



15 November 2024

OC241336

Hon Simeon Brown

Action required by:

Minister of Transport

Monday, 18 November 2024

## TOLL ROAD PROPOSALS

### Purpose

To provide you with the New Zealand Transport Agency's advice which recommends a toll on Te Ahu a Turanga – Manawatū Tararua Highway, Ōtaki to north of Levin, Takitimu North Link Stage 1 and 2, and an updated Penlink tolling proposal. A draft Cabinet paper aligned with these recommendations and seeking Cabinet agreement for these toll schemes is attached.

### Key points

- The New Zealand Transport Agency (NZTA) is recommending three new roads be tolled, and for an existing tolling proposal to be updated under section 48(1) of the Land Transport Management Act 2003 (LTMA). NZTA recently concluded public consultation on the three new schemes and its analysis of the schemes is outlined in annex one:
  - a) Te Ahu a Turanga is a National Land Transport Fund funded road that connects Manawatū with Tararua. The toll would cover tolling infrastructure, road maintenance, and a portion of the debt accrued from construction.
  - b) Ōtaki to north of Levin (Ō2NL) is a Major Crown Investment Project (MCIP) funded road that will provide a more efficient and safe State Highway 1 between its titular areas. The toll will cover tolling infrastructure costs, road maintenance, and any debt accrued where capital expenditure exceeds the available Crown funding.
  - c) Takitimu North Link is a two-stage road connecting Tauranga, Te Puna, and Ōmokoroa. Stage 1 is Crown funded and the toll will cover tolling infrastructure, road maintenance and a portion of the construction costs for stage 2.
  - d) Penlink is a New Zealand Upgrade Programme funded road connecting the Whangaparāoa Peninsula and State Highway 1. The toll will cover tolling infrastructure and road maintenance. Following a cost-efficiency review, NZTA have proposed a more inexpensive tolling option with a single toll point and a change in the roadside infrastructure.
- The proposals have been developed by NZTA. The Ministry has provided input and feedback on them as they were developed.

- The Ministry's position on the final proposals is that:
  - a) The proposals are consistent with the legislative criteria in the LTMA, provided you are satisfied with the consultation undertaken and with the schemes' efficiency and effectiveness.
  - b) The efficiency and effectiveness of each scheme should be assessed in light of the impact that diversion has on project benefits, and not just on the administrative efficiency of the scheme. Ideally, efficiency impacts would be available in an updated benefit-cost ratio for each project (as has been the case with previous schemes), however updating these has not yet been possible in the time available.
  - c) The available information about safety indicates the impacts on project benefits could be significant, however it is ultimately a matter of judgement for you about the trade-off between gaining revenue and reducing project benefits.
- This briefing provides a draft Cabinet paper for your consideration, should you wish to progress the schemes. This is in annex two. The paper outlines key features of the schemes and seeks Cabinet approval of the schemes as proposed by NZTA. Should you wish to not progress some schemes, or to amend them, the Ministry will update the draft Cabinet paper accordingly.
- The recommendations outlined in the draft Cabinet paper align with the approach taken for previous tolling proposals, but they are complex. The list of recommendations will need a detailed review, which we will incorporate alongside any feedback you have, in the next version of the paper. The recommendations in the draft Cabinet paper include NZTA's proposal to review toll rates against the Consumers Price Index every three years. We are also still confirming whether the update to the Penlink proposal requires new drafting instructions as part of this process.

## Next Steps

- Once you have reviewed NZTA's advice, you will have to assess, in accordance with the statutory tolling criteria in section 48 of the LTMA, whether you are satisfied: The Ministry is broadly satisfied that points c and d are met, but for points a, b, and e you have discretion to make this judgement:
  - a) that the relevant public road controlling authority or authorities have carried out adequate consultation on the proposed tolling scheme; and
  - b) with the level of community support for the proposed tolling scheme in the relevant region or regions; and
  - c) the road is not an existing road, unless the existing road or part is located near, and is physically or operationally integral to, the new road in respect of which the tolling revenue will be applied; and
  - d) that a feasible, untolled, alternative route is available to road users; and
  - e) that the proposed tolling scheme is efficient and effective.

- Once you are satisfied that the proposals meet the statutory tests and the Cabinet paper, we will proceed with Departmental consultation, and you are able to proceed with Ministerial consultation. After the Cabinet process, separate Orders in Council will be drafted for each proposal, and you can take a paper to the Cabinet Legislation Committee to seek authorisation to submit the Order to Executive Council. A timeline of this is outlined below, if you are interested in having the proposals considered by the Cabinet Economic Policy Committee (ECO) on Wednesday 4 December 2024.

Next steps	Indicative dates
Tolling proposals and Cabinet paper received	15 Nov
MOT revise Cabinet paper following your feedback	18-19 Nov
Combined Departmental and Ministerial consultation	20-26 Nov
Cabinet paper lodged with ECO	28 Nov
Cabinet paper at ECO	4 December
Cabinet paper at Cabinet, including approving the start of drafting instructions	9 December
Issue drafting instructions	Mid-December
Cabinet leg paper developed and PCO draft OIC's	January-mid February 2025
Cabinet approval of legislative decisions and OIC's	Mid-late February 2025
Governor General approval and gazetting	Late March-early April 2025

**Recommendations**

We recommend you:

- 1 **note** the attached tolling proposals from NZTA (annex one)
- 2 **indicate** your decision regarding each tolling scheme on the NZTA briefing
- 3 **note** that the Ministry has prepared a draft Cabinet paper for you to take the Cabinet Economic Policy Committee, based on NZTA's proposals (annex two)
- 4 **provide feedback** on the attached draft Cabinet paper

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Daniel Cruden  
**Acting Manager, Revenue**  
 15 / 11 / 2024

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Hon Simeon Brown  
**Minister of Transport**  
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- Minister's office to complete:**
- Approved
  - Declined
  - Seen by Minister
  - Not seen by Minister
  - Overtaken by events

**Comments**

**Contacts**

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