



Cabinet Economic Policy Committee

Minute of Decision

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Land Transport Revenue Action Plan: Report back on Tolling Reform

Portfolio Transport

On 4 December 2024, the Cabinet Economic Policy Committee:

Background

- 1 **noted** that in June 2024, the Cabinet Business Committee agreed to the greater use of tolling as part of decisions on the Revenue Action Plan [CBC 24-MIN-0063];
- 2 **agreed** that as part of using tolling more often, the principles of supporting investment, customer-pays, clear benefits for users, and the availability of a free alternative route should apply;
- 3 **noted** that the Minister of Transport (the Minister) expects the New Zealand Transport Agency (NZTA) to make the following changes to the way it undertakes tolling assessments to meet the principles described in paragraph 2 above:
 - 3.1 undertaking public consultation at a time that enables benefits associated with tolling schemes to be made clear to the public;
 - 3.2 considering the wider impacts of tolling schemes;
 - 3.3 making all relevant information, including tolling assessments, publicly available at the start of the consultation process;

Enabling corridor tolling

- 4 **noted** that the Land Transport Management Act 2003 (LTMA) limits tolling to new roads, with existing roads only able to be tolled where they are physically or operationally integral to a new road;
- 5 **agreed** to expand the criteria of roads that can be tolled to include existing roads where users receive benefits from the construction of a new road on the same corridor;
- 6 **noted** that tolling revenue may only be used on a new road, even where an existing road is included in a tolling scheme or a toll road induces traffic onto alternative routes;
- 7 **agreed** to enable toll revenue gathered through a tolling scheme to be used for all new and existing roads covered by that scheme;

- 8 **agreed** to enable toll revenue to be used for the maintenance of alternative routes where the local road controlling authority is unable to fund this itself;

The alternative route requirement

- 9 **noted** that before agreeing to a tolling proposal, the Minister must be satisfied that a feasible untolled alternative route is available to users;
- 10 **agreed** to create an exception to this requirement for the purposes of requiring heavy vehicles or certain classes of heavy vehicles to use a certain toll road;

Strengthening toll price setting

- 11 **noted** that recent tolls have generally been set at low levels that limit their revenue potential;
- 12 **agreed** to set requirements in legislation for the Minister to consider the following factors when setting toll prices:
- 12.1 the maximum revenue potential of the toll road;
 - 12.2 the level of service and value a user receives from a toll road;
 - 12.3 the effects of the proposed toll on the wider road network;
- 13 **agreed** to set a requirement in the LTMA for toll rates to be automatically adjusted by the Consumers Price Index every three years;

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Liability for tolls

- 19 **noted** that drivers of a vehicle are currently liable to pay tolls, which can cause challenges for NZTA to identify and collect tolls from the driver;
- 20 **agreed** to amend the LTMA to make a vehicle's registered person liable for tolls;

Next steps

- 21 **noted** that the Minister will seek agreement to add the Bill to the 2025 Legislation Programme at the appropriate time;

- 22 **invited** the Minister to issue drafting instructions to the Parliamentary Counsel Office to give legislative effect to the above decisions (including for primary legislation and any associated regulations), including any necessary consequential amendments, savings, and transitional provisions;
- 23 **authorised** the Minister to make further decisions consistent with the overall policy, provided that any such decisions are confirmed by Cabinet, when the Bill is considered for introduction.

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 Judith Collins KC
Hon Tama Potaka
Hon Simon Watts
Hon Melissa Lee
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

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MINISTRY OF TRANSPORT TE MANATŪ WAKA