for sector reassurance is demonstrated in Transporting New Zealand’s 2025 Road Freight Survey of 196 participants across 128 road freight businesses, showing mixed support for time of use charging.<sup>9</sup>

<sup>7</sup> RNZ, Ports of Auckland to increase price, volumes to deliver \$1b profits to council, 2024.

<https://www.rnz.co.nz/news/business/516224/ports-of-auckland-to-increase-price-volumes-to-deliver-1b-profits-to-council>.

<sup>8</sup> New Zealand Council of Cargo Owners & Transporting New Zealand, Port of Auckland profit drive will hit businesses and consumers, 2024. [https://nzcco.org.nz/wp-content/uploads/2024/08/Port-of-Auckland-price-hikes-will-hurt-businesses-and-consumers-14-June-2024\\_.pdf](https://nzcco.org.nz/wp-content/uploads/2024/08/Port-of-Auckland-price-hikes-will-hurt-businesses-and-consumers-14-June-2024_.pdf).

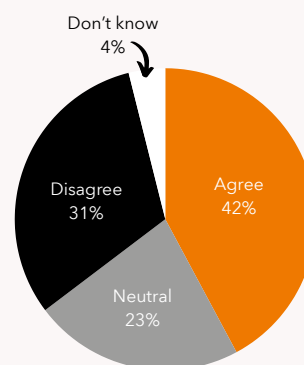
<sup>9</sup> Research New Zealand (on behalf of Transporting New Zealand), 2025 National Road Freight Survey, 2025.



27 Of the 57 road freight businesses who provided responses on congestion charging, 42 per cent stated they supported or strongly supported the use of congestion charging, 23 per cent were neutral and 32 per cent disagreed or strongly disagreed. The remaining 3 per cent indicated they were unsure.<sup>10</sup>

**“I support the concept of congestion charging to reduce delays at peak times”**

*Responses from 57 road freight industry participants in survey conducted by Research NZ*



28 Transporting New Zealand’s improvements to the legislation will support sector buy-in and help ensure the enduring success of the legislation and the resulting time of use charging schemes.

**Recommendation One: That the legislation exempt freight vehicles and public transport buses from liability to pay time of use charges.**

29 Freight demand is inflexible, meaning that congestion charges do not result in material changes in heavy vehicles travelling at peak times.

30 This is demonstrated by road pricing schemes overseas. An analysis of the impact of the London Congestion Charge and Low Emissions Zones found that freight traffic was largely insensitive to the congestion charge.<sup>11</sup>

31 Our road freight members are already highly motivated to move freight at off-peak or inter-peak times due to the high cost of operation (including factors such as labour and vehicle costs, fuel, tyres, repair and maintenance, and insurance).

<sup>10</sup> Research New Zealand (on behalf of Transporting New Zealand), 2025 National Road Freight Survey, 2025.

<sup>11</sup> Broaddus, A., Browne, M. and Allen, J. Sustainable freight: impacts of the London congestion charge and low emissions zone (Transportation Research Board (TRB) 94th Annual Meeting), 2015. [Copy available on request].



32 This is demonstrated by Auckland traffic data showing that heavy trucks largely avoid travelling at peak times.<sup>12</sup> When they are travelling at that time, it is because of a customer's 'capacity to receive'. For example, meeting a particular shipping window, available port booking slot, or at a time when a business is adequately staffed and able to load or unload safely.

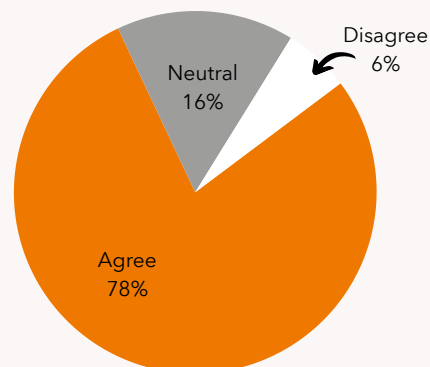
33 A large member of Transporting New Zealand operating across Tauranga and Auckland recently surveyed customers (in response to peak-time port access pricing being introduced) and found that only 12 per cent were able to accept night-time deliveries of containers.

34 As truck journeys at peak times cannot generally be rescheduled, or practically moved to another mode, time of use charges for road freight operates as an unavoidable tax, rather than a demand-altering charge. The same consideration applies to public transport buses.

35 There is a strong view in the sector that an ability for exemption is necessary. 79 per cent of respondents in the 2025 Road Freight Survey agreed that freight vehicles should be exempted from congestion charging. Five per cent disagreed, and 16 per cent of respondents were neutral.<sup>13</sup>

### **"Road freight should be exempt from congestion charging"**

*Responses from 57 road freight industry participants in survey conducted by Research NZ*



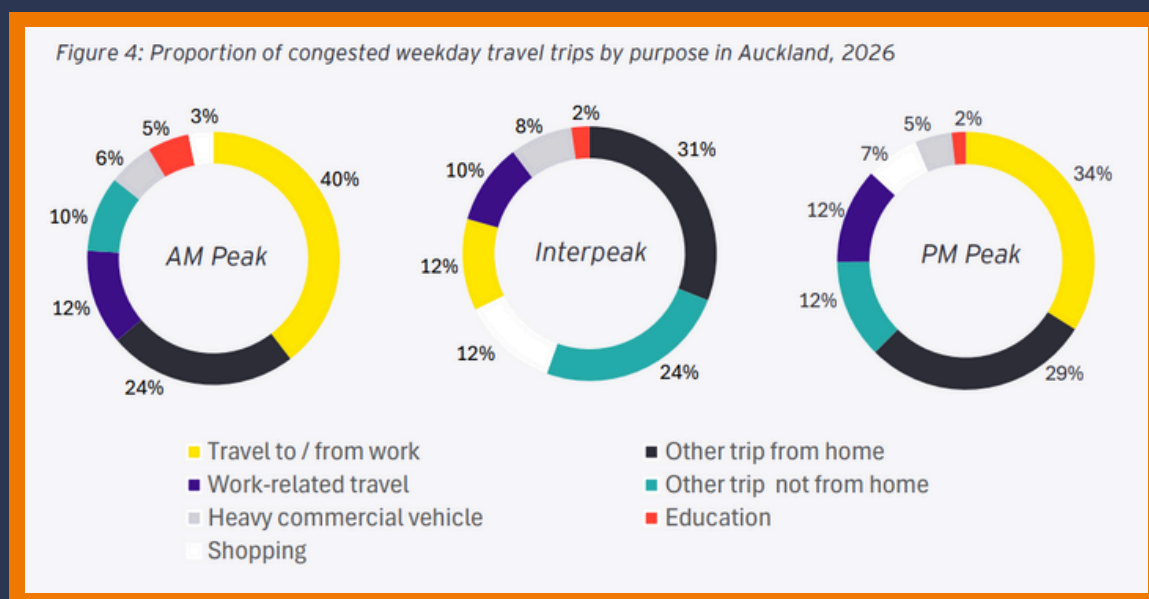
36 Concerns around exemptions being difficult to administer can be constructively worked through by industry and central and local government. The exemption system could be linked to transport service licenses and labels that goods service vehicles with a gross vehicle mass of 6,000 kg or more are already required to display, or the upcoming universal road user charge system.

<sup>12</sup> Auckland Transport, Auckland Freight Plan, 2020, <https://at.govt.nz/media/1983652/item-137-aucklandfreight-plan-attachment-1-summary-report.pdf>.

<sup>13</sup> Research New Zealand (on behalf of Transporting New Zealand), 2025 National Road Freight Survey, 2025.

37 The small proportion of urban vehicle movements consisting of freight and public transport mean an exemption would not materially affect the efficacy of time of use charging schemes.

38 Heavy vehicles (gross vehicle mass of 3.5 tonnes and above) only make up around 7 per cent of Auckland's vehicle movements – and a lower proportion of congested weekday travel trips.<sup>14</sup>



*Auckland Transport, Auckland's Cost of Congestion, 2024, p. 9*

39 Singapore exempted goods vehicles from road pricing for the first 14 years of their Area Licensing Scheme<sup>15</sup> and other jurisdictions currently operate a range of exemptions for different vehicle types.

40 Transporting New Zealand's preferred option would be that the legislation be amended to make freight vehicles not liable for charges under any scheme, as proposed for emergency service vehicles in the Bill, and as Auckland Council and Transporting New Zealand submit should be the case for public transport vehicles.

41 Alternatively, should the Committee not be prepared to recommend a blanket exemption, Transporting New Zealand submits that legislation enable scheme boards, with the approval of impacted local authorities and the Minister, the ability to exempt freight vehicles and public transport vehicles from liability to pay time of use charges.

<sup>14</sup>Auckland Transport, Auckland's Cost of Congestion, 2024. <https://at.govt.nz/media/pqpxhk3cn/auckland-transport-cost-of-congestion-white-paper.pdf>.

<sup>15</sup>Chin, K. Road Pricing - Singapore's 30 Years of Experience (CESifo DICE Report 3/2005), 2005. <https://www.ifo.de/DocDL/dicereport305-forum3.pdf>.

**Recommendation Two: Time of use charges should not vary according to vehicle class.**

42 Transporting New Zealand is concerned at the Bill's reference to different charging classes, presumably varying by vehicle weight or size, due to their "different impact on traffic flows".<sup>16</sup>

43 Charging heavy goods vehicles more than light goods vehicles (eg. under 3.5 tonnes) will encourage the transport of freight in smaller, less efficient vehicles, particularly if the pricing differential is high.



44 The Land Transport Revenue Action Plan: Time of Use Charging Paper's statement that "larger vehicles cause more delay than smaller vehicles" is inaccurate when considering the transport of the entire freight task. The optimal congestion reduction outcome is to have a relatively low number of high-capacity trucks delivering the road freight task, limiting necessary trips and reducing the emissions intensity of each freight unit transported.

45 As discussed above, freight demand is inelastic, meaning charging higher rates for heavy vehicles simply drives up the cost of time of use schemes to business and consumers, without materially improving traffic flow.

46 There is an established precedent for such a standardised approach – congestion management schemes in Stockholm, Gothenburg and London do not use vehicle-type adjustment.<sup>17</sup>

47 In the event that the Committee is not prepared to recommend a single vehicle class approach, Transporting New Zealand submits that the maximum heavy vehicle charge should be capped at twice the rate of light vehicles (2:1)<sup>18</sup> to avoid heavy vehicles being used to bulk up scheme revenues.

<sup>16</sup> Office of the Minister of Transport, Land Transport Revenue Action Plan: Time of Use Charging, 2024, p. 8. <https://www.transport.govt.nz/assets/Uploads/Time-of-Use-Charging-Cabinet-Material-Proactive-Release.pdf>.

<sup>17</sup> Auckland Transport, The Congestion Question Technical Report, 2020.

<https://www.transport.govt.nz/assets/Uploads/Report/TheCongestionQuestionsTechnicalReport.pdf>.

<sup>18</sup> This was the differential suggested by The Congestion Question.



**Recommendation Three: That the legislation should specify that time of use charging scheme impact assessments include the expected impacts on the supply chain and freight movement.**

48 Transporting New Zealand recommends that time of use charging scheme impact assessments (section 65Z of the legislation) should include a mandatory consideration of the expected impacts on the supply chain and freight movement within the scheme region.

49 This could be achieved by adding a paragraph to subsection 65Z(2):

(2) The time of use charging scheme impact assessment must set out and explain the following:

...

(h) the expected impacts on the supply chain and freight movement within the scheme region.

50 This would help ensure that freight considerations and impacts were at the heart of scheme design, provide reassurance to road freight operators and their customers, and provide helpful information to the responsible minister considering the assessment.

**Recommendation Four: That the legislation enable scheme boards, with the approval of impacted local authorities and the Minister, the ability to implement short-term trials ahead of confirming a scheme proposal.**

51 Transporting New Zealand supports this recommendation from Auckland Council, on the basis that it would allow price testing and help verify the effectiveness of a scheme.

52 Enabling trials would also provide some reassurance to freight operators who may be sceptical of a scheme's benefits. Time of use charging trial was utilised successfully in 2006 by Stockholm ahead of the permanent adoption of their scheme.



**Transporting New Zealand hopes that the Committee will give careful consideration to the submission from Auckland Council.**

53 Transporting New Zealand has reviewed the submission of Auckland Council, and agrees with their statement that time of use charging must work for Auckland, as the city most likely to put in place a time of use charging scheme.

54 Transporting New Zealand hopes the Committee will carefully consider Auckland Council's recommendations, particularly their concerns around the Bill's governance and revenue provisions, and discussion around complementary measures such as public transport improvements.



# About la Ara Aotearoa Transporting New Zealand

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la Ara Aotearoa Transporting New Zealand is a national membership association representing the road freight transport industry.

Our **1,200 member companies** operate and support urban, rural and inter-regional commercial freight transport services throughout the country.

As the peak body and authoritative voice of the road freight sector, Transporting New Zealand helps trucking firms operate successful, safe and sustainable businesses.

## Our strategic priorities are:

- Providing one industry voice for advocacy
- Promoting the road freight transport industry
- Attracting talent and promoting workforce development
- Supporting our members and customers
- Sustainability, safety and responsible emissions reduction

New Zealand's road freight industry employs over 31,000 people and has a gross annual turnover in the order of **\$9.73 billion** (Stats NZ, Deloitte analysis).

Road freight transport accounts for **93%** of the total tonnage of freight moved in New Zealand (MoT National Freight Demands Study 2018).



# QUESTIONS?

Contact us



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