

**Date** 22 May 2018

**Subject** Tolling

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**Purpose**

1. To provide context and an update on the need to progress a tolling proposal for Transmission Gully.

**Context**

2. Tolling is an important part of our intervention toolkit because it provides an extra source of raising land transport revenue. It also helps shape demand of the transport system and can play a valuable early role as New Zealand transitions in the longer term to a more customer centric responsive pricing system. It gets people used to paying as they travel, and paying extra for certain benefits.
3. The Transport Agency has to date established three toll roads, being the Northern Gateway Toll Road, Tauranga Eastern Link Toll Road and the Takitimu Drive Toll Road. In addition, in line with the Transport Agency's tolling policy, all new State Highway projects are assessed, during development of their business case, against a set of toll criteria to determine their suitability for tolling. If the initial assessment identifies a project as suitable for tolling, a more comprehensive tolling proposal is developed that details the tolling scheme and the degree of community support for it. Current candidates for tolling include Transmission Gully; Out of scope [REDACTED]  
[REDACTED] Of these candidates, Transmission Gully is the most urgent.

**Tolling Process**

4. At the Senior Leaders Forum on 20 November 2017, tolling was identified as one of the Transformation transition problems requiring support areas for our leaders. In response a tolling business process was developed to help resolve ambiguity with accountabilities across the Agency.
5. The new tolling business process and a cover note are provided in Attachment A. In working through this process with relevant Senior Managers, a number of key challenges were identified. The recommendations for these are provided in the cover note. Note that CD&D holds primary accountability for the development of a tolling proposal and operational decisions, albeit with support from SD&D and other Groups as required. Furthermore, to support the implementation of the new process a number of changes to current delegations are proposed.
6. This paper and its recommendations were discussed at an ELT meeting on Monday 14 May 2018. At the meeting the tolling process was agreed and it was proposed that the GM - CD&D should have accountability for the end-to-end process. The meeting also proposed that the changes to delegations be considered as part of a broader initiative to review the Agency's delegations.

**Toll proposal for Transmission Gully**

7. The Minister recently agreed to the Transport Agency progressing a tolling proposal for the Transmission Gully project. Given a mid-2020 anticipated opening date for the project, our recent experience on

Tauranga Eastern Link suggests an accelerated programme would be required to obtain the necessary approvals and deliver a tolling solution in time.

8. On direction from the Board, the briefing to the Minister had a strong demand management theme. While this provides a mandate to progress the tolling proposal, it's still unclear how tolling might best contribute to a more mode natural solution and even what the broader value proposition to the public might be. It is expected that further investigations will help clarify this. As a result the project team has developed a procurement strategy (refer Attachment B) and is ready to go to market for tolling-related professional services to help inform the tolling proposal.
9. To support this work, the team has developed a draft communications strategy, as per Attachment C. The plan is intended to ensure we can respond to media enquires given increased recent interest from them, plus ensure key stakeholders can be kept up to date on our plans given the potential impact a tolling decision might have on the local road network. More information on the latter is in Attachment D.

#### Next steps

10. Given the above context, the suggested immediate next steps are:
  - a. Agree the lead role for tolling within CD&D
  - b. Agree a project team and structure, with support from SD&D, SPP and others Groups as needed
  - c. Approve the Transmission Gully Tolling Programme Communications and Engagement Strategy
  - d. Update the Ministry of Transport
  - e. Update key stakeholders
  - f. Procure professional services
  - g. Commence development of the tolling proposal

#### Attachments

11. There are three attachments:

Attachment A: Transformation Transition Support: Tolling Process & Accountabilities

Cover Memo: <https://infohub.nzta.govt.nz/otcs/cs.dll/properties/31967962>

Process: <https://infohub.nzta.govt.nz/otcs/cs.dll/properties/31970026>

Attachment B: Professional Services Procurement Strategy

<https://infohub.nzta.govt.nz/otcs/cs.dll/properties/31969727>

Attachment C: Transmission Gully – Tolling Programme Communications and Engagement Strategy

<https://infohub.nzta.govt.nz/otcs/cs.dll/properties/31132152>

Attachment D: Concerns expressed by key stakeholders

<https://infohub.nzta.govt.nz/otcs/cs.dll/properties/31971024>