



SH1 Ōtaki to north of Levin

Tolling scheme proposal

NZ Transport Agency Waka Kotahi

31 October 2024

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Executive Summary

The purpose of this document is to present for your consideration a proposed tolling scheme for the new Ōtaki to north of Levin highway (SH1 Ōtaki to north of Levin).

State Highway 1 (SH1) is New Zealand's premier highway, but the section between Ōtaki and north of Levin has serious safety and resilience problems. The importance of this section of SH1 is characterised by its function in connecting Wellington to the central and upper North Island, where no other resilient route exists. It also provides an essential economic connection to Palmerston North, the largest freight node in central New Zealand. Horowhenua is currently experiencing exceptionally high growth after a generation of little activity.

In response to these challenges, the 24km new Ōtaki to north of Levin highway is proposed to improve safety and access, support economic growth and provide greater route resilience. The new road will have a KiwiRAP (Road Assessment Programme) rating of 4 or more on the 5-star safety rating. Construction is expected to begin in 2025 and be completed in 2029.

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 is assessing the suitability of tolling SH1 Ōtaki to north of Levin to pay for operations and maintenance costs, initial tolling infrastructure costs, and reimbursement of some of the construction costs funded from the NLTF.

SH1 Ōtaki to north of Levin 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 SH1 Ōtaki to north of Levin is expected to generate present value of net revenue¹ of approximately \$127 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 SH1 Ōtaki to north of Levin. There was a good level of participation by the community in response to the consultation, resulting in a total of 2,907 submissions being received. Overall, 19% of submitters supported the tolling proposal or offered conditional support if changes were made to the proposal, 79% of submitters did not support the tolling of SH1 Ōtaki to north of Levin, 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 that the feasible alternative was not safe.

All engagement with the public on SH1 Ōtaki to north of Levin has positioned the road as possibly being proposed for tolling.

After careful consideration of the feedback received, no changes to the proposed tolling scheme have been made. The proposed toll rates are at a level where impacts on the wider network are considered acceptable and still support the objectives of SH1 Ōtaki to north of Levin in delivering an efficient, reliable, and safe state highway connection.

¹ 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.

1. Purpose

The purpose of this document is to present for your consideration the proposed tolling scheme for the new Ōtaki to north of Levin highway (SH1 Ōtaki to north of Levin).

Between 9 September to 7 October 2024, NZ Transport Agency Waka Kotahi (NZTA) undertook a public consultation process on a proposed tolling scheme for SH1 Ōtaki to north of Levin (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 proposed tolling scheme have been made. 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 the new Ōtaki to north of Levin highway.

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 SH1 Ōtaki to north of Levin 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 SH1 Ōtaki to north of Levin that has been designed to meet the requirements under the LTMA.

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 one or more of the following activities, namely, the planning, design, supervision, construction, maintenance, or operation of a new road.²

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.³

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.⁴

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 2024) 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 SH1 Ōtaki to north of Levin. 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.

² LTMA, section 46(1)(a)

³ LTMA section 46(3)(b)

⁴ 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
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 ⁺	\$8.20/\$6.20 ⁺	13.8	30c / 59c	2028 (Stage 1)
Penlink	\$2.00/\$1.00 ⁺	\$4.00/\$2.00 ⁺	7.0	29c / 57c	2027

*including motorcycles

**3,500kg and over

+End-to-end toll rate

⁺Peak/Off-peak charge

3. SH1 Ōtaki to north of Levin

State Highway 1 (SH1) is New Zealand's premier highway, but the section between Ōtaki and north of Levin has serious safety and resilience problems. The importance of this section of SH1 is characterised by its function in connecting Wellington to the central and upper North Island, where no other resilient route exists. It also provides an essential economic connection to Palmerston North, the largest freight node in central New Zealand. Horowhenua is currently experiencing exceptionally high growth after a generation of little activity. Local and regional plans predict that this will continue for some time and large developments are currently underway. Kāpiti Coast has also been experiencing growth and this is forecast to continue.

In response to these challenges, the 24km new Ōtaki to north of Levin highway is proposed to improve safety and access, support economic growth, and provide greater route resilience. The new highway is expected to reduce travel times. Without the new highway, evening peak trips in 2039 on the current highway from Ōtaki to north of Levin are expected to take 32-33 minutes, compared to 17-21 minutes for trips on the new highway. In 2039, trips from Ōtaki to Levin town on the current highway are expected to take 23 minutes if Ōtaki to north of Levin isn't built, compared to 17 minutes on the new highway. The new road will have a KiwiRAP (Road Assessment Programme) rating of 4 or more on the 5-star safety rating.

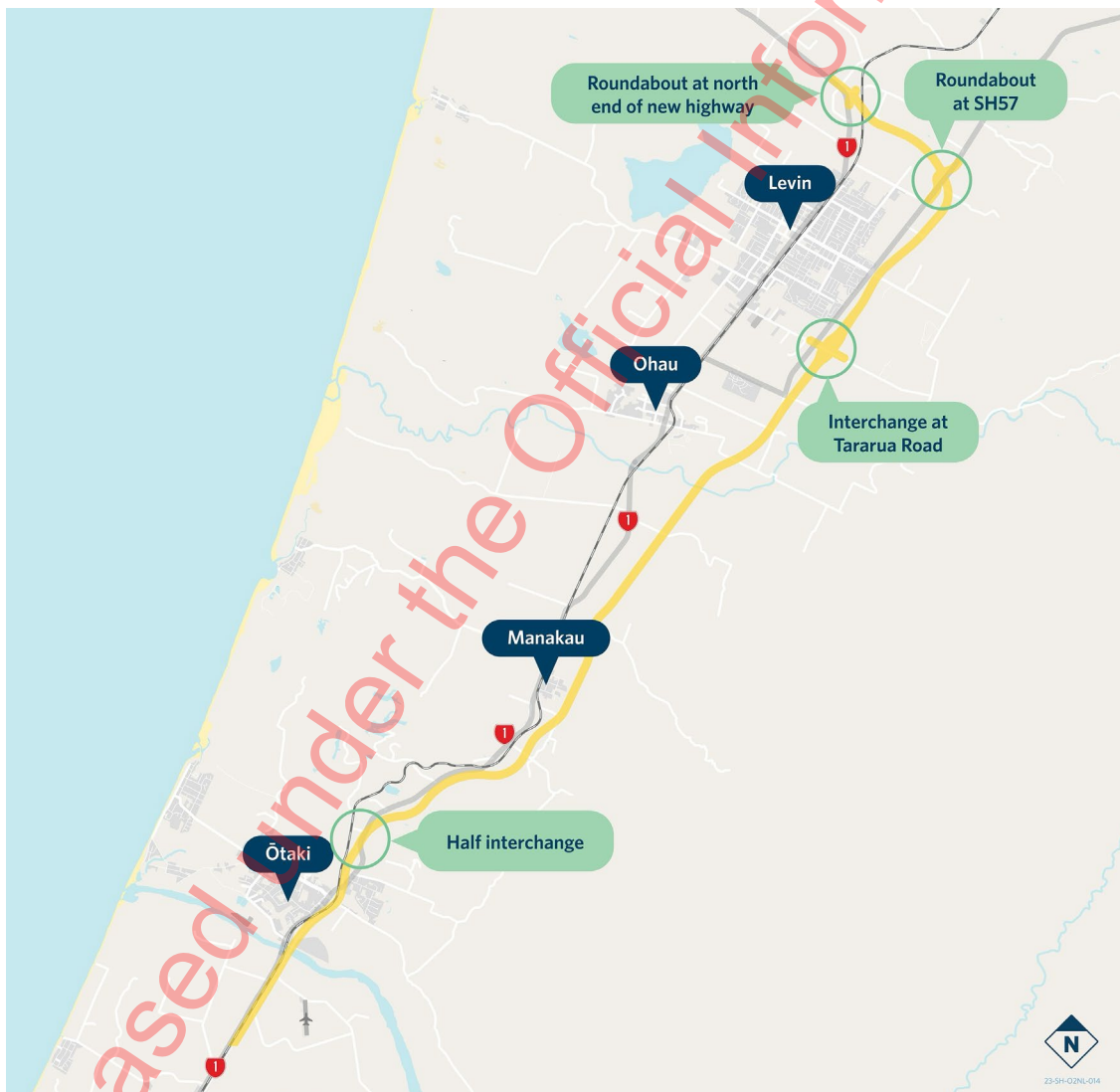


Figure 1 – SH1 Ōtaki to north of Levin

The objectives of SH1 Ōtaki to north of Levin are to:

- enhance safety of travel on the state highway network
- enhance the resilience of the state highway network
- provide appropriate connections that integrate the state highway and local road network to serve urban areas
- support inter and intra-regional growth and productivity through improved movement of people and freight on the state highway network, and
- enable mode choice for journeys between local communities by providing a walking and cycling facility.

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 SH1 Ōtaki to north of Levin 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 to declare the full extents of Ōtaki to north of Levin as a toll road but only toll the southern 15km of Ōtaki to north of Levin. A bi-directional gantry would be placed between the on/off ramps at Taylors Road and the Tararua Road interchange (ref. Figure 1).

The 9km northern section would be exempt from tolls, however, declaring the road as a toll road would provide future operational flexibility should traffic demand or travel patterns change.

Toll rate

After consideration of feedback received during the public consultation process (discussed in Section 6.4 below) the proposed toll prices are unchanged from those consulted on being a flat rate of \$2.70 for light vehicles⁵ and \$5.40 for heavy vehicles⁶ (toll rates in \$, 2024).

Tolling period

We are proposing that the Order in Council specifies an end date being 35 years from the opening of the road⁷ with a review 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 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.

⁵ Light vehicles are vehicles weighing less than 3.5 tonnes, and include motorcycles

⁶ Heavy vehicles are vehicles weighing over 3.5 tonnes

⁷ LTMA section 47(3)

4.2 Project objectives and tolling SH1 Ōtaki to north of Levin

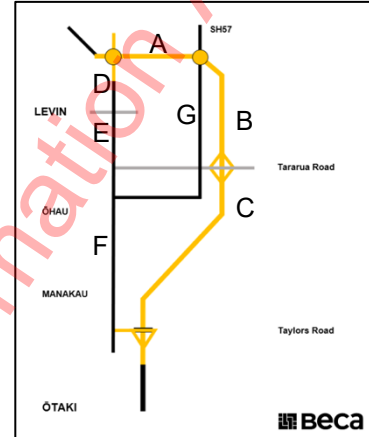
A tolled SH1 Ōtaki to north of Levin is not expected to negatively impact the availability of a faster and more reliable corridor although, through diversion, safety benefits of SH1 Ōtaki to north of Levin are expected to be less than would have been realised for an untolled road.

Diversion

The modelled diversion impacts of the proposed toll scheme are presented in Table 3 below.

Table 3 – Forecast daily traffic volumes (2039)

Location	No Ōtaki to north of Levin	With Ōtaki to north of Levin (no toll)	With Ōtaki to north of Levin (tolled)
A	0	13,200	10,900
B	0	19,300	16,300
C	0	24,300	13,800
D	16,100	9,700	11,100
E	16,300	8,800	12,300
F	27,600	6,400	15,300
G	15,700	8,100	7,900



The modelling for 2039 forecasts that volumes on the old state highway (Location F) will be around 15,000 vehicles per day (VPD) under the proposed toll scheme. This is less than observed volumes in 2018 (17,400 VPD) but significantly higher than is forecast were SH1 Ōtaki to north of Levin untolled (6,400 VPD).

Safety

The safety impacts of tolling SH1 Ōtaki to north of Levin are a critical consideration which is influenced by the level of diversion back to the less safe old state highway (existing SH1) particularly on the southern section.

Table 4 below presents the predicted crash costs and deaths and serious injuries for an untolled scheme and for the proposed toll scheme.

Table 4 – Forecast network safety impacts

Scenario	Discounted crash costs (\$m)			Deaths & Serious Injuries		
	2029	2039	2049	2029	2039	2049
No Ōtaki to north of Levin	14.9	14.9	14.0	12.1	12.5	12.2
With Ōtaki to north of Levin (no toll)	7.5	7.5	7.9	6.7	7.3	8.2
With Ōtaki to north of Levin (tolled)	10.4	9.9	9.2	8.9	9.0	9.0

With increased diversion, forecast annual crash costs are predicted to increase relative to an untolled road but be safer than without SH1 Ōtaki to north of Levin. In 2039, modelled crash costs are forecast to increase from \$7.5m for an untolled road to \$9.9m.

Connectivity

Providing connections that integrate the state highway and local road network to serve urban areas and supporting inter and intra-regional growth and productivity through improved movement of people and freight is an important objective for SH1 Ōtaki to Levin. SH1 Ōtaki to north of Levin users have a particularly low willingness to pay as a high proportion of users⁸ are generally making local trips (in and around Levin) and there are multiple alternative free routes to choose from to avoid the tolled route. This means there are very high levels of diversion at even quite small toll rates, so the toll scheme has been designed to focus on the higher volume of strategic movements in the southern section of the SH1 Ōtaki to north of Levin corridor.

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 notional debt incurred during construction, operations, and maintenance for SH1 Ōtaki to north of Levin 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 SH1 Ōtaki to north of Levin in delivering a safe, efficient, and reliable inter-regional state highway connection.

⁸ Users of an untolled Ōtaki to north of Levin are made up of approximately 75% local trips, and 25% through trips.

5. Legislative Requirements Regarding the Tolling Scheme

5.1 New road requirement

SH1 Ōtaki to north of Levin 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.

It is proposed that the tolling scheme commence on the day that SH1 Ōtaki to north of Levin 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 SH1 Ōtaki to north of Levin is achieved through the provision of an untolled alternative route. The existing SH1 and local road network through Levin would act as the feasible, untolled route (refer Figure 1).

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 SH1 Ōtaki to north of Levin 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 SH1 Ōtaki to north of Levin as permitted under section 46(1)(a) of the LTMA. The types of maintenance and operating 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 \$127 million⁹ over a 35 year period (assumed 6% discount rate).

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.

⁹ 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.

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

Table 5 –Revenue forecast

Revenue estimate	NPV revenue (35-years, 6% discount rate)
5 th percentile estimate	\$95m
50 th percentile estimate	\$127m
95 th percentile estimate	\$162m

s 9(2)(ba)(ii), s 9(2)(f)(iv)

s 9(2)(j)

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 SH1 Ōtaki to north of Levin tolling scheme, these costs would represent 30% of each light vehicle toll and 15% of each heavy vehicle toll. Over the life of the tolling scheme these costs would represent 27% 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 (BRXXXX – Tolling Operations Efficiency

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Briefing) the addition of SH1 Ōtaki to north of Levin as a toll road would generate additional toll volumes which would contribute to overall value for money in tolling delivery.

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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 2,907 submissions being received via online submissions, 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 in the area in the immediate community (1219 respondents, 42%). A further 33% live in the Greater Wellington region or elsewhere in Manawātū-Whanganui (22%, 643 respondents). The remainder (3%) live elsewhere in New Zealand or overseas and have other interests in the proposed Ōtaki to north of Levin highway tolling, such as travelling to the area for work, recreation or to visit family.

The following tables show responses to two questions in the consultation which asked submitters their interest in SH1 Ōtaki to north of Levin and how they would use SH1 Ōtaki to north of Levin (note that submitters could select more than one response to these questions).

Table 6 – What interest did submitters have in SH1 Ōtaki to north of Levin

Response	Count	% of responses*
I commute/travel through the area regularly	1,827	63%
I visit friends in the area	1,042	36%
I visit the area for recreation	903	31%
I live along / near the new Ō2NL highway	680	23%
I work in the area	536	18%
I own property or a business along / near the Ō2NL highway	397	14%
I have no link to the area	57	2%
I study in the area	47	2%

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

Table 7 – How would submitters use SH1 Ōtaki to north of Levin

Response	Count	% of responses*
For recreation or to visit whānau	1,314	35%
I will not use if it is tolled	1,102	30%
To get to and from work	654	17%
Other	226	7%
Walking or cycling along this route	164	4%
To take children to school / after school activities	131	3%
Public transport along this route	110	3%
I will not use this road at all	15	1%

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

The volume of submissions and data indicates that the consultation was successful in engaging with local communities affected by the SH1 Ōtaki to north of Levin 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 SH1 Ōtaki to north of Levin:

- What did they think about the tolling proposal for SH1 Ōtaki to north of Levin?
- Why did they think this about the tolling proposal for SH1 Ōtaki to north of Levin?

The public was consulted on a single-point tolling scheme for SH1 Ōtaki to north of Levin with proposed flat rate tolls of \$2.70 for light vehicles¹⁰ and \$5.40 for heavy vehicles¹¹ (toll rates in \$, 2024).

Overall sentiments regarding the SH1 Ōtaki to north of Levin Tolling proposal

The majority of submitters did not support the proposed tolling of SH1 Ōtaki to north of Levin or tolling in general (79%) with 19% supporting tolling SH1 Ōtaki to north of Levin either completely or on the condition that suggested changes were incorporated, 2% of respondents were unsure. Figure 2 below shows the spread of sentiment.

¹⁰ Light vehicles are vehicles weighing less than 3.5 tonnes, and include motorcycles

¹¹ Heavy vehicles are vehicles weighing over 3.5 tonnes

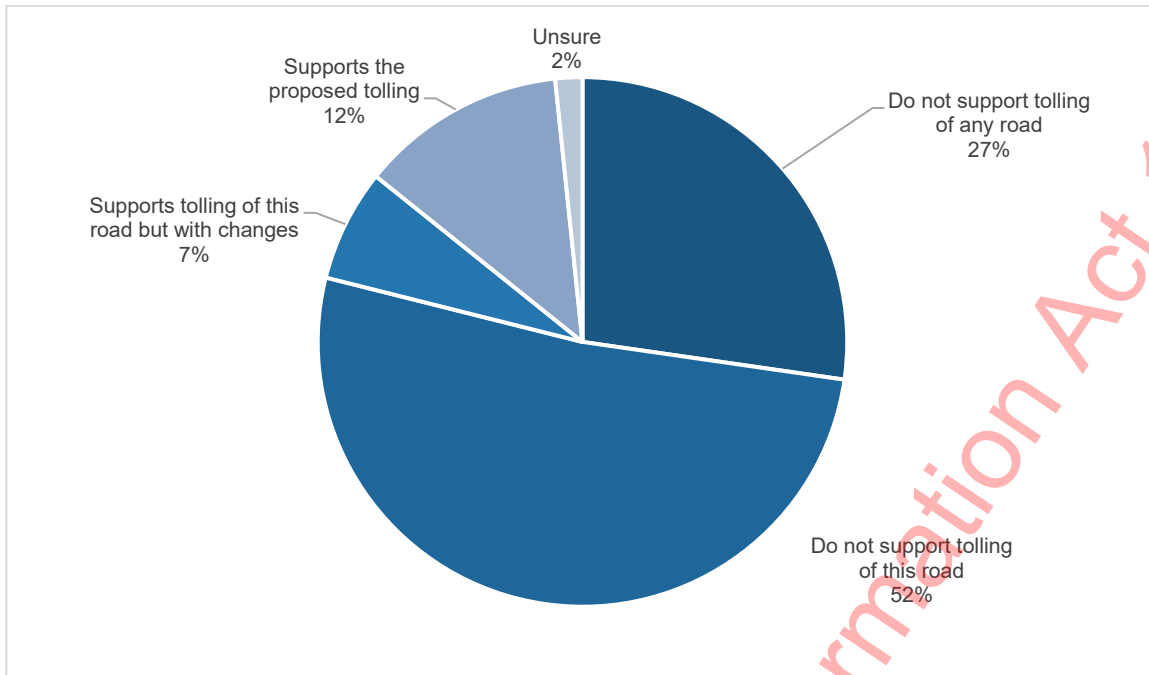


Figure 2 – Overall sentiment

Key Stakeholders

Included in the overall sentiment responses is feedback from key stakeholders. Table 8 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 8 – Key stakeholder responses

Stakeholder	Stakeholder Group	Support
NZ Automobile Association	Transport organisation	No
Ia Ara Aotearoa Transporting New Zealand	Transport organisation	Yes
National Road Carriers Association	Transport organisation	Yes
NZ Heavy Haulage Association Inc	Transport organisation	No
Horowhenua District Council	Council	Conditional
Kāpiti Coast District Council	Council	No
Horizons Regional Council	Council	Conditional
South Taranaki District Council	Council	Yes
Rangitikei District Council	Council	Conditional
Whanganui District Council	Council	Yes
s 9(2)(ba)(i)	iwi	No
	iwi	No
	iwi	No
	iwi	No
	iwi	No
	iwi	No
	iwi	No
	iwi	No

Summary of reasons in support of proposal (12%, 366 submitters)

Tolling aligns with the user pays principle:

- Most submitters that supported the tolling of SH1 Ōtaki to north of Levin 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 SH1 Ōtaki to north of Levin

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

Suggested changes from those offering conditional support (7%, 199 submitters)

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

Table 9 – Suggested changes to the proposed tolling scheme

Theme	NZTA position
Reduction of toll rates	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 and are already one of the lowest rates proposed on a per km basis (refer Table 1 and Table 2).
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.
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 SH1 Ōtaki to north of Levin 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.
Remove toll when costs paid or after a set limit	NZTA is proposing a 35-year tolling period.
Ringfence revenue for maintenance on this road/roads in region	The LTMA specifies what tolling revenue may be used for.
Toll other regions/sections of the highway (e.g. Transmission Gully)	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).

Reasons from submitters that did not support tolling of SH1 Ōtaki to north of Levin (52%, 1,501 submitters)

Around 52% of submitters did not support SH1 Ōtaki to north of Levin being tolled. The predominant theme from these submitters was a rejection of the user pays principle for the tolling of SH1 Ōtaki to north of Levin. The main themes from the responses for not supporting the tolling of SH1 Ōtaki to north of Levin and the NZTA positions are set out in the following table.

Table 10 – Reasons for opposing the proposed tolling scheme

Theme	NZTA position
We already pay for roads through RUC / fuel tax / rates ("we are paying twice")	The Government Policy Statement for Land Transport 2024 (GPS 2024) directs the NZTA to consider tolling to support the construction and maintenance of all new roads.
The alternative route is unsafe / use of this road should be discouraged / the new road is a necessity for safety not a nice to have	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.
People cannot afford this; this is a low-income area	Road users can choose whether they would like to pay a toll or take a feasible untolled alternative route.
There is a cost-of-living crisis, life is already tough enough without added expenses	Road users can choose whether they would like to pay a toll or take a feasible untolled alternative route.
State Highways are vital infrastructure and should not be tolled	The Government Policy Statement for Land Transport 2024 (GPS 2024) directs the NZTA to consider tolling to support the construction and maintenance of all new roads.
Other sections of the highway are not tolled ("why us")	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). The LTMA prevents the tolling of existing roads.
<p>Social impact, by unfairly targeting locals and impact daily life:</p> <ul style="list-style-type: none"> - Community connection via families, schools and sport - Equity – barriers to healthcare services - Equity – putting a price on safety 	<p>Road users can choose whether they would like to pay a toll or take a feasible untolled alternative route.</p> <p>The scheme has been designed so as not to toll the northern section of Ōtaki to north of Levin which has a high proportion of local trips utilising the road.</p>
The old highway and Levin will remain congested.	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.

Appendix A – Key stakeholder summaries

Councils

Stakeholder Name	Sentiment
Horowhenua District Council	Support with changes
<ul style="list-style-type: none"> Acknowledge there will be some adverse impacts on communities and affordability issues related to tolling, but the benefits outweigh these challenges. Support for tolling is contingent upon the following conditions and assumptions: <ul style="list-style-type: none"> The retention of the full scope of the Ō2NL project, insisting that no de-scoping or compromises occur that would deviate from the original objectives, particularly those pertaining to safety and resilience. SH1 remains as an alternative free-to-use state highway and continues to be maintained at NZTA's cost. If the road is revoked and transferred to Council, then toll revenue must be appropriately allocated to support the full scope of agreed revocation works, ongoing maintenance, and replacement of high-value assets like bridges, railway overpasses, and safety barriers. Impacts on local roads and communities are addressed through: <ul style="list-style-type: none"> 50% discount for local users to promote equitable access for the community and local commuters are not burdened by excessive costs, while still contributing to the maintenance and development of infrastructure. The zero-dollar toll for the area north of the Tararua Road interchange. This would have 'least' impact on locals, reduce rat-running on Arapaepae Road South and SH 57, and avoid dual tolling of individual vehicles. A portion of the toll revenue is allocated to a local road fund, with an additional 40 cents per toll generating substantial annual resources for local infrastructure. An increase of \$1.00 to the tolls, to significantly boost funding for essential local projects. 	

Stakeholder Name	Sentiment
Kapiti Coast District Council	Does not support
<p>Summary</p> <ul style="list-style-type: none"> Supports the new highway, but does not support of the proposal to toll Ō2NL. It is inappropriate to toll a road which is being built for safety purposes and as a replacement road. <ul style="list-style-type: none"> The current highway and future 'alternative' road is considered one of the most dangerous roads in the country due to geometrics, and narrow bridges of poor and outdated design. Efforts to improve the current state highway have exacerbated problems due to the roads use by rural traffic (tractors etc). High levels of ongoing usage won't decrease risks from traffic turning into roads and driveways, school children walking home from bus stops, pedestrians and ongoing impacts on Ngāti Raukawa iwi, hapū and marae between Ōtaki and Levin. The alternative road has a lower set speed limit. Have ongoing concerns in relation to the Taylors Road local road arrangement as identified in the Ō2NL Notice of Requirement application. This road is not suitable from a resilience and roading efficiency point of view. Several communities along Ō2NL experience deprivation and tolling will exacerbate this issue. Consider that the residents of Ōtaki and surrounding areas should have the same levels of free and safe access to their necessary services (health, education, employment) as provided to all other New Zealanders. Tolling will create a barrier to general use by locals, eroding the public benefits of building the new highway. With tolling and the resulting moving of more traffic to the old highway, the economics and public benefit of the new highway needs to be reassessed and likely alter the cost/benefit calculations supporting the new highway's build. A full social impact assessment should be undertaken to properly understand the impacts. It is not clear that these assessments have been completed. Ongoing upkeep of the old highway will fall on the ratepayer, which has a significantly smaller revenue base than those available to the NLTP. 	

- A toll on heavy and commercial vehicles will result in these costs being passed onto the consumer, including on essentials such as food.
- If the purpose of the toll is for maintenance and operations of Ō2NL, rates of \$2.70 and \$5.40 are inappropriately high. For example, existing toll roads in Auckland and Tauranga are tolled at similar rates but those tolls are used to repay the costs of construction.
- Tolling neither supports growth of the area, which is growing rapidly, or the efficiency of business in the local area, but adds another cost.

Stakeholder Name	Sentiment
Horizons Regional Council	Support with changes
<p>Support tolling for this road as a mechanism contribute to funding and maintenance of new roads and make the following comments and suggestions:</p> <ul style="list-style-type: none"> • Support toll revenue being directed to fund maintenance and operations of the new road, and to top up construction shortfalls, if required, to ensure construction is not delayed. • Request funding support for the maintenance and operations of local roads considering NZTA modelling indicating approximately half of all traffic continue to use existing roads and ensuring locals are not disproportionately affected by being diverted on less safe local roads. • For this reason, HRC support limiting tolling the southern section (between Taylors Road and Tararua Road interchanges) and not negatively impact journeys into and around Levin. • Toll rates are set at a level that is appropriate for ensuring the regions ongoing economic and social wellbeing, recognising the regions aging and low median household incomes • Tolls rates take into consideration the multiple tolls some journeys may incur (people and freight movement) and recognising that tolls have not been applied to other new roads in the region • Future toll rates should also be set to align fairly with Consumer Prices Index • Request continued funding the maintenance and operations of the existing State Highway by NZTA, for safety and resilience, and so the burden does not fall onto local council and residents. 	

Stakeholder Name	Sentiment
South Taranaki District Council	Support
<p>Summary</p> <ul style="list-style-type: none"> • STDC supports the road tolling schemes proposed for the three new state highways in the North Island. • 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. • Tolling will allow the highway to generate its own revenue and offset financial pressure on the NLTF and local roading funds. • This means local roading funds can stay within districts to support the maintenance of roads and streets that exist for the benefit of local and rural communities. • STDC also asks if central government to explore other forms of funding for state highways such as Private-Public Partnerships (PPPs) and congestion/time of place charges. 	

Stakeholder Name	Sentiment
Rangitikei District Council	Support with changes
<ul style="list-style-type: none"> Rangitikei District Council support Horowhenua District Council's submission, and request and advocate for a portion of tolling revenue be directed to Horowhenua's local roading network, to address any necessary improvements or changes arising from the Ō2NL project. Recognise tolls will impose additional costs on the community, placing a greater financial burden on ratepayers, deterring usage among communities east of the Manawatū Tararua Highway, which rely on efficient transport links. [Appears to be missing statement (submitted online form) – "Moreover, " then nothing. _____?] Question the differing toll rates for the Ō2NL and the Manawatū Tararua Highway, which appear to lack clear justification, raising questions of fairness and equity and ask that this be reconsidered. 	

Stakeholder Name	Sentiment
Whanganui District Council	Support
<ul style="list-style-type: none"> Support the proposal in the current financial environment, but ask that the tolling revenue is directed back into the maintenance of the highway with a portion reserved for the maintenance of alternative safe routes and that funding remain in the region. Request the tolling rates remain fair and that the costs are not unreasonable for those travelling daily for work or family needs. Asks NZTA to consider creating a special purpose road for the existing route – where the majority of funding is provided by NZTA, but the road is maintained locally – as has been done successfully in other regions. 	

Iwi

Stakeholder Name	Sentiment
s 9(2)(ba)(i)	Does not support
<p>Tolling the road adds more undue costs onto us tax-payer citizens who are at the mercy of a cost of living crisis. Enough is enough. We use this road to get to our sports games, to access shops that are not within Ōtaki, and to visit whānau and friends who have had to move out of Ōtaki due to the housing shortage, the influx of Wellingtonians and the driving rise of house prices. Adding an additional cost to use a road is another cost that takes away from our already too tight budget. It is not the time.</p>	

Stakeholder Name	Sentiment
s 9(2)(ba)(i)	Does not support
<p>Negotiating with Waka Kotahi who are developing the 4 lane highway in the middle of our back yard in Kuku/Ohau. Which I feel is wrong to swop land for land and then pay a toll to have access to the 4-lane highway!! We have rights to voice our whenua motuhake before Waka Kotahi Take our whenua!!</p>	

Stakeholder Name	Sentiment
s 9(2)(ba)(i)	Does not support
<p>Over the last few years the new motorways have not had a toll road, including Transmission Gully and all the way to Ōtaki. Perhaps those roads should have had one to pay for those roads. Petrol is expensive as it is without having to pay a toll as well. I travel from Feilding to Ōtaki every day for work.</p>	

Stakeholder Name	Sentiment
s 9(2)(ba)(i)	Does not support
<p>Submit in opposition to the proposed tolling on the Ō2NL and Te Ahu a Turanga projects.</p> <p>While infrastructure development is crucial, the tolling model as currently proposed would impose unnecessary financial, social, cultural, and environmental burdens on communities, particularly Māori, and does not align with principles of partnership and equity under Te Tiriti o Waitangi.</p> <p>The following areas of concern are addressed in their submission:</p> <ul style="list-style-type: none"> • Economic burdens on communities and small businesses • Impacts from traffic diversion and local infrastructure strain • The viability of the cost of toll infrastructure and economic inefficiency • Impact on Māori cultural and sacred sites by restricting access. • Growing economic disparities and the risk of inequity. • Community displacement and disruption of Māori ways of life. • The need for true partnership and inclusive consultation. 	

Stakeholder Name	Sentiment
s 9(2)(ba)(i)	Does not support
<p>I am submitting on behalf of our s 9(2)(ba)(i) whanau. We whakapapa to s 9(2)(ba)(i) and your toll road will create costs to our whanau moving within our rohe. Our Kohanga Reo is based in Koputoroa, just north of Levin, the ukaipo of s 9(2)(ba)(i) and s 9(2)(ba)(i) hapu. Some of our whanau live in Levin. However, many of our whanau live in Otaki. The proposed toll will put a price on our s 9(2)(ba)(i) whanau accessing whenua and reo based education. The potential for negative impacts upon cultural revitalization of s 9(2)(ba)(i), the Whakatupuranga Ruamano project, will put the Crown in breach of its Treaty obligations and subject to future claims.</p> <p>Currently and into the foreseeable future there is no provision for Reo Maori immersed education in Levin past the ECE level. This forces Levin based whanau onto SH1 south to Otaki so their tamariki can attend suitable education; Otaki Kura/Korowai Whakamana, Te Kura a Iwi o Whakatupuranga Ruamano, Te Kura Kaupapa Maori o Te Rito.</p> <p>While it is stated alternative routes will be available, the old state highway south of Otaki has proven the alterations required for the old highway north of Otaki will reduce its suitability for the twice daily education commute. In the meantime, the disruption to install the new O2NL will impact all of us who drive SH1 between Otaki and Levin daily.</p> <p>A safe journey should not be the preserve of those with means. Our tamariki deserve to travel safely to Kohanga and kura. Your toll will force some onto the back roads. An afterthought in the minds of those controlling the 'governance'.</p> <p>For those who are travelling to Wellington to their above average incomes this toll will not be much of an issue. For those of us who live and work in the Horowhenua Kapiti area, those of us on less than average wages, this is a rate designed to get us off the road. To this end, tax policy at a national level should be reviewed but that is an issue for another submission at a future time."</p>	

Stakeholder Name	Sentiment
s 9(2)(ba)(i)	Does not support
<p>While acknowledging the government's efforts to improve infrastructure, s 9(2)(ba)(i) firmly oppose the implementation of tolling due to the significant financial impacts it will have on people and communities. s 9(2)(ba)(i) instead advocate for equitable solutions that do not place financial strain on whānau and allow for fair and affordable access to essential services.</p> <p>The following areas of concern are addressed in the submission:</p> <ul style="list-style-type: none"> • Social economics burden on low-income families already facing financial challenges <ul style="list-style-type: none"> ○ Places an unnecessary burden on those who can least afford it. ○ Lack of access to public transportation and reliance on personal vehicles for work, education, and essential services. ○ Increased cost of living, and reducing disposable income that could be better used for food, housing, and other basic needs • Disproportionate impact on Māori communities, often disproportionately affected by policies that increase financial pressures. Road tolling will exacerbate existing inequalities by increasing the cost of access to essential services such as healthcare and education, especially for whānau in more isolated or rural areas. • Impact on regional economies <ul style="list-style-type: none"> ○ Road tolls could discourage travel and commerce, negatively impacting small businesses that rely on customers from outside the region. ○ Whānau who travel to larger urban centres for work or to sell their goods and services will also face increased costs, potentially reducing their ability to support their whānau and contribute to the local economy. • Environmental and cultural Considerations <ul style="list-style-type: none"> ○ Forcing whānau to take longer, less direct routes to avoid tolls, which could increase fuel consumption and environmental impacts ○ Disruption to Māori strong connection and relationship to the land, by creating financial barriers to accessing culturally significant sites, including marae, wāhi tapu, and other important areas. 	

Stakeholder Name	Sentiment
s 9(2)(ba)(i)	Does not support
<p>s 9(2)(ba)(i) i as mana whenua oppose tolling of Ō2NL for the following reasons:</p> <ul style="list-style-type: none"> • The low economic decile zone of the region and inability for some whānau, hapū and community members to afford the toll. • Tolling will force locals onto the existing highway, increasing maintenance costs for ratepayers. • Tolling will not have desired effect of decreasing traffic on existing roads, adversely impacting Ngāti Raukawa iwi, hapū and marae between Ōtaki and Levin, significantly negative impact on mana whenua. • Tolling will maintain negative impacts on cultural practices at Wehiwehi Marae and Tukorehe Marae adjacent to the existing highway, such as karanga and tangihanga. • Safety issues will persist along existing highway, including for Nga Hapū o Ōtaki whānau and whanaunga. This includes issues related traffic turning into roads and driveways, for school children walking home from bus stops, and for pedestrians. 	

Stakeholder Name	Sentiment
s 9(2)(ba)(i)	Does not support
<p>Our whānau are the most affected landowners along this proposed stretch of expressway, they have had land acquired under the Public Works Act, and will have to pay for the privilege of driving over their own land, for all of our local landowners this is not the first time they have had their land acquired for a new road. If Tolling does go ahead is there a way that these landowners (NZTA do have their names as part of the acquisition process) can be granted dispensation in the form of a windscreen sticker that clearly identifies them at a Tolling Booth</p>	

Roading and transport organisations

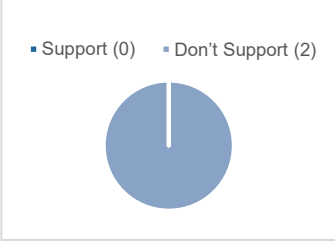
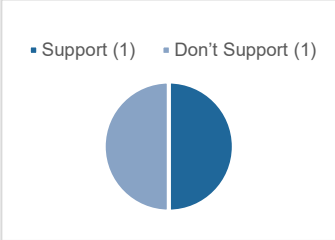
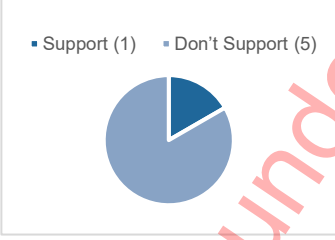
Stakeholder Name	Sentiment
NZ Automobile Association	Does not support
<p>Submit on Takitimu North Link, Te Ahu a Turanga: Manawatū Tararua Highway and Ōtaki to North of Levin proposal. Recognises tolling new roads can assist with their delivery, and is open to tolling new roads in principle, however the decision to toll:</p> <ul style="list-style-type: none"> • Should be linked to the decision on whether and when to construct the road, and consultation therefore undertaken ahead of construction • Be considered if it means a road can be built earlier than would be possible using National Land Transport Funds (NLTF) or other funds • Makes sense when it will achieve a positive overall network outcome across both the new and alternative route(s) • Tolling should not be undertaken solely for covering maintenance and operational costs, as these activities should be the first call on funding from the NLTF. <p>The AA oppose proposals to toll Ōtaki to north of Levin on the basis that the above principles have not been met.</p>	


Stakeholder Name	Sentiment
Ia Ara Aotearoa Transporting New Zealand	Support
<p>Supports tolling in principle:</p> <ul style="list-style-type: none"> • As a supplementary revenue-raising tool to support much needed improvements to the state highway network, and Roads of National Significance, subject to funds from road user charges, fuel excise and vehicle registration should predominantly be used to pay for road construction and maintenance, Commercial Vehicle Safety Team enforcement, and low-level subsidies of public transport operating costs. • Tolling be used sparingly, and only on roads with appropriate tolling assessments, given the substantial contribution that road users make through user charges. Heavy trucks already make the highest proportional contribution to their public sector costs of all travel modes. • Requests closer engagement between NZTA and the road freight sector to properly assess the proposed toll rates: <ul style="list-style-type: none"> ○ Supports tolling Ō2NL highway because it will deliver significant safety and efficiency benefits and timely delivery. ○ Asks NZTA to consider lowering the toll rate for heavy vehicles to maximise safety and efficiency benefits 	

Stakeholder Name	Sentiment
National Road Carriers Association	Support
<p>The national Road Carriers Association support tolling of Ō2NL because it will provide productivity improvements for transport operators travelling State Highway One that do not need to stop at Levin.</p>	

Stakeholder Name	Sentiment
NZ Heavy Haulage Association Inc (NZHHA)	Does not support
<ul style="list-style-type: none"> Schedule 8 of the Land Transport Rule: Vehicle Dimensions and Mass (VDAM) does not allow the transport of goods that are anything but the smallest over dimension loads on roads that are tolled. The NZ Heavy Haulage Association's view is that over dimension loads will be able to travel more efficiently and far more safely on the Ō2NL compared to the alternative route and on this basis, are unable to support a toll on the Otaki to North of Levin project, without a change to the rule being undertaken. Toll gantry points must be designed to allow the majority of over dimension loads to travel underneath them and suggest the envelope dimension of the gantries for the Tauranga Eastern Link be utilised if tolling is to be employed on this route. 	

Other submissions received

Organisation type	Organisation represented
Education Providers  <p>■ Support (0) ■ Don't Support (2)</p>	Te Wānanga o Raukawa, Te Wānanga o Raukawa Ōtaki
Business Chambers and Economic Development authority  <p>■ Support (1) ■ Don't Support (1)</p>	Central Economic Development Agency (CEDA), Ōtaki Te Horo Business Association
Community organisations & church organisations  <p>■ Support (1) ■ Don't Support (5)</p>	Manakau District Community Association, Horowhenua Equestrian Advocacy Group, Horowhenua Grey Power, New Zealand Motor Caravan Association Inc, Waitare Beach Progressive and Ratepayers Association, Whatunga Tūao Volunteer Central

Organisation type	Organisation represented
Healthcare providers <div data-bbox="181 248 520 495"> <div> <div>Support (0)</div> <div>Don't Support (2)</div> </div>  </div>	Arohanui Hospice, Healthcare NZ
Transport and logistics businesses <div data-bbox="181 584 520 831"> <div> <div>Support (0)</div> <div>Don't Support (3)</div> </div>  </div>	Don't Panic Couriers, SKG Trucking Ltd, Kapiti Coast Shuttles Ltd

Appendix B – Toll rate options considered

Scenario	Light vehicle toll rate		Heavy vehicle toll rate		Ō2NL South of Levin (2039)	Daily traffic flow existing SH1 south of Levin (2039)	% Diversion from Ō2NL	2039 Annual Crash cost savings (\$m)	NPV net revenue, 35-years toll scheme at 6% discount rate
	Both toll points	Single toll point	Both toll points	Single toll point					
Alternative NZTA Status Quo (Two toll points)	Both toll points \$2.50	Single toll point \$1.25	Both toll points \$5.00	Single toll point \$2.50	17,800	11,500	27%	5.6	\$109m
Consultation Option (One toll point)	\$2.50		\$5.00		13,800	15,300	43%	5.0	\$127m
International comparison (One toll point)	\$5.00		\$10.00		7,000	21,500	71%	3.0	\$178m