

31 March 2025

s9(2)(a)

Via email: s9(2)(a)

Dear s9(2)(a)

Thank you for your Official Information Act (OIA) request, received on 4 March 2025. You requested:

"The Land Transport Revenue Action Plan: Time of use charging Cabinet paper (which has been proactively released) states the following:

"Treasury, DIA, and the Infrastructure Commission observed that the level of NZTA control in this design means local authorities would have little incentive to propose schemes (Recommendation 5 refers). Limiting NZTA's role to areas like collection and billing would leave scope for local authorities to add value in designing schemes and allocating revenues."

I would like to request under the Official Information Act the full comment and/or advice from Te Waihanga which is referred to in this excerpt from the paper."

The Cabinet paper to which you refer is publicly available here:

<https://www.transport.govt.nz/assets/Uploads/Time-of-Use-Charging-Cabinet-Material-Proactive-Release.pdf>. The excerpt you refer to in your request is paragraph 90 of this Cabinet paper.

We have interpreted the part of your request seeking 'full comment and/or advice from Te Waihanga' to be for our comments on the version of this Cabinet paper that was circulated to us for departmental consultation and on which we commented.

Information being released

Please find enclosed copies of the documents set out in the table below. Some information has been withheld under the following sections of the OIA:

- 9(2)(a): to protect individuals' privacy
- 9(2)(g)(i): to protect the free and frank expression of opinions by departments.

Item	Date	Document Description	Decision	Section of the OIA applied
1.	18 June 2024	Email with subject line "RE: Time of Use - Departmental Consultation"	Release in part	9(2)(a)
2.	18 June 2024	Attachment to email titled "DRAFT - Land Transport-Time of use charging feedback and talking points.docx; V2"	Release in part	9(2)(a), 9(2)(g)(i)
3.	18 June 2024	Attachment to email titled "RAP - ToU - Cabinet Paper - Revised - Consultation (Clean)-TW comments.docx"	Release in part	9(2)(g)(i)

In making my decision, I have considered the public interest considerations in section 9(1) of the Official Information Act.

Please note that this letter (with your personal details removed) and the enclosed documents may be published on Te Waihanga's website.

This reply addresses the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely



Barbara Tebbs

Executive Advisor on behalf of Peter Nunns, General Manager Strategy

Jeff Whitty

From: Jeff Whitty
Sent: Tuesday, 18 June 2024 1:02 pm
To: Greg Mossong
Cc: Barbara Tebbs; Brigit Stephenson; Nadine Dodge; Peter Nunns
Subject: RE: Time of Use - Departmental Consultation
Attachments: DRAFT - Land Transport-Time of use charging feedback and talking points.docx; V2 RAP - ToU - Cabinet Paper - Revised - Consultaton (Clean)-TW comments.docx

Kia ora Greg,

Thanks for the opportunity to review the latest time-of-use charging paper. We support many aspects of the latest proposal, including hypothecation of revenue to the land transport system, the opt-in for neighbouring councils, and the general principles that guide scheme design. As a new concept for New Zealand, it will be challenging to navigate competing interests. As such, we suggest that scheme designers be afforded more flexibility in the times, days, charges and exemptions permitted. In our view, increased flexibility will enhance the chances of support.

We have prepared the attached aide memoire to support Ministerial consultation. While it has yet to be formally signed out, I am providing it in draft for use as our agency feedback. Comments on the Cabinet paper itself are also attached. We do not intend to share this level of detail with the Minister of Infrastructure's office but hope it assists with your revision process.

I would be happy to discuss the attached feedback, appreciating that your time may be at a premium at the moment.

Ngā mihi

Jeff Whitty ([he/him](#)) | **Principal Adviser - Policy**
New Zealand Infrastructure Commission | Te Waihangā
Ph: s9(2)(a) | **Email:** jeff.whitty@tewaihang.govt.nz

From: Greg Mossong <g.mossong@transport.govt.nz>
Sent: Thursday, June 13, 2024 10:26 AM
To: Monica Rogers <Monica.Rogers@dia.govt.nz>; Ben Wells <Ben.Wells@treasury.govt.nz>; Daniel.Lawrey@hud.govt.nz; Jason Raven <Jason.Raven@dpmc.govt.nz>; Warwick Terry <Warwick.Terry@nzta.govt.nz>; Morgan Dryburgh [TSY] <Morgan.Dryburgh@treasury.govt.nz>; Jeff Whitty <Jeff.Whitty@tewaihang.govt.nz>
Cc: Sam Harris <S.Harris@transport.govt.nz>; James McDevitt <J.McDevitt@transport.govt.nz>; Dawn Kerrison <D.Kerrison@transport.govt.nz>; Siany OBrien <S.OBrien@transport.govt.nz>; Matthew Skinner <m.skinner@transport.govt.nz>
Subject: RE: Time of Use - Departmental Consultation

Hi team. Further to my email of 6 June 2024, the Minister of Transport has approved the attached revised version of the Time of Use Cabinet paper for Ministerial Consultation through to 20 June 2024.

Process

Within that timeframe we will aim to run a Departmental Consultation process as follows:

- Initial Departmental comments by 12am on Tuesday 18 June
- Discussions of comments on the afternoon of Tuesday 18 June
- A revised version of the paper with agreed revisions circulated by the beginning of Wednesday 19 June.
- Any Departmental text you want included in the paper provided by 3pm on Wednesday 19 June.

Content

We have provided the following text to our Minister's office for inclusion in a covering email to go with the Ministerial Consultation draft. It explains the main changes compared to the Time of Use charging paper that went to ECO in May.

The attached version of the Time of Use Charging paper has been reviewed in light of the ECO discussion on 22 May 2024. The main change is to make charging schemes a partnership between the local authority proposing the scheme and the New Zealand Transport Agency (NZTA). The NZTA would be the majority partner and therefore able to standardise the approach to charge collection and billing between different schemes (Recommendation 5 refers).

An opt-in process would allow other local authorities to join the schemes partnership enabling them to influence scheme design and how funds are allocated. This avoids the need for a regional transport committee process where schemes could stall (Recommendation 5 refers). Public consultation would now be undertaken by the scheme partnership rather than by the land transport committee (Recommendation 7 refers).

The revised version also limits charging to weekday morning and evening peak times to provide people with an assurance that charges will only be used during the most regularly congested times. The paper also limits exemptions to emergency vehicles to avoid the effect of schemes being eroded by local exemptions (Recommendation 11 refers).

Given the increased role of NZTA oversight of schemes moves from the Director of Land Transport inside the NZTA to the Secretary of Transport. This avoids any suggestion of a conflict between scheme delivery and oversight (Recommendation 12 refers).

Give me a call if you want any clarification on any aspect of the process or want to work through any aspects of the revised paper.

G

Greg Mossong

s9(2)(a)

DRAFT - Land Transport: Time of use charging – feedback and talking points

Date: 18-June-2024

Report No: TW-2024-433

To	Action sought	Deadline
Hon Chris Bishop, Minister for Infrastructure	For noting	19 June 2024

Attachments

- Appendix A: Draft Cabinet Paper: 'Land Transport Revenue Action Plan: Time of use charging

Contact details

Name	Role	Phone
Jeff Whitty	Principal Adviser - Policy	s9(2)(a)
Barbara Tebbs	General Manager - Policy	s9(2)(a)

Purpose

- This aide memoire outlines our comments to the Ministry of Transport on their updated Cabinet paper regarding transport time-of-use charging. This updated version addresses feedback provided by ECO on 22 May. Ministerial and agency consultation have progressed in parallel, with consultation due to close on Wednesday 19 June.
- Talking points are also provided to support your discussion at ECO (26 June).

Talking points

- While time-of-use charging schemes may provide modest revenue, their tangible benefits come from reduced traffic demand and deferred need for new investments.
- The Cabinet paper proposes that charging scheme revenue should supplement, rather than off-set, local council financial contributions to local transport investments. The practical means of enforcing this requirement are unclear.

5. NZTA's role as a central operator for all time-of-use charging schemes may not provide the cost efficiencies envisioned. NZTA's role will also introduce coordination challenges with local councils in their roles as operators of local transport networks that need to be overcome to ensure network efficiency.¹
6. If NZTA's proposed role as central operator is retained, then community consultation requirements in the Local Government Act should apply to all scheme partners. Local councils know their communities best and have extensive experience in running effective local consultation. This will ensure that schemes are tailored to local needs.
7. Time-of-use charging is a new concept for New Zealand. As such, scheme partners will require flexibility in scheme design in order to ensure community buy-in. Overly prescriptive approaches proposed by the Cabinet paper on charging times and allowable exemptions reduce flexibility, putting scheme establishment at risk.
8. Following improvements to the proposed approach and drafting instructions to PCO, referral to Select Committee offers a means of building cross-party support, improving the durability of this legislation.

Feedback on Cabinet paper

9. The following paragraphs summarise our feedback on the latest version of the time-of-use charging Cabinet paper.

Revenue generation will be modest

10. We agree that net revenue generating capacity associated with time-of-use charging is likely to be modest (Cab paper para 66). In Auckland, the scheme assessed as offering the highest benefit-cost ratio, estimated net revenue of \$202m per year.² This net revenue does not consider periodic operational costs or capital repayment costs of \$257m. When compared against annual Crown support of \$2.6B in loans and grants, the revenue collected through time-of-use charging is unlikely to materially off-set Crown contributions.
11. The benefits from time-of-use charging derive from productivity gains and importantly, reduced demand for new roading investments.
12. Achieving a financially sustainable land transport system will rely in part on the ability to get the most from existing assets and defer the need for new investments. Time-of-use charging has proven effective on this front.

¹ For example, local councils operate signal operations centres, enforce parking rules, and implement local road improvements. Ideally, each of these roles would be well integrated with time-of-use charging to ensure that systems operate efficiently and any resulting changes needed to the transport network are implemented.

² These figures relate to the Isthmus Scheme as examined in The Congestion Question Technical Report (2020) <https://knowledgeauckland.org.nz/media/1980/congestion-question-auckland-technical-report-min-transport-et-al-july-2020.pdf>

Revenue hypothecation to the land transport system

13. We support the proposal that scheme-generated revenue be allocated to initiatives that improve the efficiency of local transport networks.
14. But the Cabinet paper goes further in proposing that net revenue must *supplement* rather than substitute existing national and local funding (para 61 and 66). While attractive in theory, we are concerned about the practicality of measuring compliance with this proposal.
15. At present, local councils are empowered to vary their local transport expenditure in accordance with local priorities, as reflected in long-term plans and regional land transport plans (which are developed with public consultation). Central Government's ability to assess whether time-of-use revenue is supplementing a council's land transport expenditure appears challenging unless local councils are required to contribute the same amount each year. In this instance, measuring the added contribution from time-of-use revenue becomes straightforward – but at the expense of council autonomy to determine local priorities and affordability.

NZTA as scheme operator

16. The latest Cabinet paper proposes that new schemes are initiated, designed and operated by a partnership between NZTA and interested councils (para 9). The Cabinet paper could be strengthened by more consistently differentiating between the role of scheme design (which should be led by councils) and scheme operations (which could be led by NZTA).
17. We have mixed views on the proposal that NZTA would serve as a central operator of all schemes.
18. We agree that scheme operations, including setting dynamic price-points, is a technical specialism. Hosting this expertise within NZTA should, in theory, negate the expense of territorial authorities sourcing this expertise themselves. NZTA's role as a centralised operator is also more likely to ensure interoperability of data management and billing systems. This data and billing interoperability takes on increased importance given the planned transition to electronic-RUC.
19. But it is not clear to us that national-scale schemes could be managed more cost-effectively than regional-scale schemes. We think more work is needed to assess this.
20. If numerous time-of-use charging schemes were expected, then the scale offered by NZTA's central management might be more compelling. In practice, we expect that for the foreseeable future, only four councils (Auckland, Tauranga, Wellington and Christchurch) are likely to be suitable candidates for time-of-use charging. Implementation might be done more cost-effectively if these councils were empowered to operate schemes themselves. Standards could be developed to ensure interoperability of data and billing systems.
21. A centralised NZTA operations centre would also create coordination challenges. The maintenance of traffic speeds and flows will be governed not only by prices, but by local road design, speed limits, traffic light operations and parking rules – which are managed by councils.

22. If NZTA's proposed management role is to be retained, we recommend that stakeholders consider means of improved coordination or even co-location between NZTA's highway operations centre, time-of-use charging centre and local council run signal operation centres.

Community engagement will be key to success

23. A strength of the previous, decentralised proposal where local councils operate their own schemes is that community consultation responsibilities resided exclusively with councils.
24. The Local Government Act (2002) imposes strict requirements with respect to community consultation. As a result, local councils have become proficient at consultation, understanding local stakeholder interests and how to navigate them.
25. By contrast, NZTA, given their national responsibilities, engages less regularly in local-level consultation. We recommend that any multi-party scheme partnerships be required to follow consultation requirements under the Local Government Act, enabling local councils to lead engagement efforts.
26. Enabling councils to lead consultation could engender greater community support than the proposed NZTA-led approach (para 37).

Schemes require tailoring to satisfy community expectations

27. As a new model to New Zealand, time-of-use charging schemes will require community understanding and buy-in to succeed. As such, local councils will require flexibility to design schemes that respond to local concerns.
28. We are concerned by two highly prescriptive design constraints newly proposed in the Cabinet paper. These are:
 - a. limiting charges to weekday morning and evening peaks (para 68.1);
 - b. limiting exemptions to emergency vehicles (para 68.2); and
 - c. a requirement to apply different charges based on vehicle size (para 68.3).

Limiting charges to weekday morning and evening peaks

29. We support the desire to ensure road users have uncharged alternatives.
30. But differing road configurations and traffic patterns mean that a one-size-fits-all approach is unlikely to yield best results for network efficiency. For example, traffic patterns in Auckland are such that congestion is not confined to typical morning and evening commuting periods.
31. We recommend that scheme designers be given flexibility to set charges at the levels and times needed to maintain target traffic speeds and flow. To that end, we recommend that the proposed restriction on charging times be replaced with a more general requirement that scheme designs provide road-users with uncharged alternatives.
32. If implemented, a requirement for uncharged alternatives would enable more flexibility to meet different circumstances in different cities. For example, this requirement could be met through uncharged periods, uncharged alternate routes, or uncharged alternate modes.

33. If Ministers wish to impose constraints on charging times, we recommend that primary legislation more generally constrains charges outside of congested times. Whether through guidance or secondary legislation, scheme designers could be empowered to establish charging times that are most appropriate for each scheme to limit congestion - rather than impose a one-size-fits-all approach in primary legislation.³

Limiting exemptions to emergency vehicles

34. We understand the desire to preserve effectiveness of charging schemes by limiting exemptions (para 50-52), but we would prioritise scheme establishment over perfection.
35. New scheme proposals are likely to attract opposition and lobbying from specific user-groups. The Cabinet paper recognises this risk, but proposes that scheme boundaries be selected to avoid negative impacts on these user-groups (para 52). This approach is unlikely to be practical.
36. As noted previously, scheme designers will require flexibility to respond to legitimate concerns raised through the consultation process. In addition to emergency vehicles, scheme designers may wish to exempt public transport or other high-capacity passenger vehicles from time-of-use charging. Doing so would encourage more efficient network use – the primary goal of time-of-use charging schemes.
37. In other jurisdictions, exemptions (or discounts) are granted for special uses like taxis, mobility permit card holders, community transport minibuses, or residents of streets with no free alternative. These dispensations have been instrumental in building consensus.
38. s9(2)(g)(i) to determine the characteristics needed to ensure effective schemes on a one-size-fits-all basis. As such, we recommend refraining from imposing strict constraints on exemptions in primary legislation.
39. If Ministers wish to constrain the use of exemptions, caps could be imposed on the overall number of exemptions. For example, legislation could stipulate that no more than X% of registered vehicles could be eligible for exemptions. This type of approach would preserve charging scheme effectiveness while enabling schemes to be tailored to local conditions.

Applying different charges based on vehicle size

40. A requirement to apply a standard price differential between different vehicle sizes attempts to recognise that larger vehicles cause greater delays than smaller vehicles.
41. But a highly prescriptive approach in primary legislation may have unintended consequences. For instance, buses, coaches and community transport vehicles would face higher charges, undermining the incentive to operate vehicles that reduce congestion.
42. We recommend that scheme designers be provided flexibility in setting charges.

³ Congestion can also occur during school pick-up hours or be associated with public events that fall outside weekday morning and evening peaks. The flexibility to operate charging schemes during a broader range of circumstances can incentivise car-pooling, public transport and active transport modes.

The opt-in for neighbouring councils

43. We support the proposal that neighbouring councils be permitted to opt-in to a scheme partnership (para 9 and 55). Doing so could encourage consensus on the use of scheme revenue to improve network efficiency, such as investments in cross-boundary public transport options.
44. Scheme partnerships involving multiple councils could also support the joint-authorship of regional land transport plans (para 63).
45. The potential benefits derived from the opt-in process are predicated on the assumption that neighbouring councils will opt-in to participate constructively in the scheme design and operation, rather than frustrate it.

Principles to guide scheme design and approval

46. We agree with the scheme-design principles that appear throughout the Cabinet paper, but see opportunity to strengthen the paper by articulating the principles in one location.
47. Proposed principles to guide scheme design and Ministerial approval could include:
 - The scheme must be designed to **deliver measurable improvements to transport network efficiency**.
 - The proposed **geographic scope and times of scheme operation** must provide users with options that avoid charges. For example, by providing alternative routes, times, or modes for users taking typical journeys.
 - The proposed **exemptions** are appropriate and strike a reasonable balance between avoiding disproportionate impact on certain users and eroding scheme effectiveness.
 - The proposed **use of funds** raised through the scheme is appropriate and will provide benefits to improve network efficiency.
 - Scheme proponents must **undertake consultation** and give consideration to the views and preferences of persons likely to be affected by, or to have an interest in, the scheme.
48. The adoption of these, or similar principles, could avoid the need for overly-prescriptive requirements that we observe in the Cabinet paper.

Financial implications

49. We note that the Cabinet paper identifies no financial implications for the Crown (para 73) but is silent on NZTA's capacity to undertake their newly proposed roles within existing baselines.

Next steps

50. We support the proposed referral to Select Committee by the end of 2024 as a way to build cross-party support, improving the durability of this legislation (para 12 and 75).

Appendix A: Draft Cabinet Paper: 'Land Transport Revenue Action Plan: Time of use charging

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In Confidence

Office of the Minister of Transport

Cabinet Economic Policy Committee

Land Transport Revenue Action Plan: Time of use charging**Proposal**

- 1 This paper seeks agreement to the policy and issuing of drafting instructions for the Land Transport Management (Time of Use Charging) Amendment Bill (the bill).

Relation to government priorities

- 2 The coalition agreement between the NZ National Party and ACT New Zealand makes a commitment to *"work with Auckland Council to implement time of use road charging to reduce congestion and improve travel time reliability"*.
- 3 As a first step in implementing that commitment to time of use road charging (charging schemes) the Government Policy Statement on land transport (GPS 2024) states that the Government will *"allow for time of use charging on the most congested parts of New Zealand's road network, helping to reduce congestion and maximise use of existing assets"* and *"improve travel times and network performance, reducing overall costs for freight businesses and their customers"* [CAB-24-MIN-0057 refers].

Executive Summary

- 4 Travel times per kilometre in our major cities are higher than in comparable cities in Australia, making them less accessible, less productive, and less liveable. Our three largest cities are more than 10 percent more congested than comparable Australian cities with similar population sizes and densities.¹
- 5 We need to lift the performance of our urban networks through a combination of improved conventional traffic management and new charges when networks are subject to excess congestion to maintain and improve traffic flow, as signalled in GPS 2024.
- 6 Charging schemes would target the lowest-value trips on congested parts of the network, freeing capacity for higher value trips. The charges would vary by time of day to achieve network service levels - travel times and capacity - specified in the charging scheme. The roads subject to charges within a charging scheme's footprint could be progressively extended.
- 7 Careful design will be needed to avoid shifting trips onto other parts of the network that are also operating at capacity, and to ensure that there is public support for schemes. Net revenues would supplement existing regional investment in the land transport system.
- 8 Once implemented, I expect that time of use charging schemes will have a wide range of positive impacts across our urban areas. Improving access to housing, jobs, and education. Increasing business access to customers, labour and resources, and

¹ TomTom Traffic Index, Average travel time per 10km, TomTom, 2024

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lowering the costs of freight. Unlocking land development potential in both brownfield and greenfield areas.

- 9 The design I have in mind takes a network service level approach to implement our GPS 2024 objectives to improve network performance. Schemes would be initiated by a local authority with an opportunity for other local authorities to opt-in. Schemes would then be developed and operated by a charging scheme partnership consisting of the New Zealand Transport Agency (NZTA) as the lead agency together with the local authority that initiated the scheme and any local authority that has opted in. Schemes would be assessed and approved by Ministers and subsequently monitored by the Secretary for Transport.
- 10 The time of use charging system legislative framework would have five key components as follows:
 - 10.1 a clear primary purpose to improve network productivity compared to no charging
 - 10.2 scheme content committing to specific service levels
 - 10.3 impact assessments covering network and distributional impacts
 - 10.4 revenue allocation that adds to (rather than replaces) existing national and local land transport funding
 - 10.5 strong system oversight powers.
- 11 This paper provides the basis for introducing legislation to set up a charging scheme development process that is summarised in Figure 1 on the following page.
- 12 The Land Transport Management (Time of Use Charging) Amendment Bill with a priority of category 3 (to be passed by the end of 2024) was included in my transport portfolio bids for the 2024 Legislation Programme. This bill provides an appropriate legislative vehicle to implement the policy proposals in this paper, albeit that I propose that it be progressed on a slower track to enable a full and robust Select Committee process.

Background

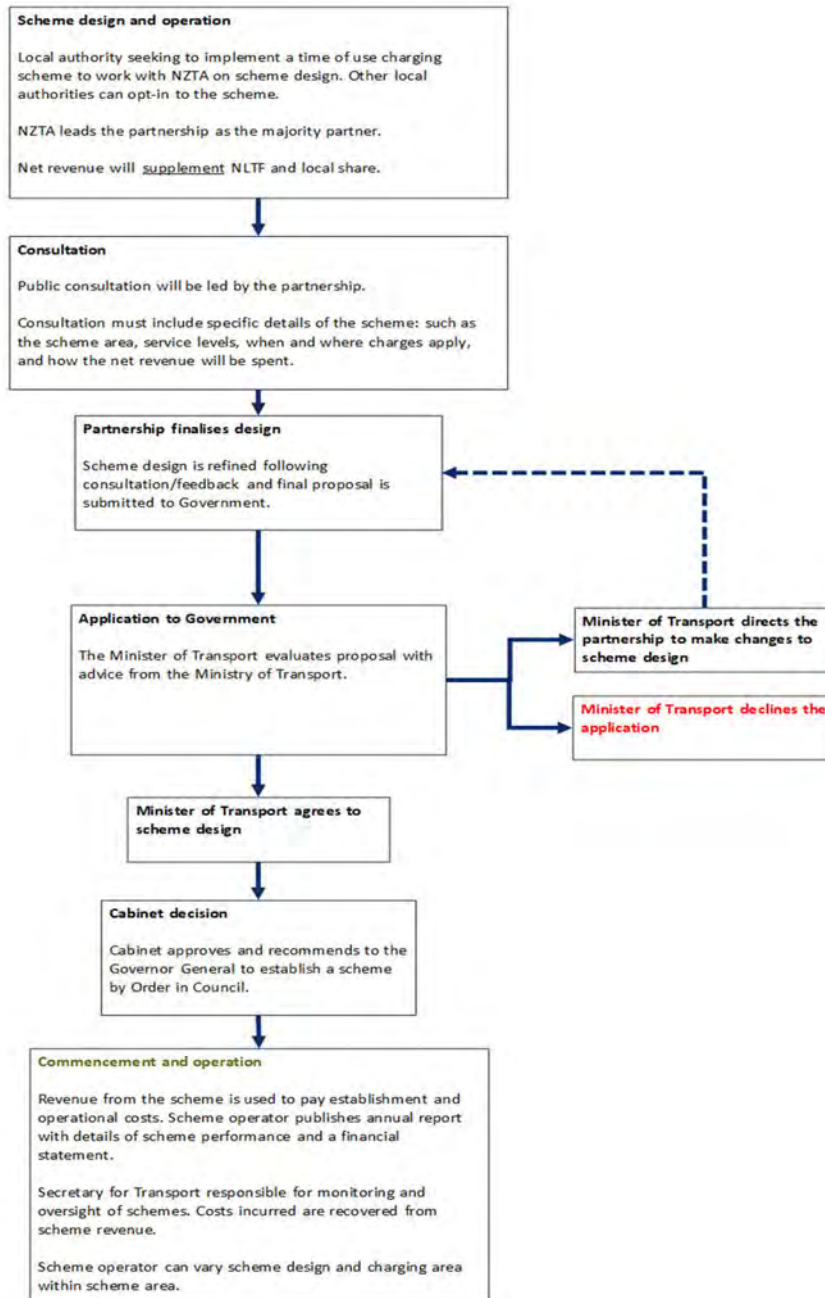
- 13 Travel times are increasing in our major cities, with congestion spreading beyond the morning and afternoon peaks across the business day.² Average travel times per kilometre are typically 10 to 30 percent slower than in comparable Australian cities.³
- 14 This level of congestion is making our cities less accessible, less productive, and less liveable. Congestion at peak times limits household access to jobs and education. It also limits people's housing choices. Congestion that spreads into the business day shrinks markets and increases the time cost of doing business. Growing congestion is limiting our capacity to add new housing and services, to move freight and make the timely connections needed if our major cities are to flourish.
- 15 We currently rely on transport charges that average-out the infrastructure related costs and benefits of trips. There is no additional charge at peak times and locations to address over-use and under-supply. There is no legislative framework that permits charges on existing roads or to vary those charges by time and location.

² *The Congestion Question – Phase One Report 2017*

³ *TomTom Traffic Index 2023*

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Figure 1: Process for initiating and developing a charging scheme



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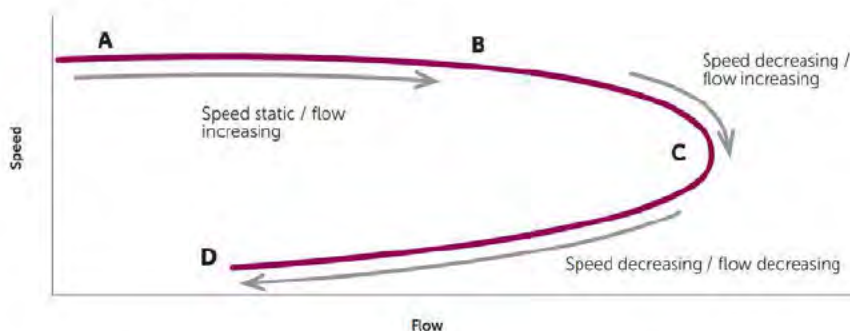
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- 16 Work done in Auckland⁴ and a subsequent Select Committee inquiry⁵ showed a charging system that reduces congestion could benefit New Zealand's larger urban areas. Congestion in Auckland costs society \$900 million to \$1.3 billion per year.
- 17 Modelling shows that successful congestion charging could reduce congestion by up to 8 to 12 percent at peak times, improving travel times significantly.
- 18 Freeing up capacity for higher value trips on our existing networks and maintaining traffic flows over time, should enable more housing development, reduce the cost of doing business and improve the quality of life in our major cities.

Time of use charging concept

- 19 Charges that address congestion work by applying a charge at peak times on main roads to improve traffic flow on that road. The charges can vary by time of day and are typically reviewed periodically to avoid flow break-down or free-flow conditions that reduce network efficiency.
- 20 Road capacity varies with vehicle speed and numbers. A representative speed-flow relationship is shown in the following figure.⁶ The aim of time of use charging at peak times would be to keep traffic flowing at service levels between B and C. At times of peak demand traffic speeds of 60 to 70 kilometres per hour on motorways result in the best traffic flow and are most efficient.

Figure 2: Speed-flow relationship



- 21 Time of use charging is a broader concept than road tolling and is aimed at mitigating congestion and improving travel time and network performance across a targeted area. The aim is to set charges at a rate that changes the behaviour of those making the lowest value trips. Modelling suggests they are most likely to reroute or retime their trips. In many cases only about five percent of trips need to be moved out of peak times to maintain traffic flow and materially improve service levels for the remaining trips. Charges typically need to be increased over time to maintain this effect.
- 22 To gain public acceptance, schemes need to be clear about the improvement in service levels and the initial charges need to deliver those service levels. Careful design is needed to avoid simply shifting trips onto other roads that can't cope with

Commented [JW1]: Agreed. Although we note Wellington-based research that identifies how revenue is spent as the leading factor influencing public acceptance. See our comment on para 35.

⁴ The Congestion Question Main Finding, Auckland City and the New Zealand Government, 2020

⁵ Inquiry into congestion pricing in Auckland, Report of the Transport and Infrastructure Committee, 2021

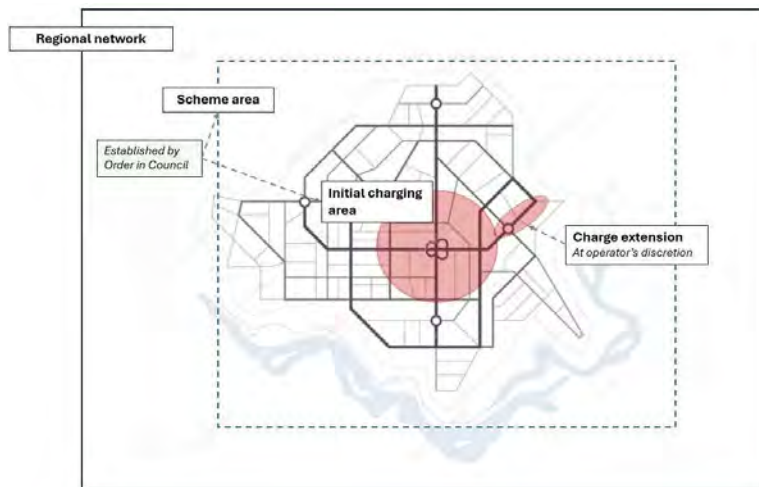
⁶ The Congestion Question, Technical Report, Ministry of Transport, 2020

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the extra trips. To ensure public acceptability of the charges, it is helpful for the revenues to be invested in a way that those paying the charge will see as delivering additional local benefits, and for the legislation to set specific limitations.

- 23 Charging schemes need to consider the impacts on the roads subject to charges (charging area), how the initial charging area will be expanded into the surrounding areas that are able to be charged (scheme area), and the impact of charges on the wider network (regional network). The key elements that make up the scheme footprint are summarised in Figure 3.

Figure 3 - Time of use charging scheme approved by Order in Council



- 24 While technology exists for vehicle tracking, which could facilitate time of use charging, its adoption is likely to take some time. All overseas jurisdictions with congestion charging use road-side infrastructure (such as gantries and automatic number plate recognition cameras) or RFID-style technology rather than in-vehicle GPS/GNSS, mostly due to limited public acceptability of vehicle tracking.
- 25 I expect that initial schemes will not utilise in-vehicle tracking technology, but over time there may be opportunities to explore more sophisticated collection and operation, consistent with the direction of the revenue work programme and fleet-wide transition to road user charges. When this happens, local variable charging schemes, such as time of use charging and tolling, will be incorporated into national variable charging using technology likely to be adopted as we modernise the road user charging system.
- 26 Given the significant benefits of time of use charging, and the major challenges with adopting a more technological solution, I propose that the legislation we progress does not require a specific type of technology. However, it will still be important to ensure economies of scale in provision of schemes, and consistency of data collection, which should be integral to the framework.
- 27 Charging areas could involve charges at selected points on a road (i.e., a corridor charge), all points entering a road or collection of roads (i.e., cordon charge), or a

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charge for the distance travelled on a road or collection of roads (area charge). Charging schemes could incorporate a combination of these charge types.

Proof of concept in Singapore

- 28 Singapore is the leading international example of charging to improve network productivity.
- 29 Singapore has progressively introduced charges on its highest capacity roads to maximise traffic flow. Charges vary in small increments reflecting the transition from peak to inter-peak demand. These rates are fixed for three months at a time and revised up or down within a range to optimise traffic flow.
- 29.1 Gantries are used to gather information about trips for billing purposes, with plans to move to in-vehicle devices that utilise the cellular network.
- 29.2 The roads included in the Singapore scheme and the charges that are set are determined centrally, enabling a highly coordinated approach across the Singapore network.
- 30 There are differences between the Singapore and New Zealand contexts. Singapore is much more concentrated than our most populous city, Auckland. Singapore has more than three times as many inhabitants within an area only two-thirds the size of Auckland.
- 31 In addition, charging is only one aspect of Singapore's network productivity regulation. Singapore has also invested heavily in a world-leading public transport network, has extremely high vehicle ownership taxes and low private vehicle ownership rates compared to New Zealand.
- 32 Recognising these differences, I consider that Singapore's charging scheme provides a valuable proof of concept for charging schemes in New Zealand.
- 33 It is worth noting that Singapore currently has in-vehicle devices with RFID technology that automatically collects a fee as a vehicle passing through a gantry. Singapore is beginning a rollout of GPS/GNSS devices that would track based on location, but these have not yet been activated, which I understand is partly due to limited public acceptance of real time in-vehicle tracking.

Enabling time of use charging

- 34 GPS 2024 signals that we need to lift the performance of our urban networks through a combination of improved traffic management and new charges that reflect the extra benefits and costs of travelling at peak times.
- 35 The time of use charging design I have in mind would have a clear line of sight between the input (price signals from time of use charges), output (measurable improvement in traffic-flow) and the outcome (a systemic improvement in productivity). To gain public acceptance time of use charges need to focus on lifting services levels through improved traffic flow. Charges should be seen as the way to achieve those improvements. Charges will raise net revenues that needs to be invested wisely, but revenue must remain a secondary consideration.
- 36 I am seeking your agreement to a policy design that enables a system of time of use charging with Ministerial approving and overseeing schemes proposed and operated by the NZTA in conjunction with interested local authorities. Independent oversight is

Commented [JW2]: We agree, but note that recent research by Curia for the Wellington region found that 'how revenues are spent' is the main factor influencing public support.

Commented [JW3]: Agreed - we have echoed this point in advice to the Minister of Infrastructure.

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needed to provide the public with assurance that schemes are delivering the service levels being claimed and to manage the risk that schemes are used to over or under charge.

- 37 Development and implementation of time of use charging schemes should be led by the NZTA. They have key capacity and capability on which we can build. As the State highway provider, they operate the busiest roads in each region. Their funding allocation role requires a network wide perspective and a sharp focus on network performance. Their collection role in RUC and road tolls means they understand the challenges involved in collection and billing.

Commented [ND4]: s9(2)(g)(i)

- 38 There are six key components to the policy design I envisage. The key aspects of these components are unpacked in the following sections.

Commented [JW5R4]: Suggest amending this para 37 to better align with para 56 and the intent that scheme design is a joint-exercise (if indeed that's the intent).

1. Purpose – Network productivity

- 39 I propose that we make improving network productivity the primary purpose of charging schemes. The key to public acceptability is improving traffic flow. The key to improving traffic flow while also improving productivity is the removal of the lowest value trips. A focus on network impacts will also help distinguish charging from tolling of individual roads.
- 40 The improved access provided by successful charging schemes will flow through into greenfield housing, brownfield housing and business land markets. The impact of charging schemes on development potential will need to be considered in RMA decision making in accordance with existing RMA provisions.

2. Scheme content – Service levels and charging ranges

- 41 I have considered the extent to which requirements should be in primary and secondary legislation. To build~~ing~~ more confidence in the public that schemes will focus on congestion I propose charges apply in morning and evening peak times. Charges must not apply overnight, in weekends or statutory holidays, and there must be at least one window during the day where there are no charges.
- 42 This will mean that congestion occurring at the weekends and around some public holidays will fall outside the scope of charges. Limiting charges to the working week will reassure the public that charges will sharply focus on the commuter trips of most concern. Having a window in the working day where charges do not apply will provide some flexibility for people to avoid charges where a vehicle trip is their only option.
- 43 Schemes should clearly set out the improvement in service level to be delivered. This is the key to public acceptance of time of use charging. Charges should be able to vary within a specified range to achieve the stated network service level.
- 44 I propose that mandated scheme content include the proposed charging structure by time, charge review frequency, the approach to revenue collection and billing, the investment approach, and monitoring and performance measures. The nominated charging ranges should escalate to reflect change in ability to pay, such as change in regional GDP, to maintain charge effectiveness over time.
- 45 Several aspects of schemes could usefully be standardised to streamline scheme development in addition to the scheme hours of operation. Emergency vehicles should be exempt in all schemes. Standardised privacy provisions should apply.

Commented [JW6]: We recommend that scheme designers be provided flexibility to shape schemes in response to consultation feedback.

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Charging differentials between larger and smaller vehicles should be fixed in a way that reflects their different congestion effects. Provisions will be needed to ensure that revenues can be distributed between providers in accordance with the scheme investment approach. The bill also needs to cover offences, enforcement and penalties, in a similar way to the tolling regime.

- 46 The cost of proposing and establishing a charging scheme will need to be met from existing national and local sources, but ultimately will need to be met from charging scheme revenues. This repayment of establishment costs from scheme revenues will need to be factored into scheme design.

Commented [JW7]: Agreed

3. Impact assessment – regional network and distribution impacts

- 47 I propose that charging scheme proposals should consider two main forms of impact – impacts across the transport system and distributional impacts across society.

Commented [JW8]: This is new, and a point we support.

- 48 The transport impacts would identify anticipated impacts on the regional state highway, local road and public transport networks. Impacts like new choke points on the existing network or increased demand on public transport routes.

- 49 The distributional impacts should reveal the anticipated impacts across financial, economic, social, housing and environmental factors and anything in the scheme design or investment approach that addresses these impacts.

- 50 I anticipate there will be calls for discounts for low-income groups and for more investment in public transport before charging schemes are implemented.

- 51 I share the view of the Select Committee that inquired into Congestion Pricing in 2021 when it concluded that equity concerns needed to be balanced against the fact that a high number of exemptions would increase operating costs and could reduce scheme effectiveness. The inquiry went on to observe that consideration should be given to supporting low-income people through welfare schemes rather than by reducing consumption taxes like time of used charge.

- 52 Impacts on vulnerable people, roads and public transport all need to be considered in designing the footprint of schemes rather than through ad hoc exemptions or preordained investment.

4. Governance – NZTA lead in conjunction with local authorities

- 53 A partnership approach between central and local government will be needed that delivers a seamless experience to network users. A system is needed that works coherently across the state highway and local road networks and considers user's entire trip, not just the part subject to charges.

- 54 These will be challenging partnerships given that most of the highest volume roads are state highways and motorists will continue to hold us accountable for vehicle-based charges rather than local authorities. We need to find a balance between charges that reflect local political conditions while still delivering material improvements in traffic flow and efficient collection. We also need local time of use charges that can transition smoothly into any national variable charging we introduce through the RUC system.

- 55 I propose that charging schemes should be able to be initiated by a local authority. Affected local authorities would then be able to opt-in, giving them influence over how

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charges are set and revenue allocated under a scheme. Charging schemes would be jointly developed and delivered by a charging scheme partnership consisting of the NZTA as lead agency, the local authority that initiated the scheme and any local authorities that have opted-in.

56 Gaining public acceptance of charging will be critical to the success of schemes. Meaningful public engagement and effective communications will be an important part of securing this acceptance. Scheme development needs to include a robust phase of public consultation to better inform the design of schemes. This consultation needs to be undertaken by the charging scheme partnership along the lines of consultation undertaken for regional land transport plans by regional transport committees.

57 The process I propose for introducing a charging scheme is summarised in Figure 1 above.

58 If we are to hold the scheme partnership accountable for achieving the service levels identified, then they need to be able to adjust the charges periodically in the approved charging area without the need for lengthy public consultation. The focus should be on regularly spaced well signalled charge updates that allow the responsible agencies to fine tune the charges, while still providing stable price signals to users between reviews.

59 There are other aspects of the scheme design that if changed would materially change the distributional effects of a charging scheme. These include changes to the service levels, charging area, frequency of charge reviews, and the investment approach. Changes to these aspects of a charging scheme need not go back to Ministers, but should be subject to a variation process that includes public consultation supported by an impact assessment.

60 Changes to the scheme area, exemptions, maximum charge and the processes for adjusting the maximum charge over time, should go back to Ministers as these amount to a change in the scope of the taxation power granted when a charging scheme is approved.

5. Revenues – Supplementing existing national and local funding

61 The public will expect charging scheme revenues to be spent on transport activities in the region in which they are raised. Net revenues need to supplement rather than substitute for existing national and local funding and should not result in eligibility for additional funding from the National Land Transport Fund (NLTF).

62 Each scheme should include an investment approach that identifies the allocation of scheme revenues between state highways, local roads and public transport networks in the region and the principles to be applied in making those allocations.

63 The specific projects to be funded should be identified by the scheme partnership and incorporated into RLTPs to provide a complete picture alongside projects seeking local and national funding. RLTPs set out each region's strategic approach to transport and project bids for local and national funding. Scheme revenue could also be used to support a special purpose vehicle set up to deliver a project/programme, with scheme revenue servicing the repayment of investment costs.

Commented [ND9]: I agree that public acceptance is critical to success, and think this is a compelling reason for local communities to be leading the process, rather than NZTA. s9(2)(g)(i)

Commented [JW10]: What does this constraint on 'frequency of charge reviews' mean in practise? It seems to run counter to para 58 which empowers the partnership to adjust charges periodically. Does para 59 mean that the partnership needs to seek Ministerial approval each time they want to consult on price changes?

Commented [ND11]: I agree these points are important for public acceptability. However, it is somewhat at odds with the text at the front, which states that the only thing that matters for public acceptability is level of service improvement. It would be advantageous to echo this wording at the front, and state clearly that both use of funds and level of service will be key for public acceptability.

Commented [ND12]: Tying the congestion charge to specific projects is problematic, as it implies that the scheme is merely a funding tool (rather than a congestion management tool) and that it will expire once the required funds have been raised. Instead, I would replace this wording to something like "The specific uses of the revenue should be identified"

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- 64 Investment of time of use charging scheme net revenues must:
- 64.1 be consistent with the investment approach set out in the charging scheme
 - 64.2 be consistent with the GPS on land transport and the strategic direction in the RLTP
 - 64.3 identify any improvement in service levels for those affected by the charges
 - 64.4 report the actual proportion of scheme revenues allocate to state highways, local roads and public transport since the start of charging scheme investment.
- 65 The net revenues from charging will vary depending on the nature of the charging design. For example, options identified in the Auckland Congestion Question work were assessed as generating between \$21 million and \$261 million annually in gross revenues, with annual operating costs of \$10m to \$267m. In addition, scheme revenues would need to cover capital costs of between \$46m to \$580m, and renewal costs of \$14m to \$174m.⁷
- 66 The collection costs and GST associated with these schemes would mean that net revenues could be nominal or they could be material. Irrespective of the totals involved, scheme net revenues need be integrated with and supplementary to existing NLTF and local funding in RLTPs. They shouldn't be substitutes for existing funding that is already under pressure. The entities spending scheme revenues should be subject to the same disciplines that apply to approved organisations under the Land Transport Management Act 2003.
- 67 The revenue raised from state highways and local roads is also likely to vary widely with schemes. It is nevertheless likely that significant revenue will come from use of state highways given that these are often the busiest roads in our regional networks. I propose that all schemes be required to specify in scheme proposals the proportion of revenue if any to be allocated to state highways depending on the characteristics and expected traffic flows of the scheme.

6. Oversight – Scheme consistency and strong scheme oversight

- 68 There are some aspects of charging schemes that need to be common between schemes:
- 68.1 Charges should be limited to weekday morning and evening peaks, with at least one period within that time each day where charges do not apply.
 - 68.2 Exemptions are limited to emergency vehicles to avoid erosion of the effectiveness of charges by multiple exemptions. Privacy should be handled in the same way as in road tolling where personal information is confined to the purpose of the charge or law enforcement.
 - 68.3 Larger vehicles cause more delay than smaller vehicles, and a standard differential should apply between different types of vehicle to ensure consistent treatment of vehicle types between schemes.

Commented [JW13]: We're unclear how one enforces the requirement that revenue supplements local funding in the RLTP. Will councils lose their ability to set their RLTP expenditure as they see fit?

We also query whether this wording prevents a council from using the revenue to do something like reduce public transport fares (which would encourage mode shift). Are these initiatives precluded because the revenue doesn't go into the RLTP?

Commented [JW14]: We recommend that all of these concerns be shifted into either:

- guidance to inform scheme designs prior to Ministerial approval; or
- Secondary legislation allowing MoT to set thresholds appropriate for individual charging schemes.

In our view, this one-size-fits-all approach reduces flexibility to design fit-for-purpose schemes that respond to local needs. Enshrining them in primary legislation creates a barrier.

Commented [JW15]: Hard to see why we wouldn't allow exemptions for public transport vehicles. More broadly, we see it as more important to offer scheme designers some flexibility to respond to local interests. A highly prescriptive approach to exemptions doesn't preserve efficiency if new schemes fail to get across the line entirely.

⁷ Congestion Question, Technical Report, 2020

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68.4 Data and revenue generated by schemes needs to be inter-operable across the country to aid monitoring and reporting and to reduce the barriers to future scheme development.

69 Strong oversight of the responsible agencies will be essential. We need to ensure they focus on service levels rather than revenue and working collaboratively in the interests of users. Charging scheme partnerships will be public monopolies setting tax-like charges and spending a share of the revenue.

70 I propose that the Secretary for Transport be charged with ongoing time of use charging scheme oversight and reporting to the responsible Minister on whether scheme charges are achieving the targeted service levels. For example, if Auckland puts in place a scheme, it will be required to publish data and evidence that will show if the scheme is or is not performing to expectations. The Secretary of Transport would be responsible for assessing the robustness, accuracy and transparency of the information, supporting possible decisions by Ministers whether to intervene. The reasonable cost of this oversight should be met from gross scheme revenues.

Commented [JW16]: Auckland will? Or the NZTA, Auckland Council partnership will?

71 Ministers should have a range of ways of intervening where a proposed scheme isn't progressing or where an approved scheme isn't delivering, like those in the Local Government Act relating to local government oversight powers.

72 Additionally, Ministers should be able to revoke operative schemes that in practice are not meeting the statutory criteria for their establishment. While assessing schemes against what they claim to achieve will be important, an overarching test should be whether a scheme is contributing to an effective, efficient, and safe land transport system in the public interest – the purpose of the Land Transport Management Act 2003.

Financial Implications

73 This paper has no direct financial implications for the Crown. It potentially has indirect implications if the investment approach in a charging scheme proposes investment in state highway or railway networks within a region. This could also include a proposal to raise debt against future revenue from the charging scheme.

Commented [JW17]: Are there no resourcing implications for NZTA? What will uptake be like if NZTA is tasked to deliver new responsibilities with existing resourcing?

74 The requirement to set out a proposed investment approach will enable these implications to be identified and addressed during Ministerial assessment of proposed schemes, including any implications under the Public Finance Act 1989.

Legislative Implications

75 Amendments to the Land Transport Management Act 2003 will be required. There is a bid on the 2024 Legislation Programme that has a priority 3 - a priority to be passed by the end of 2024. However, given the policy development drafting required and likely level of public interest I proposed that the Bill be progressed on a slower track and instead be referred to select committee by the end of 2024.

76 The bill would bind the Crown.

Regulatory Impact Statement

77 As this paper proposes new legislation the regulatory impact analysis requirements apply. A Regulatory Impact Statement (RIS) has been prepared and is attached to the Cabinet paper.

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- 78 This Regulatory Impact Statement (RIS) has been reviewed by a panel of representatives from the Ministry of Transport. It has been given a 'partially meets' rating against the quality assurance criteria for the purpose of informing Cabinet decisions.
- 79 The RIS is relatively clear and concise but lacks depth of analysis for addressing the problem identified beyond the preferred time of use option. The panel considers that this RIS provides a sufficient basis for informed decisions on the preferred proposal, but not the alternative options.
- 80 Legislative timeframes have limited the amount of research and consultation able to be undertaken and the RIS lacks analysis of Treaty of Waitangi implications, which the panel considers could be significant and should be explored further prior to legislation being progressed.

Climate Implications

- 81 The impact of congestion pricing on transport climate emissions would vary widely depending on the charges, scale of implementation, and the number of cities included. Supporting policies (such as enhanced public transport and land use change) could encourage mode shift, which would enhance emissions reductions from this policy.
- 82 The work undertaken on Auckland congestion charging options as part of the Congestion Question work illustrates the degree of likely variation and the potential scale of impacts. Auckland option modelling reports estimated CO₂ transport emissions reductions valued at between \$0.2 million and \$1.3 million a year.⁸ The larger figure represents the value of a 2 percent reduction in CO₂ emissions, accounting for less than 1 percent of the benefits associated with a comprehensive strategic corridor option.⁹
- 83 International research findings on emissions impacts are mixed and dependent on details of policy design.

Population Implications

- 84 The charging schemes enabled by this paper would potentially have a range of distributional implications, including for different income groups and those living in inner and outer parts of our main cities. Those implications will vary with the design of each scheme.
- 85 The policy proposals include a duty on those proposing charging schemes to report on the distributional implications of the schemes and associated charges to support well informed decision making.

Human Rights

- 86 The proposals in this paper are consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993. The framework will include strong oversight powers to ensure scheme authorities don't set monopoly prices that would likely impact disproportionately on low-income households.

⁸ Congestion Question, Cost benefit analysis, 2020

⁹ Congestion Question, Environmental Outcomes, 2020

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- 87 The same privacy regime will apply to time of use charging as currently applies to road tolling schemes.

Use of external resources

- 35 No external resources such as contactors or consultants will need to be engaged to implement the proposals in this paper.

Consultation

- 88 The Treasury, Department of Internal Affairs, Ministry of Housing and Urban Development, New Zealand Infrastructure Commission, and the New Zealand Transport Agency were consulted. The Department of Prime Minister and Cabinet were informed.

Proactive Release

- 89 I intend to proactively release the Cabinet paper and minutes in whole within the 30-day release period to give interested parties as much time as we can to assess the implications of the policy design ahead of the select committee phase.

Communications

- 90 I plan to release a press statement outlining our approach to time of use charging at the same time as the proactive release, and to work with interested local authorities to assist them in understanding the Government's policy intent.

Recommendations

The Minister of Transport recommends that the Committee:

- 1 **note** that travel times in our major cities are worse than in similar Australian cities, that charges based on time of use have the potential to improve network productivity, but that this is not currently enabled in legislation;
- 2 **agree** to enable time of use charging schemes to increase network productivity by maintaining traffic flow, with traffic flow being a combination of travel times and trip volumes;
- 3 **agree** that time of use charging schemes be enabled by way of Order in Council, where recommended by the Minister of Transport, who must be satisfied that a proposed charging scheme will improve network productivity and contribute to an effective, efficient, and safe land transport system in the public interest;
- 4 **agree** that one or more local authorities can initiate a time of use charging scheme, and that other local authorities in the region can opt-in, giving them influence over scheme design and how funds are allocated;
- 5 **agree** that after initiation a charging scheme partnership be tasked with the development and delivery of the charging scheme, including responsibility for setting charges and allocating net revenues, consisting of the New Zealand Transport Agency as the majority partner, together with the local authority that initiated the scheme and any local authorities that opts-in to a scheme;

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- 6 **agree** that time of use charging schemes set out:
- 6.1 the scheme area, initial charging area, target service levels, and the maximum charge needed to achieve the target service levels;
 - 6.2 the method of charge collection and billing, and the approach to extension of charges within the scheme area if any;
 - 6.3 the charging structure by times and vehicle types, and the frequency in which charges will be adjusted within the maximum charge, and the proposed approach to adjusting the maximum charge over time;
 - 6.4 an investment approach setting out the proportion of charging scheme revenues to be allocated to state highways, local roads and public transport and the principles to be applied in making those allocations;
- 7 **agree** that public consultation be conducted on a charging scheme proposal by the charging scheme partnership in accordance with the consultation process for regional land transport plans with all necessary modifications;
- 8 **agree** that
- 8.1 the charging scheme partnership can vary charges within the maximum charge in accordance with the terms of the charging scheme without public consultation;
 - 8.2 the charging scheme partnership can vary the service levels, charging area, frequency of charge adjustments, and the investment approach subject to public consultation;
 - 8.3 the charging scheme partnership cannot vary the scheme area, maximum charge or the process for adjusting the maximum charge over time;
- 9 **agree** that charging scheme proposals and variations subject to public consultation include an impact assessment that sets out:
- 9.1 the anticipated impacts on trips on the regional state highway, local road and public transport networks, and any measures taken in the scheme design to address negative impacts;
 - 9.2 an assessment of the anticipated distributional impacts, summarised in an analysis of the costs and benefits, and any measures taken in the scheme design to address negative impacts;
 - 9.3 a summary of the views of the local authorities within the region that are not part of the charging scheme partnership, if any;
- 10 **agree** that revenue from time of use charging schemes be:
- 10.1 used for land transport activities within the region in which the charges apply;
 - 10.2 in accordance with the investment approach set out in the charging scheme, including measures to enable transfer of funds between land transport providers;

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- 10.3 allocated by the charging scheme partnership, reported in an annual financial statement, and recorded in the relevant regional land transport plan;
- 10.4 allocated in a way that supplements rather than attracts National Land Transport Fund funding or substitutes for local share funding;
- 10.5 subject to the duties that apply to approved organisations;
- 11 **agree** that there be common requirements across all charging schemes:
 - 11.1 limiting charges to weekday morning and evening peak times;
 - 11.2 exemptions for emergency vehicles with no other exemptions or discounts, similar to road tolling schemes;
 - 11.3 standard privacy provisions similar to those for road tolling schemes;
 - 11.4 standard differential between charges for different vehicle types;
 - 11.5 standard offences, enforcement and penalties, in a similar way to the road tolling regime;
 - 11.6 standard data and revenue reporting requirements to aid monitoring and reporting and consistency with future charging schemes;
- 12 **agree** that the following powers applying to all charging schemes:
 - 12.1 that the Secretary for Transport be charged with ongoing charging scheme oversight and reporting to the Minister of Transport, with reasonable costs met from the gross revenues of charging schemes;
 - 12.2 that the Minister of Transport have powers:
 - 12.2.1 before assessing a charging scheme proposal against the statutory criteria may refer the charging scheme back to the charging scheme partnership for clarification;
 - 12.2.2 after assessing a charging scheme proposal against the statutory criteria may
 - 12.2.2.1 refer it back to the charging scheme partnership for amendment
 - 12.2.2.2 refuse to recommend the charging scheme
 - 12.2.2.3 agree to recommend the charging scheme
 - 12.2.3 to recommend a change to a charging scheme Order in Council relating to the scheme area, maximum charge or the process for adjusting the maximum charge over time, being the matters set out in Recommendation 8.3 that cannot be varied by the charging scheme partnership;
 - 12.2.4 to intervene in a failing charging scheme proposal or operational charging scheme by appointing a scheme manager to assume the powers and responsibilities of the charging scheme partnership –

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similar to the power of the Minister of Local Government to intervene in failing local authorities;

12.2.5 to revoke a failing charging scheme that is not improving network productivity or contributing to an effective, efficient, and safe land transport system in the public interest;

- 13 **note** that there is a Land Transport (Time of Use Charging) Amendment Bill (Bill) with a priority of category 3 (to be passed in 2024) on the 2024 Legislation Programme;
- 14 **note** that given the policy development and drafting required to support the matters outlined in this paper, I propose the Bill be progressed on a slower track and instead proceed to select committee by the end of 2024 (priority of category 5);
- 15 **invite** the Minister of Transport to issue drafting instructions to the Parliamentary Counsel Office to give legislative effect to the policy proposals above (including for primary legislation and any associated regulations) including any necessary consequential amendments, savings and transitional provisions;
- 16 **authorise** the Minister of Transport to make decisions that are consistent with the overall policy provided that these decisions are confirmed when the Bill is considered for introduction.

Hon Simeon Brown

Minister of Transport