



Crombie Lockwood Tower
Level 16, 191 Queen Street
PO Box 7244
Victoria Street West
Auckland 1142
New Zealand

Phone: +64 9 377 5570
Email: info@infrastructure.org.nz

19 May 2021

Committee Secretariat
Transport and Infrastructure Committee
Parliament Buildings
Wellington 6160

Re: Submission on the Transport and Infrastructure Committee inquiry into congestion pricing in Auckland

Infrastructure New Zealand is grateful for the opportunity to make a submission on this inquiry.

Infrastructure New Zealand is New Zealand's peak industry body for the infrastructure sector. We promote best practice in national infrastructure development through research, advocacy and public and private sector collaboration. Our members come from diverse sectors across New Zealand and include infrastructure service providers, investors and operators.

Infrastructure New Zealand supports the introduction of road pricing in Auckland in principle. We have advocated for the introduction of road pricing in Auckland for several years.

Our submission focuses on the strategic matters of The case for road pricing and Implementation matters. Please find attached our submission.

We would like to appear before the committee to speak to our submission.

Infrastructure New Zealand anticipates significant work will be required after the Transport and Infrastructure Committee has concluded its inquiry. We look forward to being included involved in future work as a partner.

Yours sincerely

A handwritten signature in black ink, appearing to read "Azeem Khan".

Azeem Khan – Senior Policy Advisor
for Owen Gill
Chief Executive



Submission of Infrastructure New Zealand on the Transport and Infrastructure Committee's inquiry into congestion pricing in Auckland

Executive summary

- a. Infrastructure New Zealand welcomes the opportunity to make a submission on this inquiry.
- b. Infrastructure New Zealand supports the introduction of road pricing in Auckland in principle. We have advocated for the introduction of road pricing in Auckland for several years.
- c. This submission focuses on the strategic matters of The case for road pricing and Implementation matters.
- d. The Transport and Infrastructure Committee inquiry should have a broader focus on road pricing to optimise traffic flow as opposed to a narrower focus on just reducing congestion levels. Lower congestion levels would in turn be a key outcome of road pricing.
- e. Road pricing establishes a clear link between use and payment and so better reflects causal nexus. In doing so, it can help make better use of our existing roads and bring about benefits such as lower congestion, more reliable journey times, time savings, productivity gains, potential fuel savings, better environmental outcomes and better mental wellbeing.
- f. Road pricing should replace the Auckland Regional Fuel Tax.
- g. We welcome the inquiry's focus on considering how revenue from road pricing would integrate with other revenue streams derived from fuel taxes, road user charges and other fiscal factors.
- h. Infrastructure New Zealand anticipates significant work will be required after the Transport and Infrastructure Committee has concluded its inquiry. We look forward to being involved in future work as a partner prior to any decision being made around the introduction of road/congestion pricing in Auckland.

Introduction

1. This is Infrastructure New Zealand's submission in response to the Transport and Infrastructure Committee's inquiry into congestion pricing in Auckland.
2. Infrastructure New Zealand is New Zealand's peak industry body for the infrastructure sector. We promote best practice in national infrastructure development through research, advocacy and public and private sector collaboration. Our members come from diverse sectors across New Zealand and include infrastructure service providers, investors and operators.
3. Infrastructure New Zealand welcomes this inquiry and we are grateful for the opportunity to make a submission.
4. We would like to appear before the committee to speak to our submission.
5. Please direct enquiries to Azeem Khan, Senior Policy Advisor at azeem.khan@infrastructure.org.nz.
6. Infrastructure New Zealand has been advocating for road pricing for several years.
7. Infrastructure New Zealand supports the introduction of road pricing in Auckland in principle.
8. This submission concentrates on the strategic matters of The case for road pricing and Implementation matters and leaves the more technical and operational matters for deliberation in future workstreams. We anticipate significant – and potentially more technical – work will be required after the Transport and Infrastructure Committee has concluded its inquiry.
9. We look forward to remaining involved in future work prior to any decision being made around the introduction of road/congestion pricing in Auckland.

The inquiry

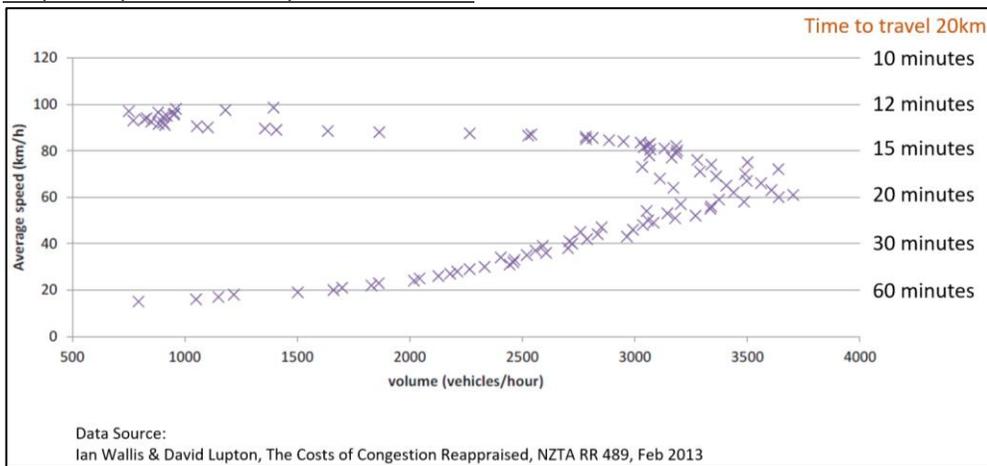
10. Infrastructure New Zealand observes that the select committee inquiry shares strong relevance with The Congestion Question (TCQ) project, a joint project between officials from Auckland Council, Auckland Transport, the Ministry of Transport, Waka Kotahi NZ Transport Agency, The Treasury and Te Kawa Mataaho Public Service Commission.
11. We are encouraged by the inquiry's terms of reference. We note the inquiry is being guided by the TCQ findings to date; TCQ phase two findings are particularly relevant to this inquiry.
12. We are also encouraged by the inquiry's focus on giving the wider public a say on the idea of introducing congestion pricing in Auckland.

The case for road pricing

13. Congestion pricing can encourage some users, particularly those taking discretionary trips by private vehicle during times of high demand, to change their behaviour by:
 - changing to public or active transport, or ride sharing
 - travelling at non-peak times
 - travelling to alternative destinations, or
 - avoiding trips altogether.
14. Congestion pricing therefore places particular emphasis on mode shift, changing travel times and trip avoidance.

15. Infrastructure New Zealand notes the inquiry’s primary focus is on demand management of the road network to encourage motorists to change their travel behaviour – the time, route or mode by which they travel.
16. Infrastructure New Zealand submits that a key outcome the inquiry should seek is enabling better traffic flow as opposed to a narrower focus on just reducing private vehicle use. As such, Infrastructure New Zealand uses the term *road pricing* instead.
17. Road pricing establishes a clear link between use and payment and so better reflects causal nexus. Road pricing paired with new car technology can be used to keep vehicle speeds within a target band and therefore enable more vehicles to use the road network than possible on currently congested motorways. Graph 1 below illustrates this salient point; it demonstrates a target band of between 60-80 kilometres per hour though this would need to be reviewed given the passage of time.

Graph 1: Optimal vehicle speed and volume



18. We therefore urge the Transport and Infrastructure Committee to not just focus its efforts on reducing vehicle use but to place particular emphasis on optimising traffic flow, with lower congestion levels being a key outcome.
19. Road pricing can help make better use of our existing roads and bring about benefits such as lower congestion, more reliable journey times, time savings, productivity gains, potential fuel savings and better environmental outcomes such as emissions reductions (less idling times) and lower levels of contaminated stormwater runoffs (from less braking).
20. By achieving lower congestion levels, road pricing also helps motorists’ wellbeing; studies have shown congestion has an effect on motorists’ mental and general wellbeing. More stress and aggressiveness are common emotional health effects of congestion.

Implementation matters

21. Infrastructure New Zealand considers there are several matters that need to be addressed prior to road pricing being implemented in Auckland. We are encouraged to note several of these are included in the inquiry’s terms of reference.
22. We submit that the inquiry should have special regard to understanding Aucklanders’ travel patterns. This is key to making any scheme successful.

23. Also key to making any scheme successful is providing Aucklanders with choice. Aucklanders should:
- continue to have the choice to drive if they want to (and be charged a price for doing so at peak hours)
 - continue to have the choice to drive without being unreasonably financially impacted if they live further away from where they work, cannot easily switch to another mode and are from lower income households
 - be able to easily switch to other transport modes (supported by adequate infrastructure) that offer adequate and rapid/frequent service.

A staged Strategic Corridors scheme

24. Infrastructure New Zealand notes that TCQ phase two favours a staged *Strategic Corridors* scheme starting with the *City Centre Cordon*.
25. A staging approach may be less disruptive and allow for the necessary infrastructure and services to be made available before road/congestion pricing is introduced in a given corridor, primarily in line with the Auckland Regional Land Transport Plan (**RLTP**).
26. Infrastructure New Zealand submits there will be benefit in piloting the scheme in the City Centre Cordon as it is best serviced by public transport.

Equity and mitigation issues

Low-income households

27. Infrastructure New Zealand welcomes the inquiry's intention to identify equity and mitigation issues, and ensure that groups such as lower income households are not unreasonably impacted.
28. We submit that a road/congestion pricing scheme should avoid penalising motorists who cannot afford to live close to where they work and also do not have adequate access to alternative modes (e.g. public transport). Not all Aucklanders have access to adequate and rapid/frequent public transport and/or public transport infrastructure, e.g. at capacity park and ride facilities. For lower income households living further away from work, congestion pricing can have financial implications given private vehicle use may have characteristics of inelastic demand, i.e. these households are unable to switch to another mode easily or avoid travelling during peak times.
29. TCQ phase two identified the Community Services Card as a mitigation option. However, it is worth noting that low-income households often do not qualify for a Community Services Card. The Transport and Infrastructure Committee should explore other mitigation measures, e.g. something akin to Working for Families.

Replacing the Auckland Regional Fuel Tax

30. Infrastructure New Zealand submits that road/congestion pricing should replace the Auckland Regional Fuel Tax. It should be ensured that drivers are not required to pay a congestion price as well as a regional fuel tax.
31. In the event road/congestion pricing is introduced without the regional fuel tax being removed, a motorist entering, say, the City Centre Cordon would be subjected to two charges, the Auckland Regional Fuel Tax as well as road pricing which would be inequitable.
32. The inquiry needs to consider how road/congestion pricing would replace the Auckland Regional Fuel Tax and whether a transitional approach of some sort – with mitigation measures for motorists who may be levied both charges – would provide the right balance.

Tariff structure

33. Infrastructure New Zealand has concerns about a distance-based charges scheme, especially given not all Aucklanders have access to adequate and rapid/frequent access to alternatives to driving, e.g. public transport.
34. In the case of a pilot City Centre Cordon for example, distance-based charges would favour motorists living close to the city and having access to good public transport services over those who cannot afford to live close to where they work and thus having to drive from further out where there may not be adequate and rapid/frequent public transport being available.
35. We note TCQ phase two prefers an 'access charge' where every vehicle faces the same charge regardless of their location on the priced road, charges vary by time and charges are not cumulative no matter how many times a vehicle is detected by the roadside infrastructure within the 'journey window' (a time period within which one or more trips may be made).
36. While this is a better option to distance-based charges, we invite the Transport and Infrastructure Committee to consider whether a hybrid or another tariff structure can be explored that may levy a higher charge on private vehicle road users living close to rapid transit lanes. The committee may also want to consider whether the distance-based charging mechanism of the excise fuel tax and road user charges remains an equitable approach.

Integration with fuel taxes and road user charges

37. Road pricing reflects differences in the true cost of travel for the individual user by time, location and mode as opposed to the 'flat-rate approach' of petrol excise taxes, road user charges and other fiscal factors such as vehicle registration fees.
38. Infrastructure New Zealand is encouraged to note the inquiry includes the issue of how road/congestion pricing integrates with fuel taxes, road user charges and other fiscal factors. The excise fuel tax and the road user charges (for diesel vehicles) for example can be thought of as distance-based pricing scheme whereby the higher the distance travelled, the higher the fuel use and hence the higher the tax/levies paid. In addition to placing significant burden on households living further away from work, a flat-rate approach can give owners of electric vehicles an unfair advantage. The committee would thus also need to consider the right balance between the environmental benefits of electric/hybrid vehicles with user pays.

Costs and revenue

39. The TCQ phase two *Main findings* report states that the preferred Strategic Corridors scheme is likely incur capital expenditure of around \$185 million and annual operating costs of about \$84 million.
40. The inquiry will have to consider whether Auckland Council or the government will fund the establishment of a road/congestion pricing scheme, or whether it would be a joint funding programme similar to the City Rail Link project. We observe that no funding has been allocated in the Auckland Transport Alignment Project (**ATAP**) or the Draft Auckland RLTP 2021-31 for the associated capital or operating expenditure.
41. We note that TCQ phase two reports indicate that annual revenues from implementing a phased Strategic Corridors scheme could be around \$205 million per annum once the scheme is fully implemented. As a comparison, the regional fuel tax currently raises about \$150 million a year.
42. The inquiry needs to consider whether Auckland Council or the government would operate any road/congestion pricing scheme and have control over the revenue. The capital and operating expenditure the revenue would be able to be spent on would also need to be considered.

Public transport

43. As noted above, road/congestion pricing has not yet been factored into ATAP or the draft 2021-31 RLTP. This indicates to us that funding decisions on increasing service levels to cater for increased public transport patronage have not yet been made either.
44. We invite the committee to also explore the feasibility and net (economic, social and environmental) benefits of the provision of free public transport services as a key mechanism to reducing congestion levels, including the costs and funding options.

Next steps

45. Infrastructure New Zealand thanks the Transport and Infrastructure Committee for the opportunity to make a submission on its inquiry on congestion pricing in Auckland.
46. We also thank the committee for considering our submission.
47. We anticipate significant work will be required after the Transport and Infrastructure Committee has concluded its inquiry. We look forward to being involved in future work as a partner – and not just as a stakeholder – prior to any decision being made around the introduction of road/congestion pricing in Auckland.