

**EMA Submission to the
Transport and Infrastructure
Select Committee**

On the

**Time of Use Charging
Amendment Bill**

April 24, 2025

Background

The Employers and Manufacturers Association (EMA) is New Zealand's largest business association with our more than 7,000 members employing at least 20% of the country's workforce.

We are an industry good organisation that will celebrate its 140th anniversary in 2026 and have always existed for the benefit and improvement of our members and, by default, the greater good of New Zealand business.

While based in Auckland our footprint is national with our Adviceline Service taking up to 20,000 – plus calls annually and our advocacy, learning and HR/ER/Health & Safety consultants also providing member assistance on a national basis.

As a member of the Business NZ network, Business South, Business Canterbury, Business Central and Business NZ our reach across the business community of New Zealand extends even further.

Our advocacy programme has long had a focus on improving infrastructure to support business and ease the movement of people, freight and goods across the country. We have a particular focus on infrastructure in the Upper North Island and the Auckland City and region – home to more than half of our member base.

The EMA is a founding member of the Tamaki Makaurau Business Network, Infrastructure New Zealand, the Northern Infrastructure Partnership (previously the Auckland Business Forum) and a member of the business group that supported and helped develop the Auckland Regional Deal proposal.

We have been an advocate and supporter of the development of a Time of Use (congestion) charging scheme for Auckland and see such a system as a potential precursor for other schemes, where need is identified, around the country.

We strongly support the legislation required to enable such a scheme in Auckland although we have some concerns with parts of the proposed Bill.

Why does the EMA support the Bill?

The issues created by Auckland's congestion are well-known with lack of certainty, lost time and lost productivity our main concerns.

Therefore we support the purpose and objectives of the Bill although the network productivity gains may require further refining.

The benefits for residents of knowing they can make appointments and move around the city more easily for leisure, shopping and family interests must not be overlooked. There are tangible social gains outside the identified economic gains.

But those economic issues led to the EMA jointly funding – with Infrastructure NZ and National Road Carriers – a 2017 NZIER report into the lost productivity costs of moving around and through Auckland. The report was based on existing Auckland Transport (AT) and AA data.

At the top end of the range, an estimated \$1.3 billion annual cost to Auckland's GDP was the result of congestion. In the eight years since that study, the cost has almost doubled while Aucklanders spend 29 million hours per year stuck in traffic.

It may seem counter-intuitive that a business organisation would support the perceived imposition of an additional cost of doing business in Auckland.

But focus group research conducted by NZIER in that 2017 study, anecdotal evidence over many years from our members, and more recently the community forum work commissioned by the Northern Infrastructure Partnership show the advantages of a small cost for a larger gain e.g.

- Several members of the focus group highlighted they were running more vehicles over longer hours in the day to meet regular deliveries they had made on regular routes over a number of years
- A lift servicing company had changed its guaranteed service times to get those stuck in lift in Auckland out in four hours instead of the previous one hour
- A delivery company refused to go to Auckland's North Shore after 2pm as the delivery vehicles were routinely unable to get back to base before head office closed for the day
- The man-in-the-van (plumbers, electricians etc) would get back one or two jobs a day if congestion reduced
- Businesses based in Takanini will routinely allow up to two hours to visit the city or our Business Hub in Khyber Pass for training or events

- Hamilton members routinely leave well before 6am, previously 7am, if they have early appointments in Auckland – that’s following the completion of the Waikato Expressway. Most try and time business dealings in Auckland to avoid congestion. But as we know congestion is now spreading throughout the day.

The certainty in planning a day is one of the main gains the EMA believes will derive from TOU charging. It may also precipitate a move to a more 24-hour city and region as deliveries could be scheduled for off-peak or after-hours parts of the day – providing warehouses and other premises open to receive those deliveries.

A TOU system will also allow Auckland and other potential cities around the country to make far better and more efficient use of existing road networks without putting more pressure on to build more roads. Making the best use of what we have is less expensive than building more capacity.

Issues with the Proposed Bill

Ministerial Decision Making

In general, the EMA prefers that final decision-making is not left in the hands of a single or small group of Ministers.

For example, our preference is for the current RMA fast-track regime, which hands decision-making to a small Ministerial group, to end when the new RMA is finally developed in a way that removes the need for such a dispensation.

Such a process raises the perception, if not the practice, of politicised or easily swayed decision-making. It’s also hard to see a Minister for Auckland or Minister for Transport making the difficult decision to implement any scheme in an election year where such a scheme may be politically contentious despite demonstrably benefitting the city.

A former Mayor of Kapiti who introduced water meters in an electoral cycle is the perfect example of what could happen in doing the right thing at the wrong time in that cycle.

Development/Design of the Scheme

Auckland Transport raises some valid concerns around the make-up of the group designing and signing off on the final scheme before it goes to the Minister.

While unable to support the idea of the Local Authority endorsing the scheme before its introduction, local input into the design and championing of the scheme is critical to its success.

Adding the politics of a second tier of political sign-off is a recipe for stalling progress. Regional and local politicians are often at odds with central Government policy so asking for that level of endorsement seems naïve.

For example, would the current Wellington City Council sign-off on such a scheme? Given that it is a national level policy decision and likely mainly centrally funded, a national level decision is appropriate.

However, there must be a high level of local authority involvement in the development of a scheme.

Already, in preliminary discussions on the Auckland scheme, there is a Wellington-based assumption that access to Auckland's inner city is the issue. We keep hearing about the London City cordon as an exemplar.

But congestion in Auckland's transport network is far flung and complex ranging from known pinch points from as far north as Silverdale to as far south as Drury and Takanini.

In addition there are major congestions points on a number of key arterials that carry volumes of traffic daily that are far greater than most motorways around the rest of the country.

So simply charging for the motorway access, or cordoning the inner city, is not the answer.

The motorways are NZTA's jurisdiction but responsibility for the arterials sit with the local authority. If, how and when those arterials are fitted into a time-of-use scheme can only benefit from local input.

The on-ramp light system is an example of how achieving a goal for the motorway system can negatively impact the arterial and local roading networks.

Those on-ramp lights continue to operate despite any benefits now almost gone and widespread ignoring of the system by drivers.

However they successfully continue to clog arterial approach roads, in some cases for several kilometres, and made suburban streets in a radius of kilometres less safe and less liveable as motorists sought out rate runs and short cuts to avoid on-ramp queues.

That forced AT to spend more many on traffic calming and street closures to slow or stop rat run traffic.

Recommendation

Technical experts, perhaps a 50-50 mix of NZTA and local authority experts, will rightly design the scheme, a strong Board with an independent chair, should make the final recommendation. If the Minister has the final decision, the weighting for that decision should lie towards the recommendation from the Board – accepting there will also be a final ministerial say.

Without designing a camel, the Board skills should canvass NZTA, the local authority, business and social impact interests in guiding the scheme's design. The independent chair could also be the champion such a scheme will need to get over the line. The Board and Chair would also run or could co-opt existing communications and stakeholder expertise for the extensive engagement programme required to successfully implement the scheme.

This programme has less chance of succeeding if left in the hands of a single central agency given the extensive local input required for success.

There is also no need to delay implementation for a year. What is the point if the work on engagement and design has been successfully completed ahead of the scheme's approval.

Impact on Public Transport

There is a problematic school of thought that there must be a viable, efficient, high-capacity public transport alternative available before TOU is introduced. If we wait for that in Auckland, we'll never introduce a scheme.

Demand for private and freight travel continues to exponentially outpace the growth in public transport use in and around the city and region.

Enhanced public transport is a key part of the answer to congestion but it is not an alternative to private vehicle use.

However, the introduction of a TOU system will undoubtedly require better public transport with investment in bus lanes, clearways, active modes, ferries and commuter trains all likely outcomes. It's also possible some alternative roads to those managed by the TOU system will experience heavier traffic volumes and therefore likely higher maintenance costs.

Where those costs sit is not addressed in the legislation and at the moment it seems they will fall on the limited budgets and resources of the local authority.

For example it has taken years of investment in feeder networks, park and rides and new buses, to get the much-heralded Northern Busway into its current successful shape.

Recommendation

If decisions on where the costs of additional public transport assets sit are not to be included in the legislation, they will need to be apportioned in the scheme design.

Revenues

The EMA has long held the view that any TOU scheme should aim to be revenue positive rather than revenue neutral.

Our view is that scheme, after paying for itself, should be a vehicle to help fund further and ongoing improvements and investments in public transport infrastructure. This will become more important as revenue from road user charges and petrol taxes are already declining and an alternative funding stream has yet to be resolved.

Recommendation

Revenue from the scheme should be ring-fenced for the purpose of public transport investment and used exclusively for improvements within the areas affected by the TOU scheme not the wider region.

Equity/Exemptions

The EMA supports the exemption for emergency vehicles.

There is arguably a case for exempting public transport or rebating the costs of public transport back to the operators, providing the costs of administration aren't too high. But a better approach might be to add a minimal increase to the farebox to cover the costs of the scheme. It's what the Uber and taxi companies will do.

Exemptions are most commonly associated with issues of equity.

But the more exemptions that are granted the more costly administration becomes and the less effective the scheme becomes.

The point of TOU charging is encouraging behaviour change. The more exemptions the less change to behaviour.

Recommendation

If exemptions are to be granted, then make them extremely limited and limit them to existing identified and easily administered groups with existing discount systems in place like Gold Cards or Community cards.

Only grant exemptions in cases of proven hardship for identified groups not predicted hardship. The clamour for exemptions is already beginning, but like tax, a TOU system will be most successful when widely applied.

That was proven in London when widespread exemption totally undermined the effectiveness of the scheme.

Trials

The EMA agrees with not allowing trials.

It's likely any trial will just be avoided for the duration of the trial, except for those that must travel that particular corridor, and therefore the trial will not provide any accurate gauge of behaviour change or change in travel patterns on that corridor.

Conclusion

The EMA is long-term dedicated supporter of TOU systems to address congestion and maximise capacity on existing roading networks.

We are largely supportive of the proposed bill and will continue to advocate strongly for the introduction of the first likely scheme in Auckland and other subsequent schemes where a need is identified.

Regards

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