

NZ Transport Agency Board | 11 November 2024

In confidence

Tolling proposal summaries

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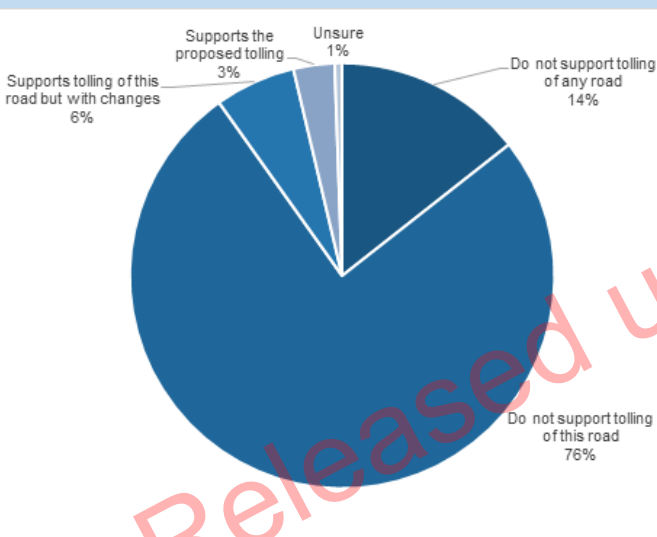
The tolling proposals meet legislative requirements

	Adequate consultation	Level of support		Requirements to toll	Use of toll revenue			Feasible untolled alternative	Effective tolling scheme	Efficient tolling scheme		
LTMA	48(1)(a)	48(1)(b)		48(1)(c)	46(1)(a), 46(3)(g)			48(1)(d)	48(1)(e)	48(1)(e), 51(4)		
	Level of feedback – Number of submissions	Level of support/ support with changes	Will not use the road if tolled		Planning / design	Supervision / construction including reimbursement	Maintenance / operation		PV net revenue (2024 dollars, over 35 years @ 6% discount rate)	Tolling infrastructure:		Tolling operations as % of gross revenue
										as % of revenue	payback period	
SH3 Te Ahu a Turanga	12,076	9% (1,121)	42% (6,041)	Considered a new or integral road because: <ul style="list-style-type: none">It is not yet open to usetraverses land that is not currently designated as, or used as, a road.	×	✓	✓	Saddle Road Pahiatua Track	\$127m	s 9(2)(j) s 9(2)(j)		24%
SH1 Ōtaki to north of Levin	2,907	19% (565)	30% (1,102)		×	✓	✓	Current SH1	\$127m			27%
SH2 Takitimu North Link	2,317	27% (624)	37% (853)		×	✓	✓	Current SH2	\$365m			19%
O Mahurangi - Penlink	3,337	37% (1,235)	26% (866)		×	×	✓	Hibiscus Coast Highway and Whangaparaoa Road	\$122m			28%

Te Ahu a Turanga – Manawatū Tararua Highway tolling proposal

Purpose

To seek endorsement to recommend tolling to the Minister of Transport



Background

State Highway 3 through the Manawatū Gorge (the Gorge) is a vital connection between the Manawatū-Whanganui and Hawke's Bay regions and connects the communities of Woodville and Dannevirke with Ashhurst and Palmerston North.

- The road was closed indefinitely on 24 April 2017 following a large slip and a history of landslides. Upgrades of the two alternative routes available, the Saddle Road and Pahiatua Track, have been carried out to ensure they are suitable for increased traffic volumes.
- The objectives of the 11.5km Te Ahu a Turanga project are to reconnect the currently closed Manawatū Gorge State Highway 3 with a:
 - more resilient connection
 - safer connection than the Saddle Road and Pahiatua Track
 - more efficient connection than the Saddle Road and Pahiatua Track
- The new 100km/h, two lanes in each direction, 4-star KiwiRAP road is expected to be completed in May 2025.

The tolling scheme consulted on

- \$4.30 for light vehicles and \$8.60 for heavy vehicles, flat rate.
- A single bi-directional tolling point.

Public Feedback

- 12,076 submissions were received.
- The majority (90%) do not support the proposed tolling of Te Ahu a Taranga
- 3% support for the proposed tolling scheme
- 6% support tolling but with changes to the scheme
- 42% state they will not use the road if tolled

The updated proposed tolling scheme for Te Ahu a Turanga

NZTA now recommend a revised scheme which balances generating sufficient revenue with managing the transport system effects of tolling and responding to public feedback on the proposal. This revised scheme is based on updated traffic and financial modelling alongside public feedback.

The recommended scheme

- \$2.80 for light vehicles (vehicles weighing less than 3.5 tonnes and motorcycles)
- \$5.60 for heavy vehicles (vehicles weighing over 3.5 tonnes)
- A single bi-directional tolling point is required as there are only two access points to Te Ahu a Turanga. A gantry ~4.6km from the start is proposed.

Public consultation feedback on Te Ahu a Turanga tolling proposal

The key themes identified from these submissions and NZTA position

Key Theme	NZTA position
Te Ahu a Turanga is a replacement highway and not a new highway.	While Te Ahu a Turanga provides a replacement for SH3 Manawātū Gorge, the road is considered a “new road” under section 46 of the LTMA because it is not yet open to use; and traverses land not currently designated as, or used as, a road.
Tolls will further exacerbate the cost of living	Road users can choose whether to pay a toll to use Te Ahu a Turanga or take a feasible untolled alternative route. Additionally, we are proposing reduced toll rates to those consulted on, based on updated modelling and public feedback received, which lessen the impact per trip.
Tolling will discourage use and push people on to an alternate route which is perceived as dangerous/in bad condition.	Both Saddle Road and Pahiatua Track have had safety improvements to ensure they were suitable for the increased traffic volumes when the Gorge was closed. There has been a significant reduction in crash rates since on both other these roads. Additionally, traffic volumes on Saddle Road are forecast to be substantially lower than current volumes, which will reduce safety exposure.
Alternative routes will need increased maintenance	If SH3 Te Ahu a Turanga is tolled the impacted parties would need to resolve ownership and responsibility for maintenance of the free alternatives.
The route is a vital connection between areas (e.g. east-west link to Palmerston North) which need to be recognised.	We do not consider this a basis not to toll Te Ahu a Turanga. Both the Tauranga Eastern Link Toll Road and Northern Gateway Toll Road are vital connections between regions which are toll roads.
Tolling will have a social impact including: <ul style="list-style-type: none">• community connection via families, schools and sport• creating a barrier to healthcare services	Road users can choose whether to pay a toll to use Te Ahu a Turanga or take a feasible untolled alternative route.
Tolling will create increased business and personal costs, and further increase the challenges for recruitment in the education and healthcare sectors.	Road users can choose whether to pay a toll to use Te Ahu a Turanga or take a feasible untolled alternative route.
Tolling will affect regional productivity and tourism	Road users can choose whether to pay a toll to use Te Ahu a Turanga or take a feasible untolled alternative route. Traffic forecasting indicates a small proportion of heavy vehicles will choose the free alternate route at the toll rates proposed. The toll rate as a percentage of total tourism spend is very small

Recommendations

Management recommends the Board:

- Approves recommending a toll road to the Minister of Transport
- Delegates

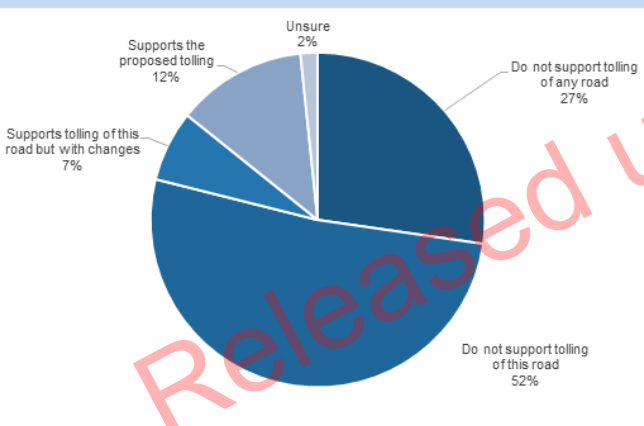
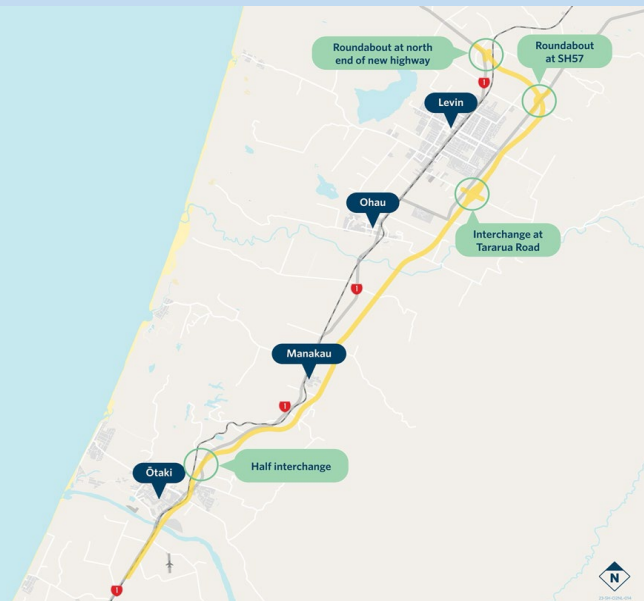
Risk and mitigations

s 9(2)(g)(i)

Ōtaki to north of Levin tolling proposal

Purpose

To seek endorsement to recommend tolling to the Minister of Transport



Background

State Highway 1 section between Ōtaki and north of Levin is a critical section connecting Wellington to the central and upper North Island and has serious safety and resilience problems.

- SH1 provides an essential economic connection to Palmerston which is the largest freight node in central New Zealand, and supports the growth of Horowhenua and Kāpiti Coast.
- The objectives of the new 24km Ōtaki to north of Levin highway are to:
 - Enhance safety of travel on and resilience of the state highway network
 - Provide appropriate connections that integrate the state highway and local road network to serve urban areas
 - Enable mode choice for journeys between local communities
 - Support inter and intra-regional growth and productivity through improved movement of people and freight on the state highway.
- SH1 Ōtaki to north of Levin users have a particularly low willingness to pay as a high proportion of users are generally making local trips (in and around Levin) and there are multiple alternative free routes to choose from to avoid the tolled route.
- The single gantry 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.

Public Feedback

- 2,907 submissions were received.
- The majority (79%) do not support the proposed tolling of SH1 Ōtaki to north of Levin
- 12% Support for the proposed tolling scheme
- 7% Support tolling but with changes to the scheme
- 30% state they will not use the road if tolled

The final proposed tolling scheme for Ōtaki to north of Levin has not changed from the one consulted on.

We propose to declare the full extent of Ōtaki to north of Levin as a toll road to allow for future operational flexibility but only apply a toll to the southern 15km of the route. The proposed tolls are flat rates of:

- \$2.70 for light vehicles and motorcycles
- \$5.40 for heavy vehicles
- A single bi-directional tolling point between the on/off ramps at Taylors Rd and the Tararua Rd interchange would be installed.

Public consultation feedback on Ōtaki to north of Levin tolling proposal

The key themes identified from these submissions and NZTA position

Theme	NZTA position
We already pay for roads through RUC / fuel tax / rates (“we are paying twice”)	The 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 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 GPS 2024. The LTMA prevents the tolling of existing roads.
Social impact, by unfairly targeting locals and impact daily life: <ul style="list-style-type: none">- Community connection via families, schools and sport- Equity – barriers to healthcare services- Equity – putting a price on safety	Road users can choose whether they would like to pay a toll or take a feasible untolled alternative route. 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.

Recommendations

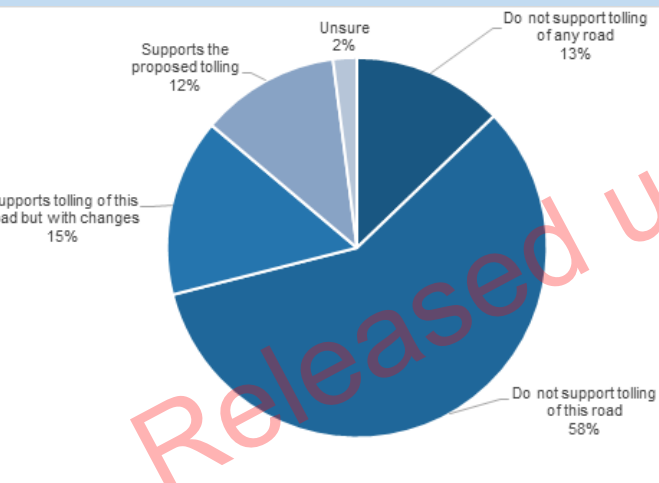
Management recommends the Board:

- Approves recommending a toll road to the Minister of Transport
- Delegates
- s 9(2)(ba)(i), s 9(2)(g)(i)

Takitimu North Link tolling proposal

Purpose

To seek endorsement to recommend tolling to the Minister of Transport



Background

The existing SH2 between Waihi and Tauranga is busy commuter and freight route, and tourism link to/from the Coromandel. The route is undivided and has poor safety record.

- SH2 Takitimu North Link is a new 13.8km four-lane expressway between Ōmokoroa and Tauranga being delivered in two stages:
- Stage 1 is 6.8km which is in construction and scheduled to open 2028.
- Stage 2 extends the expressway a further 7km to the SH2/Ōmokoroa Rd intersection. The opening of Stage 2 is potential feasibly by 2034.
- The objectives of the Takitimu North Link are to:
 - Reduce deaths and serious injuries, and improve the KiwiRAP star rating
 - Increase vehicle capacity to meet future growth demands
 - Provide consistent and reliable transport time particularly during peak periods

Public Feedback

- 2,317 submissions were received.
- The majority (71%) not supporting the proposed tolling of SH2 Takitimu North Link.
- 12% support for the proposed tolling scheme
- 15% support tolling but with changes to the scheme
- 37% state they will not use the road if tolled

The final proposed tolling scheme for Takitimu North Link has adjusted the weekday peak and off peak windows

We consulted on peak windows of weekdays 7am to 9am and 4pm to 6pm, however we propose to amend this to a peak window of weekdays 6am to 9am and 3pm to 6pm. 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.

Based on updated traffic and financial modelling, and in response to public feedback from the consultation, the proposed tolls are a variable toll rate of:

- \$3.10 during peak (weekdays 6am-9am and 3pm-6pm) and \$2.10 during off-peak (9am-3pm and 6pm-6am) for light vehicles and motorcycles
- \$6.20 during peak and \$4.20 during off peak for heavy vehicles

When Stage 2 opens the proposed variable toll for the full length between Ōmokoroa and Tauranga would be:

- \$4.10 during peak and \$3.10 during off-peak for light vehicles and motorcycles
- \$8.20 during peak and \$6.20 during off peak for heavy vehicles
- We propose to exempt travellers who use both the proposed SH2 Takitimu North Link toll road and existing SH29 Takitimu Drive from paying tolls for SH29 Takitimu North Link

Public consultation feedback on Takitimu North Link tolling proposal

The key themes identified from these submissions and NZTA position

Theme	NZTA position
The toll price is too high	We do not consider the proposed rates are set too high. We believe the toll rates adequately balance revenue with transport system impacts. 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. 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	NZTA considers tolling to support the construction and maintenance of all new roads, in all regions, in line with expectations set out in the GPS 2024.
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	Road users can choose whether they would like to pay a toll or take a feasible untolled alternative route. We propose to exempt travellers who use both the proposed SH2 Takitimu North Link toll road and existing SH29 Takitimu Drive from paying tolls for SH29 Takitimu North Link.
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.

Recommendations

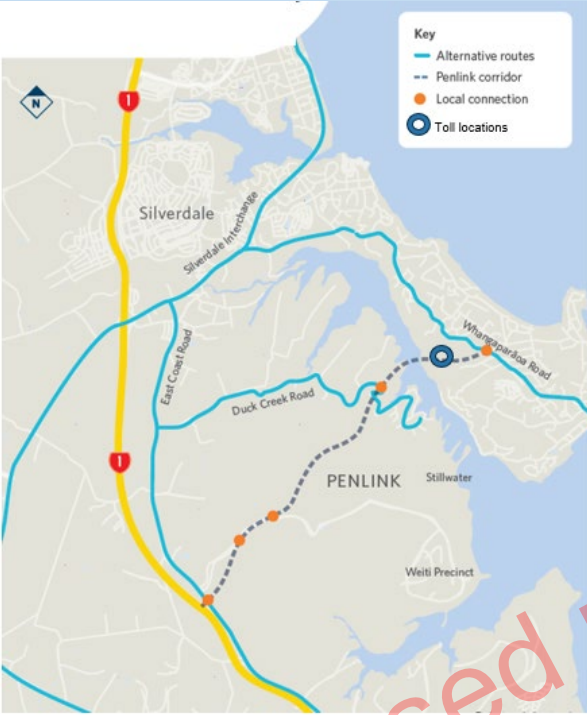
Management recommends the Board:

- Approves recommending a toll road to the Minister of Transport
- Delegates
- s 9(2)(ba)(i), s 9(2)(g)(i)

O Mahurangi - Penlink tolling proposal

Purpose

Supports an updated single toll point scheme for O Mahurangi – Penlink to the Minister of Transport



Background

Penlink is a 7km long link from the Whangaparaoa Peninsula to SH1 south of Silverdale.

- NZTA assessed tolling options in later 2021 and consultation was undertaken in January 2022.
- The consultation and final recommendation was based on two tolling points, one west of Whangaparaoa Road and one between SH1 and East Coast Road. The proposed end-to-end toll rates were set as \$3 at peak and \$2 off-peak for light vehicles (\$6 at peak and \$4 off-peak for heavy vehicles) following public consultation
- NZTA Board approved proposed Penlink Tolling Scheme April 2022
- The decision to recommend the establishment of a road tolling scheme was made by the Minister (Wood) on 1 June 2022.
- On reviewing the costs of tolling infrastructure and operations, NZTA have identified that using a single gantry would result in a more efficient tolling scheme.

The final proposed tolling scheme for Penlink has changed from a dual toll point to single toll point. End to end toll rates remain unchanged.

- Reducing tolling infrastructure costs support the efficiency and effectiveness direction in the GPS 2024.
- Tolling revenue would provide around \$122m (35 year analysis period) which would offset all maintenance and or operational costs.
- s 9(2)(ba)(ii) . Which could be used to supplement Penlink funding and contribute to the projects planning, design, supervision, construction, maintenance, or operational costs.
- Tolling does not undermine the road’s positive contribution towards the GPS priorities of increased resilience, economic growth and productivity.

Recommendations

Management recommends the Board:

- Supports the amended single toll point toll proposal for recommendation to the Minister.**

Scenario	Light Toll	Heavy Toll	Cost of toll infrastructure	Daily Traffic (mid Penlink)	Alternative route (Whangaparaoa Road)	% of diversion
Previous recommendation 2 toll points	\$3/\$2*	\$6/\$4	s 9(2)(j)	18,100	9,800	35%
Revised recommendation	\$3/\$2*	\$6/\$4		18,400	9,800	35%