

Infrastructure New Zealand Position Paper: **Transport Pricing**



Current problem

We know that we are not paying for the true cost of transport

Motorists currently pay for the use of roads through a range of methods, such as petrol taxes, road user charges, vehicle registration fees and council rates. However, these charges do not consider the time or location of travel — for example, driving on a congested motorway in rush hour versus driving along a quiet road late at night. The true cost of these two journeys is very different — driving at peak times adds to the congestion on the road, which affects, or has a ‘cost’ to, other road users. These costs also impact:

- the economy — for example, by adding to freight travel times and costs, and
- individuals — for example, people have less time at home with family.

A 2017 study by NZIER estimated the benefits of decongestion in Auckland alone would be between \$0.9 billion and \$1.3 billion per annum (approximately 1% to 1.5% of Auckland’s GDP). These estimates represent the economic and social benefits to Auckland if the road transport network was operating within its capacity, Monday to Friday.

There have been many attempts to implement congestion charging

While there is increasing agreement that we cannot build our way out of congestion, tangible to progress implementation of congestion charging tools, especially in Auckland, has languished.

Over the last 10 years we have seen many attempts to introduce transporting pricing in our cities. Most recently, in 2021 the Transport and Infrastructure Select Committee investigated congestion pricing and made several recommendations to the Parliament. The Committee recommended that the government:

- progress legislation to enable New Zealand cities to use congestion pricing as a tool in transport planning.
- implement a congestion pricing scheme in Auckland.

However, there has been no decision from government since.

Infrastructure New Zealand's Position

Introduce congestion charging across our cities

INZ have long advocated for transport pricing and congestion charging to be implemented across our cities, particularly Auckland. Transport pricing, over other funding mechanisms, strengthens the relationship between those who pay for infrastructure and those who benefit from it.

Reliable alternatives are essential

However, it is important to note that congestion is not only the result of inadequate roading provision, but also the product of inadequate alternatives. Fast, affordable, and convenient alternatives mode options reduce the willingness of travellers to sit in congestion. That is why any implementation of congestion charging, needs to ensure that people:

- continue to have the choice to drive if they want to
- continue to have the choice to drive without being unreasonably financially impacted if they live further away from where they work and 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.

We also need to plan better

As well as congestion charging, planning for growth through intensification especially around rapid transit corridors allows more efficient use of land. It will deliver benefits in the form of more affordable housing and in the form of lower congestion and infrastructure charges for wider residents.



Key Recommendations

- Government should progress legislation to enable New Zealand cities to use congestion pricing as a tool in transport planning.
- Government, with Auckland Council, should implement a congestion charging scheme in Auckland.