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nzcid submission on sustainable transport – update of the nz transport strategy

The New Zealand Council for Infrastructure Development ¹ supports the Ministry's review of the New Zealand Transport Strategy and the commitment to develop a comprehensive implementation strategy to ensure the delivery of the NZTS, but has serious reservations about the deliverability of the strategy and its lack of focus on the important role which transport plays to the nation's sustainable economic growth.

The discussion paper raises a number of very valid issues that need to be addressed in the update of the NZTS including:

1. The need for specific guidance on how to resolve conflicts between the goals of the NZTS
2. Recognition that "more of the same" will not achieve the ambitious goals of the NZTS by 2010, or any date near it, and that a substantial change in approach is required
3. Recognition of the need to respond to the issues associated with climate change
4. Recognition of the need for the NZTS to be supported by a targeted and well specified implementation programme, including accountabilities for actions

However NZCID is concerned that the discussion paper fails to give adequate weight to the critical role that transport contributes to improving New Zealand's social, economic and productivity growth and has little specification of targets to ensure that these overarching objectives are achieved.

Because the Updated NZ Transport Strategy will require a high standard of accountability for action, it is critical that the targets and associated actions to achieve those targets meet New Zealand's social, economic and environmental

¹ NZCID is a non profit organisation. Members comprise a diverse range of leading private and public organisations including infrastructure equity owners, financiers, constructors, service providers, public sector agencies, and major infrastructure users. Information on the Council, its members, policy and work can be found at www.nzcid.org.nz. In developing its policy position on infrastructure issues, NZCID consults extensively with its member organisations, undertakes workshops and seminars on policy and undertakes independent research. This submission is based on that work and represents the views of NZCID as a collective whole. It may not necessarily represent the views of individual member organisations, some of whom will be making their own individual submissions.

goals, and are able to be achieved. Failure to do so will result in failure to deliver the vision for the future as described in the discussion paper.

overarching transport targets need review

The pre-eminence of the government's high-level outcome target to halve per capita domestic greenhouse gas transport emissions set out on page 17 of the paper is noted.

Of concern is that there is no pre-eminence given to the need to achieve a safe efficient and effective transport system that meets the social and economic mobility needs of the nation and its people.

The proposed high-level targets go on to require that travel times by all modes will be predictable. Does that mean predictably fast or predictably slow? That the next target listed on page 17 seeks only to improve on 2007 travel times indicates the latter, rather than the former.²

NZCID proposes that the overarching outcome targets for 2040 should read:

"The transport system will provide for the safe, efficient and effective movement of people and goods to help increase productivity growth and to ensure that all individuals have access to all the facilities they need to participate in society such as work, education, medical care, shopping and recreation."

"Travel times by principal routes to be improved relative to 1990 for identified critical inter-regional connections, as determined with each region."

Having set the overall goal for the transport system, subsidiary goals such as halving per capita domestic greenhouse gas transport emissions, public health effects, environmental impacts and safety standards would naturally follow.

Within the process of setting subsidiary goals, it is important to be precise about targets. For example, although there has been a slight reduction in kilometres travelled in 2006,³ targeting a 10% reduction in kilometres travelled by single occupancy vehicles on weekdays by 2015 (meaning an average reduction of 1.5% per annum over the next seven years) may have a significant adverse affect on the economy. It might also have significant adverse affect on individuals' access to the facilities. On the other hand an increase in multi occupancy vehicle use for commuting to and from work may well have significant positive affects on both aspects.

Similarly, there is a distinction between a target and an action. The government agreed intermediate or detailed targets including becoming one of the first countries in the world to deploy electric vehicles and the biofuels sales obligations are examples of actions, not targets, and would be better placed as part of the UNZTS action plan.

² Between 1990 and 2007 travel times on key urban arterials and motorway links have deteriorated significantly, particularly in Auckland. Congestion is a serious issue in 2007 and has substantial adverse affect on economic productivity rates. Acceptance of 2007 as a baseline year is therefore considered inappropriate.

³ The MfE advises that between 2001 and 2005 total vehicle kilometres travelled increased for all vehicle types. In 2006, total vehicle kilometres travelled for all vehicle types decreased slightly from the previous year in reaction to fuel price increases and a slowing economy. It is difficult to know whether this will be sustained over time, but the track record over recent decades is for a consistent growth in VKT roughly in line with economic growth.

Are the proposed intermediate targets valid and are they deliverable?

NZCID considers considerable work needs to be undertaken on the on the proposed intermediate targets in terms of their validity, achievability and timing. It is critical that this work is undertaken before confirming the targets in the UNZTS. Many of the targets are highly ambitious and some are simply unattainable, at least at an acceptable cost. No costing or feasibility studies appear to have been undertaken to ensure the targets can be delivered.

Specific comments are listed below by target:

"Identify and remove any barriers to the uptake of plug-in hybrid and full electric vehicles that meet appropriate safety standards."

Comment:

This is an action, not a target. Why not also encourage the uptake of existing fuel efficient and low emission hybrid vehicle technology? These cars are already readily available now both new and as second hand imports.

"Effective real-time information systems in place to enable road users to plan their journeys to avoid congestion, minimising delay and fuel wastage, by 2015."

Comment:

These are only really effective if there a viable choices for people to use. This will require substantial investment in infrastructure to provide alternatives alternative routes and alternative means of transport.

"Road deaths no more than 200 per annum."

Comment:

By when? Despite the decline in death and serious injuries from road crashes over recent decades, the rate of that decline has diminished in recent years. A reduction to 200 deaths per annum is ambitious. How deliverable this target will be is dependent on social acceptance increased road safety enforcement, early adoption of cars with safety improved design features and world class highway roading infrastructure. There are no supporting educational, enforcement or road engineering standards to deliver these outcomes?

Why no target for reduction of serious injuries until 2009?

"Over 40 percent of the light vehicle fleet to have four star or better occupant protection (currently ten to 15 percent) by 2015 and 90 percent by 2040."

"Over 25 percent of light vehicles to have electronic stability control (currently less than five percent) by 2015 and 95 percent by 2040."

Comment:

Will the turnover of the vehicle fleet provide these penetration rates? If not, should there not be a supporting target for the vehicle fleet turnover rate. How can this be made affordable? What's the relevant cost benefit ratio here? All these issues need to be tested.

"Lift coastal shipping's share of inter-regional freight to around 30 percent (currently about 15 percent of tonne-kilometres)."

Comment:

This target has been set without comprehensive analysis of the overall freight task and without the benefit of an overall freight strategy for New Zealand. While it makes sense to optimise the contribution of coastal shipping to the overall transport mix, this should be achieved through ensuring an even playing field for coastal shipping as compared with other road and rail transport alternatives, not by setting some apparently arbitrary mode share target.

"Lift rail's share of domestic freight to around 25 percent (currently about 18 percent of tonne-kilometres)."

Comment:

As above, this target has been set without comprehensive analysis of the overall freight task and without the benefit of an overall freight strategy for New Zealand. While it makes sense to optimise the contribution of rail freight to the overall transport mix, this should be achieved through ensuring an even playing field for rail as compared with other road and coastal shipping transport alternatives, not by setting some apparently arbitrary mode share target.

"Increase the public transport mode share of peak hour travel (journeys to work) in Auckland, Wellington and Christchurch from an average of nine percent to 20 percent and work with each region to optimise peak hour travel targets."

"At least double the overall public transport mode share to seven percent of all passenger trips (currently about two to three percent)."

"Increase walking and cycling and other "active modes" to 30 percent of total trips in urban areas (currently about 17 percent)."

Comment:

These mode share targets are simply unrealistic. It would require a reduction in private vehicle trips from 80% currently in Auckland to 50% in the morning peak. The passenger transport and active mode share targets represent a marked increase on current targets to 2016 which in the Auckland context are already considered to be "ambitious". Adoption of these targets would require a substantial increase in land transport funding, early adoption of road pricing and a level of intensification in land, residential and employment density unprecedented in New Zealand's history and would require a substantive shift in our current way of life.

It is of concern to note that no costing or analysis of the impact of imposition of such targets appears to have been done. One of the five objectives of the NZTS, the first requires that the transport system is “affordable”. This requirement does not appear to have been considered in the development of these targets.

One cannot necessarily assume that provision of more passenger transport services will achieve a substantial shift in PT mode share, at least not at the level contemplated in the paper.

For example, the table on page 39 depicting public transport patronage 1981 – 2005 in a number of economically successful cities of comparative scale to Auckland is used to illustrate comparatively low public passenger transport patronage in Auckland (40 trips per capita per annum in 2005) as compared with the other cities (which have an average of 100 trips per capita per annum).

However, while it is true that Auckland’s overall PT patronage is low, the morning peak journey to work mode share for passenger transport and active modes actually compares reasonably well with comparative cities like Perth and Brisbane which have much more well developed public transport systems. This is demonstrated in the following table.

<i>Method of travel to work - Census 2006</i>	Auckland 2006	Wellington 2006	Brisbane 2006	Perth 2006	Adelaide 2006	Sydney 2006	Melbourne 2006
Private Motor Vehicle	79.4%	64.2%	76.5%	80.8%	81.2%	69.0%	76.7%
Public Bus	5.3%	8.9%	5.9%	5.1%	6.8%	6.1%	1.4%
Train	1.1%	6.8%	6.9%	4.9%	2.7%	13.9%	11.9%
Walking	4.5%	10.4%	3.5%	2.5%	3.1%	4.7%	3.4%
Cycling	0.9%	1.9%	1.1%	1.1%	1.5%	0.6%	1.3%
Other (Ferry, Plane, helicopter, other)	1.2%	1.0%	1.5%	1.6%	1.2%	1.3%	1.1%
Worked at home	7.6%	6.7%	4.5%	4.1%	3.5%	4.4%	4.2%
Total Workers	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The discussion paper implies that passenger transport alternatives to the private motor vehicle are “more efficient” modes of transport. This is not necessarily the case. Perth invested heavily in rail infrastructure in the early 1990s including electrification of its commuter train service involving considerable expansion of its rail track and rolling stock. Despite this heavy investment, the mode share of the alternatives to the private motor vehicle is, in fact, lower than Auckland. Clearly the market is making its own determination about which is the more efficient transport mode.

By comparison, Wellington’s alternative transport mode share at peak, including walking and cycling, is very high by world standards. The key driver of this is the high density employment in central Wellington. This is in stark contrast to most New Zealand cities including Auckland which have widely dispersed employment and residential densities, where roads based transport is clearly a highly efficient transport option.

It is worthwhile noting that both Auckland and Wellington have a comparatively high proportion of workers who work from home – almost double that of the Australian cities. It may well prove more productive to promote teleworking and expansion of broadband infrastructural capacity than to invest in significant expansion of rail capacity, for example. No consideration or discussion of alternative options of this has been provided in the discussion paper.

Statistics from the Canadian cities are compiled somewhat differently and do not include the percentage of those who worked from home. The latest 2006 journey to work figures are not yet published on-line. Nevertheless the 2001 statistics provide a useful comparison.

<i>Method of travel to work - Census</i>	Auckland 2006	Wellington 2006	Vancouver 2001	Ottawa 2001	Calgary 2001
Private Motor Vehicle	86.0%	68.8%	79.5%	72.3%	78.8%
Public Transport	6.9%	16.9%	11.5%	18.5%	13.2%
Walking	4.9%	11.1%	6.5%	6.8%	5.9%
Cycling	1.0%	2.1%	1.9%	1.9%	1.5%
Other (Ferry, Plane, helicopter, other)	1.3%	1.1%	0.6%	0.5%	0.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

The key point to note here is **that despite vastly superior public transport networks and greater density of residence and employment within these cities, comparative mode shares for the daily commute are not substantially different to New Zealand cities.**

There may be better options to achieve desired outcomes such as promotion of teleworking and rideshare alternatives coupled with early adoption of fuel efficient / hybrid vehicles and road pricing.

Various scenarios should be tested, costed and evaluated for realism, effectiveness, affordability and deliverability. None of these tests appear to have been done.

"Ensure a substantial reduction in premature deaths and serious illnesses arising from air pollution from motor vehicles."

"Manage noise to minimise any public health effects."

"Reduce the rated CO₂ emissions per kilometre of combined average new and used vehicles entering the light vehicle fleet to 170 grams CO₂ per kilometre by 2015 (currently around 220 grams CO₂ per kilometre), with a corresponding reduction in average fuel used per kilometre."

Ensure 80 percent of the vehicle fleet is capable of using at least a ten percent blend of bio-ethanol or bio-diesel, or is electric powered, by 2015.

Thirty-five percent of the vehicle fleet to have emissions technology consistent with Euro 4 (or equivalent) standard by 2015.

Imported used petrol, LPG, CNG and diesel vehicles (light and heavy) are to be of Euro 4 (or equivalent) standard by 2012.

Imported new petrol, LPG, CNG and diesel vehicles (light and heavy) are to be of Euro 4 (or equivalent) standard by 2009.

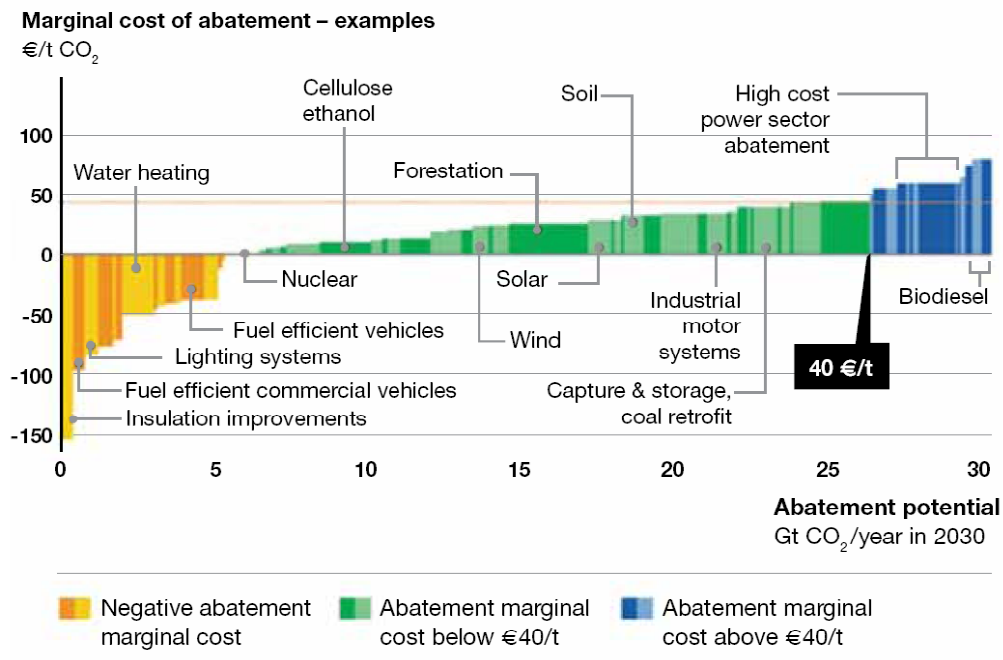
Comment:

Achievement of these goals will depend significantly on the pace of adoption of developments in vehicle technologies from overseas.

Cars that provide substantial reductions in greenhouse gas emissions are already on the market. The Toyota Prius, Honda Civic and Citroën C3, for example, have fuel economies of just over four litres/100 km (less than 120 grams CO₂/km). In contrast, the current average fuel economy for light petrol vehicles entering the fleet is around 8.8 litres/100km. New Zealanders are also expected to follow the European trend towards using diesel vehicles, many of which are highly energy efficient. Early adoption of existing technologies could see a marked reduction of energy consumption and carbon emissions.

In January 2007, the Swedish energy company Vattenfall published a comprehensive survey of all the measures that could be taken around the world to curb climate change and the costs associated with each. A global cost of abatement curve shows there is considerable cost-effective potential for reducing emissions in industrialised countries, particularly in energy efficiency measures with a 'negative cost', i.e. measures that finance themselves through reduced energy costs. A copy of this work (extracted from p28 of the NZ Energy Strategy 2007) is shown below:

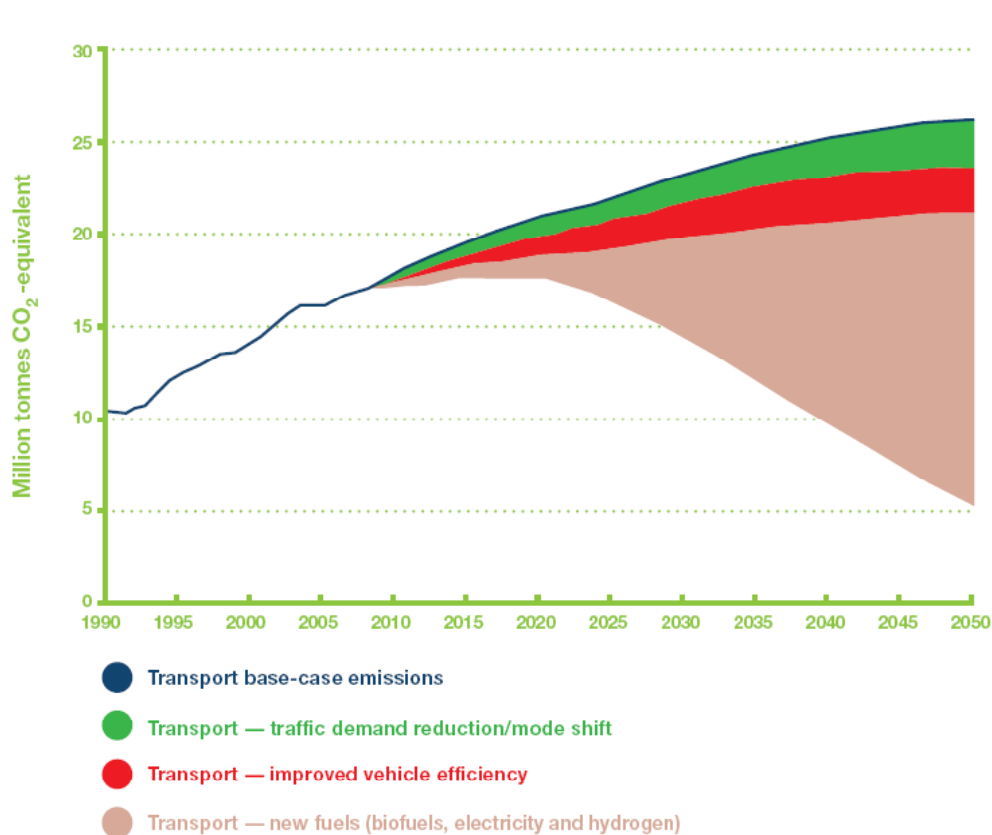
Global cost curve



The key point to note is that **early adoption of fuel efficient vehicles, particularly commercial vehicles has the potential a significant reduction in CO₂ emissions that can be financed through reduced energy costs.** Conversion to biofuels and biodiesel, on the other hand, is at the opposite end of the scale with comparatively the highest marginal abatement cost at over €40/t CO₂.

To reinforce this point, NZCID notes the recent analysis undertaken by the Ministry for Economic Development in conjunction with the MoT which sought to identify the potential drivers for reduction in CO₂ emissions. A copy of the illustrative summary of this work is included below.

Emission reduction opportunities in the transport sector



Source: Ministry of Economic Development

This work shows that the most significant gains in transport energy efficiency / CO₂ emission reduction lie in demand reduction, vehicle efficiency, but that the biggest gains will come from alternative fuels.

Measures that will incentivise motorists to conserve fuel such as through better consumer information of fuel consumption rates, and imposing higher costs on less fuel efficient vehicles are all useful tools that need evaluation. Similarly the introduction of road pricing and a distance based charging regime for all vehicles to meet land transport costs and encourage more effective use of the land transport system must be an early priority to coincide with capacity expansion of alternative modes.

The modelling of emission reduction opportunities illustrated above clearly demonstrates that emissions reductions rely heavily on improved petrol efficiency, increased diesel uptake and transition to biofuels, hybrid, electric and potentially hydrogen powered vehicles. These reductions in emissions are far more significant than demand management and transport modal shift.

There needs to be a better focus on improving New Zealand's uptake of technology improvements by means of support for research and development and international collaboration.

Transport initiatives that optimise the relative contribution passenger transport, walking and cycling transport modes need to be supported. But significant gains will also result from increased roading infrastructure reducing congestion on critical motorway linkages, particularly in Auckland. Progress on completion of key transport projects, both roading and passenger transport is too slow, and a further step change in investment is required.

Need for a new approach to transport infrastructure planning and implementation in New Zealand

The Next Steps Review undertaken by government in 2007 identified a series of systemic shortcomings in land transport planning and implementation in New Zealand. These included:

- a 'strategic gap' between the vision and the broad objectives in the NZTS and their implementation through the NLTP.
- lack of clarity regarding the inter-relationship between the NZTS objectives and whether and how they may need to be weighted or traded-off against each other
- fragmented decision-making at the regional level and tensions between local and regional interests that are not always managed well through current processes resulting in a lack of effective prioritisation across regions.
- lack of balance between national and regional priorities exacerbated by a lack of top-down strategic direction resulting in planning decisions frequently being driven from the bottom-up.
- the need to both rationalise and streamline the planning process and redress the annual planning "churn"
- lack of robust evaluation including focus on value for money
- less integrated decision-making across modes and activity classes and blurred accountabilities for Land Transport NZ having resulted from recent Crown funding injections
- capability gaps, specifically in the Ministry of Transport
- serious lack of sector collaboration and integration underpinning many of the issues present in the sector.
- lack of role clarity, sector leadership, and common expectations about how the sector should engage that was seen to be perpetuating a fragmented sector culture.
- mistrust and 'competition' amongst the agencies.
- agencies that are individualistic and act independently.

While resolution of all of these issues is critical to our collective capacity to achieve the goals of the NZTS, as updated, the discussion paper identifies no pathway towards addressing these inherent weaknesses.

New Zealand's transport planning currently includes a range of planning documents. These include the NZTS itself; the Updated NZTS (UNZTS) now under development; the Implementation Plan for the NZTS (INZTS) also under development; the Government Policy Statement (GPS) yet to be developed; the recently published National State Highway Plan; the National Rail Strategy; the Coastal Shipping Strategy; the National Walking and Cycling Strategy; and the respective National Land Transport Programme, Regional Land Transport Strategies, and the Regional Land Transport Programmes.

In addition as the discussion paper highlights, there are a number of national documents that have direct relevance for land transport planning such as the national Energy Strategy and the National Energy and Efficiency and Conservation strategy, together with the whole range of central and local government statutory requirements

The NZTS is a rather vague strategic document which is supported by the series on non integrated strategic plans listed above and a series of regional land transport strategies developed largely in isolation from one another and which tend to be aspirational rather than deliverable.

Both the UNZTS and the INZTS are currently being developed to redress current gaps in the NZTS.

While the move to three year planning cycles proposed in the Land Transport Management Amendment Bill (LTMAB) reduces the level of churn associated with yearly planning cycles, the enactment of the Bill in its current format will add further to the range and extent of planning documents directly affecting land transport planning but **fails to integrate these various planning documents into one coherent national land transport plan and programme.**

Three year and six year planning cycles are an improvement on ten year plans that are revised annually, however there remains a significant gap between the short term 3 yearly NLTP and GPS processes described in the Bill and the 30 year NZTS "vision" document

NZCID therefore considers further substantial reform of planning processes is required and recommends the following national land transport planning structure:

- As envisaged, The NZ Transport Strategy would have a thirty year planning horizon.
- Unlike the current NZTS, the revised strategy would contain an integrated implementation plan and programme as to how the goals and objectives of the strategy are to be delivered to meet national economic, sustainability, and safety goals.
- The strategy would set out the national transport quality and capacity standards that the Crown considers will be necessary to meet the nation's mobility requirements (including estimates of the impact of enhanced travel demand management and transfer to mixed mode transport).
- The Strategy would be an integrated multimodal transport strategy.
- It would be operationalised by incorporation of the following component strategies, as subsections of the overall Strategy, each with a consistent thirty year time horizon:
 - The national freight strategy – land, sea and air
 - The national state highway strategy

- The national rail network strategy
 - The national coastal freight strategy
 - The national public transport strategy
 - The national walking and cycling strategy
 - The national safety strategy
- The development of national strategies would be coordinated by the Ministry of Transport and the detailed work undertaken by the NZ Transport Agency and Ontrack (so long as it remains a separate entity), and with input from regional councils, industry and community stakeholders through normal consultation processes
 - The strategy sub sections of the NZTS would set the national direction for each major transport mode and their interrelationships and include national transport mode share goals and targets and standards of compliance
 - The strategies would include prioritisation of nationally significant transport connections – sea and air ports, state highways, regional arterial roads, rail corridors – and provide a listing of major capital works programmes in detail for the first 12 years of the plan, in less detail for the second 12 year period, and in broad outline for the remaining six years of the plan. ⁴
 - The NZTS would provide projections of anticipated levels of funding into the National Land Transport Fund, including appropriate use of debt finance to bridge funding gaps for major capital works and would include indicative allocation forecasts to activity classes for maintenance, public transport services, transport safety and support for alternative transport modes
 - This information would be broken down by region into capital works, maintenance and renewals and public transport service payments
 - The first 12 year planning cycle would be supported by four National Transport Programmes undertaken every three years.⁵
 - Within the national context, each Regional Land Transport Committee (or ARTA in Auckland’s case) would be required to develop a Regional Land Transport Plan to give effect to national strategies at regional level and to ensure appropriate integration of land use and transport planning across the region
 - There would be a requirement on regions to ensure that the RLTSs deliver compliance with all national standards in the provision of a national rail and state highway network
 - As with the NZTS, Regional Transport Plans would include prioritisation of major transport connections and associated capital works – sea and air ports, state highways, regional arterial roads, rail corridors – in

⁴ 12 year planning cycles have been adopted to enable compatibility with the three year election cycle and land transport programming cycles proposed in the Bill, however 5 and 10 year cycles could be valid as an alternative

⁵ In reality, development of the NZTS and its component parts would involve setting a thirty year vision for the transport network envisaged (to meet national economic, environmental social and cultural goals) and working back to the detail from there.

detail for the first 12 years of the plan, in less detail for the second 12 year period, and in broad outline for the last six years of the plan.

- The regional transport plans would be required to be supported by a viable funding plan that balances transport infrastructure development and service provision with available funding
- They would also be required to demonstrate consistency with the NZTS and would be audited for compliance
- Appropriate use of debt funding of major capital works would be encouraged subject to normal fiscal due diligence
- It would be the responsibility of the Ministry of Transport to oversee the integration of the regional plans with the NZTS with the NZ Transport Agency providing the appropriate technical support to ensure this can be achieved.
- The responsibility of the NZ Transport Agency will be to oversee the implementation of the plan, allocate funds, let and manage contracts for state highway contracts, and monitor and report on achievement of both regional and national strategies
- Ontrack would ultimately be merged into the NZTA but would undertake these functions for rail infrastructure management until this could be achieved
- The NZTS and RLTPs would be revised on a six yearly cycle, with provision for updates at three yearly intervals as currently envisaged in the Bill.
- It is recommended that, if adopted, this planning cycle could commence from July 2010
- Given that processes are already in train to develop an UNZTS and an INZTS and most of the other planning documents already exist, it should be possible to coordinate these plans into one national document by this date
- In the meantime, the existing NLTP programme would be maintained thereby maintaining certainty of the existing programme to 2010

NZCID contends that adoption of such planning structures would have the following key benefits:

- A sufficiently long planning horizon of up to 30 years as is appropriate for long term investment decision making but linked to a forward looking 12+12+6 year development programme supported at the detailed level by rolling three year national and regional land transport programmes
- Integration of the component parts of the national transport system into one coherent national plan, supported by detailed implementation programmes at both the national and regional level
- Alignment between national and regional planning and implementation processes for all modes of transport including integration of ports and freight logistic industries as part of the overall transport mix
- Appropriate top down bottom up feedback loops
- Direct linkage between long term aspirations, plans and available funding
- Clear responsibility and accountability for oversight and implementation.

- Providing certainty to the private sector of a national pipeline of work that is both planned and funded thereby encouraging necessary investment in productive capacity

Modal choices

In its current form the NZTS does not sufficiently address the problems of inter-regional mode split decisions and strategic choices between roads and other modes, and it does not appear to have adequate conflict resolution procedures to overcome these potential problems.

Currently, strategic decisions about allocation of funding to alternative modes are made on an ad hoc basis.

For example, investment in port infrastructure is made in the absence of a national freight strategy; rail mode share splits for freight and public transport are made independently of one another; as are national state highway and rail network planning and local regional planning for local roads and public transport initiatives.

While processes for collaboration do exist, various state agencies and regional and local authorities make separate applications for funding via the NLTF according to different financial assistance ratios, and via alternative N, C, or R funds. In the case of both OnTrack, and more latterly Transit NZ, applications are made separately for Crown funding support and guarantees.

Land Transport New Zealand applies a complex matrix of priorities for funding based on the broad objectives of the NZTS. The objectives of the Act are sufficiently broad that almost any project can be justified and the evaluation and project prioritisation process has many subjective component parts. Such ad hoc funding processes make optimisation of the allocation of limited funding extremely difficult and there is insufficient provision for difficult tradeoffs to be made between alternative mode share investment decisions.

The Land Transport Management Amendment Bill goes some way to addressing this by requiring RLTCs to develop integrated regional strategies including state highway prioritisation within the context of the overall 30 year soon to be updated NZTS and Government Policy Statement. However, it is not clear how potential differences between the short term planning timelines of the GPS and the three year NLTPs and RLTPs and the long term NZTS timelines are to be reconciled. A key issue will be how to integrate State Highways, local roads and public transport into a single programme, and how to prioritise the programme.

It is unclear from the Bill or the discussion document how differences between regional and national priorities will be reconciled, especially for State Highway expenditure. Moreover, while the inclusion of the State Highway programme in regional strategies is a positive step, the full integration of transport programmes will not be achieved unless Ontrack's programme and national freight and logistics planning are also included.

Similarly, the discussion document makes specific mention of coastal shipping but there no contemplation of the future development and / or possible rationalisation of Ports and how this might impact overall freight demand across the country.

These are among the reasons why NZCID considers more substantive reform of and transport management planning is required.

Integration of rail and freight logistics industries

The discussion paper supports integration of land transport planning and management in New Zealand.

Given the strong focus on integration that is a feature of the discussion, the continued separation of rail and organisational separation of OnTrack from the NZ Transport Agency structure is unusual. The rail sector sits largely outside the transport planning framework with only urban rail passenger transport and some infrastructure expenditure for passenger transport being planned and funded under the LTMA framework. The majority of rail infrastructure is funded directly by the Crown.

While acknowledging rail has its own set of statutes it is but one of a number of transport modes within the mix of alternative options for moving people and goods. NZCID is concerned that continued organisational separation of rail will continue institutional barriers to a holistic approach to land transport planning

The Next Steps review noted that ultimately rail policy and funding needed to be more integrated with the rest of the land transport system than it is currently. The Ministry of Transport has historically been responsible for rail policy and funding, but the waters have been muddied recently with the Treasury's involvement on funding. This has caused confusion over relative roles and responsibilities. While the LTMA provides for the merger of Land Transport New Zealand and Transit New Zealand, it makes no such provision for OnTrack to be merged in a similar fashion. These seem to be glaring omissions from the discussion which purports to achieve an integrated transport planning and management regime.

Optimisation of transport funding allocations

Allocation of national transport funding should be in accordance with good transport planning principles and aimed at achieving optimum value for money in the delivery of the national transport strategy.

NZCID is concerned at the complex nature of current funding allocation processes between Crown ("C") funding, National ("N") funding, Regional ("R") funding as it has evolved. Not only have these new funding categories added to the complexity of the process they have reduced transparency of allocation from a user perspective.

Such complexities have resulted from ad hoc funding arrangements put in place by the Crown on a piecemeal basis in recent times to meet funding shortages across the regions and to help fund nationally significant projects.

While these funding injections have been welcomed by industry bodies including NZCID, the additional funding has not been made in the context of a well thought out long term planning framework and have resulted in considerable increase in administrative complexity.

The revised NZTS and the INZTS needs to address these fundamental issues.

Need for longer term planning and funding certainty

Private sector infrastructure providers seek certainty of direction and commitment to long term funding to support national and regional transport plans. This is central to providing an environment of confidence for the private sector to invest in capacity to ensure the transport infrastructure development programme can be delivered. For

this reason NZCID recommends a substantive change to the planning processes as set in detail the preceding section of this submission which are specifically aimed at providing long term certainty of direction for land transport planning in New Zealand and commitment to a consistent implementation programme over time.

Long term secure funding processes

It is clear that traditional “pay as you go” financing of infrastructure will not be sufficient by itself to fund the substantial transport infrastructure deficit the country faces. By way of example, the funding gap for rail infrastructure, passenger transport, local roading and state highways in the Auckland region alone approximates \$3.5 billion over the next decade. This is roughly three times greater than the revenue that will be raised directly from a ten cent per litre increase in fuel tax. Such needs include potential electrification of the rail network, known rolling stock upgrades, expansion of bus, walking and cycling facilities, completion of the strategic state highway connections and important regional arterial connections. Using a combination of regional fuel tax and tolls to service long term debt, most, if not all, of these projects could be funded, thereby redressing the chronic congestion on the network and providing a much needed productivity boost for the nation.

Commitment to debt funding

NZCID considers the additional revenue obtained from hypothecation and regional fuel taxes currently proposed in the LTMA should be used to service long term debt financing of capital works to redress the transport infrastructure backlog that exists in New Zealand. As the discussion paper highlights, in the not too distant future toll revenues and / or the introduction of direct road user charging will be required to replace diminishing revenues from fuel excise resulting from fuel economy measures and moves to alternative energy sources. The prospect of reducing fuel tax revenues highlights the need for long term planning horizons for funding of land transport across the country and adoption of new land transport funding measures and methods.

NZCID is concerned that current arrangements for toll funding of roads in New Zealand has had limited application to date and the capacity for private sector toll concessions as provided for in the LTMA has yet to be promoted by Government. Increased commitment to debt financing, tolls on new and/or existing roads and forms of private sector involvement can and should be used to help fund land transport investment and avoid continual deferral of projects as has become the norm in New Zealand over the last three decades. The social environmental and economic opportunity costs of continued deferral of strategic investment are not sustainable and vastly exceed any interest costs involved with debt financing. Greater use of toll funding for strategic corridors either through direct or shadow tolling mechanisms⁶ should be used to help bridge the funding gap and achieve the quality standards required to meet social and environmental objectives.

Conclusion

The discussion paper correctly identifies the need for the update New Zealand Transport Strategy to be supported by a detailed implementation plan that sets out a clear programme of action and accountabilities. This includes the need for a detailed infrastructure planning framework and associated funding programme that will provide certainty to the private sector.

The targets specified within the paper address only some of the issues.

Of concern is that there is no pre-eminence given to the need to achieve a safe efficient and effective transport system that meets the social and economic mobility needs of the nation and its people.

⁶ Shadow tolling involves the use of fuel excise or other crown funding as the source of payment to the road provider in lieu of a direct toll on the road user.

Progress on completion of key transport projects, both roading and passenger transport is too slow, and a further step change in investment is required.

Many of the targets set out in the discussion paper are highly ambitious and some are simply unattainable, at least for an acceptable cost. No costing or feasibility studies appear to have been undertaken to ensure the targets can be delivered.

Because the Updated NZ Transport Strategy will require a high standard of accountability for action, it is critical that the targets and associated actions to achieve those targets meet New Zealand's social, economic and environmental goals, and are able to be achieved. Failure to do so will result in failure to deliver the vision for the future as described in the discussion paper. In order to test the validity of the plan, various scenarios should be tested, costed and evaluated for realism, effectiveness, affordability and deliverability, before a preferred option is agreed following an extensive consultation and evaluation process.

Considerable work needs to be undertaken on the on the proposed intermediate targets in terms of their validity, achievability and timing. It is critical that this work is undertaken before confirming the targets in the UNZTS.