

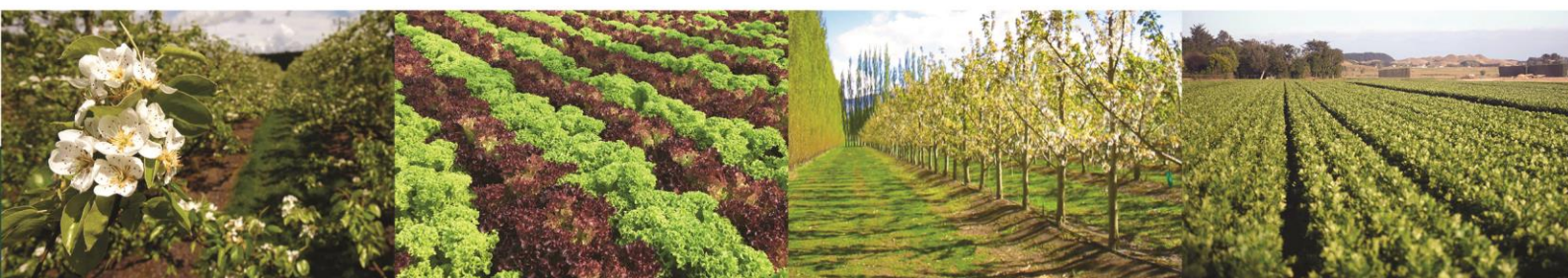
SUBMISSION ON

Enquiry into Congestion

Pricing for Auckland

20 May 2021

TO: The Transport and Infrastructure Committee
NAME OF SUBMITTER: Horticulture New Zealand



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Introduction

Horticulture New Zealand (HortNZ) thanks the Transport and Infrastructure Committee for the opportunity to submit on the Congestion Question and welcomes any opportunity to work with the Committee and Auckland Council to discuss our submission.

HortNZ wishes to be heard in support of our submission and would be prepared to consider presenting our submission in a joint case with others making a similar submission at any hearing.

The details of HortNZ's submission and decisions we are seeking from the Committee are set out below.

Background to HortNZ

HortNZ advocates for and represents the interests of 6000 commercial fruit and vegetable growers in New Zealand, who grow around 100 different crop types and employ over 60,000 workers. Land under horticultural crop cultivation in New Zealand is calculated to be approximately 120,000 hectares.

It should also be acknowledged that it is not just the economic benefits associated with horticultural production that are important. The rural economy supports rural communities and rural production defines much of the rural landscape. Food production values provide a platform for long term sustainability of communities, through the provision of food security. The essential service that horticulture provides has been further highlighted through the Covid-19 response.

HortNZ's purpose is to create an enduring environment where growers thrive. This is done through enabling, promoting and advocating for growers in New Zealand.

Executive summary

HortNZ supports the primary aim of the proposed congestion pricing, which is "to change people's behaviour and subsequently allow part of the road network to operate more efficiently". However, we believe that the impact to businesses has not adequately been assessed. At a regional level, there is a net benefit in profit for business. However, at a local board level, analysis shows businesses in Franklin and Rodney will experience an increase in cost. These areas are prominent horticultural areas, and it is not clear that the cost-benefit assessment has considered the cumulative regulatory costs applied to agricultural industries such as horticulture.

Key submission points:

- HortNZ opposes separate values for different vehicle classes and seeks a standard value for all.
- Support proposed revenue use if one standard value applies to all vehicle classes. If separate values are applied to freight, then revenue should also be utilised to provide suitable alternative transport modes. A rail hub near Pukekohe connecting to Auckland and Tauranga Ports would significantly reduce road freight movements through Auckland.
- HortNZ opposes congestion pricing as a revenue generating mechanism. Legislation should clearly outline the purpose of congestion pricing which should be to alleviate congestion. Revenue should be limited to supporting alternative modes of transport and mitigations for vulnerable communities.
- HortNZ supports a pilot study to test technology, process and impact.

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Business impacts:

The technical reports conclude that regionally, the benefit incurred from travel time savings will significantly exceed the cost of congestion charges. The MRCagney report (December 2018) states that the reduction in value lost to travel time is likely to result in reduced cost of service and assumes that savings made will provide a profit to businesses.

However, when broken down geographically, the benefit is not equally distributed. In particular, the Franklin and Rodney Local Board areas both incur an increase in costs (0.4% and 1.3% respectively)¹. Land use in these areas is predominately agricultural, including horticulture. Franklin contains the “Pukekohe Hub”, one of New Zealand’s largest vegetable producing areas, producing 26% of New Zealand’s value of vegetables². There are times of the year when the hub supplies the whole of New Zealand for certain vegetables such as carrots and leafy greens.

It is also unclear whether the analysis has accounted for existing and future regulatory costs of meeting a broad range of environmental outcomes, particularly for agricultural activities. These costs relate to the Emissions Trading Scheme, Regional Fuel Tax, National Policy Statement on Freshwater Management (NPSFM), National Environmental Standards for Freshwater (NESFM), National Policy Statement for Indigenous Biodiversity (NPSIB) and forthcoming climate change legislation/policy to meet emissions budgets.

Examples of costs associated with meeting regulatory outcomes include:

- Freshwater Farm Plans³ are anticipated to cost up to \$5,000 to prepare. There will be additional costs associated with implementation and on-going maintenance, plus annual auditing costs.
- Council’s forthcoming plan changes under the NPSFM and future NPSIB will incur further costs as they will include requirements for new works such as the construction of wetlands, additional sediment traps or bunds, setbacks and indigenous tree planting.
- The ETS price has been on the rise – for example, increasing from \$25 in December 2019 to almost \$38 by the end of December 2020, per New Zealand Unit paid on gas, coal and other fossil fuels. Recent changes to the ETS provide a strong signal that the carbon price will continue to trend upwards.

For production of fresh fruit and vegetables to remain economically viable, the price of fresh produce will need to increase. The congestion pricing proposal includes mitigations for low income households, such as discounts. However, given the likely increases in food prices, it is unclear whether such mitigations will improve the position of these vulnerable communities in accessing fresh fruit and vegetables. Low income households are already struggling to access fresh produce. In 2019/2020, only 33.5% of New Zealand adults and 44.1% of children met the recommended daily fruit and vegetable intake⁴. This is a 5%

¹ Congestion Pricing Options for Auckland: analysis of distributional effects. MRCagney, December 2018

² New Zealand’s Food Story. The Pukekohe Hub. Deloitte. 2018.

<http://www.hortnz.co.nz/assets/Deloitte/NewZealands-food-story-The-Pukekohe-hub.pdf>

³ expected to become mandatory under Part 9A of the Resource Management Act as a key tool for achieving the NPSFM and NESFM.

⁴ Annual Update of Key Results 2019/2020: New Zealand Health Survey. Ministry of Health

reduction for both cohorts since 2016/2017⁵. Those living in the most deprived neighbourhoods were less likely to meet the recommended intakes and were more likely to be obese⁶.

Vehicle class values:

HortNZ does not support the differentiation of values between the different vehicle classes. Applying a value double that of light vehicles has been not robustly assessed in the technical reports. Freight transport has limited options for alternative modes. Freight for fresh produce cannot choose when to travel to avoid peak rates. Market expectations drive a high standard of quality fresh vegetables and fruit. Some fresh produce, such as leafy greens, have a limited storage capacity between harvest and reaching the market.

Internationally, the only other country that applies different values is Singapore. Singapore has a much more complex pricing scheme and has the benefit of time to test and modify the scheme. HortNZ recommends a pilot study such as applied in Stockholm. A pilot study would ensure robust testing of a pricing policy (including tariffs, technology and administration processes) and potentially improve public support and uptake (as was the case in Stockholm).

Revenue scheme:

HortNZ supports limiting the use of revenue funds. HortNZ generally supports the use of funds generated from Auckland congestion pricing to improving provision of alternative transport modes and funding mitigations for identified vulnerable groups. However, if separate values are to be applied to freight, then revenue should also be provided for improving freight rail networks. This would assist in providing alternative transport modes for some freight.

A large proportion of freight movements from Pukekohe are destined to the Onehunga rail depot, which provides service to the Tauranga Port. These traffic movements could be avoided through provision of rail hub in the Franklin area that connects Pukekohe to the ports. This would significantly reduce freight related congestion and assist minimising vehicle related carbon emissions.

National legislation:

Should legislation be amended to enable congestion pricing to be applied nationally, HortNZ supports the recommendations made in the report entitled 'Legislative Requirements', specifically:

- That each region requires an Order in Council and that legislation sets standards for the development and consultation on an Order in Council
- Standards should clarify and limit the use of revenue, on tariff-setting and exemptions, privacy and enforcement.

HortNZ opposes congestion pricing as a revenue generating mechanism. Legislation should clearly outline the purpose of congestion pricing which should be to alleviate congestion. Revenue should be limited to supporting alternative modes of transport and mitigations for vulnerable communities. The Regional Fuel Tax and Tolls are existing mechanisms for addressing revenue generation for transport projects.

⁵ Annual Update of Key Results 2016/2017: New Zealand Health Survey. Ministry of Health

⁶ Ministry of Health, 2019/2020