

Reference: 20250165

31 March 2025



Dear [redacted]

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

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 Treasury which is referred to in this excerpt from the paper.

Information being released

Please find enclosed the following document:

Item	Date	Document Description	Decision
1.	5 July 2024	Cabinet Paper Briefing: Land Transport Revenue Action Plan: Time of use charging	Released in full

I have decided to release the document listed above, subject to information being withheld under the following sections of the OIA, as applicable:

- section 9(2)(k) – to prevent the disclosure of information for improper gain or improper advantage. This reduces the possibility of staff being exposed to phishing, social engineering and other scams. This is because information released under the OIA may end up in the public domain, for example, on websites including Treasury's website.

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

Please note that this letter (with your personal details removed) and enclosed document may be published on the Treasury website.

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

Yours sincerely

Morgan Dryburgh
Acting Manager, National Infrastructure Unit

CABINET PAPER BRIEFING TEMPLATE 2024

Land Transport Revenue Action Plan: Time of use charging

Hon Brown, Minister of Transport

Treasury contact: Ben Wells

Sign out contact: Morgan Dryburgh s9(2)(k)

Description: This Cabinet paper seeks agreement policy questions and issuing of drafting instructions for the Land Transport Management (Time of Use Charging (ToUC)) Amendment Bill (the bill).

Following discussion of the paper the Cabinet Economic Policy Committee (ECO) on 22 May, it has been revised to incorporate the following key changes requested by the Committee and the Minister:

- Making charging scheme proposals a partnership between the local authority proposing the scheme and the New Zealand Transport Agency (NZTA), with NZTA being the majority partner in all schemes;
- The approach to the allocation of net revenues for local and national transport investment shall be agreed by the Minister of Transport and the local authority members of the partnership;
- Public consultation will now be undertaken by the scheme partnership rather than by regional transport committees;
- Charging will be limited to weekday morning and evening peak times in legislation – with the paper offering two options to the approach to this;
- NZTA will lead the development of a single technological system to enable time of use charging which can be utilised across New Zealand;
- The Secretary of Transport will have responsibility for charging scheme oversight and reporting to the Minister of Transport.

We support enabling legislation for ToUC. We provided comments on the initial Cabinet paper before the 22 May Cabinet Committee meeting and have focused our comments below on the specific changes that the Committee requested.

- **The role of NZTA as a majority partner in all schemes and incentives on local government** – we consider that making NZTA a mandatory majority partner in all schemes, even schemes that do not include state highways, has the possibility to act as a disincentive to local governments to propose schemes. We would not want local governments to be disincentivised from proposing schemes on the basis that they lose discretion over revenue use – especially given the primary objective of the scheme is demand management. This is also true of the recent change in the current paper that clarifies that net revenues for local and national transport investment shall be agreed by the Minister of Transport and the local authority members of the partnership.

We recommend that if NZTA is a mandatory partner in all schemes, the organisation's input could be limited to specific areas of national interest, such as **(1) national scheme considerations** – in the future if a national scheme was introduced (e.g., electronic Road User Charges), and there was a need for consistency between regions on aspects of schemes, and/or **(2) NZTA costs incurred** – if significant NZTA spending is required for the scheme to operate (for example capital expenditure for cameras on highways), which has implications for the Government Policy Statement on land transport.

- **NZTA role to develop a single technology system** – agreement is being sought in the paper for NZTA to lead the development of a single technological system across New Zealand. We recommend that the governance, accountability and monitoring of this work should be made clearer in the cabinet paper. This work could be complex, have a high cost, and the timing of this work is progressing while legislation is still being considered and well in advance of any specific ToUC schemes being proposed. The paper also seeks agreement that the costs are recoverable from the future scheme revenues – this may not provide a strong incentive for value for money in this work and it means that the net revenue of future schemes is being impacted now. Notwithstanding NZTA's independence, we recommend that the cabinet paper outline that (1) NZTA is to report monthly to the Minister on progress of this work, (2) the Ministry of Transport are to take up their oversight role, contemplated in the cabinet paper, now in relation to this work, and (3) the Minister be consulted on significant decisions being undertaken as part of this work,

including financial decisions that will impact on future scheme net revenue given intention for cost recovery.

- **Limitation of schemes to weekday morning and evening peaks** – we understand the rationale behind the Government seeking to provide up-front clarity to the public on when schemes can apply. However, we believe that making this restriction in primary legislation is overly restrictive given not allow future schemes to make a case charging to occur outside of these times, even if it were desirable to do so for network performance objective. There are already suitable checks and balances in the proposal and approval process (and the Ministry of Transport oversight role) where the Government can approve, decline, or seek changes to, individual schemes including if charging times of day are deemed inappropriate.
- **Minister of Finance role in approving ToUC schemes** – we previously advised that we recommend the Minister of Finance should also have a role to approve ToUC proposals as this follows the current precedent for Regional Fuel Tax in the legislation, where both Ministers approve schemes. We consider the case for the Minister of Finance also having a role in approving schemes is stronger now that the Crown, through NZTA, will be the majority partner in all schemes, which could give rise to additional costs or risk for the Crown (for example, in the case of schemes making a loss).

Fiscal Implications:

As noted above, NZTA is planning to incur their own costs under the National Land Transport Fund for the work to develop a single ToUC technology system for New Zealand and we recommend stronger, clearer oversight of this work.

This paper has no direct financial implications for the Crown. Schemes will need to be self-funding, including covering establishment costs advanced by the charging partners and the cost of oversight by the Secretary for Transport.