

Factsheet: Time of use schemes

What are time of use schemes?

Time of use schemes are a way to improve traffic flows and shorten journey times by charging road users at certain times or locations, depending on how busy the roads are. The charge encourages some users to change their travel habits, so there are fewer people on the roads at the busiest times.

It is similar to congestion charging, but it has a broader focus. While congestion charging targets specific roads to reduce volumes and travel times, time of use schemes aim to improve traffic flow across an entire network, enhancing reliability and productivity overall.

Why are time of use schemes being introduced?

Being stuck in traffic and not getting to where we need to get quickly costs the country hundreds of millions of dollars every year. We need to be able to get to where we want to go, quickly and safely.

Compared to cities in Australia, travel times in our major cities are around 10-30 per cent worse. Studies over the past 20 years have pointed to benefits from charging vehicles for travelling in congested conditions.

The charge will prompt some users to change their time, route, or method of travel. Or they may choose not to travel at all. This will reduce the volume of traffic flowing through congested areas, improve travel times, and make our road network more productive.

Several cities around the world have introduced successful schemes including Singapore, Stockholm, Dubai and Seoul.

How will this happen?

A bill will be introduced that amends the Land Transport Management Act 2003 to provide the enabling framework for time of use schemes. Once the new law is in place, local authorities will be able to propose schemes and work will be able to begin on scheme development.

When developing a scheme, local authorities will talk to local stakeholders and the community. The NZ Transport Agency (NZTA) will lead the design of schemes in partnership with local authorities to provide strong oversight that ensures New Zealanders are benefiting from the time of use scheme.

Case Study: Singapore

Singapore's time of use charging system, known as Electronic Road Pricing (ERP), adjusts charges based on traffic conditions to manage congestion.

It has resulted in a traffic reduction of 10-15 per cent in the Zone subject to charges. By applying price adjustments to maintain traffic flows it has maintained average peak hour speeds on expressways of between 61kph and 64 kph despite a 25% increase in private car numbers. ([Source](#))

Once a scheme has been designed, it will be referred to the Minister of Transport for approval. If the Minister approves the scheme, it will be implemented through an Order in Council.

When will schemes be introduced?

Legislation is expected to pass in 2025. It will then take some time to implement the schemes. Schemes will need to be developed by a charging partnership that is led by the NZTA. That partnership will need to consult people impacted by the scheme. Proposed schemes will need to be approved by Cabinet and roadside and back-office systems put in place. This is likely to take a year or more after schemes are enabled in legislation.

Who can propose a scheme?

The proposed design will set out that local authorities will be able to propose the establishment of a time of use scheme. Other interested local authorities will be able to opt-in to the development of a time of use scheme. Schemes will be developed and operated in partnership with NZTA, who will be the majority partner. The Government will be able to propose a scheme, through NZTA.

A proposed scheme must be consulted with the public before being submitted to Ministers for approval. The cost of proposing and establishing a scheme will be met by scheme partners and recovered from future scheme revenues. A diagram setting out the process to establish a scheme can be found at the end of this factsheet.

How will revenue be used?

The Government's intention in enabling time of use schemes is to manage road network demand and improve efficiency, not to raise revenue.

The proposed design sets out that local authority members of the partnership and the Minister of Transport will agree how net revenues are to be spent. The design will require that scheme revenue must be invested in the transport system in the region where it was raised. Revenue will supplement rather than substitute national and local funding and will not result in eligibility for additional funding from the National Land Transport Fund.

How will schemes be managed so they work for people in the region?

The Order in Council will contain clear rules for how a scheme will work, to give road users certainty about where, when, and how much they will need to pay. For example, a maximum charge will be set out in the Order in Council.

To ensure optimal scheme effectiveness, partnerships will have some flexibility over scheme operation. For example, they will be able to vary charges without public consultation, but only at pre-determined intervals and only so long as the charge remains below the maximum.

If a partnership wants to change any of the roads that are subject to a charge, the frequency of charge adjustments, or the investment approach, it must publicly consult on the proposed changes. Other changes will require amending the Order in Council.

How will we know if a scheme is working properly?

The proposed design will require regular monitoring and reporting on the change in travel times and traffic volumes. How much has been raised and how it has been used will also be regularly reported.

The Secretary of Transport will be responsible for scheme oversight. The Government will have a range of ways of intervening when an approved scheme isn't delivering against its objectives.

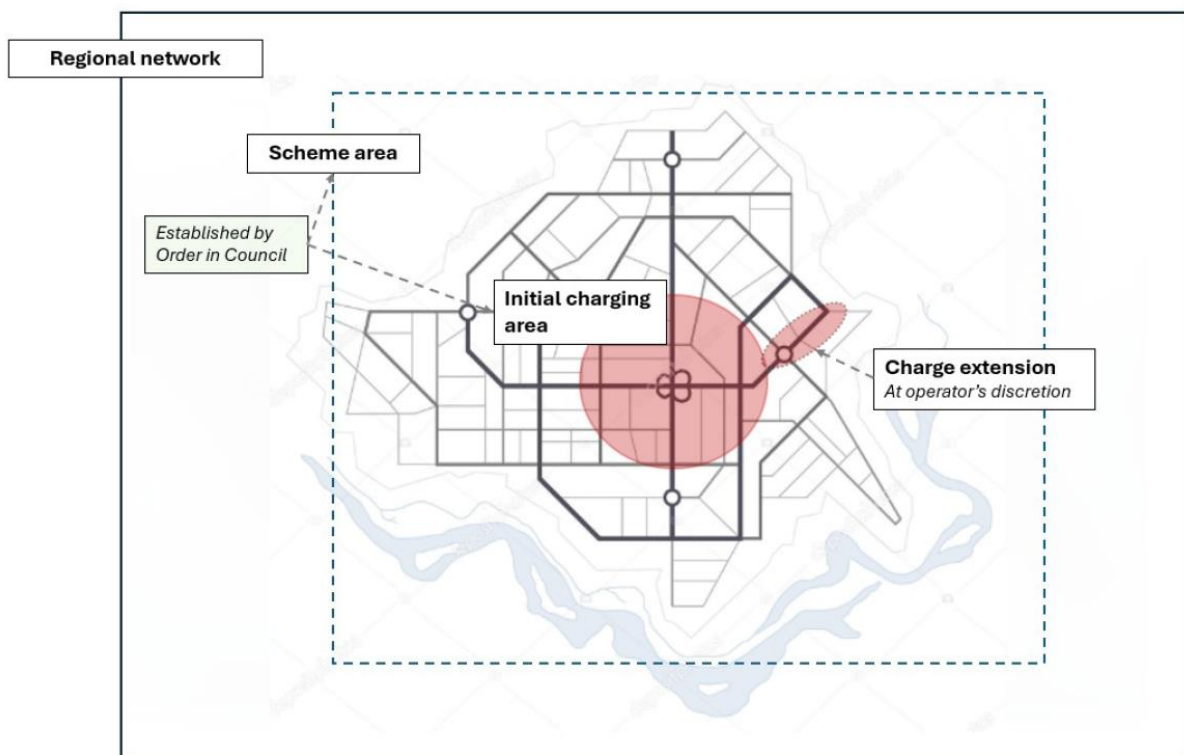
Will public engagement be required?

Yes. Partnerships will have to engage with the public on any proposed scheme. Certain proposed changes (for example, adding roads to the charging area) will trigger further public engagement.

What's next?

The Government is drafting a bill so it can be introduced to Parliament before the end of 2024. The draft bill will be considered by the Transport and Infrastructure Select Committee in 2025.

Example of a time of use scheme



Proposed process to establish a time of use scheme

