



# SH2 Takitimu North Link

## Tolling scheme proposal

NZ Transport Agency

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# Executive Summary

The purpose of this document is to present for your consideration a proposed tolling scheme for State Highway 2 Takitimu North Link.

The existing SH2 between Waihi and Tauranga is a busy highway with a poor safety record. It has developed into a busy commuter and freight route, as well as an important tourist link for the northern Bay of Plenty and Coromandel Peninsula.

SH2 Takitimu North Link is a new 13.8km four-lane expressway between Tauranga and Ōmokoroa. Once complete, the SH2 Takitimu North Link will improve safety and access, contribute to more sustainable transport for local communities, and support growth across the region.

Takitimu North Link is being delivered in two stages:

- Stage 1 is a 6.8km four lane off-line expressway that is currently under construction, funded through Crown funding and scheduled to open in 2028.
- Stage 2 (one of the Government's Roads of National Significance) extends the expressway a further 7km to the SH2 / Ōmokoroa Road Intersection with funding for route protection provided through Crown funding. Based on the remaining design, consenting, and construction phases, Stage 2 opening is potentially feasible by 2034.

The Government Policy Statement for Land Transport 2024 (GPS 2024) sets an expectation that NZ Transport Agency Waka Kotahi (NZTA) should consider tolling to construct and maintain all new roads.

The Land Transport Management Act 2003 (LTMA) permits the establishment of road tolling schemes to provide funds which may be applied to one or more of the following activities, namely, the planning, design, supervision, construction, maintenance, or operation of a new road. NZTA has assessed the suitability of tolling SH2 Takitimu North Link to pay for operations and maintenance costs, initial tolling infrastructure costs, and reimbursement of some of the construction costs funded from the National Land Transport Fund (NLTF).

SH2 Takitimu North Link satisfied NZTA internal assessments, which consider whether core legislative requirements can be met (e.g. new road, feasible untolled alternative routes are available) and the extent to which the proposed scheme is efficient, effective and represents value for money. Tolling SH2 Takitimu North Link is expected to generate present value of net revenue<sup>1</sup> of approximately \$365 million over a thirty-five year period). This contribution of funding can supplement land transport revenue and thereby help to reduce pressure on the NLTF.

From 9 September to 7 October 2024, NZTA consulted with the public on a proposed tolling scheme for SH2 Takitimu North Link. There was a good level of participation by the community in response to the consultation, resulting in a total of 2,317 submissions being received. Overall, 27% of submitters supported the tolling proposal or offered conditional support if changes were made to the proposal, 71% of submitters did not support the tolling of SH2 Takitimu North Link, and 2% were unsure. The majority of submitters who opposed the scheme or offered conditional support were either concerned with the level of the proposed toll rates and/or variable tolls, the number of toll roads in the region, and the effects of diversion on road users.

NZTA has communicated the possibility of tolling for Takitimu North Link since construction of Stage 1 started.

After careful consideration of the feedback received during the public consultation process a variable toll rate scheme is proposed with changes to the peak period hours of operation and exemptions to users travelling on both SH2 Takitimu North Link and SH29 Takitimu Drive in a single trip.

The proposed toll scheme and toll rates have been designed to generate sufficient revenue to contribute to the cost construction of Stage 2, and operations and maintenance of the full corridor as well as the

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<sup>1</sup> Net revenue is gross revenue less Goods and Services Tax (15%) and the \$0.80 per trip that NZTA retains to cover the costs of its tolling business.

capital costs of tolling infrastructure. The proposed toll rates are at a level where impacts on the wider network still support the objectives of SH2 Takitimu North Link in delivering an efficient, reliable, and safe inter-regional state highway connection.

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# 1. Purpose

The purpose of this document is to present for your consideration the proposed tolling scheme for SH2 Takitimu North Link.

Between 9<sup>th</sup> September to 7<sup>th</sup> October 2024, New Zealand Transport Agency (NZTA) undertook a public consultation process on a proposed tolling scheme for SH2 Takitimu North Link (BRI-3099 refers). The tolling options considered leading up to consultation are presented in Appendix B. After consideration of the feedback received no changes to the toll rates are proposed but an extension to the peak hours of operation is recommended. The proposed scheme is considered to appropriately balance the transport system effects of tolling with the outcome of generating revenue to contribute to the capital, maintenance, and operational costs of SH2 Takitimu North Link.

The matters covered in this document are intended to assist you in your consideration of whether the proposal meets the legislative requirements for tolling as prescribed in the Land Transport Management Act 2003 (LTMA). The following information is provided to support your consideration of our proposal:

- background information on tolling and current tolling schemes (Section 2)
- brief overview of SH2 Takitimu North Link and its benefits (Section 3)
- a description of the proposed tolling scheme (Section 4)
- information that may assist your assessment of the proposed tolling scheme against legislative requirements, including its effectiveness and efficiency (Section 5), and
- the process, findings, and decisions following the public consultation process on the proposed tolling scheme (Section 6).

This tolling proposal presents you with a tolling scheme for SH2 Takitimu North Link that has been designed to meet the requirements under the LTMA.

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## 2. Tolling Legislation and Use

### 2.1 Tolling legislation and your role as Minister of Transport

The LTMA sets out the legal framework for road tolling in New Zealand. Under the LTMA, road tolling schemes can be introduced to provide funds for 1 or more of the following activities, namely, the planning, design, supervision, construction, maintenance, or operation of a new road.<sup>2</sup>

In determining the appropriate toll rates, the LTMA allows for different levels of tolls to be levied in respect of different classes of person or motor vehicles, different times or days, different directions of travel, or to be levied on any other differential basis.<sup>3</sup>

Road Controlling Authorities may submit tolling proposals to the Minister of Transport for consideration. The Minister of Transport has sole responsibility in recommending to the Governor-General the establishment of a road tolling scheme through an Order in Council. Nonetheless, you may wish to consult with your Cabinet colleagues before making such a recommendation.

In making a recommendation to the Governor-General, the LTMA requires that you must be satisfied:

- that there has been adequate consultation on the proposed tolling scheme
- with the level of community support for the proposed tolling scheme in the relevant region or regions
- that a feasible, untolled, alternative route is available to road users, and
- that the proposed tolling scheme is efficient and effective.<sup>4</sup>

You have discretion to determine whether the proposal meets legislative requirements and also to decide whether to recommend, modify, or decline a road tolling scheme.

### 2.2 Toll roads and GPS expectations

There are three toll roads currently operating in New Zealand, all of which are on the state highway network operated by NZTA. A summary of the existing toll roads is presented in Table 1 below.

The Government Policy Statement for Land Transport 2024 (GPS) sets an expectation that NZTA should consider tolling to construct and maintain all new roads.

In addition to the existing toll roads, there are three other roads which NZTA are currently developing tolling proposals for in parallel to the proposal for SH2 Takitimu North Link. A summary of these current proposals is presented in Table 2.

In addition to these proposals, NZTA will be considering tolling for all Roads of National Significance as those projects develop.

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<sup>2</sup> LTMA, section 46(1)(a)

<sup>3</sup> LTMA section 46(3)(b)

<sup>4</sup> LTMA section 48(1)

Table 1 – Current toll roads operating in New Zealand

Toll road	Light vehicles* (\$, 2024)	Heavy vehicles** (\$, 2024)	Length (km)	Light/Heavy vehicle cost per KM (\$,2024)	Date introduced
SH2 Tauranga Eastern Link	\$2.30	\$5.60	15.0	15c / 37c	2015
SH1 Northern Gateway	\$2.60	\$5.20	7.5	35c / 69c	2009
SH29 Takitimu Drive	\$2.10	\$5.40	5.0	42c / \$1.08	2005

\*including motorcycles

\*\*3,500kg and over

Table 2 – Toll road proposals in development

Toll road	Light vehicles* (\$, 2024)	Heavy vehicles** (\$, 2024)	Length (km)	Light/Heavy vehicle cost per KM (\$,2024)	Estimated road opening
SH3 Te Ahu a Turanga	\$4.30	\$8.60	11.5	37c / 75c	2025
SH1 Ōtaki to north of Levin	\$2.70	\$5.40	15.0	18c / 36c	2029
SH2 Takitimu North Link	\$4.10/3.10 <sup>+</sup>	\$8.20/\$6.20 <sup>+</sup>	13.8	30c / 59c	2028 (Stage 1)
Penlink	\$2.00/\$1.00 <sup>+</sup>	\$4.00/\$2.00 <sup>+</sup>	7.0	29c / 57c	2027

\*including motorcycles

\*\*3,500kg and over

+End-to-end toll rate

<sup>+</sup>Peak/Off-peak charge



### 3. SH2 Takitimu North Link

The existing SH2 between Waihi and Tauranga is a busy highway with a poor safety record. It has developed into a busy commuter and freight route as well as an important tourist link for the northern Bay of Plenty and Coromandel Peninsula.

SH2 Takitimu North Link is a new 13.8km four-lane expressway between Tauranga and Ōmokoroa. Once complete, the SH2 Takitimu North Link will improve safety and access, contribute to more sustainable transport for local communities, and support growth across the region.

Takitimu North Link is being delivered in two stages:

- Stage 1 is a 6.8km four lane off-line expressway that is currently under construction, funded through Crown funding and scheduled to open in 2028.
- Stage 2 (one of the Government's Roads of National Significance) extends the expressway a further 7km to the SH2 / Ōmokoroa Road Intersection with funding for route protection provided through Crown funding. Based on the remaining design, consenting and construction phases Stage 2 opening is potentially feasible by 2034.



Figure 1 – SH2 Takitimu North Link & proposed toll points

The objectives of SH2 Takitimu North Link are to:

- improve safety to reduce deaths and serious injuries
- improve access with more reliable travel times for local people and more efficient supply chains for regional freight to the Port of Tauranga
- support economic growth and productivity and population growth in the Western Bay of Plenty
- improve resilience to the road network
- support greater travel options.

## 4. Proposed Tolling Scheme

### 4.1 Proposed design of tolling scheme

As a Road Controlling Authority, NZTA assesses the potential suitability for tolling of all new roads that it is responsible for. NZTA has completed a tolling assessment for SH2 Takitimu North Link and has determined that it is a suitable road for tolling. The following information describes the proposed tolling scheme taking into consideration feedback from public consultation undertaken by NZTA (discussed in Section 6).

#### Toll points

In selecting the number and location of toll points NZTA considers the following factors when determining the location of toll points:

- Equity / Fairness - the toll charges are equitable / fair for users
- Revenue – potential revenue generation
- Efficiency - revenue vs. transaction costs and capital costs
- Capital cost – level of investment needed in the tolling infrastructure.

NZTA proposes a tolling scheme with two toll points for SH2 Takitimu North Link (refer Figure 1 above):

- A bi-directional gantry placed close to the eastern start of SH2 Takitimu North Link – referred to as “S1”
- A bi-directional gantry placed between Minden Road interchange and Plummers Point overbridge – referred to as “S2”

#### Variable toll rates for peak and off-peak travel

Section 46(3)(b) of the LTMA allows for differential tolls to be applied, including different amounts for different times of day. Variable tolls provide road users with choices for when they travel and how much they pay and provides NZTA with the ability to manage travel times and operating conditions, not only in relation to SH2 Takitimu North Link but also the existing free alternate route (existing SH2).

After consideration of feedback received during the public consultation process (discussed in Section 6.4 below) a variable toll rate scheme is proposed as outlined below.

- For Stage 1, from day of opening (expected 2028):
  - For toll point S1 (refer Figure 1), toll prices are proposed at \$3.10<sup>5</sup> for light vehicles<sup>6</sup> and \$6.20 for heavy vehicles<sup>7</sup> during peak hours (weekdays 6am to 9am and 3pm to 6pm) and \$2.10 for light vehicles and \$4.20 for heavy vehicles in the off-peak (9am – 3pm, 6pm – 6am and Saturdays, Sundays and Public Holidays).
- When Stage 2 opens (estimated 2034):
  - For toll point S1, toll prices are proposed at \$3.10 for light vehicles and \$6.20 for heavy vehicles during peak hours (weekdays 6am to 9am and 3pm to 6pm) and \$2.10 for light vehicles and \$4.20 for heavy vehicles in the off-peak (9am – 3pm, 6pm – 6am and Saturdays, Sundays and Public Holidays).
  - For toll point S2 (refer Figure 1), toll prices are proposed at \$3.10 for light vehicles and \$6.20 for heavy vehicles during peak hours (weekdays 6am to 9am and 3pm to 6pm) and \$2.10 for light vehicles and \$4.20 for heavy vehicles in the off-peak (9am – 3pm, 6pm – 6am and Saturdays, Sundays and Public Holidays).
  - When travelling the full length between Tauranga and Ōmokoroa (past toll point S1 and S2) toll prices are proposed at \$4.10 for light vehicles and \$8.20 for heavy vehicles during peak

<sup>5</sup> All toll prices quoted are in 2024 dollars

<sup>6</sup> Light vehicles are vehicles weighing less than 3.5 tonnes, and include motorcycles

<sup>7</sup> Heavy vehicles are vehicles weighing over 3.5 tonnes

hours (weekdays 6am to 9am and 3pm to 6pm) and \$3.10 for light vehicles and \$6.20 for heavy vehicles in the off-peak (9am – 3pm, 6pm – 6am and Saturdays, Sundays and Public Holidays).

The combination of the two toll points and use of variable toll rates mean that the amount payable will depend on where road users enter and exit SH2 Takitimu North Link as well as when they travel. The proposed toll charges (aggregated) for light vehicles travelling on SH2 Takitimu North Link during peak and off-peak are indicated in the following tables.

*Table 3 – Proposed toll prices for light vehicles (peak/off-peak)*

To	SH29	Minden Road	Ōmokoroa
From			
SH29	-	\$3.10 / \$2.10	\$4.10 / \$3.10
Minden Road	\$3.10 / \$2.10	-	
Ōmokoroa	\$4.10 / \$3.10	\$3.10 / \$2.10	-

Heavy vehicles would be tolled at a rate that is double the proposed toll prices indicated above for light vehicles at peak and off-peak times.

#### **Exemptions for users of adjacent SH29 Takitimu Drive Toll Road**

In response to consultation feedback, and after further modelling, we propose to exempt travellers who travel directly from the proposed SH2 Takitimu North Link toll road to the existing SH29 Takitimu Drive (and vice versa) in a single trip from paying tolls for SH29 Takitimu Drive. This is different to the consultation proposal.

Adopting this exemption:

- responds to submitters concerns about the number of toll points in the Bay of Plenty and in this location specifically
- is cost neutral across both toll schemes with SH2 Takitimu North Link expected to attract higher levels of demand offsetting the SH29 Takitimu Drive toll revenue foregone.
- Forecast revenue for SH29 Takitimu Drive is unaffected as future financial forecasts have not factored in increases through SH2 Takitimu North Link.

The Tolls paid across the two toll road schemes as consulted on and as now proposed is outlined below.

*Table 4 – SH2 Takitimu North Link and SH29 Takitimu Drive combined toll rates*

	Consultation Toll Rates		Proposed Toll Rates	
	Light (Peak / Off Peak)	Heavy (Peak / Off Peak)	Light (Peak / Off Peak)	Heavy (Peak / Off Peak)
SH2 Takitimu North Link Only	\$3.10 / \$2.10	\$6.20 / \$4.20	\$3.10 / \$2.10	\$6.20 / \$4.20
SH29 Takitimu Drive only	\$2.10	\$5.40	\$2.10	\$5.40
Both Toll Roads	<b>\$5.20 / \$4.20</b>	<b>\$11.60 / \$9.60</b>	<b>\$3.10 / \$2.10</b>	<b>\$6.20 / \$4.20</b>

This arrangement is proposed to be in place until the end date for the SH29 Takitimu Drive toll road currently forecast to be 2031.

### Selection of time period

It should be noted that the time periods proposed are different from the periods consulted on. The peak and off-peak time periods proposed are:

- Peak: Weekdays 6am – 9am and 3pm – 6pm
- Off-peak: Weekdays 9am – 3pm, 6pm – 6am and Saturdays, Sundays and Public Holidays

This differs from the consultation time periods of the peak being between the periods of 7am and 9am and 4pm and 6pm which were derived from traffic model time periods rather than observed movements.

Figure 2 below shows observed travel flows on the existing SH2 in the vicinity of Ōmokoroa. Limiting the peak period start times to 7am and 4pm would miss a large proportion of peak period traffic limiting our ability to manage operating conditions.

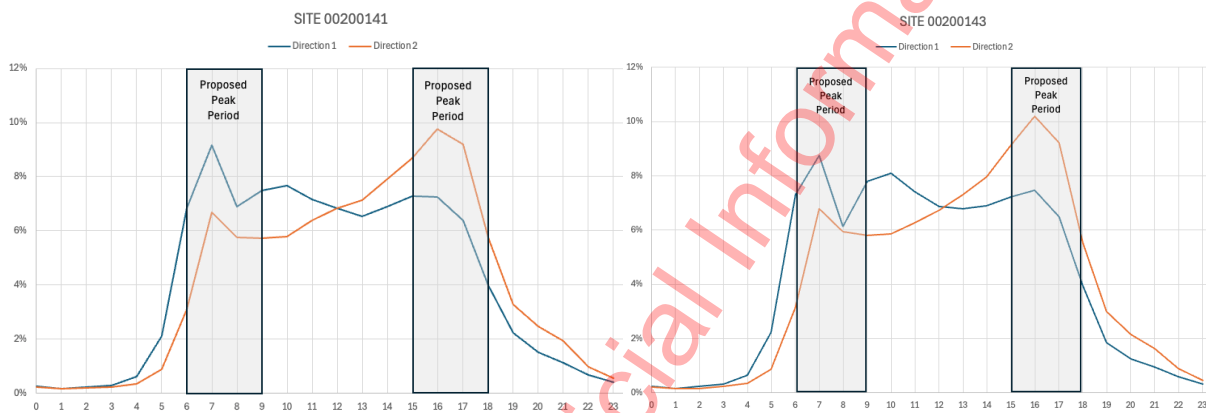


Figure 2 – SH2 Ōmokoroa observed traffic flows

### Tolling period

We are proposing that the Order in Council specifies an end date of 35 years in duration from the opening of Stage 2 which is currently estimated to be 2034.<sup>8</sup> We would review the toll road prior to the end date to consider whether the tolling period should be extended to fund ongoing operations and maintenance of the road.

### Toll increases

The toll rates outlined above are in 2024 dollars and would be adjusted to present day dollars at the time of the toll road opening.

We propose to then adjust toll rates every three years by the same percentage as the total percentage increase in the Consumers Price Index (all groups) (CPI) published by Statistics New Zealand rounded to the nearest 10 cents.

We propose to incorporate into the Order in Council the ability for the Agency to increase an existing toll by a greater percentage than the relative percentage increase in the CPI (if any), with written approval of the Minister.

<sup>8</sup> LTMA section 47(3)

## 4.2 Tolling SH2 Takitimu North Link project objectives

A tolled SH2 Takitimu North Link is not expected to improve, nor negatively impact on SH2 Takitimu North Link objectives of providing a safer, faster, and more reliable corridor to support subregional growth and development in the Western Bay of Plenty, albeit users will now have to pay a toll.

### Diversion

For efficiency and safety considerations, it is desirable to limit annual average daily traffic across the Wairoa River Bridge (the feasible alternative) to under 20,000. The diversion effects of the proposed toll scheme are shown in Table 5 below.

Table 5 – 2048 traffic flows (annual average daily traffic)

Scenario	Feasible alternative		Takitimu North Link	
	SH2 at Wairoa River	SH2 west of Minden Interchange	At Wairoa River	West of Minden Interchange
No Toll	11,400	4,700	40,400	37,000
Toll	18,400	10,600	27,600	25,600

### Travel times in the corridor

As noted, tolling Takitimu North Link makes no change (as compared to an untolled road) to State highway travel times between the CBD and Ōmokoroa and a small negative impact on the free route as shown in Table 6 below.

Table 6 – Modelled corridor travel times 2031 (mins)

	Takitimu North Link Inbound		SH2 Inbound	
	Untolled	Tolled	Untolled	Tolled
AM	15	15	19	20
Interpeak	15	14	19	19
PM	15	15	19	20
	Takitimu North Link Outbound		SH2 Outbound	
	Untolled	Tolled	Untolled	Tolled
AM	15	15	19	20
Interpeak	15	15	20	20
PM	18	17	22	24

### Safety

SH2 Takitimu North Link Stage 2 bypasses a section of SH2 which has a high collective risk and medium personal risk. Between March 2018 and March 2023 there were a total of 91 crashes of which 12 were death and serious injury (DSI) crashes. Takitimu North Link Stage 2 is anticipated to reduce DSI's by 16 per 5 years.

Modelling suggests that there is a small safety benefit of tolling SH2 Takitimu North Link with annual crash costs reducing from \$162.6m per annum to \$161.0m with similar savings of \$1.5m per annum forecast in 2048.

## 4.3 Conclusion on the tolling scheme design and proposed toll rates

The proposed toll scheme and toll rates have been designed to generate sufficient revenue to contribute to the cost of construction of Stage 2, and operations and maintenance of the full length of SH2 Takitimu North Link as well as the capital costs of tolling infrastructure. The proposed toll rates are at a level where impacts on the wider network still support the objectives of SH2 Takitimu North Link in delivering an efficient, reliable, and safe inter-regional state highway connection.

## 5. Legislative Requirements Regarding the Tolling Scheme

### 5.1 New road requirement

SH2 Takitimu North Link Stage 1 and Stage 2 is considered a “new road” under section 46 of the LTMA because it:

- does not currently exist; and
- traverses land that is not currently designated as, or used as, a road.

This is the first proposed tolling scheme with a staged implementation which treats a road constructed in stages as a single road with tolls for Stage 1 contributing towards the capital costs of Stage 2. s 9(2)(h)

It is proposed that the tolling scheme commence on the day that SH2 Takitimu North Link Stage 1 opens for public use.

### 5.2 A feasible, untolled alternative route is available to road users

Section 48(1)(d) of the LTMA requires that the Minister be satisfied that there is a feasible, untolled alternative route available to road users.

An equitable outcome for road users that choose not to travel on a tolled SH2 Takitimu North Link is achieved through the provision of an untolled alternative route. The existing SH2 would act as the feasible, untolled route. The free alternative to access Tauriko would be SH2, Fifteenth Ave and Cameron Road or SH2, Moffat Road and Cambridge Road.

### 5.3 Effectiveness and efficiency of the proposed tolling scheme

Section 48(1) of the LTMA requires that you are satisfied that the proposed tolling scheme for SH2 Takitimu North Link is effective and efficient. This section provides information that NZTA considers is relevant for your consideration regarding:

- the effectiveness of the proposed tolling scheme, and
- the efficiency of the proposed tolling scheme.

#### Effectiveness of the proposed tolling scheme

The proposed tolling scheme would be used to provide funds that will be applied for the purposes of repayment of construction costs and ongoing maintenance and operating costs of SH2 Takitimu North Link as permitted under section 46(1)(a) of the LTMA. The types of maintenance and operations costs include (not an exhaustive list) regular and periodic road maintenance, bridge inspections, road resurfacing, periodic bridge maintenance and repairs, contract management, road signage and markings, road lighting, litter removal, mowing and vegetation management, crash repairs, technology upgrades, graffiti removal and stormwater runoff.

The LTMA section 46(3)(g) provides that an Order in Council establishing a road tolling scheme may “specify, in relation to a new road, the purposes under subsection (1) for which toll revenue inflow may be used (including reimbursement of the costs related to the new road).” This allows construction costs that have been or are to be funded from the NLTF, to be ‘reimbursed’ to the NLTF through toll revenue.



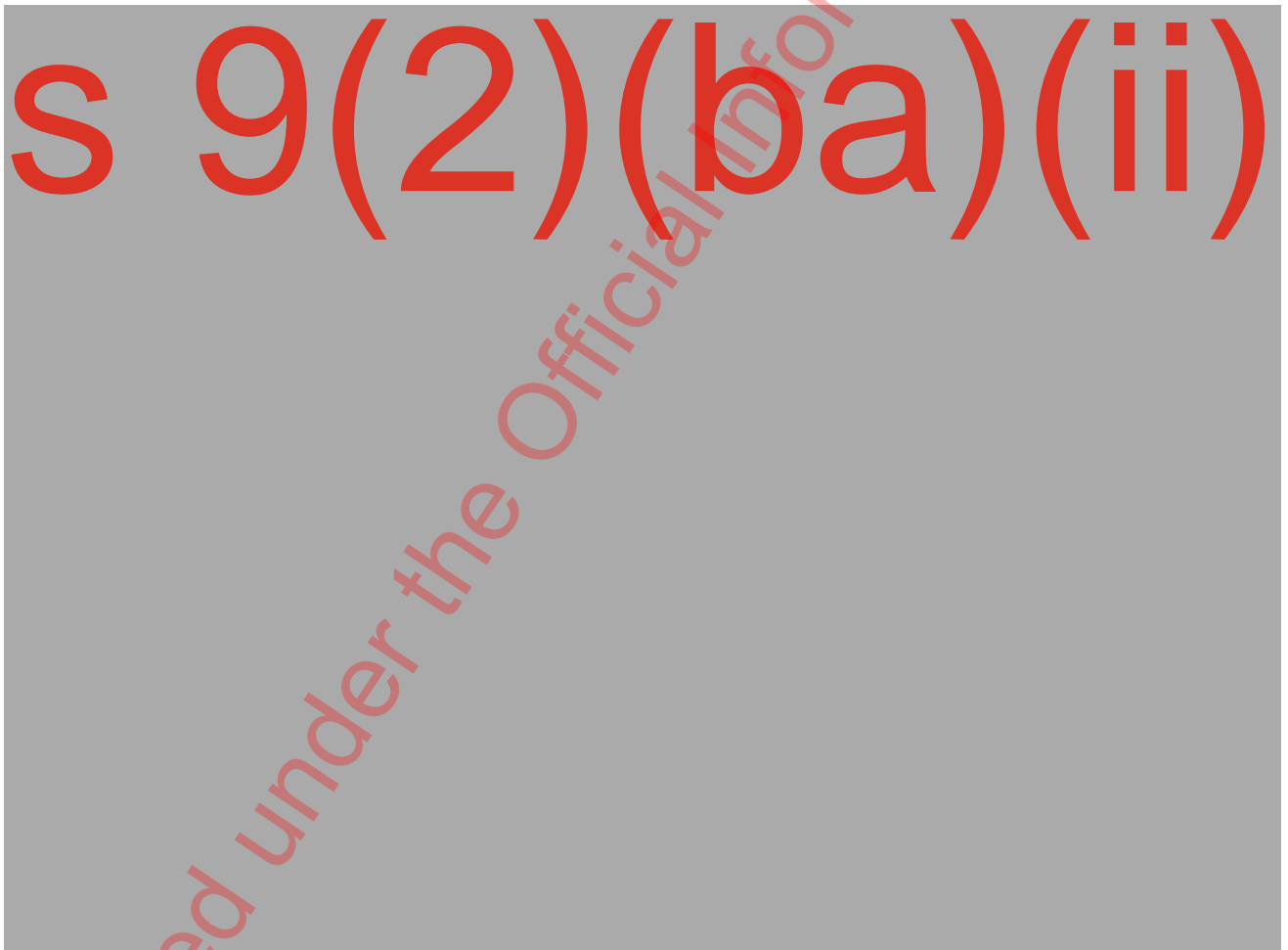
NZTA estimates Present Value (PV) of net revenue will total \$365 million over the period to 2067 (assumed 6% discount rate).<sup>9</sup>

We have made provision for some revenue leakage resulting from road users evading payment and also exemptions (emergency vehicles are exempted by law). Based on our experience with current toll roads, we have allowed 3% for light vehicles and heavy vehicles.

Revenue ranges from traffic modelling and financial forecasts of the NPV of revenue over a 35-year period are presented below.

Revenue estimate	NPV revenue (35-years, 6% discount rate)
5 <sup>th</sup> percentile estimate	\$307m
50 <sup>th</sup> percentile estimate	\$365m
95 <sup>th</sup> percentile estimate	\$418m

Tolling revenues contribution to the overall project costs is presented in Figure 3 below. This revenue would be used to partially fund the delivery costs (\$895m), financing (\$215m), and ongoing maintenance and operations cost (\$35m). The resulting funding gap of \$780m would need to come from the NLTF.



<sup>9</sup> Toll revenue estimates developed as part of this tolling proposal are not a statement of absolute revenue and will have an accuracy range commensurate with various factors such as the extent of relevant information, the certainty of data and assumptions and level of detail available at the time of preparation.

## Efficiency of the proposed tolling scheme



### 2. Revenue retained for costs of the NZTA tolling business

Section 51(4) of the LTMA permits NZTA to impose reasonable charges in connection with the administration of any form of payment. NZTA has a single back-office system that manages all three existing toll roads. NZTA currently retains 80 cents from each trip to operate its toll business, including:

- operating/maintaining/replacing/upgrading the physical assets and technology used to collect tolls from roadside gantries and cameras to back-office systems
- operating/maintaining/replacing/upgrading payment systems
- tolling related staff costs, and
- tolling related continuous improvement activities.

With respect to the proposed SH2 Takitimu North Link tolling scheme, these costs would represent 20%-38% of each light vehicle toll and 9%-19% of each heavy vehicle toll. Over the life of the tolling scheme these costs would represent 19% of total gross toll revenue.

As more toll roads come on-line the average ongoing operational delivery and maintenance costs will reduce given the sunk fixed costs of the new tolling system. Whilst NZTA continues to focus on operational efficiencies and savings in tolling infrastructure costs (BRI-3210 – Tolling Operations Efficiency Briefing, due December 2024) the addition of SH2 Takitimu North Link as a toll road would generate additional toll volumes which would contribute to overall value for money in tolling delivery.

## 6. Public Consultation

### 6.1 Legislative requirements regarding consultation

Section 48(1) of the LTMA requires that you be satisfied:

- that there has been adequate consultation on the proposed tolling scheme, and
- with the level of community support for the proposed tolling scheme in the relevant region or regions.

The following information is intended to help you formulate a view as to the adequacy of consultation and the level of support for the proposed tolling scheme.

### 6.2 Overview of consultation process and level of engagement

NZTA undertook public consultation on the proposed tolling scheme from 9 September 2024 through to 7 October 2024.

Supporting non-technical information was produced online and via an information brochure to support the consultation.

The tolling assessment and tolling report were released during the consultation process in response to official information requests once appropriate sensitive information reviews had been completed. Time extensions were given to those key stakeholders who requested them.

### 6.3 Level of engagement

There was good level of participation from the community in the consultation process resulting in 2,317 submissions being received via online submission, email and mail. Submissions were received from the public and a range of key stakeholders reflecting a highly engaged community.

Most people we heard from live or work in the area in the immediate community (2,128 respondents, 92%). Those from outside the area (181 respondents, 7%) have other interests in the proposed Takitimu North Link tolling, such as travelling to the area for work, recreation or to visit people. And the remainder was unknown (1%).

The following tables show responses to two questions in the consultation which asked submitters their interest in SH2 Takitimu North Link and how they would use SH2 Takitimu North Link (note that submitters could select more than one response to these questions).

*Table 7 – What interest did submitters have in SH2 Takitimu North Link*

Response	Count	% of responses*
I commute/travel through the area regularly	1,575	68%
I visit friends in the area	694	30%
I visit the area for recreation	664	29%
I live along / near the SH2 Takitimu North Link	594	26%
I work in the area	473	20%
I own property or a business along / near the SH2 Takitimu North Link	342	15%
I have no link to the area	40	2%
I study in the area	26	1%

\* Does not sum to 100% as submitters could select more than one response

Table 8 – How would submitters use SH2 Takitimu North Link

Response	Count	% of responses*
For recreation or to visit whānau	935	41%
I will not use if it is tolled	853	37%
To get to and from work	601	26%
To take children to school / after school activities	190	8%
Walking or cycling along this route	163	7%
Public transport along this route	88	4%
I will not use this road at all	14	1%
Other (with a prompt to specify in a comment box)	215	9%

\* Does not sum to 100% as submitters could select more than one response

The data indicates that the consultation was successful in engage with local communities affected by the SH2 Takitimu North Link tolling proposal.

## 6.4 Responses to proposed tolling scheme and key themes

### Summary of what was proposed and feedback sought

The public consultation sought feedback on two key questions regarding the proposed tolling scheme for SH2 Takitimu North Link:

- What did they think about the tolling proposal for SH2 Takitimu North Link?
- Why did they think this about the tolling proposal for SH2 Takitimu North Link?

The public was consulted on variable toll prices. The toll prices consulted on when travelling in either Stage 1 (Tauranga to Te Puna) or Stage 2 (Te Puna to Ōmokoroa) when open, were:

Table 9 – Stage 1 opening consultation toll prices

Time of day	Light vehicles	Heavy vehicles
Peak (7am – 9am and 4pm – 6pm)	\$3.10	\$6.20
Off-peak (9am – 4pm and 6pm – 7am)	\$2.10	\$4.20

The toll prices consulted on for travelling the full length between Tauranga and Ōmokoroa were:

Table 10 – Full length of SH2 Takitimu North Link consultation toll prices

Time of day	Light vehicles	Heavy vehicles
Peak (7am – 9am and 4pm – 6pm)	\$4.10	\$8.20
Off-peak (9am – 4pm and 6pm – 7am)	\$3.10	\$6.20

## Overall sentiments regarding the SH2 Takitimu North Link Tolling proposal

The majority of submitters did not support the proposed tolling of SH2 Takitimu North Link or tolling in general (71%) with 27% supporting tolling SH2 Takitimu North Link either completely or on the condition that suggested changes were incorporated, 2% of respondents were unsure. Figure 4 below shows the spread of sentiment.

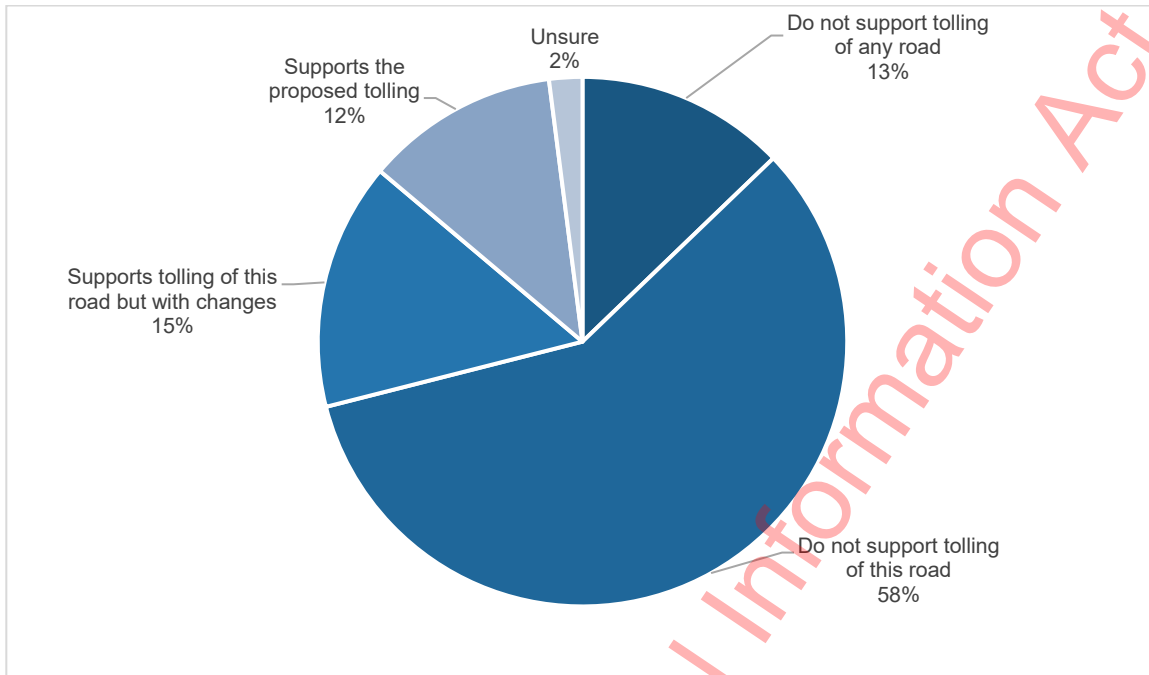


Figure 4 – Overall sentiment

## Key Stakeholders

Included in the overall sentiment responses is feedback from key stakeholders. Table 11 below lists the key stakeholders who provided a submission on the tolling proposal and an indication of their support or otherwise. A summary of their submissions is included in Appendix A.

Table 11 – Key stakeholder responses

Stakeholder	Stakeholder Group	Support
Bay of Plenty Regional Council	Council	Yes (with changes)
Tauranga City Council	Council	Yes (with changes)
Western Bay of Plenty District Council	Council	Yes (with changes)
South Taranaki District Council	Council	Yes (with changes)
s 9(2)(ba)(i)	Iwi	No
NZ Automobile Association	Transport organisation	No
Ia Ara Aotearoa Transporting New Zealand	Transport organisation	Yes (with changes)
National Road Carriers Association	Transport organisation	Yes
NZ Heavy Haulage Association Inc	Transport organisation	No

## Summary of reasons in support of proposal (12%, 274 submitters)

### Tolling aligns with the user pays principle:

- Most submitters that supported the tolling of SH2 Takitimu North Link expressed agreement with the user pays principle (based on the rationale that those who use or benefit from something should pay for it).
- Some submitters considered that users of the new road received benefits of an easier/more efficient journey and that the benefits warrant a toll, particularly if tolling accelerated the delivery of the infrastructure.

### Tolling will improve the operational performance of Takitimu North Link

- Submitters considered that tolling would help reduce congestion and overall vehicle emissions.

## Suggested changes from those offering conditional support (15%, 350 submitters)

The submitters that offered conditional support for the proposed tolling scheme provided suggestions outlined below.

*Table 12 – Suggested changes to the proposed tolling scheme*

Theme	NZTA position
Reduction of toll rates to encourage use	The majority of submitters who offered conditional support were concerned with the level of the proposed toll rates.  We do not consider that there is a reason to reduce the toll rates from what is proposed as the toll rates selected are considered to adequately balance revenue with transport system impacts. Table 1 and Table 2 show that, on a dollar-per-km basis, the proposed toll rates for SH2 Takitimu North Link are not inconsistent with existing or proposed toll roads.
Simplify the amount (e.g. \$2.00)	Currently toll rates are rounded to the nearest 10c and increased in line with CPI. All payments are made digitally. We do not consider it is necessary to simplify the toll rates further.
Remove the peak charges	NZTA has considered a flat toll charge but variable toll rates provide additional benefits (network management), whilst still achieving the primary objective of generating sufficient revenue to contribute to the costs of Takitimu North Link.
Provide discounts/concessions for high volume users	Higher frequency users receive the same benefits as less frequent users and likewise generate the need for the services funded through the tolls. We do not consider there is a basis to deviate from the user pays principle to accommodate this suggested change.
Only charge heavy vehicles	Light vehicles receive the same benefits from a well maintained and operated SH2 Takitimu North Link as heavy vehicles.  We do not consider that there is any basis to treat light vehicles differently from heavy vehicles given the user pays principle.  This position is consistent with the other three tolling schemes currently in operation.
Provide residents/ratepayers/health shuttle exemptions	These users receive the same benefits as other users and likewise generate the need for the services funded through the tolls. We do not consider there is a basis to deviate from the user pays principle to accommodate this suggested change.
Remove toll when costs paid or after a set limit	NZTA is proposing a tolling period to 2067 (35 years after Stage 2 opens).
Ringfence revenue for maintenance on this road/roads in region	The LTMA specifies what tolling revenue may be used for.



Theme	NZTA position
Toll other regions	NZTA considers tolling to support the construction and maintenance of all new roads in line with expectations set out in The Government Policy Statement for Land Transport 2024 (GPS 2024).
Remove one of the existing tolls in Tauranga	<p>The current forecast end date for the two other toll road schemes in the bay of plenty are:</p> <ul style="list-style-type: none"> <li>• SH29 Takitimu Drive – 2031</li> <li>• SH2 Tauranga Eastern Link – 2040.</li> </ul> <p>Taking into consideration feedback from consultation and informed by updated modelling we have propose exemptions for users of both SH2 Takitimu North Link and SH29 Takitimu Drive as outlined in Section 4.1.</p>

### Reasons from submitters that did not support tolling of SH2 Takitimu North Link (58%, 1,349 submitters)

The predominant theme from these submitters was a rejection of the user pays principle for the tolling of SH2 Takitimu North Link. The main themes from the responses for not supporting the tolling of SH2 Takitimu North Link and the NZTA positions are set out in the following table.

*Table 13 – Reasons for opposing the proposed tolling scheme*

Theme	NZTA position
The toll price is too high.	We do not consider that the proposed rates are set too high. We believe the toll rates adequately balance revenue with transport system impacts. Table 1 and Table 2 show that, on a dollar-per-km basis, the proposed toll rates for SH2 Takitimu North Link are not inconsistent with existing or proposed toll roads.
The toll price is inconsistent.	We do not consider the proposed toll rate to be inconsistent. Table 1 and Table 2 show that, on a dollar-per-km basis, the proposed toll rates for Takitimu North Link are not inconsistent with existing or proposed toll roads.
Tauranga already has two toll roads, this is unfair when other regions do not have any.	<p>NZTA considers tolling to support the construction and maintenance of all new roads, in all regions, in line with expectations set out in the Government Policy Statement for Land Transport 2024 (GPS 2024).</p> <p>Taking into consideration feedback from consultation and informed by updated modelling we have propose exemptions for users of both SH2 Takitimu North Link and SH29 Takitimu Drive as outlined in Section 4.1.</p>
Tolls will discourage use of the new road, negating benefits.	NZTA selects toll rates which balances toll revenue with transport system effects and impacts on project benefits. We consider the effects and impacts to be acceptable at the proposed toll rates.
Some people will have to pay multiple tolls in one trip.	<p>Road users can choose whether they would like to pay a toll or take a feasible untolled alternative route.</p> <p>Taking into consideration feedback from consultation and informed by updated modelling we have propose exemptions for users of both SH2 Takitimu North Link and SH29 Takitimu Drive as outlined in Section 4.1.</p>
Some people will have no choice when to travel and so cannot avoid the peak charges.	Road users can choose whether they would like to pay a toll to use SH2 Takitimu North Link or take a feasible untolled alternative route.

## Appendix A – Key stakeholder summaries

### Councils

Stakeholder Name	Sentiment
Bay of Plenty Regional Council	Support with changes
<p>The Bay of Plenty Regional Council supports the proposal in principle as it will reduce congestion and improve journey time, having benefits for their public transport services.</p> <p>It will also align with the Regional Land Transport Plan 24-34 by:</p> <ul style="list-style-type: none"> <li>Improving safety along SH2</li> <li>Improving accessibility to communities</li> <li>Improving economic prosperity by improving freight times</li> </ul> <p>The Council have the following recommendations:</p> <ul style="list-style-type: none"> <li>Removing the toll charge for public transport services so increased charges will not have to be passed to users.</li> <li>Regional Council ask that NZTA consider a smart fare or capping system for use of tolled state highways in the region.</li> <li>Regional Council ask that NZTA consider that all toll fees in the region are reviewed to ensure equitability for low-income road users.</li> <li>Regional Council ask that NZTA carefully consider the price sensitivity of road users when setting tolls to ensure potential benefits are maximised.</li> <li>BOPRC ask that NZTA consider applying regional consistency of toll road provision in the Bay of Plenty when compared to the rest of New Zealand.</li> <li>BOPRC also ask that clearer messaging is provided to local government and the community on toll revenue generation and where the revenue is spent.</li> <li>NZTA to work with partner agencies including BOPRC to consider the case for improved public transport services, infrastructure and priority measures along the existing SH2 corridor</li> </ul>	

Stakeholder Name	Sentiment
Tauranga City Council	Support with changes
<p>Tauranga City Council (TCC) supports the Takitimu North Link project and supports tolling in principle, under the condition tolling is applied consistently across the country given there are currently 2 of the country's 3 toll roads in the region, and that revenue is re-invested in the region it was collected.</p> <p>TCC recommends holding on a final decision on tolling until the wider legislative review on tolling is completed by the government so Takitimu North Link toll pricing is decided as part of the broader plan for New Zealand state highways.</p> <p>TCC question whether toll revenue collected during stage 1 of Takitimu North Link can legally be used for funding of stage 2, and requests that tolling is lawful then tolling should not begin until funding for stage 2 is confirmed.</p> <p>TCC request an opportunity to work with NZTA on the toll pricing with concerns that pricing will lead to diversions. TCC suggest a lower toll, cap on charges and a review of the peak charging to encourage use of the Takitimu North Link and reduce usage of the alternative route.</p> <p>As such, TCC do not support the current highway being revoked of its status as it will be used as an alternative state highway, rather than a local road and TCC cannot take on the additional maintenance costs. It should remain an state highway until the tolls are removed on Takitimu North Link.</p> <p>TCC also recommends NZTA implement monitoring of Takitimu North Link, irrespective to tolling, to monitor safety and efficiency.</p>	

Stakeholder Name	Sentiment
Western Bay of Plenty District Council	Support with changes
<p>Western Bay of Plenty District Council supports tolling at a broad level but has some concerns with the current proposal:</p> <ul style="list-style-type: none"> <li>• Inequity of tolls in the subregion compared to roads in other regions, which may impact the growth of the region.</li> <li>• Concerns around the impact of multiple tolls on road users and the detour routes being significantly far aware that avoiding the toll would be prohibitively difficult for some residents. The Council recommends a reduction or singular toll to reduce cost and increase incentive for using the route.</li> <li>• WBOPDC has concerns about the proposed pricing model, particularly for heavy vehicles. Current projections show the majority of road users will continue with the current route, increasing congestion and maintenance costs to council to maintain local roads. Should the proposed tolling structure incentivise significant traffic volumes, particularly of heavy inter-regional freight, to continue to choose the old State Highway, we think it appropriate that some of the tolling income be used to maintain the alternative route.</li> </ul>	

Stakeholder Name	Sentiment
South Taranaki District Council	Support
<p>We, as a Council, support the proposed road toll scheme for the Takitimu North Link in Tauranga.</p> <p>It is the view of STDC that the proposed toll schemes for the three new highways will be extremely beneficial for the future of land transportation in New Zealand. A concern for STDC is that transport costs for state highways are pulling local roading funds away from where they are truly needed when there are other efficient alternatives to explore for funding.</p>	

## Iwi

Stakeholder Name	Sentiment
s 9(2)(ba) (Mana Whenua / Key Stakeholders / Partners to NZTA on the Takitimu North Link Project)	Does not support
<p>s 9(2)(ba)(i) representatives are:</p> <p>s 9(2)(ba)(i)</p> <p>s 9(2)(ba) collective position is to not support tolling this road. The reasons for this are:</p> <ol style="list-style-type: none"> <li>1. Safety/traffic</li> </ol> <p>SH2 runs through our whenua and traffic volume increases impact Wairoa hapū in particular, affecting access and safety into their marae and awa.</p> <p>When Takitimu North Link opens, the existing SH2 that bypasses the marae will no longer be an SH and traffic volume from Bethlehem will divert onto the same road as the marae, adding to already high levels.</p> <ol style="list-style-type: none"> <li>2. Impacts on hapū/community</li> </ol> <p>There has already been significant investment into Takitimu North Link stage 1, but with minimal benefits to tangata whenua and causing division amongst their people. Tolling would need to be of demonstrable benefit to tangata whenua in terms of maintenance and the next stages of the project.</p>	

Promises have already been broken on this project due to over-runs in the proposed budget and significant effects on the community. If tolling goes ahead, all losses should be covered by tolls including compensation to hapū to retain mana of the project partnership and avoid adding more financial pressure.

### 3. Cost

Do not support peak/off peak pricing.

### 4. Existing toll roads

There will be 3 toll roads in the same region at the same time.

## Roading and transport organisations

Stakeholder Name	Sentiment
NZ Automobile Association (AA)	Does not support
<p>The NZ Automobile Association does not support the proposal to toll Takitimu North Link Stage 1 as construction is already underway and toll revenue is not required for delivery, nor would it bring the completion date forward and do not support tolling for maintenance and operations.</p> <p>AA does not support peak time variations as the difference in travel times on-peak and off-peak do not vary significantly enough to justify a peak price.</p> <p>With regards to Takitimu North Link Stage 2, Tauranga residents are familiar with tolling and appreciate that it enables roading projects to be delivered faster. However, Tauranga already has two out of three the current toll roads which raises concerns around equity.</p> <p>The affordability of the proposal is of concern, many motorists will need to pay multiple tolls during travel and travellers in some areas will need to pay \$12 per day to travel which is unacceptable. Higher prices increase trip diversion, decreasing the safety of road users.</p>	

Stakeholder Name	Sentiment
Ia Ara Aotearoa Transporting New Zealand	Support with changes
<p>Ia Ara Aotearoa Transporting New Zealand supports NZTA considering the use of tolling as supplementary revenue for construction and maintenance of the state highway network, subject to the majority of funding to be sourced through road user charges, fuel excise and vehicle registration fees. Tolling must be used sparingly and only on roads that are appropriate.</p> <p>Transporting New Zealand provisionally supports NZTA's tolling proposal, but submits that tolling revenues should support the timely construction of Stage 2 of the project, rather than maintenance costs, on the basis that this should be funded through traditional NLTF revenue sources. Toll revenue from Takitimu North Link should be allocated for use on the implementation and construction of Stage 2, rather than maintenance and operation of Stage 1.</p>	

Stakeholder Name	Sentiment
National Road Carriers Association	Support
<p>The SH2 Takitimu North Link project will provide productivity benefits and safety improvements over the existing route.</p>	

Stakeholder Name	Sentiment
NZ Heavy Haulage Association Inc (NZHHA)	Does not support
<p>NZHHA are unable to support a toll on the SH2 Takitimu North Link, without a change to VDAM being undertaken. This Schedule does not allow the transport of goods that are anything but the smallest overdimension loads on roads that are tolled. If changed overdimension loads would be able to travel more efficiently and safely on the SH2 Takitimu North Link compared to the alternative routes. The VDAM Rule must be changed to allow the use of the new road in advance of it opening.</p> <p>In addition, the toll gantry points must be designed to allow the majority of overdimension loads to travel underneath them. We suggest that the envelope dimension of the gantry's for the Tauranga Eastern Link be utilised if tolling is to be employed on this route.</p>	

#### Other submissions received

Organisation type	Organisation represented
<b>Business Chambers and Economic Development authority</b> <p>■ Support (1) ■ Don't Support (0)</p>	Tauranga Business Chamber
<b>Community organisations &amp; church organisations</b> <p>■ Support (1) ■ Don't Support (1)</p>	Whakamarama Community Inc, Pacific Island Community Trust Bay of Plenty
<b>Transport and logistics businesses</b> <p>■ Support (2) ■ Don't Support (1)</p>	Tauranga Freight Services, Coastline Transport Limited, Murphy Transport Limited

## Appendix B – Toll rate options considered

Takitimu North Link Road (Stage 1 Only)*							
Scenario	Light toll		Heavy toll		Forecast Daily Traffic Flows (2031)		2031 annual net revenue (\$m)
					Takitimu North Link @ Wairoa River Bridge	Existing SH2 @ Wairoa River Bridge	
NZTA status quo toll levels	\$2.80		\$5.60		20,500	21,200	\$12.7m
Consultation option	Peak \$3.10	Off-Peak \$2.10	Peak \$6.20	Off-Peak \$4.20	21,000	18,100	\$12.7m
Alternative	\$3.40		\$6.80		18,000	21,000	\$11.7m
International Comparison	\$4.75		\$9.50		14,000	23,600	\$13.4m
Revenue Maximising	Peak \$6.20	Off-Peak \$4.20	Peak \$8.20	Off-Peak \$6.20	11,700	25,600	\$15.6m

\* as part of an overall tolling strategy including tolling of Stage 2 on opening.