

**AUCKLAND BUSINESS FORUM SUBMISSION ON TRANSPORT AND  
INFRASTRUCTURE SELECT COMMITTEE INQUIRY INTO CONGESTION PRICING IN  
AUCKLAND**

**To:** Transport and Infrastructure Committee  
Parliament Buildings  
Wellington  
Via email: [ti@parliament.govt.nz](mailto:ti@parliament.govt.nz)

**Submitter:** Auckland Business Forum

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***Introduction***

1. The Auckland Business Forum is pleased to submit on the Transport and Infrastructure Select Committee inquiry into congestion pricing in Auckland. We are strong believers in the benefit that congestion pricing can deliver to the Auckland transport network, and with it to Auckland's economic growth, productivity, and liveability. We therefore welcome this inquiry, and are eager to lend support where possible to government efforts to take congestion pricing forward.

***About the Auckland Business Forum***

2. The Auckland Business Forum is a group of Auckland-based business organisations formed to advocate for greater urgency around the planning and delivery of the Auckland transport programme. The group was formed out of concern for a long-running decline in the standard of Auckland's transport infrastructure, and the subsequent impact on productivity and quality of life. The Auckland Business Forum's membership incorporates broad-based user and industry perspectives on transport issues, and consists of:
  - Auckland Business Chamber
  - Civil Contractors New Zealand
  - Employers and Manufacturers Association (Northern)
  - Infrastructure New Zealand
  - National Road Carriers
  - The NZ Automobile Association (Auckland District Council)
  - Ports of Auckland Ltd

### ***Long-standing support for congestion pricing***

3. The Auckland Business Forum has been a consistent and vocal supporter of road pricing in Auckland as the discussion has evolved over the last 15 years – from the Auckland Road Pricing Evaluation Study, to Auckland Council’s Alternative Transport Funding Consensus Building Group initiative (which called for the introduction of a Motorway User Charge), to ATAP’s Smarter Pricing initiative, to the Congestion Question.
4. Congestion is the number-one transport concern for Auckland households and businesses, and continues to exert a stranglehold on Auckland’s productivity and liveability, as well as prospects of reducing its transport emissions. All signs – including the outcomes signalled in Auckland Transport’s Draft Regional Long-term Transport Plan 2021-2031 – point to a steady deterioration in congestion over the coming decade. Longer travel times increase costs for business, making them less competitive, and reduce access to employment and labour, meaning fewer jobs are accessible to Aucklanders. This is not good enough for Auckland or for New Zealand.
5. Planned investment in road and rail capacity in Auckland is welcome, but it will not be enough to arrest this decline, let alone catch up on decades of underinvestment.
6. It is clear to us that Auckland cannot hope to achieve the step change in congestion levels it desperately needs until a system of pricing of road use is put in place – pricing based on both consumption of available capacity and the opportunity cost of another user consuming that capacity at busy times. Placing a value on this opportunity cost will result in a price signal to all users which currently does not exist. With this price signal in place, low value trips will be shifted to alternative modes or times, resulting in much more efficient use of a limited resource. A properly configured system will also ensure that prices provide a revenue mechanism to support transport investment and achieve better net outcomes for Auckland and New Zealand.
7. Our view is reinforced by the findings of the Congestion Question working group, which effectively laid to rest any question that congestion pricing could work in Auckland (and which received strong endorsement from Auckland Council officials).
8. We are, therefore, very pleased to see the launch of this inquiry, both as a statement of the Government’s commitment to the issue, and as an opportunity to build cross-party support of congestion pricing within parliament.

### ***Action plan needed***

9. From the Auckland Business Forum’s perspective, the question is not whether congestion pricing is right for Auckland, but how and when it is going to be implemented. What is needed now is an action plan to deliver the following steps:
  - Bring congestion pricing onto Parliament’s legislative agenda as soon as possible, following completion of the Select Committee inquiry. Our hope would be that this would be possible prior to the end of the current electoral cycle.
  - In parallel with the parliamentary process, launch a comprehensive, sustained public engagement process. Building on the findings of the Congestion Question analysis, this should highlight the good news congestion pricing represents in terms of travel time savings; mitigation of impacts on lower socio-economic groups; and the opportunity to use additional revenue to cancel the Auckland Regional Fuel Tax, and to invest in alternative travel options. It must be clearly

demonstrated that congestion pricing represents the best net solution when it comes to addressing Auckland's congestion.

- Conduct a trial or pilot congestion pricing scheme, as the culmination of the engagement process. This should draw on the learnings of the seven-month trial used in Stockholm immediately before the introduction of congestion pricing in that city in 2006. No approach will do more to focus the public discussion, and to ensure the ongoing legitimacy of any scheme.

### **Other concerns**

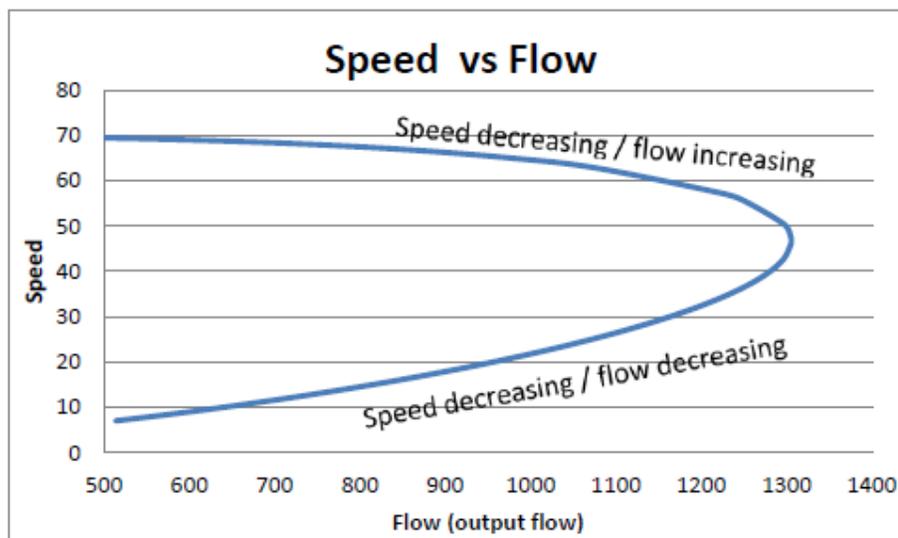
10. Other elements must be factored in as the congestion pricing programme is developed.

i. Optimisation, not demand suppression

11. We support pricing of road use because, with an effective pricing regime in place, it will be possible to extract more use from the same capacity (i.e., more people will be able to use it than do so currently). Figure 1 below illustrates what happens to a lane of traffic once demand for that lane exceeds available capacity – lane capacity falls and less vehicles can use the road (represented by falling flow levels on the underside of the curve). If price can be used to ensure that speeds remain around the optimal level (generally 60-70km/hr on a motorway corridor), then road capacity can be maximised. More, not fewer, vehicles can use the network because flow breakdown is avoided.

12. We consider it of the highest importance that the purpose of congestion pricing is clearly stated as maximising flows across the network, not suppressing or discouraging travel that is essential to the economic, social and cultural wellbeing of Aucklanders. The integrity of the transport system will be jeopardised if we start seeing interventions and investment decisions made to prevent people from travelling, rather than to allow them to get where they need to go.

*Figure 1: Speed vs Flow<sup>1</sup>*



<sup>1</sup> Taken from Ian Wallis and David Lupton, *The Costs of Congestion Reappraised*, February 2013

ii. Heavy vehicles

13. In the information supporting the proposed scheme, we would need to see much stronger justification given for the recommendation that heavy vehicles be charged at twice the rate of small vehicles. If the differential is based on a judgement about the elasticities of heavy vehicle demand (that is to say, the price point at which the behaviour of truck operators would change), then we would ask why the elasticities would be any different for small freight (i.e., vans).
14. If based on vehicle dimensions (as a proxy for the amount of congestion caused), then we would ask why no differential is proposed between vans/SUVs and small passenger vehicles.
15. Any effort to charge heavy vehicles at a higher rate would reinforce the need for revenue generated by the scheme to go towards scrapping the Auckland Regional Fuel Tax and removing Road User Charges from the parts of the network covered by the scheme.

iii. Don't wait too long for PT

16. The argument is frequently made that, before congestion pricing can be seriously proposed in Auckland, the city's public transport (PT) network must be significantly improved. While there is logic to this argument, from an equity perspective, it must be based on realistic assumption about the levels of PT service that can be delivered across the city in the foreseeable future. If congestion pricing is held back until major PT projects like light rail are complete, or until the majority of Aucklanders have access to a PT alternative that can compete with the car, it could be held back forever.
17. This speaks to the logic of commencing the scheme in the central city, where PT connectivity is already good, and is set to get a lot better in the next few years.

iv. Equity impacts

18. We acknowledge that the introduction of congestion pricing will have different effects on different communities across Auckland. Lower-income households in areas with limited transport options will in many cases be heavily impacted by the new charges. For the integrity of the scheme, and for reasons of public acceptability, it is extremely important that the negative impacts are mitigated, and that affected communities continue to have the ability to access employment, social networks, amenities and services.
19. Our strong preference is that this mitigation be provided for out of the Government's welfare system (which is designed to offset inequality), rather than through excessive discounts or exemptions. It is important that price signals are present and consistent across the network to ensure the maximum number of people who need to drive are able to do so. We note that, in terms of congestion relief, communities in access-constrained areas will be among the highest beneficiaries of an efficiently priced road network committed to optimising flows.

***Auckland Business Forum support***

20. Reaffirming our comments above, we stand ready as an advocacy organisation to lend support if and when efforts are made by local or central government to take the next step on congestion pricing. We would be delighted to meet with Select Committee representatives to discuss this further.

### ***Concluding remarks***

21. The Auckland Business Forum welcomes the Select Committee inquiry, and is encouraged by the degree of consensus among politicians, officials and industry that the time for congestion pricing has come. To help generate momentum, and convert the positive signals into action, what is needed now is a concrete plan for implementation and delivery.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'M. A. Barnett'.

Michael Barnett  
**Chair, Auckland Business Forum**