

**Government Response to
Report of Transport and Infrastructure Committee
on the
Inquiry into Congestion Pricing in Auckland**

Presented to the House of Representatives

In accordance with Standing Order 252

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Introduction

- 1 The Government welcomes the Transport and Infrastructure Committee's report on its Inquiry into congestion pricing in Auckland, which represents a thorough and detailed contribution to further work on policy questions on congestion pricing and the potential development of a detailed congestion pricing scheme for Auckland.
- 2 The Government has carefully considered the Committee's recommendations and responds to the report in accordance with Standing Order 252.
- 3 The Government agrees to most of the Committee's recommendations but is as yet unable to respond positively on the recommendations dealing with the development of legislation or implementation of congestion pricing in Auckland.
- 4 Enabling and implementing congestion pricing have been included in the public consultation draft of the Emissions Reduction Plan (ERP), to provide New Zealanders with another opportunity to express their views before any decisions are made. Any decisions on whether to amend legislation to enable congestion pricing will be made following consideration of the public feedback.

Background

- 5 The Inquiry into congestion pricing in Auckland was initiated in March 2021. Public hearings were held in Auckland and Wellington in June 2021.
- 6 The Inquiry used the technical reports produced by the Congestion Question project as a base, with the aim (among other objectives) of developing a thorough understanding of congestion pricing, how it might be implemented, highlighting equity concerns and considering how any revenue raised might be used.

Recommendations and government response

- 7 In its final report, the Committee makes a total of eight recommendations. The Government is responding to all these recommendations, grouped in the following way:
 - 7.1 amending legislation and implementing congestion pricing in Auckland
 - 7.2 engaging with the community
 - 7.3 addressing equity concerns
 - 7.4 use of revenue and how congestion pricing fits with current revenue collection tools

- 7.5 emissions reduction benefits
- 7.6 monitoring and reviewing congestion pricing schemes.

Amending legislation and implementing congestion pricing in Auckland

Recommendations

- 8 The Committee made the following recommendations in relation to this matter:
 - 8.1 Recommendation One: progress legislation to enable New Zealand cities to use congestion pricing as a tool in transport planning.
 - 8.2 Recommendation Two: implement a congestion pricing scheme in Auckland, including, as described in the Congestion Question technical report:
 - 8.2.1 a region-wide strategic corridors scheme starting in the city centre
 - 8.2.2 an access charge that would apply once per journey in peak times
 - 8.2.3 the use of automatic number plate recognition technology to identify that incur a charge.

Response

- 9 The Government has included congestion pricing (both the development of legislation and implementation in Auckland) in the public consultation draft of the ERP. The intent of this is to build on the oral and written submissions received by the Committee by providing the public with another opportunity to provide input.
- 10 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 written and oral submissions provided to the Committee.
- 11 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. 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.
- 12 If the government does decide to progress with congestion pricing, the legislation would most likely apply to all parts of New Zealand rather than being restricted to Auckland.

Engaging with the community

13 The Committee made the following recommendation on this matter:

13.1 Recommendation Three: undertake broad public engagement to help people understand the costs and benefits of a specific scheme.

Response

14 The Government agrees with this recommendation. If congestion pricing proceeds 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.

15 The Government considers 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 needs to be done to determine the most effective and appropriate way for this to occur.

16 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. Mana Whenua groups will need to be engaged within any region where a proposal is developed, to determine whether congestion pricing would restrict access to culturally important sites, and any necessary actions to mitigate this.

Addressing equity concerns

17 The Committee made the following recommendations on this matter:

17.1 Recommendation Four: consider whether existing schemes could be used to reduce inequality caused by a congestion charge.

17.2 Recommendation Five: use any revenue raised by a congestion pricing scheme to mitigate equity impacts.

Response

18 The Government agrees with the Committee's recommendations on equity and officials at Te Manatū Waka - the Ministry of Transport are working 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.

19 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.

- 20 Many submitters commented about the lack of alternatives to the private vehicle 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.
- 21 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 parts of the city where there are high concentrations of low-income households. This would manifest differently in other cities, but the same principle applies.

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

- 22 The Committee made the following recommendations in relation to this matter:
- 22.1 Recommendation Five: use any revenue raised by a congestion pricing scheme to reinvest in public and active transport in the region where the charge applies.
- 22.2 Recommendation Six: undertake research into whether changes to, or the removal of, the Auckland regional fuel tax may be appropriate if congestion pricing is implemented.

Response

- 23 The Government agrees with the Committee's position 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.
- 24 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, decisions on these matters are yet to be made by Cabinet.
- 25 Regarding the questions raised about the continued appropriateness of the Auckland regional fuel tax (RFT) if congestion pricing was introduced, the Government agrees that there is merit in considering how the cumulative

costs of the RFT and a proposed congestion pricing scheme could impact Aucklanders.

- 26 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

- 27 The Committee made the following recommendation in relation to this matter:

27.1 Recommendation Seven: investigate the potential for any enabling legislation for congestion pricing to also provide for low-emissions zones.

Response

- 28 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 private vehicle use entirely.
- 29 It would be possible to produce larger emissions reductions by setting a much higher congestion price. However, the Government supports the statement in the report 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.
- 30 The Government agrees 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

- 31 The Committee made the following recommendation in relation to this matter:

31.1 Recommendation Eight: closely monitor the effectiveness of any congestion pricing scheme and act promptly to mitigate any unintended congestion in areas not included in the scheme.

Response

- 32 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. Schemes submitted for approval would need to set out the monitoring and review arrangements.

- 33 Regarding the concerns raised by the Committee about diversion on unpriced suburban streets (“rat-running”), the Government agrees 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 reduce the risk of rat-running and monitoring of any scheme with the ability to amend it is essential.
- 34 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.

Conclusion

- 35 Generally, the Government agrees with the recommendations made by the Committee, and notes the importance afforded in the report to issues like equity. The Government also agrees that it is important to investigate potential supporting mechanisms to bolster the emissions reduction benefits, and to ensure there is robust monitoring and review processes in place.
- 36 Once consultation on the ERP is complete, and the feedback has been collated, analysed and considered, the Government will consider whether to amend legislation to implement congestion pricing, and whether to implement it in Auckland.