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Infrastructure New Zealand's Submission on the Land Transport (Revenue) Amendment Bill

1. About Infrastructure New Zealand

1.1 Infrastructure New Zealand (INZ) welcomes this opportunity to provide feedback to the Transport and Infrastructure Committee on the Land Transport (Revenue) Amendment Bill.

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, 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 INZ as a collective whole and may not necessarily represent the views of individual member organisations. We have encouraged members to provide their own submissions to raise issues specific to their expertise and areas of interest.

2. General Comments

2.1 INZ supports the broad intent and direction of the Bill. The move toward a fairer, usage-based road funding system, including road user charges (RUC) across more vehicle types, modernised digital compliance, and expanded tolling flexibility, is a necessary and long-overdue update to New Zealand's transport revenue framework.

2.2 Charging road users based on actual use and impact on the network is a more equitable and sustainable approach than the current fuel-tax dependent model. As the vehicle fleet evolves, a usage-based system is a sustainable path to follow, ensuring proportionality and reflecting international best practice, where similar models have delivered fairer and more predictable outcomes.

2.3 The proposals enabling electronic and digital RUC compliance will simplify processes for users and reduce costs over time. Opening the system to private providers, permitting electronic distance-recording devices, and enabling subscription-based billing are all appropriate modernisations that support a more flexible, scalable, and future-proof system.

2.4 The Bill strengthens the tolling framework by enabling corridor tolling. This change gives authorities flexibility to fund major upgrades and new roads. This important reform will allow road usage to drive revenue in specific corridors, providing an opportunity for New Zealand to mature and grow our transport networks over time.

2.5 The ability to bring forward investment through tolling revenue will help to accelerate delivery. Big infrastructure programmes like the Roads of National Significance, regional connectivity, and the development of resilient transport corridors will all benefit from the unlocking of this revenue stream.

2.6 INZ supports these reforms but emphasises that success of the system will depend on transparent implementation, robust privacy protections, and a long-term commitment to reinvesting revenue into maintaining and improving the transport network.

2.7 As the fleet composition shifts globally, reforming New Zealand's system now avoids locking ourselves into an outdated funding model. This Bill signals that New Zealand is evolving its infrastructure funding and delivery mechanisms to be more sustainable, technologically forward, and flexible.

3. Risks and Key Considerations

3.1 While supportive of the reforms, INZ highlights several structural and social risks that must be managed to ensure the changes remain equitable, efficient, and durable.

3.2 Usage-based charging may disproportionately affect vulnerable groups, including rural communities, low-income households, and those without viable transport alternatives. To avoid contributing to 'transport poverty', any expansion of RUC or tolling must be accompanied by reinvestment into public transport, active travel, and essential transport infrastructure.

3.3 Public trust will be critical to successful implementation. Without transparent reporting that clearly links revenue collection to improved infrastructure outcomes, public resistance may grow, particularly where tolls apply to existing roads. Internationally, predictable charging structures, clear communication of benefits, and demonstrable reinvestment have been essential to maintaining support. Without trust and proper governance, there will be public resistance.

3.4 INZ cautions against potential over-reliance on tolling. Allowing tolling to become a go-to funding tool risks investment in toll-friendly roads becoming prioritised and not necessarily reflecting need. As the system continues to transition toward universal RUC for all vehicles, there is a risk the public may perceive double charging. Restrictions on alternative routes for freight vehicles could increase costs for freight operators and have wider economic impacts.

3.5 Moving to electronic RUC (e-RUC) raises questions about data privacy. Robust safeguards must be in place for personal data. INZ strongly supports the Government's signals that a private provider who is already delivering e-RUC services to New Zealand be used as the service deliverer.

4. Recommendations

4.1 INZ supports the Bill's key principles, seeing a fairer system of usage-based charging, modernisation and tolling flexibility, particularly corridor tolling, as essential tools for delivering future infrastructure in Aotearoa.

4.2 We recommend incorporating additional safeguards to ensure the amendments deliver equitable and sustainable outcomes.

4.3 A social impact assessment should be embedded in the implementation process, especially regarding tolling existing roads and restricting alternative routes for heavy vehicles. We invite the Government to create bands to recognise those who sit below a certain income and are required to use a vehicle for work, school, or important medical care.

4.4 The Government should prioritise transparency and communication. This includes clear reporting on toll and RUC revenue, expenditure audits, and infrastructure delivery metrics. International experience demonstrates that charging for existing roads is only accepted when linked to clear, measurable improvements.

4.5 Robust data protection measures, transparent auditing, and accessible mechanisms for dispute resolution must be implemented. Consumer protections are essential to ensure electronic distance monitoring is accurate and contestable.

4.6 INZ recommends that a staged, consultative approach to implementing e-RUC for the light vehicle and petrol fleet be introduced. This would need to provide the public with a clear timeline for implementation, with the requirement for transparency once again being of the utmost importance.

4.7 Toll and RUC revenue should be reinvested across a balanced transport programme, including new roads, maintenance of existing transport infrastructure, public and active transport, and resilience investment.

4.8 The Committee should draw on international best practice in usage-based charging, tolling, and mobility funding to ensure the new system is robust and enduring.

5. Conclusion

5.1 INZ appreciates the opportunity to comment on the proposed amendments and reiterates its strong support for the overall direction of the reforms. A shift toward a modern, usage-based charging system is both timely and necessary to ensure the long-term sustainability of New Zealand's transport network.

5.2 The Bill establishes a strong foundation for a fairer and more technologically enabled funding system. Its long-term success will depend on equitable implementation, strong privacy protections, and transparent, accountable use of revenue.

5.3 INZ supports the modernisation of RUC, the adoption of digital compliance tools, and enhancing tolling flexibility. With appropriate oversight, these changes can accelerate investment, improve network performance, and ensure revenue better reflects actual road use.

5.4 We emphasise the importance of aligning implementation with international best practice and ensuring transparent communication, clear reporting, and strong accountability mechanisms. Demonstrating a direct link between user charges and infrastructure outcomes will be critical to maintaining public confidence in the system.

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