

SUBMISSION ON MINISTRY OF TRANSPORT AUCKLAND ROAD PRICING EVALUATION STUDY

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1. EXECUTIVE SUMMARY

The Auckland Business Forum acknowledges that the burgeoning cost of traffic congestion in Auckland is a major problem and needs to be directly addressed.

Accordingly, the Forum welcomes the Auckland Road Pricing Evaluation Study.

However, based on the Study's core findings the Forum is strongly of the view that any decision on whether or not to implement some form of road pricing and when it would commence - on Auckland's current road network or on the network planned to be constructed by 2016 - will require considerable further investigation.

In the interim the Forum strongly believes that the options modeled in the Study should be put to one side. If road pricing is to be considered further, revised terms of reference reflecting a clear set of principles to guide the work are recommended, including:

1. ***Auckland's unique congestion and capacity constraints must be solved together.***

Overall, the Forum submission argues that the Study is flawed because it fails to undertake a sufficient analysis of the unique characteristics of congestion in Auckland and its causes. If this analysis had been done, the Study would have responded with options that acknowledge Auckland's capacity and congestion constraints are inextricably linked – both need solving together.

2. *A noticeable congestion reduction across the whole region must be achieved by any scheme; i.e. a key outcome would likely be a scheme providing for a strategic network charge.*

Another flaw in the Study is that none of the five schemes assessed address congestion across the region as a whole. At an early stage the Study considered a charging scheme across the entire regional road network but this was not progressed as the Study concluded the technology is not yet viable on this scale. However, the Forum rejects this assessment as premature, especially given a key assumption of the Study that any scheme would be introduced after planned public transport (PT) and roading (Western Ring Route) improvements are in place, which is currently targeted for 2015-16. The Forum is confident that a viable technology solution for a strategic network charge could be designed by 2015, given the models available from elsewhere.

Instead, most of the schemes modelled have been limited to assessing morning peak congestion on inbound routes into and through central Auckland City. This ignores the fact that many other areas of the region regularly experience severe morning congestion with major consequences to the economy, including outbound routes such as SH20 around the Manukau Harbour Crossing and elsewhere.

That is, the Study fails to provide a comprehensive solution to the region's unique congestion and its key interlinked cause – an incomplete roading network and inadequate PT services. Any further work needs to model what contribution a strategic network charge can make to solving both of these equally deep-seated and linked transport constraints currently dogging Auckland's efforts to secure its economic and social prosperity.

3. *A scheme should be clearly positive for the economy.*

The Forum notes and is surprised by the Study finding that economic impacts for all the road pricing options examined “*would probably be minimal.*” This is unacceptable.

A ‘bottom line’ result of a scheme should surely provide strongly positive benefits to the economy and advantage Auckland's international competitiveness.

To quote the summary booklet: “*The Study results suggest that the benefits of time savings to road users would generally be offset by the imposition of a new charge. But depending on how revenue from the schemes was spent (either on mitigation such as roads or public transport or elsewhere), it is likely that the overall net economic effect would be slightly positive.*”

If there is no significant or only a ‘slight’ economic benefit from introducing road pricing, a serious question needs to be asked as to whether taking the initiative further is a good use of time and resources.

Further, the Study did not attempt to quantify the productivity gains that might result from the travel time savings, and also did not assess whether road pricing would boost or disadvantage Auckland's international competitiveness as a place to locate a business, invest or work compared to other world cities without congestion pricing. Both aspects need to be thoroughly investigated.

The Forum also believes that the options modelled – based on charging mainly inbound traffic to the CBD – would seriously impact negatively on the economy in the inner/ downtown areas of Auckland City.

4. All major social and equity impacts must be identified and proposals to address such impacts clearly provided.

The Study falls short by failing to clearly highlight a number of significant adverse social and equity impacts. Under most schemes 20% of Auckland households will be directly affected and pay the costs, which for some will be significant. Meanwhile the other 80% of households either benefit or gain no release at all from reduced congestion as the schemes won't impact congestion across the region as a whole. The Submission examples include:

- A portion of the 40% of North Shore – Harbour Bridge commuters whose destination bypasses Auckland CBD (e.g. traveling to Manukau City) required to pay a \$6 congestion charge on the Bridge (about \$1440 a year) yet will still face a significant morning peak south of the CBD on routes not covered by the inbound scheme.
- Differentiation of travel costs for morning and afternoon shift workers in the same company – the impact on employment preferences and patterns is unexamined in the Study.
- Impacts on lower socio-economic lifestyles traveling from west and south Auckland to jobs inside the cordon face big charges for using a car, or major lifestyle adjustments for using PT, especially the time-cost for getting to-from a PT service and work-and-home.
- Alignment with school zones.

5. An appropriate governance structure must be provided.

The Study deliberately avoided this topic, yet it is fundamentally critical to the success of any congestion pricing scheme and what the details should be of the legislation that will be required in order to implement road pricing.

Linked with governance is how revenue is collected and who has responsible for this task and also the distribution of any surplus. None of these critical matters are addressed in the Study, and will need to be in any further consideration of road pricing.

6. An overall fair and equitable road pricing scheme is modeled.

Another linked issue the Study fails to address relates to ensuring that road charging overall is fair and equitable.

An assessment is required to determine how existing petrol taxes, road user charges (RUC), rates dedicated to transport imposed by regional and local authorities and proposed tolling of (new) state highways – Alpur and WRR – are to be fairly offset by any introduction of road user charges.

7. Work programmes to deliver planned roading and PT improvements prior to introduction of a (strategic network) scheme must be guaranteed, funded and actioned in a timely way.

The Forum notes and agrees with a fundamental assumption of the Study that investment in providing Auckland with comprehensive, frequent and reliable passenger transport should occur prior to introduction of a scheme. Similarly, we note that the “base case” roading network modelled in the Study included a completed Western Ring Route (WRR), and that therefore this infrastructure also needs to be in place before a pricing scheme is introduced.

If these assumptions form a 'bottom line' for the introduction of road pricing, then it won't be a viable option until at least 2016; that is, after the Auckland Regional Transport Authority (ARTA) and Transit New Zealand (TNZ) have implemented their current 10-year plans to provide by 2016, respectively, comprehensive public transport services and a completed WRR.

Meanwhile the Forum submission offers a feasible option to address congestion in the short-term:

A widely recognised underlying cause of Auckland's unique congestion problem is the lack of investment in transport infrastructure – both strategic roading and public transport (PT). A key finding of the Allen Consulting Group Study undertaken in 2004 to assess the benefits of more investment in New Zealand's road infrastructure was that completion of the WRR alone will reduce the annual cost of congestion along the SH20 corridor by about \$400 million a year.

Accordingly, the Forum strongly believes that the main objective to address congestion in the short-term should be to raise the revenue required to complete the planned roading network, and the WRR in particular, within the current agreed timeline of 2015, or earlier. Because efficient bus services require an efficient road network on which to run, it is obvious that completing the roading network is also a prior requirement for improving the region's dominate mode of public transport – buses.

To address congestion long-term....

The Forum acknowledges that a comprehensive road pricing scheme may be required long-term. We note the Study finding that traffic growth will continue at about 1.5% per annum, regardless of the planned PT improvements (i.e. ARTA's 10-year programme is insufficient for long-term needs). Working backwards from 2016 (when both the ARTA and TNZ 10-year programmes are in place), congestion will be 20% higher than current conditions.

It may be that around 2016, when the core PT and roading networks are due to be completed, is the realistic time to be planning to introduce road pricing. If further study shows this to be viable, the Forum preliminary suggestion is that such a road pricing scheme be **a strategic network charge** for the whole region.

On the other hand there may be additional enhancements to the roading and PT networks that might mitigate some of the increased congestion predicted for 2016, and which achieve better benefits to reducing congestion than would occur under a road pricing scheme.

In summary....

If road pricing is to be considered further, the Auckland Business Forum believes it should be part of an integrated transport strategy that encompasses both long-term and short-term activities to address both the capacity and congestion constraints together and comprises:

- Completion of an integrated strategic/ regional roading network with options (i.e. WRR and enhanced central and east-west corridors), especially for commercial traffic including buses.

- Provision of a region-wide fast, frequent and reliable (bus-based) passenger transport service to give people affordable and convenient options to their cars.
- Ensuring the particular road pricing scheme introduced and any road tolls (e.g. on Alport and WRR) is fairly applied across the whole region, and tailored to address morning and afternoon weekday peaks and also weekend events causing significant congestion (**i.e. a strategic network charge**).
- Economic and social impacts and also issues of fairness and equity on the various types of road users must be investigated and dealt with satisfactorily.
- Ensuring that road pricing (and tolls) is fairly offset by a reduction in petrol tax and/or road user charges will be required, and/or the road funding system in its entirety may need to be reviewed to achieve a more fair, equitable and transparent (user pay-based) structure.
- Has a primary objective of equipping Auckland with a safe, sustainable and efficient transport system long-term.
- Has an appropriate governance arrangement that is independent from organizations that would be allocated and use any surplus revenue such a scheme might generate.

These initiatives and further investigations need to be undertaken in a collaborative manner between central and regional government and Auckland communities of interest, including business organizations.

2. INTRODUCTION

The Auckland Business Forum welcomes the opportunity to comment on the Ministry of Transport Auckland Road Pricing Evaluation Study.

The Auckland Business Forum confirms that if the opportunity arises it wishes to be heard in support of this submission, and to be informed of the final consultation outcomes.

- Please confirm arrangements with the Auckland Business Forum project co-ordinator, Tony Garnier, email: tg.vsg@clear.net.nz or by phone (09) 368 7772 or alternatively to Post Box 28-147, Remuera, Auckland.

The Auckland Business Forum comprises:

- *Auckland Regional Chambers of Commerce and Industry,*
- *Employers & Manufacturers Association (Northern) Incorporated,*
- *Ports of Auckland Limited,*
- *Auckland International Airport Limited*
- *New Zealand Automobile Association Inc (Auckland District),*
- *National Road Carriers (Inc),*
- *Northern Regional Road Transport Association Inc,*
- *Highway Action Trust.*

These organizations represent a cross-section of Auckland industry and commerce whose role includes guardianship of businesses responsible for more than 300,000 Auckland Jobs and generating more than a third of New Zealand's gross domestic product (GDP).

The Auckland Business Forum was formed in 1999 out of frustration at the increasing time-cost to businesses - estimated at \$1 billion annually - arising from Auckland's

severe traffic congestion which fundamentally has come about through years of lack of action and under-investment to complete construction of the region's long-planned transport infrastructure network needed to meet and keep pace with its growth and development.

The Forum's specific interest in land transport is from the perspective that Auckland's **commercial and industrial traffic, which is critical to the region's economy, is wholly dependent on an efficient road transport network.** However, the region's economy faces unnecessary risk because, as noted in the Study, *"traffic congestion is a significant problem."*

Prime Minister's statement: The critical importance of efficient road infrastructure to Auckland business and economy was acknowledged by the Prime Minister in her 2006 "State of the Nation" statement to Parliament (14 February) where she emphasized that *"Auckland cannot realise its potential as a world class international city if people and goods cannot move rapidly through it."* Important assets such as the Ports of Auckland and Auckland International Airport *"cannot perform to their full potential if the transport infrastructure lets them down"*.

Business's dependence on an efficient road infrastructure is reinforced by economic data confirming the contribution it makes to the region's and nation's economy and its potential to make an increased contribution. Statistics New Zealand and other data confirms that the Auckland metropolitan region:

- Generated about a third of New Zealand's \$130 billion of GDP last year – the next highest was Canterbury and Wellington provinces, with 15% and 13% respectively;
- Has a third of New Zealand's more than 300,000 businesses – 95% are small-medium employing 20 people or less;
- Has a third of New Zealand's workforce;
- Grew at an annual average above 3% for the past 10 years;
- According to ARC data, is currently growing by about 500 people and 350 vehicles a week;
- Is projected to be home to another 440,000 people and 220,000 cars by 2020 – regardless of improvements made to public transport infrastructure and services.
- Has major construction projects in the order of \$2.2 billion underway, including property and infrastructure developments.

Forum members, the Ports of Auckland Ltd (POAL) and Auckland International Airport Ltd (AIAL) shift 48% of New Zealand's total exports and imports by value, most of which is transported to-from respective ports by road:

- They rank first and second respectively in terms of the dollar value of trade through their respective ports;
- POAL alone accounts for 42% of NZ's imports and 18% of exports, and AIAL for 20% of imports and 13% of exports.
- In addition, AIAL handles 11,000,000 passengers per annum, and is the port of entry and departure for over 70% of all overseas travel to and from New Zealand

The critical importance of the region's roading network for building on this success has recently been reinforced by the Melbourne-based Allen Consulting Group research findings commissioned by Forum members (and others) that the benefit to

the economy from completing the SH20 Western Ring Route alone is \$838 million annually.

If the WRR was completed by 2012, the Allen Group found that the annual net direct benefit per annum would include reduction in travel time and congestion of \$379.8 million. This compares with the Road Pricing Study finding that that the double cordon option modelled (see below) has the highest total net benefits at \$546 million.

Based on considered assessment of the significant benefits for the region's economy and lifestyle to be achieved by *faster* completion of the planned roading network, the Forum has pursued initiatives elsewhere to encourage transport infrastructure providers to take an "integrated network approach" to implement the Auckland Regional Growth Strategy's "regional corridors" as a single, fully funded phased programme over no more than 10 years.

The focus of the Forum's submission is on issues of direct concern to members and topics that the government has requested feedback on:

- The study and its findings.
- Whether road pricing a good idea as a means to manage congestion and raise revenue, given its other potential social, economic and environmental impacts?
- What improvements or problems need attention if Road Pricing is to be enabled?
- What other feasible alternatives are there to meaningfully manage congestion?

3. OVERVIEW OF THE ROAD PRICING STUDY AND ITS FINDINGS

The prime motivation of the Study is stated to be to examine some alternative schemes to reduce Auckland's congestion and raise revenue for investment in land transport. According to the Study, raising revenue is secondary; however, some schemes would raise (significant) revenue as well as reduce congestion.

The Forum believes that having two primary objectives for introducing road pricing – to reduce congestion and raise revenue for investment in land transport – means that neither objective will be achieved to the extent required to significantly reduce Auckland's congestion OR raise the quantum of revenue required for investment in Auckland's land transport system to meet demand.

This interpretation of the Study as a 'half baked' outcome that fails either to offer options able to reduce congestion significantly or raise the revenue required by the region is reflected in the findings of the Study.

Firstly, the Study confirms that the economic options for all the road pricing options examined would "*probably be minimal*" and the results modeled "*suggest that the benefits of time savings to road users would generally be offset by the imposition of a new charge.*"

If there are NOT going to be significant economic benefits from introducing road pricing, the Forum believes that it would be a huge mistake to proceed further with the proposal.

Secondly, the Study indicates that the amount of revenue that would be raised from the options modelled is relatively modest in the context of Auckland's transport investment needs both short-term and long-term. Analysis of the Study suggests that including operating costs and before mitigation costs are taken into consideration the Double Cordon scheme would generate an average revenue stream of \$118 million per year and the Area scheme an average revenue stream of \$123 million. With mitigation measures taken into consideration and assuming they are funded from the scheme the revenue surplus for the Area scheme reduces to about \$60 million.

In Auckland's overall transport funding requirements – investment and operating – this amount of funding is minor, and the scheme is therefore not justified when social and equity impacts are taken into account. That is, if road pricing is introduced in the short-term with the objective to raise revenue, there will need to be other major funding sources, but also some formulae to adjust other revenue sources raised from commuters – petrol taxes, road user charges, tolls (on Alport and possibly WRR), and rates – to ensure that particular groups of 'road users' are not paying more than an equitable share for using a particular section of road.

Without a major exercise to rationalize an already complex road pricing system, adding a further tier of road user charges to the Auckland market will arguably add more distortion on to an already distorted road/transport funding system.

Another key finding of the Study that leads to a conclusion that Road Pricing as modeled should be put to one side or considered only as a possible future (long-term) option centres on the assumption of the five pricing options modelled that travelers have viable choices which they currently don't enjoy.

That is, the Study assumes that investment in comprehensive public transport and completion of the strategic roading network (Western Ring Route) would occur prior to introduction of a road pricing scheme. In other words, the Study does NOT regard road pricing as a viable option to raise the revenue needed to implement the current ARTA and/or Transit 10-year plans for public transport (PT) and roading improvements in Auckland.

The Forum therefore concludes that, as stated in other transport submissions, the immediate challenge for the region to address congestion in the short-term should be to raise the revenue required (from sources others than road pricing) to give certainty to the programme of work need to complete the planned roading network, and the WRR in particular, within the current agreed timeline of 2015, or earlier.

Nonetheless the Forum agrees that a road pricing scheme for Auckland should be retained as a long-term future option, but only after a much better understanding of the economic, social and travel pattern impacts is achieved, the prior improvements to the planned PT and roading network implemented, and other problems identified in this submission are addressed.

That is, the Forum concedes on two points in favour of road pricing.

First, while a number of other top world cities such as London, Singapore and Stockholm have apparently successfully introduced road pricing (after building strategic roading networks and introducing comprehensive PT services), there are many other cities yet to do so. For example, while nearby Sydney, Melbourne, Brisbane are also debating road pricing as an option, they too are focusing on establishing comprehensive roading and PT networks as their prime immediate objective to address congestion and meet the demands of growing urban economies.

Second, as the Study notes, Auckland's traffic growth will continue at about 1.5% per annum, regardless of the PT improvements. Working backwards from 2016 (when the ARTA/Transit 10-year packages are in place), congestion will be 20% higher than current conditions.

On this analysis, the Forum accepts that road pricing should be retained as an option for managing congestion in the medium- to long-term.

The balance of this submission addresses the questions the government has indicated it would like to hear views on.

4. RESPONSES TO THE GOVERNMENT'S THREE QUESTIONS

4.1 Is road pricing a good idea as a means to manage congestion and raise revenue, given its other potential social, economic and environmental impacts?

The Forum acknowledges the potential congestion benefits of road pricing as a long-term option for Auckland, and which could generate a modest amount of revenue of use to the region.

However, there is a risk assessment that needs much more comprehensive investigation. Auckland is a young and unique city-region compared to other top cities like London, Singapore and Stockholm that have introduced road pricing schemes.

PT needs to be improved significantly, whether or not congestion pricing is introduced. Doing so will benefit congestion in the short-term – as the North Shore Busway is starting to demonstrate. However, we are a long way from establishing equivalent bus (or rail) services in the western, southern and eastern transport corridors serving the region.

Completing the roading network (WRR) and rail double tracking and service upgrade is a basic requirement, independent of any decisions on introducing road pricing, and is a quality of transport infrastructure all world cities aspire to put in place. Indeed, the Forum notes that the Western Ring Route (WRR) was included in the roading "base case" for modelling purposes. In short, the pricing schemes tested will only be acceptable if the WRR is completed and the public transport system significantly improved before pricing is introduced.

The Study also confirms that road pricing is NOT a funding panacea for transport infrastructure and/or service upgrades. Secondly, road pricing should not be seen as an alternative to investment in road and public transport infrastructure. There are more appropriate funding sources that the region has yet to tap into. These include debt funding and infrastructure bonds, as well as public-private partnerships, tolls and a targeted regional petrol tax.

4.2 What improvements or problems need attention if Road Pricing is to be enabled?

The Forum suggests that the following areas will need to be addressed and satisfactorily resolved before a decision is taken to introduce road pricing:

- **Fair, equitable and transparent road price structure**

Before a road pricing scheme is designed for Auckland, there needs to be a comprehensive review of current 'road pricing' instruments – petrol tax (and its allocation for roads directly and indirectly such as accidents, health, environment etc), road user charges (RUC), vehicle registration charges, third party insurance charges and tolls (on Alpur and possible WRR), and all of which are clumsy surrogates in one form or another for a road user charge. While small in quantum, vehicle registration and insurance costs, in particular, are patently unfair. A pensioner whose car rarely leaves the garage pays the same fees to access the road network as a commercial driver traveling 100,000 km a year.

How a road pricing scheme will be integrated with current and planned tolling schemes, and Transit's ramp metering proposals currently being introduced will also need to be addressed.

- **Planned roading and PT improvements must be in place**

As indicated in the Study, the Forum agrees that improvements to key PT and roading infrastructure will need to be in place before pricing is in place. This includes completion of the WRR and public transport improvements (e.g. improved east-west bus services) that offer an acceptable choice for car users that would be faced with charges.

A key part of the PT improvements should be to ensure that the right incentives are in place to use public transport as an alternate option to the car. For example, in London the congestion charge for a vehicle entering the City during the whole of the working day is about NZ\$28 (Stg8 Pounds while the price of an all-day bus and train ticket for use in inner London is about NZ\$10 (Stg3 Pounds). In contrast, in Auckland the highest congestion charge will be \$6 applied only between 6-10 am, whereas the price for an all-day bus ticket is \$10 dollar.

Auckland clearly has a lot of catch up yet to do both in terms of providing an integrated road and PT network with options and attractive incentives to make use of PT.

- **The scheme's scope needs to address congestion across the whole region**

The Forum notes that the schemes in the Study (including the car parking option) focus on inbound travel into central Auckland between 6-and-10 am. In fact some of Auckland's worst morning congestion incidents occur on outbound sections of the southern motorway and in other parts of the region, often with serious impacts on economic activity; around Manukau Harbour Crossing on the key route to the airport is a good example of this.

The Study is inadequate in explaining how a limited early morning congestion charge will reduce congestion during the afternoon peak, given that many commuters will modify their travel patterns to avoid the 6-10am time frame; that is, a strong case can be made that congestion after 10 am – in the heart of the working day – will be considerably worse under the scheme modelled.

By focusing options just on inbound traffic to the CBD, the Study seems to give insufficient attention to Auckland's actual employment and lifestyle patterns. Census data indicates that just 11% of employment in the Auckland region is in the CBD cordon, the rest is across the region. The portion of the 11% who happen to live

outside the cordon's will clearly end up paying most of the extra 'price' to get to work either by paying the charge or changing their lifestyle to avoid the charge, while the other 90%-plus of Aucklanders will carry on as usual.

The Forum suggests that if road pricing is to be effective at reducing congestion, it must be a comprehensive and integrated package aimed at all parts of the transport system across the region where congestion is most severe. Whether this is realistically possible in a diverse society like Auckland with its unique, spread-out geography and urban form is unanswered by the Study.

That is, if road pricing is to proceed a more comprehensive and sophisticated scheme than those that were evaluated in the Study will need to be designed.

- **Economic and social benefits – exceptions and equity must be investigated and dealt with satisfactorily**

The impact of road pricing on the price of goods and services, and Auckland's international competitiveness as a place to invest and locate a business are unanswered by the Study.

Similarly, there are major equity and fairness issues needing attention. For example, people on lower socio-economic lifestyles traveling from west or south Auckland to employment inside the cordon area will face a hefty charge (when multiplied out over a working year), while those on higher incomes who happen to live inside the cordon continue to enjoy a 'free' car journey to work!

A North Shore morning shift worker in a job on the Isthmus (e.g. in the CBD or in Manukau) will pay \$6 a day to get to work (i.e. \$1440 a year, or if they use a bus from the Shore they face the additional transport time-cost from Britomart or Newmarket to their actual work location). In contrast, a work colleague on the afternoon shift, avoids the charge. Will the employer pay the travel costs of the morning worker, or change the shift hours to get around the charge but in the process reduce productivity?

Imagine the outcry if the North Shore City Council put up the rates by \$1440 dollars to cover increased transport expenditure. That is, this brief assessment merely scratches the surface of some major social, lifestyle and equity consequences from congestion pricing as modeled and which quickly lead to the raising of some curly political issues that will require courage to be addressed.

- **There must be significant time-cost reductions in congestion achieved by the scheme**

The schemes modelled seem to indicate that about 20% of commuters will pay most of the congestion charges (\$500-\$1600 per year in time/money costs per affected household), while the actual benefits in faster, more convenient travel is less obvious or "slight" as the Study words it.

Meanwhile the big winners seem to be (i) the 80% of drivers who don't pay; i.e. they happen to live/ work inside the cordon, or outside it; (ii) drivers who put a high value on time (the extent of this 'benefit' needs further analysis however), and (iii) PT users who get more trip options and possibly faster journeys without a rise in ticket price.

- **Governance arrangements will need to be business-like and transparent**

The Study did not offer any suggestions on governance, including who makes operational decisions, sets pricing rates, looks after the technology and collects and distributes the revenue from congestion charging.

Responsibility for transport decisions and investment in Auckland is fragmented, embracing some 14-15 central, regional and local government organizations. There is therefore a risk that road pricing will not be implemented as part of an integrated package of measures.

Linked with governance, the Forum believes that introduction of a road pricing scheme will need a dedicated, independent authority to manage the collection and distribution of revenues. Given the fragmentation of Auckland's transport governance and the competition for resources between authorities responsible for state highways, other roads, bus, rail and ferry services, a contest to receive road pricing revenue is likely. Issues of principle will need clarifying, especially the current view that under strict 'user pay' principles, any surplus revenue should be reinvested back into the roading network (to benefit bus and commercial operators and other net contributors who require roads for generating economic wealth).

4.3 What feasible alternatives are there to manage congestion?

The Forum believes that a realistic alternative to the options modeled in the Study is to consider a strategy that addresses Auckland's transport infrastructure capacity and congestion constraints together.

We argue that neither constraint can be meaningfully addressed in isolation from the other, and the Study makes a mistake by attempting to look at congestion in isolation from Auckland's other key transport problem – the fact that the road network and PT services are inadequate for the volume of traffic they are required to service.

That is, this submission makes clear that the Study is flawed in two key areas needing to be addressed in order for Auckland to meaningfully manage and over time reduce the level of congestion.

Firstly, the Study assumes that Auckland's capacity constraints, characterized by an uncompleted road network and inadequate PT services, will be fixed before a road pricing system is introduced.

By adopting this approach, the Study effectively discounts road pricing from being introduced in the short-term to address the current congestion problems. The Study fails to show how road pricing might make an effective contribution to solving the funding conundrum that is slowing progress to complete the planned road and PT improvements and as a result adding to the region's congestion problems. **That is, until Auckland's capacity constraint is addressed, road pricing as modelled in the Study is a non-starter.**

Secondly, the Study options modelled are limited only to inbound CBD traffic during the morning peak period. In reality, Auckland's congestion problems are regionwide and can occur at anytime of the working day (and some times at night and during weekends). The Study fails to describe or analyse the unique features of Auckland's pattern of congestion. If this analyse had been undertaken, it would have concluded that a key contributor to Auckland's congestion is the fact that the road network and PT services are inadequate to meet demand.

The point is that Auckland's congestion and capacity constraint problems are inter-linked and need to be addressed together by an integrated approach.

The option of a strategic network charge that addresses congestion across the whole region is an obvious feasible alternative that the Study might have examined. If this analysis had been undertaken the Forum believes that it would have shown that the worst incidents of congestion occur at a limited number of bottleneck in the existing (uncompleted) road network – e.g. at the Victoria Park and Newmarket viaducts (the Bridge itself and Spaghetti Junction as a result of recent improvements are relatively free flowing during peaks), Manukau Harbour Crossing, and along sections of local roads in central, western and eastern suburbs, and a selected number of access points to the motorway network. Transit's 10-year programme has plans to address all these capacity constraints or bottlenecks. Based on the improved traffic flow achieved in the completed projects (e.g. Northern Motorway to Orewa, the heart of Spaghetti Junction, Grafton Gully, Te Irirangi Drive and elsewhere), **the current Transit programme will significantly contribute to reduced congestion.**

The Transit proposal for tolling (new sections) along the WRR is a possible first step towards a strategic network charge. This proposal is likely to have the objective of raising the revenue needed to pay the capital costs of completing the WRR by 2015, or earlier; i.e. it is not a congestion management charge although it will obviously have congestion management impacts.

Another option that could have been modelled is the congestion benefits of changing the Land Transport Management Act to permit **tolling on existing roads and leading to the establishment of a strategic network charge covering both revenue and congestion management concerns.**

The Forum acknowledges that the prime purpose of tolls is to raise revenue to fund projects. However, tolls could be assessed as an initial step towards a strategic network charge that also addresses congestion.

5. Concluding Comment

Regardless of whether or not road pricing (long-term) or some form of tolling (medium-term) is implemented, there needs to be an immediate injection of funding certainty to enable an accelerated programme to complete key roading connections and lock ARTA into a single-minded strategy to complete the rail double tracking programme without delay.

Once these basic programmes are completed Auckland will have an opportunity to realistically assess what further congestion management and network enhancements will be required long-term.

In the short-term, completion of the WRR will help reduce congestion. The Allen Consulting Group – Infometrics study undertaken in 2004 estimated that completion of the WRR will reduce Auckland's estimated annual congestion cost of \$1 billion by about \$380 million a year.

Elsewhere the Forum is recommending that a regional petrol tax be struck immediately to provide Transit with the revenue required to give certainty to a fixed 5-year programme (and which is reviewed and rolled over every two years) to complete the WRR on time and within existing budgets.

In the interim the Forum suggest the options modeled in the Study should be put to one side and/or further assessed under a revised terms of reference that addresses capacity constraints and congestion together, and models what contribution a strategic network charge can make to solving both of these equally deep-seated and linked transport constraints currently dogging Auckland's efforts to secure its economic and social prosperity.

Michael Barnett

**Chairman
Auckland Business Forum**

27 April 2006