

OC220440

08/08/2022

s 9(2)(a)

Dear s 9(2)(a)

I refer to your request dated 25 May 2022, pursuant to the Official Information Act 1982 (the OIA), seeking:

Any information related to:

- *A potential date for a ban on imports of ICE vehicles*
- *Advice about what the Government investment announced in the ERP for public/active transport should look like (Action 10.1.2)*
- *Congestion charging.*

I also note our previous correspondence and thank you for your help to clarify the scope of your request. You will also recall that the Ministry of Transport extended the response time by 30 working days to sort through the large volume of information covered by your request.

A potential date for a ban on imports of ICE vehicles

All information on this topic is being withheld under Section 9(2)(f)(iv) of the OIA – to maintain the confidentiality of advice. A proactive release of information related to this topic will occur at the appropriate time.

Advice about what the Government investment announced in the ERP for public/active transport should look like (Action 10.1.2)

This request is refused under Section 18(d) of the OIA because the information will soon be publicly available as part of a release of information relating to the development of the transport content of the Emissions Reduction Plan. Once released, you will be able to find this information in the 'Proactive Releases' section of the Ministry website at this address: <https://www.transport.govt.nz/about-us/what-we-do/>.

Congestion charging

Table One sets out the documents that fall within the scope of this part of your request. Document Five is publicly available and can be found on the Parliament website at this link: https://www.parliament.nz/en/pb/sc/reports/document/SCR_115680/inquiry-into-congestion-pricing-in-auckland.

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

Number	Title of document	Response
1	Cabinet paper: Government Response to Select Committee Inquiry into congestion pricing	Released in full
2	Response letter: Government Response to Select Committee Inquiry into congestion pricing	Released in full
3	Talking points: Government Response to Select Committee Inquiry into congestion pricing	Released in full
4	Cover briefing: Government Response to Select Committee Inquiry into congestion pricing	Released with phone numbers withheld under Section 9(2)(a)
5	Report: Government response to Select Committee Inquiry into congestion pricing	Refused under 18(d), because document is publicly available
6	Email exchange with Minister's Office on government response	Released with phone numbers and email addresses withheld under Section 9(2)(a)
7	Email exchange: Progressing work to enable congestion charging in New Zealand	Withheld under Section 9(2)(f)(iv)
8	Briefing: Congestion Pricing Next Steps	Withheld under Section 9(2)(f)(iv)
9	Briefing: Update on Congestion Charging Policy Development Briefing paper	Withheld under Section 9(2)(f)(iv)
10	Draft Cabinet paper: Progressing work to enable congestion charging in New Zealand	Withheld under Section 9(2)(f)(iv)
11	Briefing: Progressing work to enable congestion charging in New Zealand	Withheld under Section 9(2)(f)(iv)
12	Draft slide pack for Cabinet Priorities Committee	Withheld under Section 9(2)(f)(iv)
13	Briefing: Implications of different models for congestion charging legislation	Withheld under Section 9(2)(f)(iv)

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

PP C. Durrant

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

Greg O'Connor, Chairperson
Transport and Infrastructure Select Committee
Transport.Infrastructure@parliament.govt.nz

Dear Mr O'Connor

This letter provides the Government's response to the Inquiry into congestion pricing carried out by the Transport & Infrastructure Committee. I would like to begin by thanking the Committee for its work; the report is thorough and detailed, and the recommendations are important and helpful to inform future work.

For the remainder of this letter, I will provide more detailed Government responses to the main points raised by the Committee, under the following headings:

- amending legislation and implementing congestion pricing in Auckland
- addressing equity concerns
- use of revenue and how congestion pricing fits with current revenue tools
- emissions reduction benefits
- monitoring and reviewing congestion pricing schemes
- engaging with the community

Amending legislation and implementing congestion pricing in Auckland

I want to thank the committee for providing a clear recommendation to proceed with developing legislation for congestion pricing in New Zealand cities and implementing it in Auckland. It is helpful to see cross-party support for the concept, and a recognition that we cannot build our way out of congestion.

The Government has included congestion pricing (both the development of legislation and implementation in Auckland) in the public consultation draft of the Emissions Reduction Plan (ERP). The submissions and comments collected during the Committee's inquiry were very helpful, and I am keen to see if we can get a larger and broader cross-section of public views through the ERP consultation.

For that reason, the Government is not committing at this time to introducing legislation to enable congestion pricing. A decision will be made once public comments on the ERP have been received and analysed, alongside the comments provided to the Committee.

If a decision is made to progress with legislation, it would likely be introduced in 2022 with the aim of having it in place by the end of the current Parliamentary term. As you may be

aware, officials have done some initial thinking into the structure and parameters of the legislation. It appears that the most appropriate and efficient approach is to amend the Land Transport Management Act 2003 to set up a structure whereby regions develop a proposal, and then submit it to Ministers for assessment. Schemes would be approved through an Order in Council.

If the Government does decide to progress with congestion pricing, more work needs to be done on the detailed elements of the legislative framework including the criteria by which Ministers would assess schemes. The legislation would most likely apply to all parts of New Zealand rather than being restricted to Auckland.

Addressing equity concerns

The Government agrees with the Committee's recommendations on equity and I have directed my officials at the Ministry of Transport to work with other government departments to determine the most effective ways to mitigate the costs associated with congestion pricing for vulnerable parts of the community. This work can proceed independently of decisions on progressing congestion pricing, as it will potentially offer insights across a range of policy initiatives.

It is important that we consider all groups in the community where costs may fall disproportionately. This includes low-income people (including those in work) and disabled people. The Government supports the Committee's recommendation to look at existing schemes, including the Total Mobility scheme for disabled people and their carers. I have also asked my officials to look into how various mechanisms for low-income people could be used.

I also note the comments made by many submitters about the lack of alternatives to the private car for many people in Auckland, and issues with the quality and frequency of public transport. The National Land Transport Fund and Crown funding have contributed to significant improvements in Auckland's public transport over recent years with more underway or planned. Increased patronage numbers on buses and trains demonstrate that people will change mode where there is a good quality services available. Continuing with investment in alternative transport modes in our cities is an essential complement to the roll out of congestion pricing.

If congestion pricing was progressed in Auckland, the roll out of the scheme will partly determine equity impacts. For example, implementation could be delayed in South and West Auckland until alternative transport options are improved. These questions would manifest differently in other cities, but I expect that Ministerial assessment would factor these questions in.

Use of revenue and how congestion pricing fits with current revenue tools

I am pleased that the Committee's report reinforces the point that congestion pricing is not a revenue raising tool. Behaviour change is the central objective, and if congestion pricing is successful the revenue raised might not be large, or might be variable year on year. For this reason, it is not a reliable source of revenue.

Inevitably, introducing a congestion charge will produce revenue. The Government notes the points made by the Committee, that revenue should either be used to mitigate the impacts on vulnerable groups (for example, increasing the Total Mobility subsidy) or to support the improvement of alternative transport modes. While this approach appears sensible, I do not wish to pre-empt decisions that will need to be made by Cabinet.

Regarding the questions raised about the continued appropriateness of the Auckland regional fuel tax (RFT) if congestion pricing was introduced, the Government agrees that it merits consideration from the point of view of cumulative costs for Aucklanders. As the Committee notes, the two tools have different purposes (RFT is revenue raising, congestion pricing is about behaviour change). 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

Emissions reduction benefits

By reducing the amount of time vehicles spend in congestion and encouraging mode shift, congestion pricing has the potential to reduce both carbon and harmful emissions. For this reason it has been included in the ERP. On its own, congestion pricing is unlikely to create large emissions reductions because most people switch the time of travel rather than foregoing car use entirely.

It would be possible to produce larger emissions reductions by setting a much higher congestion price. However, I agree with the Committee's recommendation that congestion pricing should remain focused on improving the performance of the road network and the price should be set to achieve that behaviour change.

I agree with the Committee's suggestion to investigate enabling low-emissions (clean air) zones to complement the benefits of congestion pricing. If the Government decides to proceed with congestion pricing, then this could be included in the scope of the necessary legislative amendments.

Monitoring and reviewing congestion pricing schemes

Congestion pricing is a new initiative for New Zealand, meaning that to build sustained support it will be necessary to demonstrate success through regular monitoring and review points. I would expect that schemes submitted to Ministers for approval would set out the monitoring and review arrangements.

Regarding the concerns raised about diversion on unpriced suburban streets ("rat-running"), I agree with the Committee that people need to feel confident that congestion will not simply move from main roads onto residential streets that are not designed for high volumes of traffic. Careful scheme design is required to lessen the risk of this and monitoring of any scheme with the ability to amend it is essential.

I understand that the technology solution proposed in the Congestion Question report (Automatic Number Plate Recognition cameras) is relatively flexible and low-cost in terms of installation meaning that a scheme could be adjusted to cover relevant streets if rat-running is taking place.

Engaging with the community

In its report, the Committee recommends a large-scale programme of engagement with the people of Auckland. The Government agrees with this recommendation and I consider that if we proceed with congestion pricing there would need to be both ongoing education to help people understand the concept, the benefits and how it works and consultation on any specific scheme that might be developed.

Broadly speaking, the ongoing education and engagement on the concept of congestion pricing should be led by the regional bodies (for example, Auckland Council or Greater Wellington Regional Council) who best understand their local communities. Central government can also be involved in the engagement and work will need to be done to determine the most effective and appropriate way for this to occur.

Further engagement and education will need to specifically include certain parts of the community, particularly those likely to be negatively affected by introducing congestion pricing. Special focus will need to be given to mana whenua groups within any region developing a proposal, to determine whether congestion pricing would restrict access to culturally important sites, and any necessary actions to mitigate this.

Finally, I would like to thank the Committee once again for its work, including reviewing submissions, holding hearings in Auckland and Wellington and engaging with political leaders and officials from other jurisdictions. The report is thorough, and I welcome the clear recommendations. It is great to see a level of cross-party consensus around the potential usefulness of congestion pricing as a tool. I eagerly await the public response as part of the ERP.

I am happy to meet with the Committee to discuss this response in more detail.

Yours sincerely

Hon Michael Wood
Minister of Transport



Cabinet Committee Background Information and Talking Points

Cabinet Committee: Cabinet Economic Development Committee

Paper Title: Government Response to Report of the Inquiry of the Transport & Infrastructure Select Committee into congestion charging

Portfolio: Transport

Officials Attending: Karen Lyons, Joni Philip

Proposal

- To seek Cabinet's agreement to table in the House of Representatives the Government's response to the report of the Transport and Infrastructure Committee's Inquiry into congestion pricing in Auckland.

Talking Points:

Introduction

- I am proposing that Cabinet approve the Government's response to the report of the Transport and Infrastructure Committee's Inquiry into congestion pricing and that Cabinet agree to the response being tabled in the House.
- 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 project setting out the case for introducing congestion charging in Auckland to improve the performance of the road network.
- 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).

Select Committee's Recommendations

- The Committee's report was presented to the House on 27 August 2021 containing eight recommendations for the Government

- The key recommendation from the Committee's report was to progress legislation to enable New Zealand cities to use congestion charging as a tool in transport planning and implement a congestion charging scheme in Auckland.
- The Committee asked for further work to be completed on equity concerns relating to low-income workers and the disabled community, including whether existing social support schemes could be used to mitigate the impacts. Te Manatū Waka is currently undertaking that work.
- Other recommendations include exploring ways to bolster emissions reduction benefits (for example, low-emissions zones), and using the revenue raised from congestion charging to mitigate the equity impacts and/or reinvest in public and active transport in the region where the charge applies.

Government response

- Our response is favourable and acknowledges that thorough work of the Committee. It is not indicating any decision by Government on congestion charging.
- Enabling congestion charging has been included in the Emissions Reduction Plan discussion document. This gives us another opportunity to hear New Zealanders views.
- I do see congestion charging as a tool that can contribute to our emissions goals and as we finalise the ERP we will be able to discuss this further.

Risks

- I do not anticipate any major risks in tabling the response given the report was bipartisan and my response is positive.

Next steps

- The Government's response to the Select Committee's inquiry into congestion pricing will be tabled in the House.

What is congestion charging?

- Congestion charging is a demand management pricing tool. The purpose of congestion charging is to improve network performance by charging road users during peak congested periods.
- Congestion charging aims to encourage people to change the way and/or time they travel by charging at peak times. It can improve quality of life and economic outcomes by reducing congestion and also supports our emission reduction goals
- Congestion charging has been implemented in several cities around the world (including London, Singapore and Stockholm) and has generally been successful at reducing congestion.



13 October 2021

OC210768

Hon Michael Wood

Action required by:

Minister of Transport

Monday, 18 October 2021

CONGESTION PRICING INQUIRY - GOVERNMENT RESPONSE TO SELECT COMMITTEE RECOMMENDATIONS

Purpose

To provide you with a draft Cabinet paper for the Cabinet Legislation Committee and a draft letter to the Chair of the Transport and Infrastructure Select Committee that sets out the Government's response to the Select Committee's inquiry into congestion pricing in Auckland.

Key points

- The Transport and Infrastructure Select Committee (the Committee) has recently completed an inquiry into congestion pricing in Auckland. Its report was presented to the House of Representatives on 27 August 2021, meaning that the presentation of a Government response to the House is required by 19 November 2021 (within 60 working days of the report being presented).
- We have drafted a Cabinet paper and letter providing the Government's response to the Committee. The letter responds to the main points raised by the Committee including equity considerations, the use of revenue, environmental benefits and the process for amending legislation and implementing a scheme.
- It is not proposed to make policy decisions at this time, however the response to the Committee still requires approval by the Cabinet Legislation Committee (LEG). The paper will need to be considered by LEG no later than its meeting on Thursday, 11 November 2021 in order to ensure the Government's response can be presented to the House by 19 November.
- Once you have reviewed the draft Cabinet paper and (if required) provided any feedback to the Ministry, the next step is to forward the attached Cabinet paper and response letter to your Cabinet colleagues for consultation.
- The overall recommendation from the Committee was to amend legislation to enable congestion pricing and implement it in Auckland (consistent with what is proposed in the Congestion Question reports).
- Progressing congestion pricing is included in the public consultation draft of the Emissions Reduction Plan (ERP). This consultation will provide Government with

further feedback and help inform decision making. No decisions about whether to enable congestion pricing will be taken until 2022.

- The proposed Government response to the Select Committee (as detailed in the attached Cabinet paper and letter) indicates appreciation for the thorough work, and agreement that the points raised are important considerations if congestion pricing is progressed. The response clarifies that any decisions on congestion pricing will not occur until after the ERP consultation.

Recommendations

We recommend you:

- provide** any feedback to the Ministry of Transport on the attached draft Cabinet paper and letter outlining the Government's response to the Transport and Infrastructure Select Committee Inquiry into congestion pricing in Auckland
- note** that the response to the Transport and Infrastructure Select Committee is required to be tabled in the House by 19 November 2021
- agree** to forward the attached draft cabinet paper and draft letter response to your Cabinet colleagues for consultation Yes/ No



Karen Lyons
Director, Auckland
..... / /

Hon Michael Wood
Minister of Transport
..... / /

Minister's office to complete:

☐ Approved

☐ Declined

☐ Seen by Minister

☐ Not seen by Minister

☐ Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Karen Lyons, Director Auckland	s 9(2)(a)	✓
Sam Harris, Senior Adviser Demand Management & Revenue	_____	

Joni Philip, Graduate Adviser Demand Management & Revenue	s 9(2)(a)	
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CONGESTION PRICING INQUIRY - GOVERNMENT RESPONSE TO SELECT COMMITTEE RECOMMENDATIONS

The Transport and Infrastructure Select Committee has presented its report to the House of Representatives

- 1 In March 2021, at your request, the Transport and Infrastructure Select Committee (the Committee) initiated an inquiry into congestion pricing, based on The Congestion Question (TCQ) work done in Auckland. Public hearings were held in Auckland and Wellington in June/July 2021. The Committee received 435 written submissions and heard oral evidence from 41 submitters, including both individuals and organisations. The submissions from organisations were more supportive of congestion pricing (72 percent) than individuals (30 percent).
- 2 The Committee presented its report to the House entitled "Inquiry into congestion pricing in Auckland" on 27 August 2021, providing the following recommendations:
 - 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 TCQ 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 (for example, potentially through the Total Mobility scheme and the Community Services Card (CSC)) 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.

We have drafted a proposed Government response to the recommendations from the Committee

3 The letter attached sets out the Government's proposed response to the Committee.

We propose that the Government's response notes that decisions on implementing congestion pricing will be made after consultation on the Emission Reduction Plan

- 4 The overarching recommendation from the Committee's report is to amend legislation to enable congestion pricing and implement a scheme in Auckland, based on the scheme recommended in TCQ.
- 5 Enabling congestion pricing is included in the draft Emissions Reduction Plan (ERP), and you have informed us that no decisions about whether to progress legislation or implement congestion pricing in Auckland will be taken until after consultation on the ERP is complete and responses have been analysed. We propose that the Government note this in its response to the Committee.
- 6 The Committee report notes, if the Government proceeds with implementing congestion pricing, the tool should be available to all New Zealand cities. We propose the Government agrees with this recommendation (noting that decisions on progressing congestion pricing are yet to be made). Furthermore, we note the legislative framework should be broadly modelled on provisions already in the Land Transport Management Act 2003 for regional fuel taxes (proposals are developed by regions and then evaluated by relevant Ministers and implemented by Order in Council).

We propose that the Government's response agrees that equity concerns require further investigation

- 7 The Committee's report has a strong focus on equity and notes the likelihood that certain parts of Auckland's community will be disproportionately impacted by the introduction of congestion pricing. This includes low-income households (particularly low-income shift workers) and disabled people who tend to have lower incomes and face barriers to changing transport modes.
- 8 The report notes that a large number of exemptions has the potential to undermine the success of a congestion pricing scheme and mitigation measures should focus on existing support mechanisms such as the Total Mobility scheme. The Committee also recommends that revenue raised from congestion pricing be invested to mitigate equity concerns. We propose that the Government agrees that equity concerns require further investigation.

We propose that the Government notes the Committee's suggestions for how revenue should be used

- 9 As the Committee notes, congestion pricing is a tool to incentivise behaviour change; it is not primarily a revenue raising mechanism. Therefore, it is necessary to define what the revenue should be used for rather than relying on it as a general revenue source.
- 10 If Cabinet opts to progress congestion pricing, then consideration will need to be given to how the revenue should be used. The Committee suggests that the revenue should be used for the following purposes:
- to mitigate the impacts of congestion pricing on vulnerable parts of the community
 - to invest in alternative forms of transport (public transport and active modes).
- 11 The Committee also suggests work should be conducted to understand whether the Auckland RFT needs to be changed or removed following the implementation of congestion pricing.
- 12 We propose that the response notes that these are good suggestions and will be explored further should Cabinet decide to progress congestion pricing.

We propose that the Government agree that low emissions (clean air) zones should be explored alongside any further work on congestion pricing, whilst noting direct emissions reductions from congestion pricing are expected to be small

- 13 Many submitters who supported congestion pricing viewed it as a potential tool to help reduce New Zealand's CO₂ emissions. While a reduction in emissions will be a co-benefit of congestion pricing, the primary purpose should remain reducing congestion.
- 14 Low-emission zones directly reduce harmful emissions but could additionally impact CO₂ emissions. The Committee recommends exploring low-emission (clean air) zones as part of the legislative change for congestion pricing.
- 15 We propose that the Government agrees with this recommendation and undertakes further research alongside any further work on congestion pricing. There is some complexity associated with low-emissions zones which will need to be investigated further (for example, efficiently identifying the emissions profile of each vehicle and determining whether there should be charges to enter the zones). Low-emission zones could be progressed even if congestion pricing is not.

We propose that the Government agrees with the recommendation that robust monitoring and review will be required if congestion pricing is implemented

- 16 The Committee's report raises concern about the possibility of "rat-running" (traffic diverting onto suburban streets to avoid the charge) and notes that robust monitoring and review points will be necessary to manage this risk.
- 17 The scope of any congestion pricing scheme and the technology used (and how any rat-running is managed) will ultimately be proposed by the region developing the scheme. However, the Committee is correct to identify the need for robust monitoring and review and we propose that the Government agree that if congestion pricing was to progress, robust monitoring would be required.

Potential risks with the proposed Government response

- 18 There will be media and stakeholder interest in how the Government responds to the Committee's report. We will provide you with speaking points and Q&As closer to the time of the Government's response being presented to the House.
- 19 TCQ reports suggested that an Auckland congestion pricing scheme should be rolled out alongside the opening of the City Rail Link (CRL) in late 2024. Delays in finalising the ERP may make it more challenging to complete the necessary legislation and implement an Auckland scheme in time to align with CRL opening. We will provide you with further advice on potential timeframes and the impacts of any delays later in 2021.

Next Steps

- 20 Provide any feedback to officials on the draft Cabinet paper and letter.
- 21 As noted earlier in the paper, the Government needs to respond to the Committee by 19 November 2021. The last possible LEG committee meeting to meet this deadline is Thursday, 11 November 2021. The attached Cabinet paper and letter will need to be forwarded to your Cabinet colleagues for consultation and lodged for LEG committee consideration by Thursday, 4 November 2021.

RELEASED UNDER THE OFFICIAL
INFORMATION ACT 1982

RE: Govt response format

Monday, 8 August 2022
9:24 am

Subject	RE: Govt response format
From	Sam Harris
To	Sam Harris
Sent	Sunday, 7 August 2022 8:41 pm

From: Seb Brown <s 9(2)(a)>
Sent: Thursday, 2 December 2021 1:45 pm
To: Sam Harris <s 9(2)(a)>
Cc: Karen Lyons <s 9(2)(a)>; Marian Willberg <s 9(2)(a)>;
Joni Philip <s 9(2)(a)>
Subject: RE: Govt response format

Hey Sam

This will be tabled in the House today (sorry I was meant to update you on this earlier today). Thanks again for your work on this.

Cheers

Seb Brown

From: Sam Harris [s 9(2)(a)]
Sent: Thursday, 2 December 2021 1:37 PM
To: Seb Brown <s 9(2)(a)>
Cc: Karen Lyons <s 9(2)(a)>; Marian Willberg <s 9(2)(a)>;
Joni Philip <s 9(2)(a)>
Subject: RE: Govt response format

Hi Seb

Quick question – now that Cabinet has approved the response, do you know when it will be tabled in the House?

Thanks

Sam

Sam Harris
Senior Adviser, Demand Management and Revenue

From: Seb Brown <s 9(2)(a)>
Sent: Thursday, 25 November 2021 11:57 am
To: Sam Harris <s 9(2)(a)>

Cc: Karen Lyons <s 9(2)(a)>; Marian Willberg <s 9(2)(a)>;
Joni Philip <s 9(2)(a)>
Subject: RE: Govt response format

Awesome, thanks Sam. I presume you didn't get called into LEG this morning?

From: Sam Harris [s 9(2)(a)]
Sent: Thursday, 25 November 2021 10:17 AM
To: Seb Brown <s 9(2)(a)>
Cc: Karen Lyons <s 9(2)(a)>; Marian Willberg <s 9(2)(a)>;
Joni Philip <s 9(2)(a)>
Subject: RE: Govt response format

Hi Seb

The revised version of the government response is attached.

Thanks

Sam

From: Seb Brown <s 9(2)(a)>
Sent: Wednesday, 24 November 2021 1:50 pm
To: Sam Harris <s 9(2)(a)>
Cc: Karen Lyons <s 9(2)(a)>; Marian Willberg <s 9(2)(a)>;
Joni Philip <s 9(2)(a)>
Subject: FW: Govt response format

Hi Sam

I've received the email below from Cabinet Office. Could you please amend the attached response accordingly and send it back to me by COP Friday?

Thanks

Seb Brown

From: Gerrard Carter [DPMC] [s 9(2)(a)]
Sent: Wednesday, 24 November 2021 1:28 PM
To: Seb Brown <s 9(2)(a)>
Cc: Rebecca Davies [DPMC] <s 9(2)(a)>
Subject: Govt response format

[IN-CONFIDENCE]

Hi Seb,

As I mentioned in my voicemail, the government response going to LEG tomorrow needs to follow a specific format – it's a parliamentary paper, not a letter from the Minister to the Committee itself. The format is set by the Office of the Clerk, and a template can be found here: [Template for a government response | Department of the Prime Minister and Cabinet \(DPMC\)](#)

Ideally it'll be tidied up before Cabinet on Monday, but failing that, the response will need to be re-formatted before presentation to the House.

Thanks,
Gerrard



Gerrard Carter
Legislation
Coordinator
Cabinet Office,
Executive Wing,
Parliament
Buildings,
Wellington 6011,
New Zealand

The Cabinet Office is a business unit of the Department of the Prime Minister and Cabinet.

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