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Infrastructure New Zealand's Submission on the Toll Proposal for Belfast to Pegasus Motorway and Woodend Bypass

1. About Infrastructure New Zealand

- 1.1 Infrastructure New Zealand (INZ) welcomes this opportunity to submit to the New Zealand Transport Agency Waka Kotahi in support of the proposal to toll the new Belfast to Pegasus Motorway and Woodend Bypass in Canterbury.
- 1.2 INZ is Aotearoa's peak membership organisation for the infrastructure sector. We promote best practice in national infrastructure development through research, advocacy, and public and private sector collaboration. Our membership is comprised of around 150 organisations, including government agencies, local authorities, consultants, contractors, financiers, utilities, and academics. These organisations employ approximately 150,000 people in infrastructure-related roles and are united in their commitment to creating a better New Zealand through outstanding infrastructure.
- 1.3 This submission represents the views of Infrastructure New Zealand as a collective whole and may not necessarily represent the views of individual member organisations. We have also

encouraged our members to make their own submissions raising those issues specific to their areas of interest or expertise.

2. Support for Tolling Proposal

- 2.1 INZ supports the upgrade of this 10 km section of SH1 from Belfast to Pegasus, including the Woodend bypass. The current route is heavily congested during weekday peaks and increasingly at other times. Travel times are slow and increasingly unreliable. The route also poses significant safety risks due to high-risk intersections and the location of Woodend township directly on the highway.
- 2.2 INZ has consistently supported tolling as a fair and sustainable mechanism to fund new roads. Rejecting tolling effectively means rejecting new highway investment, as communities must recognise that high-quality infrastructure cannot be delivered for free.
- 2.3 If New Zealanders want safer, faster, and more resilient highways, road users must be prepared to contribute directly to their cost. Expecting world-class infrastructure without user contribution is unrealistic.
- 2.4 The fairest and most sustainable approach is for those who benefit most—the users—to pay a share of the costs. This approach not only provides a transparent revenue stream for maintenance but also properly tests demand. It is inequitable to ask all taxpayers, many of whom may never use the road, to bear the full cost.
- 2.5 International experience proves the point. User charging in the form of tolling or congestion charging delivers safer, less-congested and better-managed roads all over the world because other countries understand that asking users to contribute directly is both fair and effective. Tolling also helps preserve road assets by moderating demand, while ensuring revenue is reinvested in ongoing maintenance and operation.
- 2.6 The National Infrastructure Plan makes it clear that without sustainable and affordable funding mechanisms, New Zealand's infrastructure deficit will continue to grow. Communities such as North Canterbury deserve the safe, reliable highways they have long demanded, but users should contribute to the cost of delivery.
- 2.7 Current funding mechanisms are inadequate to maintain, renew, and replace transport assets. Land transport is under severe fiscal pressure, with investment demands now exceeding available revenue. This is not sustainable. INZ supports both alternative financing models such as Public Private Partnerships (PPPs) and the development of new revenue tools to service these models.
- 2.8 While tolling will not cover the full capital cost, establishing the principle of user charging is essential. Overseas practice shows this provides transparency on usage, maintenance, and long-

term stewardship of transport assets. Infrastructure must be priced properly; building roads without clear funding for their lifecycle is not good practice.

- 2.9 Direct charging also influences travel behaviour, helping users decide how and when to travel. While tolls may increase freight costs, these will be offset by faster, safer, and more resilient routes that reduce travel time and improve reliability. A transparent charging regime spreads costs more equitably and creates stronger incentives for government and operators to maintain pavements to a high standard.
- 2.10 Tolling should become the default expectation for all new roads, especially as New Zealand transitions towards electronic road pricing. Establishing this principle now will shift public perceptions away from the idea that new roads are “free.”
- 2.11 Missed opportunities such as Transmission Gully show the importance of embedding a clear tolling policy for new projects. Encouragingly, at Infrastructure New Zealand’s Building Nations Conference in July 2024, representatives from National, Labour, the Greens, and ACT all expressed support for some form of road pricing. That consensus should now translate into consistent policy and its application.
- 2.12 If a road is worth building, it is worth paying for.

3. Tolling Assessment

- 3.1 The estimated cost of the upgrade, including the Woodend bypass, is \$729–\$876 million which is well above the current National Land Transport Programme allocation. These cost pressures highlight the urgency of diversifying revenue sources for the National Land Transport Fund. Tolling is already enabled under the Land Transport Management Act 2003 and should be utilised.
- 3.2 INZ agrees with NZTA’s assessment that SH1 Belfast to Pegasus is a suitable candidate for tolling. This aligns with the Government Policy Statement on Land Transport 2024, which expects tolling to be considered for all new highways.
- 3.3 North Canterbury is a high-growth area with real congestion and safety challenges north of Kaiapoi. A viable alternative route exists, but a safety review of this route should be undertaken to assess potential impacts of diverted traffic on surrounding communities.
- 3.4 With land transport revenues from fuel excise and road user charges declining, it is inevitable that other legislative funding tools be used. A consistent national approach, without regional exemptions, is essential. While tolling should have been flagged when this project was first identified almost 5 years ago, the government’s clear policy direction in the GPS provides a strong mandate now for this approach.

- 3.5 Given the ongoing increased demand for land transport funding and decreasing revenue from fuel excise duty and road user charges, it is inevitable that other revenue sources provided for in the legislation are accessed and we expect this to be a consistent national approach from now on and without any favouritism or dispensation shown to any particular regions.
- 3.6 New Zealanders expect world-class transport infrastructure, but internationally such assets are commonly paid for by direct user charges in addition to general or fuel taxes. This new highway will deliver significant safety, reliability and travel time savings benefits for both people and freight.
- 3.7 The proposed two tolling points and charges \$1.25 for light vehicles and \$2.50 for heavy vehicles at both of these points, are sensible and proportional to the benefits. They compare favourably to the cost of parking in main centres, and freight tolls can be on-charged to customers while drivers benefit from safer, faster, and more predictable travel. Experience from other toll roads shows actual usage often exceeds expectations once benefits are realised and convenient payment systems are in place.
- 3.8 The two tolling points proposed are sensible. The toll at each point is proposed to be set at \$1.25 for a light vehicle and \$2.50 for heavy vehicles and is proportional to the benefits accrued including travel time saving, vehicle operating costs savings, safety benefits with a reduction in serious crashes and deaths as well as being a much more pleasant and enjoyable road to drive. The toll fees equate to less than the cost of one hour's parking in a main centre. In the case of heavy vehicles, the tolling costs are passed onto customers while the drivers will enjoy a safer faster and easier journey. The travel time reductions will offset the toll fee. We also know that stated preference in transport user behaviour does not always indicate actual behaviour. Other toll roads in New Zealand have had higher actual usage once opened than the alternatives as people have experienced the benefits first hand and easy payment systems are put in place.
- 3.9 The traffic modelling assumptions appear reasonable, and population growth in North Canterbury will increase demand over time. It can be expected that once the toll road is in place, the benefits will be recognised and use of it will continue to increase as people adapt to the new network. INZ supports the use of the NZTA tolling back office to support another tolling road scheme. We would expect to see Scheme transaction and administration costs reducing over time as more tolls are processed.
- 3.10 Ahead of any implementation, we would recommend that NZTA work closely with local communities to assist them to easily transition to a user pays environment with assistance to open tolling accounts and clear easily accessible public information.

4. Conclusion

- 4.1 Infrastructure New Zealand strongly supports tolling the Belfast to Pegasus upgrade, including the Woodend Bypass. Tolling must become a consistent and nationally applied mechanism for funding new highways, ensuring that those who benefit most contribute fairly to the cost of safer, more resilient, and better-managed transport infrastructure.

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