

OC220810

6 October 2022

s 9(2)(a)

Tēnā koe s 9(2)(a)

I refer to your email dated 9 September 2022, requesting the following under the Official Information Act 1982 (the Act):

- 1. I request copies of substantive papers regarding congestion charging since July 1, 2021.*
- 2. I request copies of all papers regarding the proposition the government impose car park levies on building owners, since January 1, 2021.*

This includes commentary on car park levies proposed in a report for LGWM.

I also note your Official Information Act request to the Department of Internal Affairs on 15 September 2022, seeking:

- 1. Copies of papers regarding proposals to introduce congestion charging on our roads since July 1, 2021*
- 2. Copies of papers or comments on other agencies papers re the proposal to levy car parking building owners, since January 1, 2021.*

This includes the LGWM agency report on car park levies of 2021.

As the information you have requested is not held by the Department of Internal Affairs, but is believed to be held by, and more closely related to the functions of the Ministry of Transport and Waka Kotahi NZ Transport Agency (Waka Kotahi), your request has been transferred in accordance with section 14(b) of the Official Information Act 1982.

I will respond to each question in turn.

I request copies of substantive papers regarding congestion charging since July 1, 2021, and I request under the OIA, copies of papers regarding proposals to introduce congestion charging on our roads since July 1, 2021.

As the transferred request regarding congestion charging is similar to your original OIA request to the Ministry of Transport, I have combined these in the response below.

Table One sets out the documents that fall within the scope of this part of your request.

Documents one, four and five are publicly available and can be found on the Congestion Question website at this link: <https://www.transport.govt.nz/area-of-interest/auckland/the-congestion-question/>

One cabinet paper and the corresponding cover briefing *Government Response to Select Committee Inquiry into congestion pricing* are being released to you and are attached to this response.

The remaining documents have been withheld under section 9(2)(f)(iv) to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials. These papers will be proactively released in due course.

The Ministry of Transport holds no specific information on city and/or region proposals to introduce congestion charging in New Zealand.

Table One: Congestion charging documents within the scope of the request

| | Title of document | Response |
|----|---|--|
| 1 | Final report (Inquiry into congestion pricing in Auckland) | Refused under 18(d), because document is publicly available (link above) |
| 2 | Cabinet paper: Government Response to Select Committee Inquiry into congestion pricing | Released with no redactions |
| 3 | Cover briefing: Government Response to Select Committee Inquiry into congestion pricing | Released with phone numbers redacted under Section 9(2)(a) |
| 4 | Government response to Select Committee Inquiry into congestion pricing | Refused under 18(d), because document is publicly available |
| 5 | Inquiry into congestion pricing in Auckland - Ministry of Transport (Departmental report) | Refused under 18(d), because document is publicly available |
| 6 | Briefing – Congestion Pricing Next Steps | Withheld under 9(2)(f)(iv) |
| 7 | Briefing – Update on Congestion Charging Policy Development Briefing paper | Withheld under 9(2)(f)(iv) |
| 8 | Cabinet paper: Progressing work to enable congestion charging in New Zealand | Withheld under 9(2)(f)(iv) |
| 9 | Briefing - Progressing work to enable congestion charging in New Zealand | Withheld under 9(2)(f)(iv) |
| 10 | Slide pack for Cabinet Priorities Committee | Withheld under 9(2)(f)(iv) |
| 11 | Briefing – Implications of different models for congestion charging legislation | Withheld under 9(2)(f)(iv) |
| 12 | Briefing - Further information on congestion charging | Withheld under 9(2)(f)(iv) |

I request copies of all papers regarding the proposition the government impose car park levies on building owners, since January 1, 2021, this includes commentary on car park levies proposed in a report for LGWM and I request under the OIA, copies of papers or comments on other agencies papers re the proposal to levy car parking building owners, since January 1, 2021.

I note that question two of both your requests relates to information that is believed to be held by Waka Kotahi. In these circumstances, and in accordance with section 14 of the

Official Information Act 1982, I have transferred this part of your request to Waka Kotahi. Waka Kotahi has accepted a transfer of the second question and will respond in due course.

The Ministry of Transport holds nothing in relation to question two of your requests.

The Ministry publishes our OIA responses, and the information contained in our reply to you will be published on the Ministry website. Before publishing we will remove any personal or identifiable information.

You have the right under section 28(3) of the OIA to make a complaint about this response to the Ombudsman. The relevant details can be found on the Ombudsman's website at www.ombudsman.parliament.nz.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M Willberg', written in a cursive style.

Marian Willberg

Manager, Demand Management & Revenue

In-confidence

Office of the Minister of Transport

Cabinet Legislation Committee

Government Response to the Report of the Transport and Infrastructure Select Committee Inquiry into congestion pricing in Auckland

Proposal

- 1 This paper seeks approval of the Government's response to the Transport and Infrastructure Committee Inquiry into congestion pricing in Auckland.

Background

- 2 Late in 2020, I requested that the Transport and Infrastructure Select Committee conduct an inquiry into congestion pricing in Auckland. This followed the publication of a suite of reports by The Congestion Question (TCQ)¹ project setting out the case for introducing congestion pricing in Auckland to improve the performance of the road network. TCQ concluded that introducing congestion pricing in Auckland could produce a sustained reduction in congestion of eight to 12 percent.
- 3 Congestion pricing incentivises people to consider changing their travel habits by charging them to use regularly congested parts of the road network, either within a defined time period or around the clock. This charge encourages people to think about shifting the time and/or mode of their travel. In some cases, people decide not to travel at all.
- 4 In March 2021, the Transport and Infrastructure Committee initiated an inquiry. Public hearings were held in Auckland and Wellington in June/July 2021. The select committee received 435 written submissions and heard oral evidence from 41 submitters, including both individuals and organisations. The submissions from organisations were more likely to support congestion pricing (72 percent) than individuals (30 percent).
- 5 The Committee's report was presented to the House on 27 August 2021, containing eight recommendations for the Government. A response from the Government is required to be presented to the House by 19 November 2021. My proposed letter of response is attached. The following sections of this paper go through the response to each individual recommendation.

Overall Government response to the Committee's findings

- 6 The Committee's report supports enabling congestion pricing and made a number of recommendations covering issues including equity, use of revenue and emissions.
- 7 Overall, I am recommending a favourable Government response both on the thorough process undertaken by the Committee and its recommendations. At the same time, the Government response is clear that we are not at this point making a decision about whether or not to progress with congestion pricing. The consultation

¹ The Congestion Question is a joint New Zealand Government/Auckland Council project under the Auckland Transport Alignment Project (ATAP).

on the Emissions Reduction Plan (ERP) will provide more feedback on congestion pricing to inform Government decision making.

8 The Committee's recommendations are as follows:

- progress legislation to enable New Zealand cities to use congestion pricing as a tool in transport planning
- implement a congestion pricing scheme in Auckland, including, as described in the Congestion Question technical report
 - a region-wide strategic corridors scheme starting in the city centre
 - an access charge that would apply once per journey in peak times
 - the use of automatic number plate recognition technology to identify vehicles that incur a charge
- undertake broad public engagement to help people understand the costs and benefits of a specific scheme
- consider whether existing schemes could be used to reduce inequity caused by a congestion charge
- use any revenue raised by a congestion pricing scheme to:
 - mitigate equity impacts
 - reinvest in public and active transport in the region where the charge applies
- undertake research into whether changes to, or the removal of, the Auckland regional fuel tax may be appropriate if congestion pricing is implemented
- investigate the potential for any enabling legislation for congestion pricing to also provide for low-emissions zones
- closely monitor the effectiveness of any congestion pricing scheme, and act promptly to mitigate any unintended congestion in areas not included in the network

9 The Committee's report is set out in sections, including a section on equity, one on the use of revenue and one on the potential impact of congestion pricing on emissions. The following section of this paper uses the same structure to set out the Government's response.

Government response to specific elements of the report

The Committee recommends that the Government should amend legislation to enable congestion pricing and implement it in Auckland

10 The headline recommendation from the Committee's report is to amend legislation to enable congestion pricing (for all New Zealand cities) and implement congestion pricing in Auckland on the basis of the scheme recommended by TCQ. There was

broad cross-party agreement on the need to reduce congestion and that introducing a price is a necessary part of the equation.

- 11 I propose that the Government makes the following response to this recommendation:

11.1 Changing legislation to enable congestion pricing has been included in the consultation draft of the Emissions Reduction Plan (ERP) to give New Zealanders an opportunity to express their views. This consultation is scheduled to take place October-November 2021, and no decisions about whether to progress legislation or implement congestion pricing in Auckland will be taken until after the consultation is complete and responses have been analysed.

11.2 If the Government was to proceed with implementing congestion pricing, then we support the Committee's recommendation that this tool should be available to all New Zealand cities, rather than restricted to Auckland. Additionally, the legislative framework should be based on powers similar to those already included in the Land Transport Management Act 2003 for regional fuel taxes – proposals are developed by regions and then evaluated by Ministers before being approved through an Order in Council.

- 12 I will reconnect with my Cabinet colleagues on this issue once consultation on the ERP has been completed and responses analysed, likely in early 2022.

The Committee recommends that equity should be considered if implementing congestion pricing

- 13 The equity implications of congestion pricing were a strong focus of the Inquiry with the impact of congestion pricing on low-income and vulnerable communities raised by many submitters. Because the price proposed by TCQ does not vary based on income, it would naturally impact more heavily on low-income households and individuals, or those less able to switch to other modes. This would apply particularly to certain groups in the community, including Māori and Pasifika, disabled people and their carers and low-income shift workers.

- 14 The Committee notes that concerns about financial impacts need to be balanced with the likelihood that a large number of exemptions would increase the operating costs of a congestion pricing scheme and potentially reduce its effectiveness.

- 15 The Committee suggests that thought be given to ways to use existing schemes to mitigate the costs of congestion pricing for vulnerable parts of the community. For example, the Community Services Card could be used to provide support to low-income households while the travel subsidies for disabled people and their carers provided through the Total Mobility scheme should also be investigated.

- 16 The following recommendations deal specifically with equity:

- consider whether existing schemes could be used to deal with inequity caused by a congestion charge
- use any revenue raised by a congestion pricing scheme to mitigate equity impacts.

- 17 I propose that the Government agrees with these recommendations, and my response notes the following points:
- 17.1 Equity questions are of central importance. The nature of congestion pricing (price does not differ based on income) means that it will impact more heavily on certain parts of the community, particularly those that are on lower incomes.
- 17.2 The Ministry of Transport is working with other central government agencies (for example, the Ministry of Social Development) to investigate how certain mechanisms (for example, the Community Services Card) may be used to mitigate the impacts. This work will help inform decision-making on congestion pricing and if congestion pricing progresses, I anticipate that regions will need to demonstrate mitigations to address equity impacts when developing proposals.
- 17.3 Developing appropriate mitigation mechanisms and ensuring they are effectively targeted is highly complex. It is also important to highlight the efforts being made to improve alternative forms of transport in Auckland. Large scale improvements to the public transport network, such as the City Rail Link and significant improvements to the bus network, are scheduled to commence operation over the next two to three years.

The Committee recommends that revenue should be reinvested into other transport options, and the Auckland regional fuel tax should be reassessed.

- 18 The Committee report notes that some submitters were of the view that it is not possible for them to switch to alternative modes of transport (for example, public transport) because it would take longer or cost more than using a private car. The report notes a general theme from submissions that public transport in Auckland is either too expensive for many people, not frequent enough or does not take people where they want to go.
- 19 The Committee notes in its report that for congestion pricing to be effective, robust alternatives must be available. The suggestion is to reinvest a share of the revenue from congestion pricing into public and active transport modes. This could take the form of improving current services, investing in new services and facilities and reducing the cost of using public transport in Auckland. There needs to be transparency around the use of funding, to ensure that people can see where the money is going.
- 20 The report also notes that a range of large-scale transport projects are already underway in Auckland, and these will provide people with more options in the future. Consideration should be given to the status of these projects alongside potential timeframes for implementing congestion pricing.
- 21 The Committee also suggests that consideration be given to the status of the Auckland regional fuel tax (RFT) as part of developing a congestion pricing scheme. While noting that congestion pricing and the RFT have different purposes (the RFT is a revenue raising tool; congestion pricing aims to achieve behaviour change), the Committee considers that more work be done on whether the RFT needs to be changed or removed.
- 22 Specific recommendations that deal with this issue are:

- use any revenue raised by a congestion pricing scheme to reinvest in public and active transport in the region where the charge applies
- undertake research into whether changes to, or the removal of, the Auckland regional fuel tax may be appropriate if congestion pricing is implemented

23 The proposed Government response is to note these recommendations. My response letter makes the following points:

- 23.1 As the Committee notes, congestion pricing is not primarily a revenue raising mechanism. If congestion pricing is successful, then it might not raise much revenue or the revenue might be variable year on year. Therefore, it is necessary to define what the revenue should be used for rather than relying on it as a general revenue source.
- 23.2 If congestion pricing proceeds, decisions will need to be made on how the revenue should be used. The Committee's suggestions, to fund mitigation of the impacts of congestion pricing on vulnerable parts of the community and to invest in alternative forms of transport (public transport and active modes) in the relevant region appear sensible.
- 23.3 As legislation and policy develops further, consideration will need to be given to how congestion pricing fits with the existing mix of revenue tools, particularly to whether the Auckland RFT needs to be changed or removed. The RFT is scheduled to expire in 2028, and decisions about applying to renew the RFT will need to be weighed up by Auckland Council as it considers the investment needs of the city.

The Committee notes that congestion pricing could also reduce transport emissions

- 24 Many submitters took the view that congestion pricing should primarily be about reducing CO₂ emissions. The Committee notes that transport is a large contributor to New Zealand's carbon emissions, but considers that reducing congestion should remain the main purpose of a congestion charge. However, any reduction in emissions would be a welcome additional benefit.
- 25 The Committee notes that congestion pricing potentially discourages short trips (more than 50 percent of car trips in Auckland are for less than six kilometres) and encourages people to move onto public transport which reduces emissions. Additionally, other jurisdictions have reported improvements in emissions and air quality in areas where congestion pricing has been introduced.
- 26 The Committee considers that legislative work to enable congestion pricing should also consider whether to enable low-emissions zones. These have been used in various cities around the world and can be used to bolster the emissions reduction benefits associated with congestion pricing.
- 27 The Committee made the following recommendation relating to this issue are:
- investigate the potential for any enabling legislation for congestion pricing to also provide for low-emissions zones.
- 28 The proposed Government response is to agree with this recommendation. My response letter notes the following points:

- 28.1 If implemented, congestion pricing would result in a small reduction in emissions, both carbon emissions and harmful particulates, by reducing the amount of time people spend in congested traffic and encouraging some people to change mode of travel.
- 28.2 It is a good suggestion by the Committee to explore enabling low-emissions (clean air) zones as part of any legislative change for congestion pricing. While there is some complexity associated with low-emissions zones (for example, efficiently identifying the emissions profile of each vehicle and determining whether there should be charges to enter the zone), they appear to be a useful initiative to complement congestion pricing. Indeed, low-emissions zones could be progressed even if congestion pricing is not.
- 28.3 Given the relatively small direct emissions reduction benefits, the Committee is correct to recommend that the central focus of congestion pricing remains to reduce congestion rather than to reduce emissions.

Exemptions need to be kept to a minimum

- 29 Some industry bodies submitted that their members should be exempt from congestion pricing because their businesses rely on the road network and they do not think they could avoid using roads included in a congestion pricing scheme. The Committee disagreed with this, noting that businesses depending on the road network will benefit from reduced congestion and should therefore pay the congestion charge.
- 30 While the Committee did not make a specific recommendation on this issue, I propose that the Government note that it agrees with limiting exemptions if congestion pricing is progressed. To achieve the desired behaviour change, exemptions need to be kept to a minimum. Also, it appears that most businesses will benefit from reduced travel times and should not be eligible for exemption if congestion pricing is implemented.

The Committee recommends monitoring the impacts of a congestion pricing scheme

- 31 The Committee expressed concern about the impact of vehicles diverting onto minor/suburban streets to avoid paying the congestion charge ("rat-running"). The Committee recommended that attention be paid to whether this is happening and that there should be an ability to expand the scope of the scheme to include any streets where rat-running is happening.

- 32 The Committee made the following recommendation about this issue:

- closely monitor the effectiveness of any congestion pricing scheme, and act promptly to mitigate any unintended congestion in areas not included in the network

- 33 I propose that the Government agree to this recommendation, and my response letter makes the following points:

- 33.1 If congestion pricing is introduced, it will be a new concept for New Zealanders. It will therefore be important to be able to demonstrate success. This implies robust monitoring and review points. In terms of monitoring the degree of diversion (rat-running), TCQ proposes that Auckland use ANPR cameras as the technology platform. These cameras are simple to install and

relatively low-cost meaning that if monitoring identifies significant diversion on suburban roads, then those roads can relatively easily be added to the scheme.

- 33.2 Additionally, the way in which the scheme is rolled out can recognise equity concerns. Scheme rollout could begin in regions with higher-levels of transport alternatives and progressively expand as improvements are made in other regions.

Timing of the government response

- 34 The Government response must be presented to the House of Representatives by 19 November 2021.

Consultation

- 35 The Treasury was consulted on this paper and is supportive of the contents.

Financial implications

- 36 There are no financial implications from this paper.

Legislative implications

- 37 Legislative amendment will be required to enable congestion charging. I have instructed officials to prepare a paper setting out the policy issues that Cabinet will make decisions on. I will bring this paper to Cabinet in mid-2022, at the same time as final decisions are made on the Emissions Reduction Plan.
- 38 Officials advise that it should be possible to introduce legislation in 2022. The speed at which this moves through the process depends on the priority it is given by the Government. I will include a bid for congestion charging legislation as part of the transport legislative programme for 2022.

Publicity

- 39 No proactive publicity is planned.

Proactive Release

- 40 I intend to proactively release this paper in full within 30 business days of its consideration by Cabinet.

Recommendations

- 41 The Minister of Transport recommends that the Cabinet Legislation Committee:
- 1 **note** that on 27 August 2021 the Transport and Infrastructure Committee presented its report to the House entitled "Inquiry into congestion pricing in Auckland"
 - 2 **note** that the select committee recommends that the government:
 - 2.1 progress legislation to enable New Zealand cities to use congestion pricing as a tool in transport planning

- 2.2 implement a congestion pricing scheme in Auckland, including, as described in the Congestion Question technical report:
 - 2.2.1 a region-wide strategic corridors scheme starting in the city centre
 - 2.2.2 an access charge that would apply once per journey in peak times
 - 2.2.3 the use of automatic number plate recognition technology to identify vehicles that incur a charge
- 2.3 undertake broad public engagement to help people understand the costs and benefits of a specific scheme
- 2.4 consider whether existing schemes could be used to reduce inequity caused by a congestion charge
- 2.5 use any revenue raised by a congestion pricing scheme to:
 - 2.5.1 mitigate equity impacts
 - 2.5.2 reinvest in public and active transport in the region where the charge applies
- 2.6 undertake research into whether changes to, or the removal of, the Auckland regional fuel tax may be appropriate if congestion pricing is implemented
- 2.7 investigate the potential for any enabling legislation for congestion pricing to also provide for low-emissions zones
- 2.8 closely monitor the effectiveness of any congestion pricing scheme, and act promptly to mitigate any unintended congestion in areas not included in the network
- 3 **note** the submission of the Minister of Transport and in particular his advice that decisions about implementing congestion pricing will be taken after public consultation on the Emissions Reduction Plan
- 4 **approve** the government response, attached to this submission, to the Report of the Transport and Infrastructure Committee entitled "Inquiry into congestion pricing in Auckland"
- 5 **note** that the government response must be presented to the House of Representatives by 19 November 2021;
- 6 **invite** the Minister of Transport to present the government response to the House of Representatives in accordance with Standing Order 252;

Authorised for lodgement

Hon Michael Wood

Minister of Transport