

## Q& A's: Transmission Gully Tolling Proposal

Section 9(2)(g)(i)

2. **Why is it assumed that the diverted traffic will use the coastal route instead of public transport?**

Customer Insights work completed during the assessment suggested that most people would still choose to use their car but choose a different route to avoid paying the toll or begin to combine trips to reduce the amount of toll paid. This is because people generally feel their vehicle is more convenient, reliable and flexible than public transport. Additionally, there is limited available capacity in the available public transport.

Section 9(2)(g)(i)

4. **Why can't the coastal route be made safer?**

The coastal route could have minor changes to it, such as speed reduction Section 9(2)(g)

(U)

Section 9(2)(j)

Section 9(2)(g)(i)

7. **Why was the value of commercial time not considered in the cost/time benefit?**

Although the value of time for business/commercial travellers is higher, most people were identified to be either commuting or travelling for purposes other than business in a car.

8. **Why are our transaction costs so high?**

High fixed costs and low volumes results in higher transaction costs. This is largely driven by the choice of technology currently in operation (camera-based system). Globally, the Transport Agency runs an efficient camera-based system, however there are systems now available that can operate at as little as 6% cost. The Back Office Review will look at opportunities in this area.

Section 9(2)(g)(i)

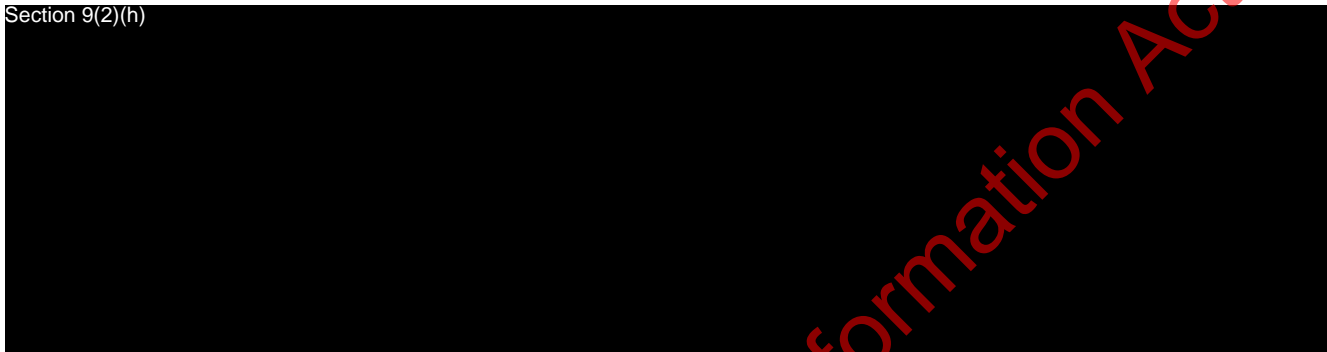
**10. Why haven't we considered tolling from a TDM perspective?**

Under current legislation, road tolling must be considered for revenue collection purposes for the design, development, operation or maintenance of a road. Road tolling for purposes other than revenue collection are not enabled by legislation. Additionally, if tolling were utilised as a pricing mechanism to manage transport demand, this will result in increasing diversion rates to the coastal road as the price is increased (see points 1 and 2).

**11. What is the purpose of the tolling review**

The tolling review seeks to identify how the tolling business could be improved to offer increase value for money. This includes considering the back office and infrastructure systems, legislation, policy and assessment criteria. It also takes into account how tolling may need to be considered within a PPP funding system.

Section 9(2)(h)



**13. Why has there been a delay in delivering this assessment?**

A timeline of the tolling assessment can be found below:

2011-2013	Section 9(2)(g)(i) [redacted] Studies noted that next step in tolling investigations was to complete public surveys of willingness to pay to confirm toll revenues and to better describe the impacts in any public consultation.
September 2012	Board endorsed the use of a PPP procurement procedure to deliver Transmission Gully and approved funding for the construction and ensuing 25 years maintenance, operation and renewal costs
June 2013	Land Transport Management Amendment Act (2013) streamlined the decision criteria for road tolling schemes, and changed from the need for complex concession agreements to manage public-private partnerships to existing procurement processes in the Act. Refer <u>Cabinet paper</u> . NZTA changed its tolling policy to state that all new state highway links are assessed for tolling and that the purpose for toll revenue could be for advancing the construction of a project, AND for revenue purposes.
July 2014	Availability PPP signed for TG, tolling rejected for funding the project, as supply risk deemed unacceptable to finance institutions, and predicted level of revenue less than O&M costs plus financing charges.
December 2016	Funding included for tolling investigations by the TG project. Investigation scope included public surveys.
March 2017	Section 9(2)(g)(i) [redacted] [redacted]).
September 2017	Procurement strategy approved to develop a tolling business case for TG and commission advisory services to develop business cases for four candidate toll roads (TG, Out of scope of [redacted] Procurement delayed due to sensitivities around public announcements on other capital projects Section 9(2)(i) [redacted]
March 2018	Minister agreed to developing a tolling proposal for TG with a strong demand management theme, this was based on a paper prepared by a sub-committee on the Board (Adrienne Young-Cooper, Nick Rogers and Fran Wilde) (It is Section 9(2)(g)(i) [redacted]
May 2018	Project established to investigate the merits of tolling TG for demand management purposes. Section 9(2)(g)(i) [redacted] [redacted] [redacted] [redacted]

Released under the Official Information Act 1982

July 2018	Section 9(2)(g)(i) [Redacted] [Redacted]
August 2018	Section 9(2)(g)(i) [Redacted] [Redacted] [Redacted]
August 2018	Section 9(2)(g)(i) [Redacted] [Redacted] [Redacted]
November 2018	Section 9(2)(h) [Redacted] [Redacted]
January 2019-present	Investigation continues with the development of a transport demand model with updated assumptions to identify toll revenues and network effects, to be prepared should NZTA Board instruct NZTA to proceed with toll business case, and public consultation on tolling.
February 2019	Recommendation paper to Board scheduled for presenting at 1 <sup>st</sup> 2019 meeting, removed from agenda.

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