



Cabinet Economic Policy Committee

Minute of Decision

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Toll Road Proposals: December 2024

Portfolio Transport

On 4 December 2024, the Cabinet Economic Policy Committee:

Background

- 1 **noted** that the New Zealand Transport Agency (NZTA) seeks Orders in Council under the Land Transport Management Act 2003 (LTMA) 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;
- 2 **noted** that the Minister of Transport (the Minister) has reviewed the Penlink tolling scheme agreed by the previous government [DEV-23-MIN-0024];
- 3 **noted** the Minister considers Manawatū Tararua Highway – Te Ahu a Turanga to be outside of the Government expectation that it be tolled;

Tolling approvals

- 4 **agreed** that an Order in Council be made allowing the Ōtaki to North of Levin road be tolled, up to \$5.40;
- 5 **agreed** that an Order in Council be made allowing the Takitimu North Link road to be tolled, up to \$8.20;
- 6 **agreed** 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 **confirmed** the previous Cabinet decision to issue drafting instructions to the Parliamentary Counsel Office (PCO) for an Order in Council for the Penlink tolling scheme [DEV-23-MIN-0024];
- 8 **agreed** to deliver the Penlink tolling scheme with two toll points which is estimated to generate \$141 million net present value revenue;

Next steps

- 9 **invited** the Minister to issue drafting instructions to the PCO for Orders in Council, under section 46(1) of the LTMA, which:
 - 9.1 establish road tolling schemes as agreed in paragraphs 4 to 8 above;

- 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 **agreed** 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;
 - 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 **agreed** 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 section 52(5)(a)-(c) of the LTMA, 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 **agreed** 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 **agreed** 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 **agreed** 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;
 - 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 **agreed** that the toll operator be required to make a summary of the information listed in paragraph 14 above available to the public generally by including it in its annual report and on its website;
- 16 **authorised** 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 **agreed** 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;
- 18 **authorised** 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 above decisions.

Rachel Clarke
Committee Secretary

Present:

Hon David Seymour
Hon Shane Jones
Hon Nicola Willis (Chair)
Hon Chris Bishop
Hon Simeon Brown
Hon Paul Goldsmith
Hon Louise Upston
Hon Tama Potaka
Hon Simon Watts
Hon Nicola Grigg
Hon Andrew Hoggard
Hon Mark Patterson
Simon Court MP

Officials present from:

Office of the Prime Minister
Office of Hon Chris Bishop
Office of Simon Court MP
Ministry of Transport
Officials Committee for ECO