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# CHANGES TO THE GOVERNMENT POLICY STATEMENT ON LAND TRANSPORT FUNDING 2009/10-2018/19

**SUBMISSION TO THE MINISTRY OF TRANSPORT  
2 APRIL 2009**

## **BACKGROUND TO IPENZ**

The Institution of Professional Engineers New Zealand (IPENZ) is the lead national professional body representing the engineering profession in New Zealand. It has approximately 10,000 Members, including a cross-section from engineering students to practicing engineers to senior Members in positions of responsibility in business. IPENZ is non-aligned and seeks to contribute to the community in matters of national interest giving a learned view on important issues, independent of any commercial interest.

## **EXECUTIVE SUMMARY**

The time-frame for the proposed GPS is 10 years and yet the focus for some of the new impacts seems to the short term period of 3 years. The new GPS needs to include medium term 10 year impacts. Also IPENZ is concerned with the inconsistency of the proposed GPS with the Land Transport Management Act 2003 and the 2008 NZ Transport Strategy - particularly relating to environmental sustainability and integration outcomes.

IPENZ would like to see measurable, attainable, and evidence based targets in the new GPS, and additional impacts relating to reducing roading modal share, taking a network approach to efficiency (rather than a project approach), and decreasing energy use and air emissions.

IPENZ supports increased expenditure on State Highways but it is key that Government continue to fund the ongoing improvement of rail infrastructure and rail rolling stock as components of New Zealand's passenger transport and freight network.

Overall IPENZ concludes that there is an inconsistency in this document, between the policies expressed as "the impacts sought by government", and the 10 year and 3 year funding allocations.

## CONSULTATION PERIOD

IPENZ is concerned about the consultation period of this 2009 GPS consultation document. The letter to IPENZ was dated the 19<sup>th</sup> March, received on the 23<sup>rd</sup> March, and the deadline for submissions was the 2<sup>nd</sup> April. This is a 7 working day consultation period.

As a consequence IPENZ has not been able to consult its wider membership and only minimal consultation with the IPENZ transportation group, which is very active on transport matters and has over 1,000 members. Accordingly the content of this submission has been based on an IPENZ transport policy document – Transport – Engineering the Way Forward. This produced in June 2008, after extensive consultation with the IPENZ membership.

We note that Section 87 of the Land Transport Management Act requires the Minister to have regard to the views of representative groups of land transport users and providers. We contend that this consultation period is insufficient to meet the spirit of this Section of the Act.

The development of good policy benefits from constructive and timely dialogue with the transport sector and the transport industry.

We also have been unable to locate this document on the Ministry of Transport website, making the consultation process with Members more difficult.

## THE TIMEFRAME OF A GPS

The Land Transport Management Act 2003 (Section 88) requires that a GPS must include the short to medium impacts the Crown wishes to achieve, expenditure targets for each of the first 3 years and subsequent years, and forecast funding ranges for each activity class for the period of 4 years following the first 6 financial years. The use of the term “and subsequent years” implies that the GPS term of “short to medium term” is 10 years – out to 2019. It is unrealistic to expect that the intended impacts can be achieved in the short time frame of 3 years.

The 2008 NZTS (which is still current) sets the direction for transport to 2040.

Thus the new GPS will cover the first third of the period of the NZTS.

The document also specifically refers to the importance of investing in economic growth and productivity, and to the current global and domestic situation. The required impacts are focussed around these immediate issues, yet the time frame for the 2009 GPS is 10 years. There seems to be some confusion around immediate issues (the recession is predicted to last around 3-5 years), and the medium term 10 year issues that this new GPS is supposed to address.

Accordingly IPENZ believes that the focus of a 2009 GPS should be to contribute to the objectives of the 2008 NZTS over the short to medium term of 10 years.

## CONSISTENCY WITH THE 2008 NZTS OBJECTIVES & THE LAND TRANSPORT MANAGEMENT ACT 2003

The NZTS objectives are:

- Assisting economic development
- Assisting safety and personal security
- Improving access and mobility
- Protecting and promoting public health
- Ensuring environmental sustainability

Section 87 of the Land Transport Management Act 2003 states that the Minister must, in preparing the GPS, be satisfied that:

- the GPS contributes to the aim of an affordable, integrated, safe, responsive and sustainable land transport system
- the GPS contributes to each of these objectives.

The only reference to these objectives in the this document is that as well as the government's national economic growth and productivity priority, the government expects to see progress on the other social and environmental objectives under the Act.

Thus IPENZ is concerned that the short to medium impacts outlined in this document do not adequately contribute to the aim or the objectives, as required by the Land Transport Management Act 2003.

## COMPARISON OF GPS IMPACTS

The approach of these proposed amendments for the 2009 GPS is quite different to the 2008 GPS. The 2008 GPS expresses the short to medium term impacts as targets to be achieved by 2015 whereas this document uses the term "impacts".

In addition, in the introductory paragraph on the impacts, this document suggests the list would "include" specific impacts, and then list "examples"? Are these the complete list of impacts sought by government or are they genuinely just examples? It is difficult to provide comments on the basis of examples.

These targets in the 2008 GPS and the impacts in this document are compared in the following table:

Targets - GPS Aug 2008	Proposed amended GPS April 2009
Reduce travel by single occupancy vehicles in urban areas on weekdays by 10%/capita by 2015	Nil
Freight transfer to coastal shipping & rail by 2015	Nil
No deterioration in travel times & reliability on critical routes by 2015	Improvements in journey time reliability Easing of severe congestion
Reduce fatalities & hospitalizations by 2015	Improvements in road safety
Increase patronage on public transport by 3% by 2015	Nil
Increase walking and cycling trips by 1% pa to 2015	Nil
	Improving transport connections to areas that have economic growth potential
	Increasing access to markets
	Improving transport efficiency

### Measurable targets

The first point to recognise is that this proposed amendment does not have any measurable targets – the impact for the 10 years is only shown in general terms. While the Act does not require targets to be quantifiable, specifying targets is of great assistance to monitor and evaluate progress towards the GPS outcomes.

There was considerable concern expressed by IPENZ and the wider transport sector on the basis behind the targets in the 2008 GPS. Targets need to be evidence based and achievable, rather than aspirational.

IPENZ would like the impacts in the 2009 GPS to have measurable, attainable, evidenced based targets.

## Commonality of impacts

Comparing the 2008 GPS and this document it is clear that in the first 10 years the 2008 GPS had targeted no deterioration of travel times and reliability, and this proposal intends to improve trip reliability and ease severe congestion. So while the policy issues are the same, this document seeks improvements. This is supported.

## Changed impacts

This document is silent on reducing single occupancy vehicle travel, increasing the freight mode share of coastal shipping and rail, increasing patronage by public transport and increasing walking and cycling trips.

The issues here are clear. In order to achieve the impacts of **improvements in journey time reliability and easing congestion** a multi-pronged approach is required. This is through both travel demand management techniques (behaviour change and pricing), increasing passenger transport capacity (bus and rail), and increasing roading network capacity – not just increasing roading capacity. The evidence to support this is the transportation modelling undertaken in the major metropolitan areas of NZ. The success of their regional land transport strategies rely on such a multi-pronged approach.

Therefore IPENZ believes that the 2009 GPS should include an additional impact on “reducing roading modal share” by the use of travel demand management techniques and improving passenger transport infrastructure, networks and services.

This document also has new targets of **improving transport connections to areas of economic growth potential, and increasing access to markets**. The intention to improving connections to areas of economic growth potential and access to markets are commendable but there will be definition issues.

It is important to improve connections to important existing areas of economic activity – not just those areas with potential. In addition it is not an easy task to identify areas of future potential. Also it is not clear what is meant by potential – is it the 10 year time horizon of the GPS – or the 30 year horizon of the NZTS? Therefore we believe that the term potential should not be used.

The use of the term markets is important - recognising that in the New Zealand context for exports this will mean access to ports and airports. Similarly for imports this will mean access from ports and airports to internal markets.

IPENZ suggests that these two inter-related concepts be combined into one impact and a more appropriate impact might be “improving transport connections between areas of economic activity and markets”.

While we respect the Government’s intention to place an emphasis on improving the economy it also needs to be recognised that transport networks support land uses that are much wider than those that related to economic activity.

Regarding the target of **improving transport efficiency** – if this is about assessing projects using benefit cost, IPENZ has concerns about this. Designing efficient and effective transport networks is about assessing the merits of options, taking a multi-modal and network

approach, and assessing options against a range of criteria. Assessments at the project level will not necessarily achieve efficient networks. This was a fundamental problem with the sole reliance on benefit cost in the 1990s, and a contributing factor to the subsequent major congestion problems in Auckland. This favoured smaller discrete projects and safety projects, and insufficient attention was given to wider network effectiveness.

It is also relevant to the Waterview Connection in Auckland. This project has a low benefit/cost but there is no doubting its value to the wider Auckland transport network.

Benefit cost ratios of projects are a valuable tool (recognising the limitations of B/Cs in capturing benefits), for prioritising and assisting with sequencing decisions, but should not be the basis for the design of the transport network. The current practice of the NZ Transport Agency of evaluating transport packages is the correct basis for investment decisions.

It also needs to be recognised that improving transport efficiency involves not only new capital works but a range of activities that increase and optimise the efficiency of the existing transport networks, including bus lanes, priority measures, and facilitating modal interchange.

It is also suggested that the emphasis on this target and on specific projects will be inconsistent with the aim of achieving an integrated transport system as required by the Land Transport Management Act 2003.

IPENZ suggests that this be amended to “improvements in the efficiency of transport networks”.

### **Missing impacts**

It is noted that there is no impact relating to reduced energy use and air emissions. Reducing roading modal share, reducing congestion, the regulation of vehicle emissions, improved vehicle efficiencies, renewing the vehicle fleet, and promoting public transport are all important mechanisms to contribute to the reduction of energy use and air emissions. Similarly the emission trading scheme will provide a price incentive to reduce energy consumption and emissions. An impact relating to energy use and air emissions is consistent with the aim of achieving a sustainable transport system as required by the Land Transport Management Act 2003.

Therefore IPENZ believes that a further impact be included - “decreasing energy use and air emissions”.

### **ALLOCATION TO ACTIVITY CLASSES**

The proposed 3 year funding allocations for the Demand Management & Community Programmes activity class show significant decreases of 11%, compared to the 2008 GPS. Similarly there are decreases for walking and cycling facilities (27%) and domestic sea freight development (\$30m down to \$3M).

These are the financial implications of a lesser emphasis on promoting modal shifts from roads to other transport modes and IPENZ is concerned about this, as discussed above.

There is a considerable increase of funding for State Highway capital works (new and improved infrastructure) of 61% and this is fully supported.

IPENZ supports this increased expenditure on State Highways.

It is also noted that public transport infrastructure is reduced, and understand that this will be funded outside the NLTF. This is supported, because in essence road users have been funding rail infrastructure through excise tax and road user charges and this has been unfair.

However IPENZ believes that it is key that the Government continue to fund the ongoing improvement of rail infrastructure and rail rolling stock as components of New Zealand's passenger transport and freight network.

IPENZ notes that the 10 year funding for the maintenance and renewal of both State Highways and local roads is reasonably consistent between the 2008 GPS and this proposal, and commend the Government for this. It is critical that we maintain the integrity of New Zealand's roading assets, while at the same time extend and improve the roading network.

IPENZ supports this ongoing investment in maintaining and renewing the roading network.

Although there is concern on the decreased funding for modal shift, overall the funding allocation in this document shows a closer alignment with the 2008 NZTS and the Land Transport Management Act, than the policy elements outlined in this document.

Therefore IPENZ concludes that there is an inconsistency in this document between the policies expressed as "the impacts sought by government", and the 10 year and 3 year funding allocations.

## **CONCLUSION**

IPENZ appreciates the opportunity to make this submission and is able to provide further clarification if required.