

Auckland Smarter Transport Pricing Project

Terms of Reference

1. Participating Agencies

- 1.1. The Ministry of Transport
- 1.2. Auckland Council
- 1.3. The Treasury
- 1.4. State Services Commission
- 1.5. The New Zealand Transport Agency
- 1.6. Auckland Transport

2. Background

- 2.1. In 2016 the Government and Auckland Council agreed an aligned strategic approach for the development of Auckland's transport system over the next 30 years. The results of this work are set out in the *Auckland Transport Alignment Project – Recommended Strategic Approach* report (the ATAP report).
- 2.2. The ATAP report concluded that there is a requirement to make “a fundamental shift to a greater focus on influencing travel demand through smarter transport pricing, and accelerating the uptake and implementation of new technologies, alongside substantial ongoing transport investment, and getting more out of our existing networks”.
- 2.3. The ATAP report recommended the early establishment of a dedicated project to progress “smarter transport pricing” with a primary focus on influencing travel demand to address congestion. The report said that this should be progressed alongside other opportunities to influence demand, such as better integrating land use and transport, and actively encouraging increases in vehicle occupancy.
- 2.4. In September 2016, Cabinet noted that Ministers would receive further advice on options to develop a pathway towards smarter transport pricing in Auckland. In December 2016 Ministers agreed that plans for a multi-agency pricing project be developed to support a decision on whether to implement a form of pricing in Auckland.

3. Purpose of the Auckland Smarter Transport Pricing Project

- 3.1. The purpose of the project is to undertake a thorough investigation sufficient to support a decision on whether or not to proceed with introducing pricing for demand management purposes in Auckland.

4. Objective of the Auckland Smarter Transport Pricing Project

- 4.1. The Parties agree that the primary objective of pricing is to improve the performance of Auckland's transport network, in particular through improved congestion results.
- 4.2. As part of achieving the objective, consideration must be given to economic, social and environmental effects including the following matters:

- 4.2.1. Ensuring key impacts of pricing on those using the transport system, businesses and households, including fairness, equity and distributional impacts, are understood and appropriately addressed.
- 4.2.2. Ensuring any pricing system is cost-effective to implement, operate, administer and enforce.
- 4.2.3. Ensuring pricing is flexible and adaptable to changing circumstances, such as developing technology.
- 4.2.4. The need for transparency on the use of any net revenue raised by any pricing system for demand management purposes in Auckland.
- 4.2.5. National and regional implications including any impacts on the existing land transport funding system.

5. Project Scope

- 5.1. The project will investigate pricing for demand management purposes (i.e. to reduce congestion) on Auckland's road network.
- 5.2. The project must consider the implications of any potential pricing initiative on the current land transport funding system of fuel excise duty (FED) and road user charges (RUC). For the avoidance of doubt, this means the potential for any demand management pricing initiative in Auckland to replace or offset FED and RUC in Auckland.
- 5.3. The broad scope of the Project's three phases is outlined below. While the project is set out as three phases, a degree of flexibility is likely to be needed between phases depending on the findings of individual pieces of work.

Phase I

- 5.4. The objective of this phase is to develop baseline data and background information, the right analytical tools to be able to evaluate and test pricing options, and a comprehensive communications and engagement plan.
- 5.5. Phase I includes:
 - 5.5.1. An updated base case that accurately describes the existing and projected transport situation in Auckland in the absence of pricing for demand management purposes
 - 5.5.2. A review of available and prospective pricing technology, systems and enforcement solutions
 - 5.5.3. A review of previous Auckland and international congestion pricing proposals, schemes and lessons learnt
 - 5.5.4. A detailed evaluation framework to guide the review and appraisal process together with appropriate analytical modelling tool/s
 - 5.5.5. Preparation of a comprehensive public and stakeholder communications and engagement plan

5.5.6. Detailed scoping and planning for Phases II and III, including timescales

5.5.7. Recommendations for the appropriate timing and nature of possible demonstrations and pilots for Phases II and III of the project.

Phase II

5.6. The objective of this phase is to identify options, and analyse these based on the findings from Phase I. A shortlist will be developed, which will form the basis of recommendations on which options to progress to further design and testing in Phase III.

5.7. Phase II includes:

5.7.1. Identification, design and assessment of potential pricing options for demand management purposes in Auckland

5.7.2. Engagement with the public and stakeholders

5.7.3. High level identification of scheme components including development, indicative timeframes for implementation, capital and operating costs

5.7.4. Any demonstrations and pilots as appropriate and identified in Phase I

5.7.5. Assessment of shortlist of options based on results of evaluation (including cost benefit analysis)

5.7.6. Recommendations of options to take to Phase III.

Phase III

5.8. The objective of this phase is to undertake further design, testing and analysis of the shortlist of options, to support a decision on whether to proceed with introducing pricing for demand management purposes in Auckland.

5.9. Phase III includes:

5.9.1. Further option design, refinement and assessment, including further demonstrations and pilots as appropriate

5.9.2. Further engagement with the public and stakeholders

5.9.3. Indicative implementation timeframes, scale, predicted impact, constraints and main risks for the preferred scheme option(s)

5.9.4. A final report setting out the preferred option(s), containing comprehensive evaluation, including benefit-cost analysis, with a clear recommendation on whether pricing for demand management purposes should be introduced in Auckland.

6. Project deliverables and timing

- 6.1. The project will be undertaken in three phases, with the deliverables set out below provided to the Parties at the end of each phase. These deliverables will be provided to the Minister of Transport, Minister of Finance, the Auckland Mayor and the Mayor's nominee (the decision makers) and will act as gateways for formal decisions to progress to the next phase.
- 6.2. Regular update reports will also be provided to the decision makers. The frequency and type of reporting to be provided will be agreed with the Ministers' and Mayor's offices.
 - 6.2.1. Phase I: A progress report in November 2017 setting out baseline evidence, evaluation and analytical methodology for assessing different options against the project objectives, a comprehensive plan for engagement with the public and stakeholders, and recommendations for the appropriate timing and nature of possible demonstrations and pilots.
 - 6.2.2. Phase II: Interim advice outlining a shortlist of pricing options, proposed demonstrations and pilots, analysis, recommendations and next steps.
 - 6.2.3. Phase III: A final report containing comprehensive evaluation and benefit-cost analysis of the preferred pricing option(s), and the results of demonstrations and pilots, with recommendations and next steps.
- 6.3. The timing of deliverables two and three will be identified in Phase I of the project

7. Governance of the project

- 7.1. The Parties agree to establish a governance structure comprising:
 - 7.1.1. a Governance group consisting of the Secretary for Transport (Chair), Chief Executive of Auckland Council, Deputy Secretary Treasury, Deputy Commissioner for Auckland, State Services Commission and the Chief Executives of the NZ Transport Agency and Auckland Transport.
 - 7.1.2. a Steering Group consisting of nominees from the Ministry of Transport, Auckland Council, the Treasury, the NZ Transport Agency and Auckland Transport.
- 7.2. The Governance Group will:
 - a. consider the project deliverables and key findings of each phase
 - b. make recommendations to the Minister of Transport, Minister of Finance and the Auckland Mayor's office.
- 7.3. The Steering Group will:
 - c. ensure the project is delivered to the agreed scope, budget and timeframes
 - d. ensure that work is coordinated with the wider ATAP implementation work programme

- e. resolve issues and if necessary refer any unresolved issues to the Governance Group to address.
- 7.4. The project will be managed by a Project Director who will be appointed by the Ministry of Transport after consultation with the participating agencies (the agencies). The Project Director will report to the Steering Group, and be supported by a project team comprising internal agency resources and external expertise.
- 7.5. The Project Director, working with the project team, will:
- a. be responsible for overall outputs/deliverables of workstreams and recommendations on key decisions
 - b. deliver the project to the agreed scope, budget and timeframes.

8. External advice

- 8.1. The Project Director, in consultation with the Steering Group, will commission external advice and peer review throughout the delivery of the project to support the investigation and development of options and recommendations.

9. Communications and public engagement

- 9.1. Public and stakeholder engagement will be a critical element of project success as their understanding and acceptability will be a key factor in any subsequent decision to introduce pricing for demand management purposes in Auckland. As such, communications and engagement will be a key activity from the initial stages of the project.

10. Budget

- 10.1. A cost-sharing arrangement will be established between the agencies to cover project costs.

11. Protocols for the project

- 11.1. The agencies will participate in the project in good faith and will ensure information is only released by agreement or in accordance with statutory duties.
- a. The Project Director, in consultation with the Steering Group, will be responsible for preparing any information for release or consultation, and for ensuring there is joint agreement for the proactive release of any information.
 - b. The Parties recognise that Ministers and Government bodies are subject to the Official Information Act 1982 and Auckland Council and Auckland Transport are subject to the Local Government Official Information and Meetings Act 1987.

12. Amending the terms of reference

- 12.1. The Chair of the Governance Group will recommend any substantive proposed changes to this document for consideration and agreement.

CEO Ministry of Transport
Date:

CEO Auckland Council
Date:

Deputy Secretary Treasury
Date:

**Deputy Commissioner Auckland, State
Services Commission**
Date:

CEO NZ Transport Agency
Date:

CEO Auckland Transport
Date: