

Proactive Release

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Some information has been withheld on the basis that it would not, if requested under the Official Information Act 1982 (OIA), be released. Where that is the case, the relevant section of the OIA has been noted and no public interest has been identified that would outweigh the reasons for withholding it.

Listed below are the most commonly used grounds from the OIA.

<u>Section</u>	<u>Description of ground</u>
6(a)	as release would be likely to prejudice the security or defence of New Zealand or the international relations of the New Zealand Government
6(b)	as release would be likely to prejudice the entrusting of information to the Government of New Zealand on a basis of confidence by <ul style="list-style-type: none"> (i) the Government of any other country or any agency of such a Government; or (ii) any international organisation
6(c)	prejudice the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial
9(2)(a)	to protect the privacy of natural persons
9(2)(b)(ii)	to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information
9(2)(ba)(i)	to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public
9(2)(ba)(ii)	to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest
9(2)(f)(ii)	to maintain the constitutional conventions for the time being which protect collective and individual ministerial responsibility
9(2)(f)(iv)	to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials
9(2)(g)(i)	to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty
9(2)(h)	to maintain legal professional privilege
9(2)(i)	to enable a Minister of the Crown or any public service agency or organisation holding the information to carry out, without prejudice or disadvantage, commercial activities
9(2)(j)	to enable a Minister of the Crown or any public service agency or organisation holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)

In confidence

Office of the Minister of Transport

Cabinet Economic Policy Committee

Tauranga Eastern Link – Updating the Tolling Order

Proposal

- 1 This paper seeks agreement to amend the Land Transport Management (Road Tolling Scheme for Tauranga Eastern Link) Order 2015 (tolling order) to toll all users of the new Pāpāmoa East Interchange.

Relation to government priorities

- 2 Tolling to fund infrastructure is a commitment in the Coalition Agreement between the New Zealand National Party and the ACT New Zealand Party.
- 3 Effective use of tolling is also an action in the Government's Land Transport Revenue Action plan announced in August 2024.

Executive Summary

- 4 I am seeking Cabinet's agreement to amend the Tauranga Eastern Link (TEL) Order-in-Council to toll users of the Pāpāmoa East Interchange (PEI) travelling to or from Domain Road at the Western end of TEL. PEI is a new interchange under construction approximately mid-way on TEL, an existing toll road. It is expected to open fully in March 2026.
- 5 Under this proposal, users travelling between Domain Road and PEI would incur a lower toll (\$1.10 for light vehicles and \$2.80 for heavy vehicles) to reflect the shorter distance travelled. The new toll will contribute toward debt repayment for TEL. Without this scheme, modelling indicates 37 percent of TEL users would not be charged a toll in 2035.
- 6 I consider that the statutory criteria for amending a tolling scheme have been met. Cabinet's agreement to the amendment will allow time for NZTA to communicate this decision to the public, and to ensure a new Order in Council can be drafted and put into force (including the 28-day notice period) before tolling back-office systems and roadside infrastructure are ready. These are expected to be ready in August 2026.

A new interchange will add substantial traffic, but some users cannot currently be tolled

- 7 The Tauranga Eastern Link (TEL) is a 15-kilometre tolled section of State Highway 2 (SH2). Annex One contains background information on this road. It runs between the Domain Road interchange near Pāpāmoa, and Paengaroa. It opened as a toll road in 2015.
- 8 To support growth in Pāpāmoa, the Pāpāmoa East Interchange (PEI) is being constructed. This interchange allows traffic to enter and exit TEL mid-way on the

road and full opening has been brought forward from August 2026 to late March 2026¹. This interchange is being constructed by Tauranga City Council, with support from a Housing Infrastructure Fund loan .

- 9 The opening of PEI will significantly increase the use of TEL. Many of these additional trips, based on the current location of the existing toll point, would be toll free. This would create inequity as not all users would contribute towards the costs of the road, which undermines the user-pays principle underpinning tolling. Introducing a second toll point to account for PEI ensures all users contribute towards repaying TEL construction costs.
- 10 Without an additional toll point to capture users travelling to or from PEI and Domain Road, transport modelling indicates that by 2035 approximately 13,500 vehicles per day (representing around 37% of all TEL users), would use the existing toll road without paying a toll. In contrast, users travelling to or from PEI and Paengaroa would continue to pay the existing toll of \$2.30 for light vehicles and \$5.60 for heavy vehicles.

The New Zealand Transport Agency (NZTA) have completed public consultation on an updated tolling scheme

- 11 NZTA undertook public consultation on the proposal to toll motorists travelling between PEI and Domain Road in July to August (consulting on \$1.10 for light vehicles and \$2.80 for heavy vehicles). NZTA's proposed rates are lower than what other users of the road pay to reflect the shorter distance of the road used. Modelling indicates that adding this toll would result in 7,000 users being tolled per day travelling between PEI and Domain Road in 2035.
- 12 Consultation resulted in 3,423 public submissions, with 13 per cent (430 submissions) in support, and 86 per cent opposing either the proposal (70 per cent) or toll roads in general (16 per cent) (2,950 submissions). Tauranga City Council, Bay of Plenty Regional Council, and Western Bay of Plenty District Council expressed support for the proposal.

I consider that the statutory threshold for amending a toll scheme has been met

- 13 Before recommending an amendment to a tolling scheme, I am required to be satisfied of the matters in section 48(1) of the Land Transport Management Act 2003. This is because an Order in Council establishing a toll scheme is secondary legislation, and the Legislation Act 2019 provides that requirements that apply to making secondary legislation also apply to its amendment, with necessary modifications.
- 14 Under section 48(1) of the LTMA, the Minister of Transport must be satisfied:
 - 14.1 that the scheme relates to a new road (or an existing road in limited circumstances)
 - 14.2 that a feasible, untolled, alternative route is available to road users
 - 14.3 that the relevant public road controlling authority has carried out adequate consultation on the scheme,

¹ One east-bound off-ramp of the interchange is already open.

IN CONFIDENCE

- 14.4 with the level of community support for the proposed scheme in the relevant region(s)
- 14.5 that the proposed tolling scheme is efficient and effective.
- 15 I have considered NZTA's proposal to amend the TEL tolling scheme, including the proposed toll rates and the wider effects of tolling, and advice from the Ministry of Transport on compliance with the statutory criteria.
- 16 *New road and alternative route:* While the LTMA generally requires a toll scheme to relate to a new road, I consider that this requirement does not apply in this case because TEL is already the tolled road in the tolling order. This proposal would not change that. I am satisfied that a feasible, untolled, alternative route is available to road users through the Pāpāmoa local road network and the Te Puke Highway.
- 17 *Consultation:* NZTA's four-week consultation was carried out across multiple channels and resulted in 3,423 submissions, mostly from Pāpāmoa and the surrounding areas. This is a similar level of engagement as was received for the original Tauranga Eastern Link tolling scheme. I am satisfied that adequate consultation has been carried out on the proposed scheme. While the level of community support is low (13 per cent), I consider this should be balanced against the interests of current TEL users who would need to bear the full cost of repaying the loan if tolling did not occur. I am satisfied with the level of community support in the relevant region.
- 18 *Efficiency:* When determining whether the amended scheme is efficient, I considered the economic efficiency of tolling, administrative efficiency, and the impact of diversion on project benefits. This toll provides a targeted price signal by linking part of the road's costs to those who choose to use it. Roadside infrastructure ^{s 9(2)} is less expensive than previous schemes, but it will take longer to repay the cost of tolling roadside infrastructure (7-8 years) than other schemes. However, this reflects lower traffic flows and tolls than other toll roads on the network.
- 19 On project benefits, modelling indicates that in 2035 approximately 50 per cent of PEI users will divert from the road. While full cost-benefit analysis has not been completed, the Ministry expects some potential project benefits of TEL will reduce compared to an untolled scenario. After reviewing this information, I am satisfied that the amended scheme is efficient.
- 20 *Effectiveness:* When considering whether the scheme is effective, I considered the scheme's ability to raise revenue and contribute to project costs, and how well it reflects the 'user-pays' principle. The scheme effectively raises revenue (\$0.8 million per year in 2035), resulting in reduced interest costs on the TEL loan, and an accelerated end to tolling by one year (2037). The scheme also ensures that the cost burden of the TEL loan falls across users who benefit from the road between Domain Road and PEI, as well as users of the full road. I am therefore satisfied that the amended scheme is effective.
- 21 I am also required to consult the relevant road controlling authority, in this case NZTA, before recommending a tolling order be amended. NZTA and I consider that this requirement has been fulfilled through our correspondence on this scheme.

The proposed tolling scheme also aligns with Cabinet's tolling principles

- 22 In December 2024, Cabinet agreed that future tolling schemes should be underpinned by four principles: supporting investment, customer-pays by maximising revenue while ensuring the tolling system is operating efficiently, clear benefits for users, and that there must be a free alternative [ECO-24-MIN-0285 refers]. As indicated above, there is a free alternative route. I consider the remaining principles are reflected in this proposal.
- 22.1 **Supporting investment:** This change would raise \$0.8 million of additional net annual revenue in 2035 and is estimated to bring forward the end date of tolling by one year, to 2037.
- 22.2 **Clear benefits for users:** Motorists travelling to and from PEI will benefit from a route that is safer and faster than alternatives, meaning a user contribution is justified.
- 22.3 **Customer pays:** The proposed toll rates would not maximise revenue. I considered NZTA's "international comparator/revenue maximising" rates of \$4.60 (light vehicles) and \$9.20 (heavy vehicles), but this would see a 94% reduction in traffic between PEI and Domain Road versus an untolled scenario. NZTA's recommended toll rates keep diversion reasonable at about half the number of vehicles travelling between PEI and Domain Road as the untolled rate, which keeps the scheme operating efficiently.

Amendments to the tolling order are required to give effect to the proposal

- 23 I recommend Cabinet agree to the following amendments to the tolling order governing TEL to enable implementation of NZTA's updated tolling scheme:
- 23.1 **The written description and map of TEL in the tolling Order needs to be updated:** The existing map and description of the Tauranga Eastern Link in the tolling Order must be amended to include PEI and a second toll point. This will allow users travelling to and from the new interchange to be tolled.
- 23.2 **The tolling Order needs to enable different toll prices for different distances travelled:** The tolling order must be amended to allow NZTA to set different toll rates for motorists that travel different distances. This will allow NZTA to set a lower toll rate for motorists travelling between PEI and Domain Road.
- 24 I also seek Cabinet's agreement to amend the tolling Order in accordance with the following decisions, to ensure the updated TEL scheme is aligned with other tolling schemes:
- 24.1 all regulatory and accountability requirements that currently apply to TEL (such as publicity and signage for users) should apply to the updated scheme
- 24.2 NZTA should provide me with a report at least four weeks before the second toll point begins operation, indicating its operational readiness, and a summary of this information should be made publicly available
- 24.3 the toll operator should be required to publicly notify the toll level or levels, exemptions and proposed date on which tolling will begin at least once in each of the four weeks preceding the proposed toll commencement date.

- 25 The specific toll rates do not have to be agreed by Cabinet. As the toll operator, NZTA has broad discretion to set toll rates provided they do not exceed the maximum toll rates set out in the tolling order.

Implementation

NZTA will work to implement the tolling proposal

- 26 To implement the new tolling proposal, a new toll point would be added by installing automatic number plate recognition (ANPR) cameras on poles located at all entry and exit ramps connecting TEL to the PEI interchange. Motorists travelling between PEI and Paengaroa to the south would pass the existing toll point and pay the current toll rates of \$2.30 for light vehicles and \$5.60 for heavy vehicles. Vehicles travelling the full length of the toll road would also pay these current rates.

NZTA has requested a toll-free period from March to August 2026 to allow time for implementation

- 27 Due to earlier than expected construction, the east-bound off-ramp of PEI was opened to traffic in August 2025. NZTA advised that it was not possible to implement the second toll point before this off-ramp opened due to tolling infrastructure procurement lead times (12-18 months). Therefore, users travelling from Domain Road to the east-bound PEI off-ramp have been able to travel for free since August 2025. NZTA has been working with vendors from the Multi-Lane Free Flow procurement panel to ensure toll infrastructure can be in place by August 2026, while the full opening of the interchange is planned for the earlier date of March 2026.
- 28 This will mean that users travelling to and from the new interchange and Domain Road will travel untolled until tolling roadside and back-office infrastructure is set up. While this is unfortunate, there is no cost-effective approach that could accelerate the delivery of the updated tolling scheme. Therefore, I am seeking Cabinet's approval that the tolling Order sets out a condition that NZTA cannot begin the new tolling scheme until I am satisfied that the appropriate back-office system and roadside infrastructure is ready, expected in August 2026. I am seeking Cabinet's approval of the scheme now, so NZTA has the certainty to begin implementation.

Cost-of-living Implications

- 29 The toll for motorists using PEI would be expected to increase costs for motorists compared to an untolled scenario. However, the toll rate is low compared to others in the country and there is a free alternative available to motorists who do not want to use the tolled road. If this change is not made, some TEL users will continue to bear the cost of repaying NZTA's debt, while thousands of users of PEI use TEL for free.

Financial Implications

- 30 Over the remaining life of the TEL toll, tolling users of the new interchange is expected to save \$1.7 million in interest payments on NZTA's TEL loan due to an accelerated end to tolling. In 2035, \$0.8 million of additional annual net revenue is expected by introducing this second toll point to capture new traffic from PEI. The National Land Transport Fund will fund an initial investment of s 9(2)(i) for tolling infrastructure, which will then be recovered from tolling.

Legislative Implications

- 31 An Order in Council under section 46 of the LTMA is required to amend the current tolling order to enable tolling of TEL users going between Domain Road and PEI. It must be in place before NZTA is expected to begin tolling users between PEI and Domain Road in August 2026. Cabinet's agreement to the amendment now allows time for this Order to be drafted and put into force (including the 28-day notice period).

s 9(2)(f)(iv)

Regulatory Impact Statement

- 33 The Ministry for Regulation has determined that this proposal is exempt from the requirement to provide a Regulatory Impact Statement on the grounds that the economic, social or environmental impacts are limited and easy to assess.

Climate Implications of Policy Assessment

- 34 The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to this proposal as the threshold for significance is not met.

Population Implications

- 35 There are no direct or specific population implications arising from the proposal in this paper as the tolls are intended to apply to all users, except for emergency vehicles (which are exempted under section 52 of the LTMA).

Human Rights

- 36 No human rights issues have been identified.

Use of external Resources

- 37 NZTA utilised external resources for the following work as part of the development of this tolling proposal: TEL Equity Assessment completed in 2022 (BECA), transport modelling completed in 2025 (Mobility Lab), and peer review of toll modelling completed in 2025 (Flow Transportation Specialists). The Ministry of Transport did not use external resources in the course of their work on this proposal.

Consultation

- 38 NZTA, Treasury, Ministry for Regulation, Ministry for the Environment, Infrastructure Commission, and the Ministry of Housing and Urban Development were consulted on this paper. The Department of the Prime Minister and Cabinet was informed.

Communications

- 39 NZTA undertook public consultation on the proposed tolling scheme in July and August 2025. They will utilise their existing communication channels to announce that Cabinet has confirmed that the proposed scheme will go ahead. Cabinet's agreement now allows time for NZTA to undertake these communications.

Proactive Release

- 40 This Cabinet paper (and associated minutes) will be released within 30 business days of final decisions being confirmed by Cabinet, subject to redactions as appropriate under the Official Information Act 1982.

Recommendations

The Minister of Transport recommends that the Committee:

- 1 **agree** to amend the Land Transport Management (Road Tolling Scheme for Tauranga Eastern Link) Order 2015 (tolling order) to:
 - 1.1 update the written description and map of the toll road to reflect the construction of PEI and a new toll point;
 - 1.2 toll all motorists travelling to and from PEI by enabling different toll prices for different distances travelled;
- 2 **invite** the Minister of Transport to issue drafting instructions to the Parliamentary Counsel Office to amend the Land Transport Management (Road Tolling Scheme for Tauranga Eastern Link) Order 2015 under section 46(1) of the Land Transport Management Act 2003, to give effect to the decisions in this paper;
- 3 **authorise** the Minister of Transport to make decisions on minor or technical changes that are consistent with the policy intent of this paper;

Reporting and publicity requirements

- 4 **agree** that all other reporting and regulatory requirements that currently apply to TEL through its tolling order should also apply to the updated tolling scheme;
- 5 **agree** that the Order in Council require NZTA to provide the Minister with a report at least four weeks before the second toll point becomes operational, covering information only about users of that toll point, including:
 - 5.1 the service standard obligation to road users;
 - 5.2 the method of publicising the toll in advance of the interchange fully opening;
 - 5.3 the signage and other information that will be used to inform drivers approaching the road, of the toll and options for paying;
 - 5.4 a technical description of the proposed components of the toll collection system and key performance indicators, inclusive of error rates, revenue levels, and health and safety issues;
 - 5.5 the structure of the administration fees for all payment methods and all penalty fees;

5.6 the continued existence of a feasible alternative route;

- 6 **agree** that the toll operator be required to publicly notify the toll level or levels, exemptions and proposed date on which tolling will begin at least once in each of the four weeks preceding the proposed toll commencement date;

Implementation

- 7 **agree** that the Order contain a condition that requires the Minister of Transport to be satisfied that NZTA have the appropriate back-office system and roadside infrastructure in place to toll users travelling to and from PEI and Domain Road before the new toll can begin;

s 9(2)(f)(iv)

Authorised for lodgement.

Hon Chris Bishop

Minister of Transport

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MINISTRY OF TRANSPORT TE MANATU WAKA

Annex One: Tauranga Eastern Link Toll Road Background Information

Diagram: Tauranga Eastern Link Toll Road with the Pāpāmoa East Interchange and new toll point



- 1 Current toll rates on the Tauranga Eastern Link Toll Road are \$2.30 for light vehicles and \$5.60 for heavy vehicles. Annual gross revenue on the toll road in 2024/25 was \$9.3 million. This revenue (after administration and infrastructure costs) repays the loan taken out by NZTA from the Crown to accelerate the construction of the road. The loan does not include the construction costs for the Pāpāmoa East Interchange.
- 2 The tolling order governs the conditions by which the road can be tolled and requires tolling to end at the earlier of the date which the NZTA has repaid the loan (modelling indicates this will be in 2038) or 30 June 2050.



Cabinet Economic Policy Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Tauranga Eastern Link: Updating the Tolling Order

Portfolio Transport

On 4 March 2026, the Cabinet Economic Policy Committee:

Updating the tolling order

- 1 **agreed** to amend the Land Transport Management (Road Tolling Scheme for Tauranga Eastern Link) Order 2015 (tolling order) to:
 - 1.1 update the written description and map of the toll road to reflect the construction of the Pāpāmoa East Interchange (PEI) and a new toll point;
 - 1.2 toll all motorists travelling to and from PEI by enabling different toll prices for different distances travelled;
- 2 **invited** the Minister of Transport (the Minister) to issue drafting instructions to the Parliamentary Counsel Office to amend the tolling order under section 46(1) of the Land Transport Management Act 2003, to give effect to the decisions in ECO-26-MIN-0015;
- 3 **authorised** the Minister to make decisions on minor or technical changes that are consistent with the policy intent of the paper under ECO-26-SUB-0015;

Reporting and publicity requirements

- 4 **agreed** that all other reporting and regulatory requirements that currently apply to the Tauranga Eastern Link through its tolling order should also apply to the updated tolling scheme;
- 5 **agreed** that the tolling order require the New Zealand Transport Agency (NZTA) to provide the Minister with a report at least four weeks before the second toll point becomes operational, covering information only about users of that toll point, including:
 - 5.1 the service standard obligation to road users;
 - 5.2 the method of publicising the toll in advance of the interchange fully opening;
 - 5.3 the signage and other information that will be used to inform drivers approaching the road of the toll and options for paying;

- 5.4 a technical description of the proposed components of the toll collection system and key performance indicators, inclusive of error rates, revenue levels, and health and safety issues;
- 5.5 the structure of the administration fees for all payment methods and all penalty fees;
- 5.6 the continued existence of a feasible alternative route;
- 6 **agreed** that the toll operator be required to publicly notify the toll level or levels, exemptions, and proposed date on which tolling will begin at least once in each of the four weeks preceding the proposed toll commencement date;

Implementation

- 7 **agreed** that the tolling order contain a condition that requires the Minister to be satisfied that NZTA have the appropriate back-office system and roadside infrastructure in place to toll users travelling to and from PEI and Domain Road before the new toll can begin;

s 9(2)(f)(iv)

Rachel Clarke
Committee Secretary

Present:

Hon David Seymour
Hon Nicola Willis (Chair)
Hon Chris Bishop
Hon Brooke van Velden
Hon Shane Jones
Hon Paul Goldsmith
Hon Louise Upston
Hon Dr Shane Reti
Hon Tama Potaka
Hon Simon Watts
Hon Chris Penk
Hon Penny Simmonds
Hon Andrew Hoggard
Hon Nicola Grigg
Hon Mark Patterson
Hon James Meager
Hon Scott Simpson
Simon Court MP

Officials present from:

Office of Hon Chris Bishop
Office of Hon James Meager
Officials Committee for ECO



Cabinet

Minute of Decision

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Report of the Cabinet Economic Policy Committee: Period Ended 6 March 2026

On 9 March 2026, Cabinet made the following decisions on the work of the Cabinet Economic Policy Committee for the period ended 6 March 2026:

ECO-26-MIN-0015 **Tauranga Eastern Link: Updating the Tolling Order** CONFIRMED
Portfolio: Transport

Out of Scope

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Rachel Hayward
Secretary of the Cabinet