

**In Confidence**

Office of the Minister of Transport  
Cabinet Economic Policy Committee

**Toll road proposals (December 2024)**

**Proposal**

- 1 This paper seeks Cabinet decisions regarding tolling schemes for Ōtaki to north of Levin (Ō2NL) and Takitimu North Link. It also seeks Cabinet's agreement to continue with the Penlink tolling scheme agreed by the previous government in 2023.

**Relation to government priorities**

- 2 Tolling to fund infrastructure is a commitment in the Coalition Agreement between the National Party and the ACT Party.

**Executive Summary**

- 3 Tolling is currently under-utilised in New Zealand, but can play a greater role in funding high quality roading infrastructure. It can also provide funding to help bring forward investment in roading infrastructure while ensuring that those who use the road contribute directly towards the maintenance and operation of the roading infrastructure and in return get a higher level of service than alternative roads. To that end, I set an expectation through the Government Policy Statement on land transport (GPS) 2024 that the New Zealand Transport Agency (NZTA) will consider tolling for the construction and maintenance of all new roads.
- 4 NZTA has recently concluded tolling consultation on three new roads and has submitted proposals to me seeking decisions: SH3 Manawatū Tararua Highway– Te Ahu a Turanga, SH2 Takitimu North Link (between Tauranga and Ōmokoroa), and SH1 Ōtaki to north of Levin. In addition, NZTA has undertaken a cost-efficiency review on the Penlink tolling proposal approved by the previous Government. They have proposed amendments to make it more cost-efficient.
- 5 Tolling these roads is intended to cover their maintenance and operations costs, as well as to contribute to the capital costs of these roads (including financing). Penlink's toll will only cover operations and maintenance costs.
- 6 Under the Land Transport Management Act 2003 (LTMA), a road tolling scheme for a new road requires an Order in Council, made by the Governor-General, on the recommendation of the Minister of Transport. I have reviewed all four tolling proposals, I am seeking Cabinet's agreement to toll three of these roads and develop the necessary Orders.

**Background**

- 7 Tolling is an under-used tool that could have an important role to play in sustainably funding the transport infrastructure we need to support productivity and economic growth. Tolling is currently rarely used in New Zealand, with only three existing toll roads: the Northern Gateway (established in 2009), Tauranga Eastern Link (2015), and Takitimu Drive (transferred to NZTA in 2015). However, tolling has previously

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played an important role in delivering key roading projects (such as the Auckland Harbour Bridge and the Lyttelton Tunnel).

- 8 I have set an expectation through the GPS that NZTA will consider tolling for the construction and maintenance of all new roads. As detailed below, each tolling proposal submitted to me will be considered on a case-by-case basis on its merits based on the statutory requirements.
- 9 In August 2024, I instructed NZTA to consult the public on tolling proposals regarding three new roads: Takitimu North Link (SH2 heading into Tauranga), Manawatū Tararua Highway – Te Ahu a Turanga (the replacement for the Manawatū Gorge road), and Ōtaki to north of Levin. Having considered the results of the consultation, alongside other relevant matters, I am now proposing Cabinet agree to new schemes for each of those roads except for Manawatū Tararua Highway – Te Ahu a Turanga.
- 10 This paper also seeks Cabinet's agreement to continue with the Penlink tolling scheme. Penlink was assessed for tolling and consulted on in 2021/22. Following consultation, NZTA proposed a tolling scheme based on two tolling points with an end-to-end toll rate of \$3 at peak and \$2 off-peak for light vehicles (\$6 at peak and \$4 off-peak for heavy vehicles). The scheme was approved for tolling by the previous Government, but the resulting Order was never made. NZTA now proposes to change the number of tolling points to one and to maintain the toll rates.
- 11 I am proposing a set of changes to the way we go about developing and consulting on tolling schemes in a separate Cabinet paper that accompanies this one, which is intended to provide greater clarity for the public regarding how and where tolling will be used in future.

**I consider that the statutory threshold for tolling has been met for three of the four proposals**

- 12 Under the LTMA, the Minister of Transport has broad authority to accept or reject proposals for tolling schemes, provided the road is new, and that a feasible, untolled, alternative route is available to road users. The Minister must also be satisfied that the relevant public road controlling authority has carried out adequate consultation on the scheme, and with the level of community support for the proposed scheme in the relevant region(s); and that the proposed tolling scheme is efficient and effective.
- 13 As detailed below, I have considered each proposed tolling scheme individually on a case-by-case basis. With respect to each road, I am satisfied that the roads are new, and that feasible untolled alternative routes are available to users. NZTA has also sought public feedback regarding each proposal. The outcomes of consultation for each road are discussed below, and further information about the background to each project is attached as an annex. I am satisfied with the level of community support, that adequate consultation has been carried out.

**Manawatū Tararua Highway – Te Ahu a Turanga**

- 14 Manawatū Tararua Highway – Te Ahu a Turanga is fully funded by the National Land Transport Fund (NLTF) and is replacing an existing road which was damaged and closed in 2016.
- 15 The GPS 2024 provides an expectation that NZTA consider tolling new roads (including the roads of national significance), where they are likely to meet the requirements set out in the Act and toll revenues, net of the costs of tolling the

scheme, will make a positive contribution to the costs of the project

- 16 This road is near completion, and given the late consultation on this tolling proposal, NZTA would be unable to have a toll implemented in a cost-effective manner until approximately six months after it opens. Given these factors, I consider this road to be outside of the Government expectation that it be tolled.
- 17 The public was consulted on a scheme that charged a flat \$4.30 toll per trip for light vehicles and \$8.60 for heavy vehicles. Through the consultation process 12,076 submissions were received, which is substantially more than any previous tolling proposal under the LTMA. Of these submissions, 90 per cent (10,887 submissions) were opposed, and 9 per cent (1,121 submissions) were in favour. Two-thirds of submitters who were in favour made their support conditional on changes to the scheme, such as significantly reduced rates and exemptions for frequent users.

### Ōtaki to north of Levin

- 18 s 9(2)(ba)(ii)   
 s 9(2)(g)(i)  
 Revenue would be used to cover the cost of tolling infrastructure, operations and maintenance and reimbursing the NLTF for costs that exceed the Crown contribution.
- 19 NZTA consulted the public on a scheme that charged a flat \$2.70 toll per trip for light vehicles and \$5.40 for heavy vehicles. Through the consultation process 2,907 submissions were received. Of these submissions 79 per cent (2,294 submissions) were opposed and 19 per cent (565 submissions) were in favour. Of these 565 submissions, 199 supported tolling with conditions such as a lower toll rate or concessions for locals, however these are not included in the proposed scheme.
- 20 NZTA proposed no changes to the scheme following consultation. The scheme is expected to raise \$127 million over 35 years (NPV)<sup>1</sup>, with an expected diversion rate of 43 per cent. The positioning of the toll points would allow a nine-kilometre northern section of the road to be used without incurring a toll, given the high rate of diversion on that section of the road otherwise. The entire road would be designated a toll road to ensure flexibility if travel patterns change in future and tolling the northern section became desirable.
- 21 NZTA also provided me background information on a revenue maximising toll of \$5.00 for light vehicles and \$10.00 for heavy vehicles, which would provide \$178 million over 35 years (NPV). However, this would be expected to result in a very high diversion rate of around 71 per cent. I recommend that Cabinet agrees to an initial toll for Ōtaki to north of Levin of \$2.70 for light vehicles and \$5.40 for heavy vehicles.

### Takitimu North Link

- 22 Takitimu North Link Stage 1 has been fully funded by the Crown (through what was New Zealand Upgrade Programme (NZUP)), as was route protection for Stage 2. Toll revenue would be used to cover toll infrastructure, operations and maintenance, and a contribution to the delivery costs of Stage 2. The balance of Stage 2 would need to be funded through the NLTF.

<sup>1</sup> P50 estimate, NZTA estimates that there is a 90% probability that 35-year NPV revenue will be between \$95 million and \$162 million.

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- 23 NZTA consulted with the public on a scheme that charged a differential rate depending on how far they travelled, and whether they use the road in peak or off-peak hours. These rates are set out below for light vehicles (heavy vehicles were proposed to pay double):

To From	SH29	Minden Road	Ōmokoroa
SH29	-	\$3.10 / \$2.10	\$4.10 / \$3.10
Minden Road	\$3.10 / \$2.10	-	\$3.10 / \$2.10
Omokoroa	\$4.10 / \$3.10	\$3.10 / \$2.10	-

- 24 Through the consultation process 2,317 submissions were received. Of these submissions 71 per cent (1,646 submissions) were opposed and 27 per cent (624 submissions) were in favour.
- 25 Although the proposed toll rates are unchanged following consultation, two adjustments have been made as a result of consultation:
- 25.1 It is proposed that “peak” hours for the scheme will be weekdays 6am-9am and 3pm-6pm, instead of 7am-9am and 4pm-6pm as consulted on.
- 25.2 It is proposed that drivers be exempt from the toll on the adjacent SH29 Takitimu Drive if they are travelling directly to or from the SH2 Takitimu North Link in the same trip.<sup>2</sup> This is anticipated to be revenue neutral across both toll schemes given SH2 Takitimu North Link would attract higher levels of demand, offsetting the SH29 Takitimu Drive toll revenue foregone.
- 26 The scheme is expected to raise \$365 million over 35 years (NPV)<sup>3</sup>, with an expected diversion rate of 27 percent.
- 27 NZTA also provided me background information on a revenue-maximising toll that would involve charging light vehicles \$8.20 during peak periods and \$6.20 during off-peak periods travelling end to end (both Stage 1 and 2). This approach would raise almost \$5.5 million additional revenue per year (\$27.4 million compared with \$21.9 million for the recommended scheme). However, this would also be expected to result in stage one diversion rate of around 51 per cent. It would also see daily traffic on the existing Wairoa Bridge (which is part of the feasible alternative) of around 25,000 vehicles per day. NZTA considers that annual average daily traffic across this bridge should be limited under 20,000 vehicles per day due to safety and efficiency considerations.<sup>4</sup>
- 28 I recommend that Cabinet agrees to an initial toll for Takitimu North Link of up to \$4.10 during peak periods and \$3.10 during off-peak periods for light vehicles, and \$8.20 and \$6.20 for heavy vehicles.

**Penlink**

- 29 Penlink has also been fully funded by the Crown (through the former NZUP). Toll

<sup>2</sup> Implementing this exemption will require amendments to the Land Transport Management (Road Tolling Scheme for Takitimu Drive (Route K)) Order 2015.

<sup>3</sup> P50 estimate, NZTA estimates that there is a 90% probability that 35-year NPV revenue will be between \$307 million and \$418 million.

<sup>4</sup> Exceeding 20,000 vehicle per day on a single lane bridge starts to result in lower and inconsistent level of services which impact safety and operation.

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revenue would be used to cover toll infrastructure, and ongoing operations and maintenance. In 2021, NZTA consulted with the public on a scheme consisting of 3 toll points and slightly higher rates than the current proposal. Through the consultation process 3,337 submissions were received. Of these, 60 per cent (2,002 submissions) were opposed and 37 per cent (1,235 submissions) were in favour of the proposed tolling scheme.

- 30 Following consultation, the current proposal is for a scheme with two toll points and a toll of \$3 during peak periods and \$2 during off-peak periods for light vehicles. For heavy vehicles the respective charges are \$6 and \$4.<sup>5</sup>
- 31 The previous government agreed to the tolling proposal in 2023, but the necessary Order was never made. I had committed to reviewing the decision and have received a new proposal from NZTA that is more cost efficient. NZTA advises the capital costs for the tolling infrastructure could be reduced from \$20.7 million to \$9(2)(i) (as the proposal would only include one toll point, which reduces costs, but also reduces revenue). The change in costs, and associated impact on the toll scheme is shown below.
- 32 The revenue maximising rate was not assessed for Penlink, however NZTA did run a higher scenario on \$4.00 end to end for light which generated annual net revenue of \$8.3m (2028). The modelled results for different tolling rates suggest the revenue maximising toll rate would be higher than \$4.00.

Scenario	Light Toll	Heavy Toll	Cost of toll infrastructure	Daily Traffic (mid Penlink)	Alternative route	% of diversion	Annual revenue (2028)	NPV revenue**
2 toll points	\$3/\$2*	\$6/\$4	\$20.7m	18,100	9,800	35%	\$6.3m	\$141m
1 toll point	\$3/\$2*	\$6/\$4	\$9(2)(i)	18,400	9,800	35%	\$5.7m	\$122m <sup>6</sup>

\*peak and off-peak end to end

\*\*35-year scheme at 6% discount rate (\$2022)

- 33 I recommend we accept the proposed tolling scheme for Penlink, with an initial toll of \$3 during peak periods and \$2 during off-peak periods for light vehicles, and \$6 and \$4 for heavy vehicles. I am seeking Cabinet's agreement to confirm which of the two toll point options is preferred.

**Implementation**

- 34 Orders in Council will be required to give effect to the policy decisions in this paper, and need to be in place ahead of the opening of each road. These are expected to be 2030 for Ō2NL, November 2027 for Takitimu North Link and 2028 for Penlink.
- 35 To preserve the real value of the tolls, I propose the Orders for all schemes include automatic adjustment of toll rates linked to the Consumers Price Index every three years, and that these increases happen automatically on a scheduled date. In the

<sup>5</sup> Peak periods would be defined as 6am to 9am and 4pm to 7pm.

<sup>6</sup> The revised recommendations' decreased revenue (despite an increased traffic count) is because more vehicles are able to use the road without passing a toll point in the revised model. It also leads to a 1,000-vehicle reduction in vehicles using the Whangaparāoa toll point as the toll induces less traffic.

accompanying tolling reform paper, I propose that toll rates should all be amended on the same date nationwide with all increases taking place on 1 July 2027 and every three years following this date.

- 36 I also propose the Orders for all schemes include empowering toll operators to declare toll free days and grant exemptions for certain classes of vehicles. This allows flexibility for emergencies, traffic management reasons, or promotional events.

### Cost-of-living Implications

- 37 The tolls would be expected to increase costs for motorists who use those roads, however there is a free alternative available for each road for those who choose not to pay. The alternative is to require all road users (or the Crown) to bear the cost and reduce the amount of funding available in the NLTF to support the maintenance and operation of other roads. Tolling enables users of a particular road pay a greater share of its cost, thereby freeing up the NLTF for other projects.

### Financial Implications

- 38 Net tolling revenue is expected to raise approximately \$614 million (NPV)<sup>7</sup> across 35 years to offset the operating and maintenance expenses of the roads, with the balance reimbursing the NLTF for construction costs associated with the roads.

### Legislative Implications

- 39 Orders in Council under section 46 of the LTMA are required to implement these tolling proposals. Separate Orders will be prepared for each road and will need to be in place before the relevant road is opened. These Orders will establish and confirm a road tolling scheme; identify NZTA as the public road controlling authority, the toll operator, and the enforcement agency for the road tolling scheme; set the initial base toll and how it can subsequently be altered; state that the schemes will use fully electronic free-flow tolling systems; and set out the information that NZTA must make available to the Minister in relation to the performance of the schemes.
- 40 The tolling conditions and preconditions are set out in detail in the recommendations section of this paper.

### Regulatory Impact Statement

- 41 Separate regulatory impact statements (RISs) have been prepared for the Ō2NL and Takitimu North Link proposals. The Ministry of Transport's internal panel has reviewed the RIS's and provided the following comment: "The panel considers that the information and analysis summarised in the regulatory impact statements each meets the criteria necessary for Ministers to make informed decisions on the proposals in this paper. The legislative scheme provides the Minister with a level of discretion when determining whether to recommend specific roads should be tolled. In this context, the statements address matters the Minister is required to consider by the statutory scheme and draws defensible conclusions about the reliability of information on those matters. Each statement is clear about the limitations of analysis."

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<sup>7</sup> P50 estimate

- 42 An additional RIS is not required for Penlink because one was prepared to support the original decision to toll Penlink.

### Climate Implications of Policy Assessment

- 43 The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to this policy proposal, as the threshold for significance is not met. The Ō2NL, Takitimu North Link, and Penlink projects have undergone a CIPA assessment as part of NZUP. Manawatū Tararua Highway – Te Ahu a Turanga will not undergo a CIPA assessment, as its construction was supported by funding from the NLTF, meaning there was no Cabinet decision.

### Population Implications

- 44 There are no direct or specific population implications arising from the proposals in this paper as the tolls are intended to apply to all users, except for emergency vehicles (which are exempted under section 52 of the LTMA).

### Human Rights

- 45 No human rights issues have been identified.

### Use of external Resources

- 46 NZTA has used external resources in the preparation of these tolling schemes, including for traffic and revenue modelling, peer review and for other expertise in developing the tolling proposals.

### Consultation

- 47 NZTA and the Treasury were consulted on this paper. The Department of the Prime Minister and Cabinet was informed.

### Communications

- 48 I intend to announce these decisions later this year, as I consider it important to provide certainty to the communities affected as early as possible.

### Proactive Release

- 49 This Cabinet paper (and associated minutes) will be released within 30 business days of final decisions being confirmed by Cabinet, subject to redactions as appropriate under the Official Information Act 1982.

### Recommendations

The Minister of Transport recommends that the Committee:

- 1 **note** that the New Zealand Transport Agency (NZTA) seeks Orders in Council under the Land Transport Management Act 2003 for tolling schemes to contribute to costs associated with three new roads: Manawatū Tararua Highway – Te Ahu a Turanga, Ōtaki to north of Levin, and Takitimu North Link;

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- 2 **note** that the Minister of Transport (the Minister) has reviewed the Penlink tolling scheme agreed by the previous government;
- 3 **note** the Minister considers Manawatū Tararua Highway – Te Ahu a Turanga to be outside of the Government expectation that it be tolled;

*Proposals*

- 4 **agree** that the Minister recommend to the Governor-General that an Order in Council be made allowing the Ōtaki to North of Levin road be tolled, up to \$5.40;
- 5 **agree** that the Minister recommend to the Governor-General that an Order in Council be made allowing the Takitimu North Link road to be tolled, up to \$8.20;
- 6 **agree** that the Takitimu Drive toll scheme will exempt drivers from that toll if they are also travelling along Takitimu North Link in the same trip;
- 7 **confirm** Cabinet's previous decision to issue drafting instructions for an Order in Council for the Penlink tolling scheme [CAB-23-MIN-0087 refers];
- 8 **agree** to EITHER
- 8.1 deliver the Penlink tolling scheme with one toll point which is estimated to generate \$122 million NPV revenue
- OR
- 8.2 deliver the Penlink tolling scheme with two toll points which is estimated to generate \$141 million NPV revenue

*Next steps*

- 9 **invite** the Minister to issue drafting instructions to the Parliamentary Counsel Office to draft Orders in Council, under section 46(1) of the Land Transport Management Act 2003, which:
- 9.1 establish road tolling schemes as identified in recommendations 5 to 8;
- 9.2 identify NZTA as the public road controlling authority, the toll operator and the enforcement agency for each of the road tolling schemes;
- 10 **agree** that the Orders in Council specify that NZTA provides a report to the Minister at least 10 weeks prior to tolling commencing with details on the following matters:
- 10.1 the service standard obligation to road users;
- 10.2 the method of publicising the toll in advance of the road opening;
- 10.3 the signage and other information that will be used to inform drivers approaching the road, of the toll and options for paying;
- 10.4 a technical description of the proposed components of the toll collection system and key performance indicators, inclusive of error rates, revenue levels, and health and safety issues;



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- 10.5 the structure of the administration fees for all payment methods and all penalty fees;
- 10.6 the continued existence of a feasible alternative route;
- 11 **agree** that the Orders in Council should be drafted to:
  - 11.1 empower the toll operator to set toll tariffs within the maximum limit of \$8.60 at the commencement of the scheme;
  - 11.2 include automatic adjustment of toll rates linked to the Consumers Price Index (CPI) every three years on the same date for every scheme, starting 1 July 2027;
  - 11.3 include permission for changes to toll rates above the CPI to be made with the written approval of the Minister;
  - 11.4 below the maximum toll, provide that the toll operator may levy different levels of tolls in respect of different classes of person / motor vehicles; travel at different times of day or days; and travel in different directions;
  - 11.5 in addition to the exemptions set out in s52(5)(a)-(c) of the Land Transport Management Act 2003, empower the toll operator to:
    - 11.5.1 declare toll free days – i.e., days or periods on which all classes of vehicle are exempt, either for promotional or sponsorship reasons or for traffic management reasons;
    - 11.5.2 grant exemptions to different classes of vehicle or person;
- 12 **agree** that the toll operator be required to establish an electronic system for toll collection that:
  - 12.1 does not hinder the free flow of traffic;
  - 12.2 enables a user of the toll road to pay a toll automatically (for example, by automatic deduction from a toll account held by the toll operator);
  - 12.3 enables a user of the toll road to pay within five working days after the toll road;
- 13 **agree** that the toll operator be required to ensure that the details of the tolls that are payable, and the payment methods offered by the toll operator, are published on a website maintained by or on behalf of the toll operator for the duration of the road tolling scheme;
- 14 **agree** that the toll operator be required to supply the following information to the Minister every 12 months from the date that tolling begins:
  - 14.1 actual traffic volumes compared to forecast traffic volumes for each class of vehicle;
  - 14.2 actual toll revenue compared to forecast toll revenues;
  - 14.3 the ongoing status of the alternative route;
  - 14.4 a network utilisation performance report to include an analysis of the response of traffic to tolling, and any traffic management method used to vary the response;

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- 14.5 if there has been a significant change to the method of toll payment since the previous annual report to the Minister, a description of the new method;
- 15 **agree** that the toll operator be required to make a summary of the information listed in recommendations 14 above available to the public generally by including it in its annual report and on its website;
- 16 **authorise** the enforcement authority to have access to law enforcement information held by a holder agency under the Privacy Act 1993 for the purposes of enforcing toll payments, so long as the enforcement authority complies with the security system agreed between the toll operator and the Minister;
- 17 **agree** that the toll operator be required to publicly notify the toll level or levels, exemptions and proposed date on which tolling will begin at least once in each of the four weeks preceding the proposed toll commencement date;

*Unforeseen matters*

- 18 **authorise** the Minister to determine any matters of policy or legislative detail that arise in the development of the Orders in Council, in line with the decisions in this paper.

Authorised for lodgement.

Hon Simeon Brown

**Minister of Transport**

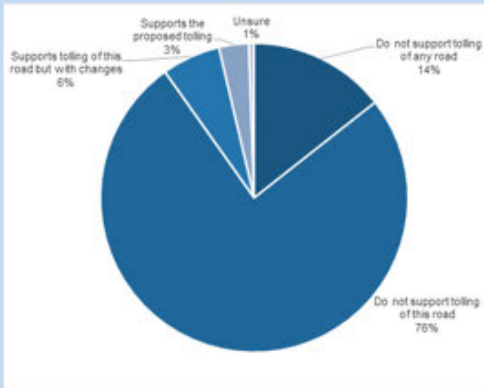
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Annex one – details of the tolling proposals as recommended by NZTA

**1. SH3 Te Ahu a Turanga – Manawatū Tararua Highway tolling proposal**

**Purpose**

To seek endorsement to recommend tolling to the Minister of Transport



**Background**

State Highway 3 through the Manawatū Gorge is a vital connection between the Manawatū-Whanganui and Hawke's Bay regions and connects the communities of Woodville and Dannevirke with Ashhurst and Palmerston North.

- The road was closed indefinitely on 24 April 2017 following a large slip and a history of landslides. Upgrades of the two alternative routes available, the Saddle Road and Pahiatua Track, have been carried out to ensure they are suitable for increased traffic volumes.
- The objectives of the 11.5km Te Ahu a Turanga project are to reconnect the currently closed Manawatū Gorge State Highway 3 with a:
  - more resilient connection
  - safer connection than the Saddle Road and Pahiatua Track
  - more efficient connection than the Saddle Road and Pahiatua Track
- The new 100km/h, two lanes in each direction, 4-star KiwiRAP road is expected to be completed in May 2025.

**The tolling scheme consulted on**

- \$4.30 for light vehicles and \$8.60 for heavy vehicles, flat rate.
- A single bi-directional tolling point.

**Public Feedback**

- 12,076 submissions were received.
- The majority (90%) do not support the proposed tolling of Te Ahu a Taranga
- 3% support for the proposed tolling scheme
- 6% support tolling but with changes to the scheme
- 42% state they will not use the road if tolled

**The updated, proposed tolling scheme for Te Ahu a Turanga**

NZTA now recommend a revised scheme which balances generating sufficient revenue with managing the transport system effects of tolling and responding to public feedback on the proposal. This revised scheme is based on updated traffic and financial modelling alongside public feedback.

**The recommended scheme**

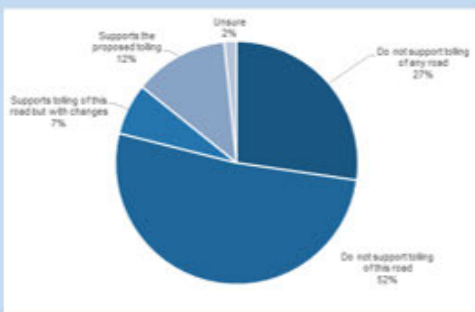
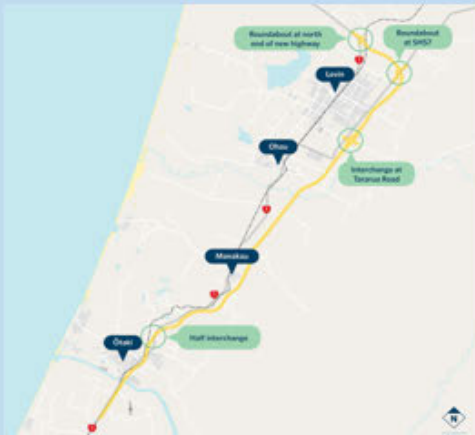
- \$2.80 for light vehicles (vehicles weighing less than 3.5 tonnes and motorcycles)
- \$5.60 for heavy vehicles (vehicles weighing over 3.5 tonnes)
- A single bi-directional tolling point is required as there are only two access points to Te Ahu a Turanga. A gantry ~4.6km from the start is proposed.

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## 2. SH1 Ōtaki to north of Levin tolling proposal

### Purpose

To seek endorsement to recommend tolling to the Minister of Transport



### Background

State Highway 1 section between Ōtaki and north of Levin is a critical section connecting Wellington to the central and upper North Island and has serious safety and resilience problems.

- SH1 provides an essential economic connection to Palmerston which is the largest freight node in central New Zealand, and supports the growth of Horowhenua and Kāpiti Coast.
- The objectives of the new 24km Ōtaki to north of Levin highway are to:
  - Enhance safety of travel on and resilience of the state highway network
  - Provide appropriate connections that integrate the state highway and local road network to serve urban areas
  - Enable mode choice for journeys between local communities
  - Support inter and intra-regional growth and productivity through improved movement of people and freight on the state highway.
- SH1 Ōtaki to north of Levin users have a particularly low willingness to pay as a high proportion of users are generally making local trips (in and around Levin) and there are multiple alternative free routes to choose from to avoid the tolled route.
- The single gantry scheme has been designed to focus on the higher volume of strategic movements in the southern section of the SH1 Ōtaki to north of Levin corridor.

### Public Feedback

- 2,907 submissions were received.
- The majority (79%) do not support the proposed tolling of SH1 Ōtaki to north of Levin
- 12% Support for the proposed tolling scheme
- 7% Support tolling but with changes to the scheme
- 30% state they will not use the road if tolled

**The final proposed tolling scheme for Ōtaki to north of Levin has not changed from the one consulted on.**

We propose to declare the full extent of Ōtaki to north of Levin as a toll road to allow for future operational flexibility but due to the location of the gantry effectively only apply a toll to the southern 15km of the route. The proposed tolls are flat rates of:

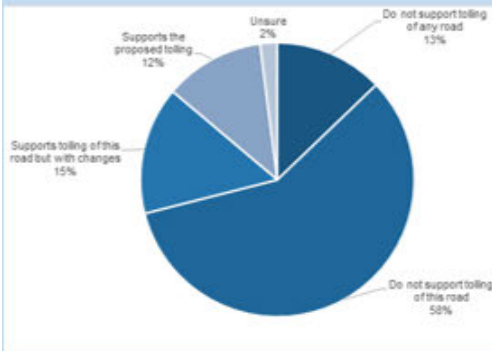
- \$2.70 for light vehicles
- \$5.40 for heavy vehicles
- A single bi-directional tolling point between the on/off ramps at Taylors Rd and the Tararua Rd interchange would be installed.

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### 3. SH2 Takitimu North Link tolling proposal

#### Purpose

To seek endorsement to recommend tolling to the Minister of Transport



#### Background

The existing SH2 between Waihi and Tauranga is a busy commuter and freight route, and tourism link to/from the Coromandel. The route is undivided and has a poor safety record.

- SH2 Takitimu North Link is a new 13.8km four-lane expressway between Ōmokoroa and Tauranga being delivered in two stages:
- Stage 1 is 6.8km which is in construction and scheduled to open 2028.
- Stage 2 extends the expressway a further 7km to the SH2/Ōmokoroa Rd intersection. The opening of Stage 2 is potential feasibly by 2034.
- The objectives of the Takitimu North Link are to:
  - Reduce deaths and serious injuries, and improve the KiwiRAP star rating
  - Increase vehicle capacity to meet future growth demands
  - Provide consistent and reliable transport time particularly during peak periods

#### Public Feedback

- 2,317 submissions were received.
- The majority (71%) not supporting the proposed tolling of SH2 Takitimu North Link.
- 12% support for the proposed tolling scheme
- 15% support tolling but with changes to the scheme
- 37% state they will not use the road if tolled

#### The final proposed tolling scheme for Takitimu North Link has adjusted the weekday peak and off peak windows

We consulted on peak windows of weekdays 7am to 9am and 4pm to 6pm, however we propose to amend this to a peak window of weekdays 6am to 9am and 3pm to 6pm. Limiting the peak period start times to 7am and 4pm would miss a large proportion of peak period traffic limiting our ability to manage operating conditions.

Based on updated traffic and financial modelling, and in response to public feedback from the consultation, the proposed tolls are a variable toll rate of:

- \$3.10 during peak (weekdays 6am-9am and 3pm-6pm) and \$2.10 during off-peak (9am-3pm and 6pm-6am) for light vehicles
- \$6.20 during peak and \$4.20 during off peak for heavy vehicles

When Stage 2 opens the proposed variable toll for the full length between Ōmokoroa and Tauranga would be:

- \$4.10 during peak and \$3.10 during off-peak for light vehicles
- \$8.20 during peak and \$6.20 during off peak for heavy vehicles
- We propose to exempt travellers who travel directly from the proposed SH2 Takitimu North Link toll road to the existing SH29 Takitimu Drive (and vice versa) in a single trip from paying tolls for SH29 Takitimu Drive.

PROJCTIVELY RELEASED BY MINISTRY OF TRANSPORT TO MANATU WAKA

## 4. O Mahurangi - Penlink tolling proposal

### Purpose

Supports an updated single toll point scheme for O Mahurangi – Penlink to the Minister of Transport



### Background

Penlink is a 7km long link from the Whangaparaoa Peninsula to SH1 south of Silverdale.

- NZTA assessed tolling options in later 2021 and consultation was undertaken in January 2022.
- The consultation and final recommendation was based on two tolling points, one west of Whangaparaoa Road and one between SH1 and East Coast Road. The proposed end-to-end toll rates were set as \$3 at peak and \$2 off-peak for light vehicles (\$6 at peak and \$4 off-peak for heavy vehicles) following public consultation
- NZTA Board approved proposed Penlink Tolling Scheme April 2022
- The decision to recommend the establishment of a road tolling scheme was made by the Minister (Wood) on 1 June 2022.
- On reviewing the costs of tolling infrastructure and operations, NZTA have identified that using a single gantry would result in a more efficient tolling scheme.

**The final proposed tolling scheme for Penlink has changed from a dual toll point to single toll point. End to end toll rates remain unchanged.**

- Reducing tolling infrastructure costs support the efficiency and effectiveness direction in the GPS 2024.
- Tolling revenue would provide around \$122m (35 year analysis period) which would offset all maintenance and or operational costs.
- s 9(2)(ba)(ii) Which could be used to supplement Penlink funding and contribute to the projects planning, design, supervision, construction, maintenance, or operational costs.
- Tolling does not undermine the road's positive contribution towards the GPS priorities of increased resilience, economic growth and productivity.

### Recommendations

Management recommends the Board:

- **Supports the amended single toll point toll proposal for recommendation to the Minister.**

Scenario	Light Toll	Heavy Toll	Cost of toll infrastructure	Daily Traffic (mid Penlink)	Alternative route (Whangaparaoa Road)	% of diversion
Previous recommendation 2 toll points	\$3/\$2*	\$6/\$4	\$20.7M	18,100	9,800	35%
Revised recommendation	\$3/\$2*	\$6/\$4	s 9(2)(i)	18,400	9,800	35%