



GOVERNMENT POLICY STATEMENT LAND TRANSPORT FUNDING

2015 – 2025

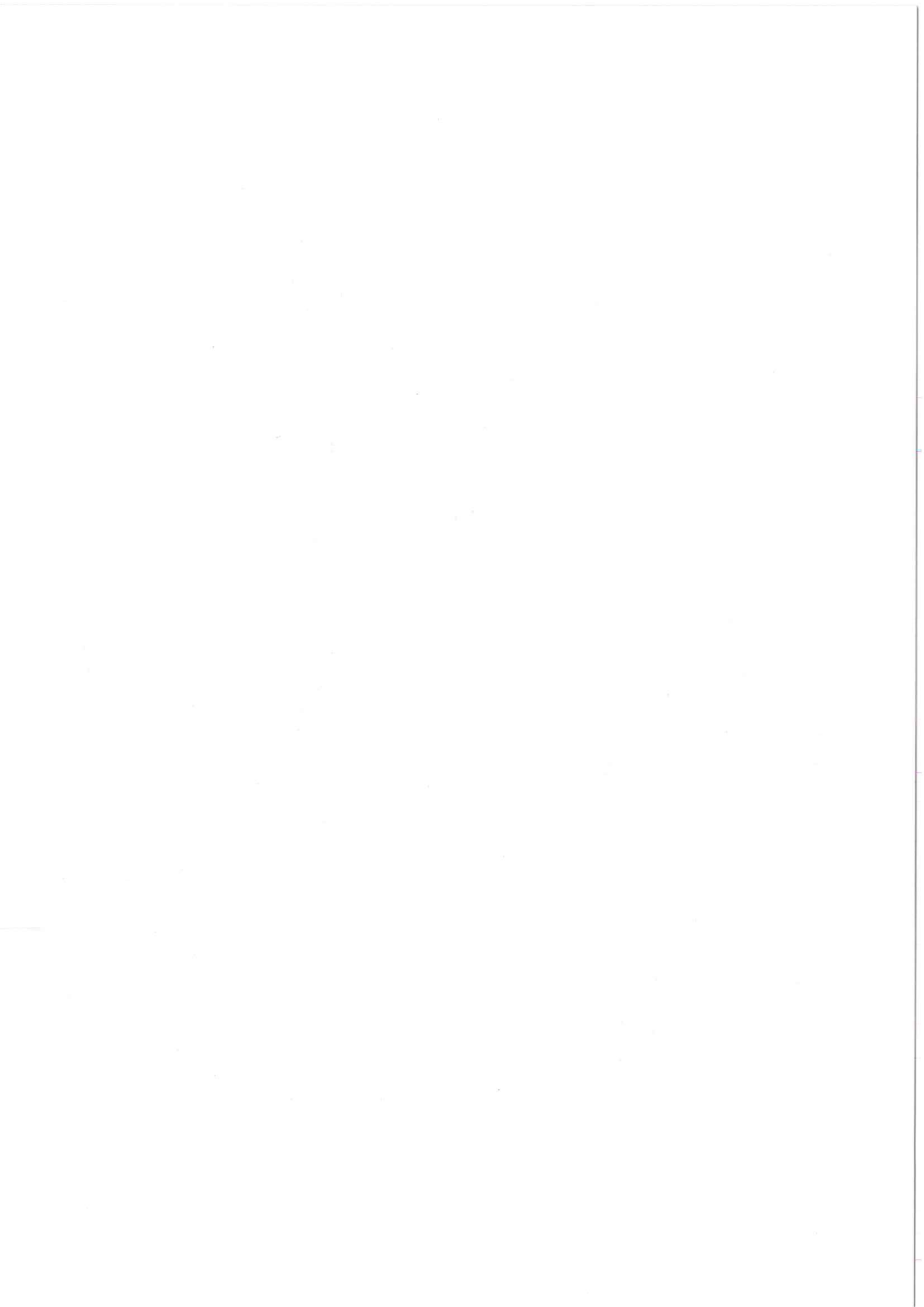
GUIDING
LIFE'S
JOURNEYS
FOR OVER
110 YEARS.

New Zealand
Automobile
Association



The New Zealand Automobile Association Incorporated
342-352 Lambton Quay
PO Box 1
Wellington 6140
NEW ZEALAND

14 August 2014



THE NEW ZEALAND
AUTOMOBILE
ASSOCIATION
INCORPORATED

342-352 Lambton Quay
Wellington
New Zealand
PO Box 1
Wellington
New Zealand

T. +64 4 931 9999
F. +64 4 931 9960

15 August 2014

Ministry of Transport
PO Box 3175
Wellington 6140

**SUBMISSION: GOVERNMENT POLICY STATEMENT ON LAND TRANSPORT FUNDING
2015/16-2024/25**

The New Zealand Automobile Association (AA) presents this submission on the draft Government Policy Statement on Land Transport 2015/16-2024/25 (proposed GPS).

The AA is an incorporated society with 1.4 million members. Originally founded in 1903 as an automobile users' advocacy group, today it represents the interests of road users who collectively pay over \$2 billion in taxes each year through fuel excise, road user charges, registration fees, ACC levies, and GST.

We focus our advocacy role on articulating the voice of the reasonable motorist on key transport issues. Our goal is a safe, sustainable, and strategically aligned transport network that provides greater mobility options for our members.

Our advocacy and policy work mainly focuses on protecting the freedom of choice and rights of motorists, keeping the cost of motoring fair and reasonable, and enhancing the safety of all road users.

Overview

We appreciate the opportunity to comment on the proposed GPS. Overall, we are supportive and view the proposed GPS as being consistent with and carrying on the approach taken with the 2012 GPS. We consider there are strong benefits from continuity and certainty for timeframes and value for money. In addition to review by our Motoring Affairs team based in Wellington, we circulated the

proposed GPS to our 17 District Councils; they have provided comments and we include these in the relevant sections of this submission.

The strategic direction and the objectives of the proposed GPS

Strategic direction

We are supportive of the proposed GPS continuing the strategic direction of the 2012 GPS (economic growth and productivity, road safety and value for money). The AA also sees merit in the proposed GPS continuing the focus of the 2009 GPS, which seeks to put safety, the economy and value for money at the top of the agenda

Economic growth and productivity:

- We support this continued strategic direction and the emphasis on being pro-active rather than reactive to transport investment for economic growth and productivity.
- We welcome the investment focus on unlocking barriers for freight and alleviating congestion through the use of flexible transport tools and high value investment.
- We also support the proposed multi-modal approach that emphasises the need for investment in not only the State highway and local road networks but also public transport, walking and cycling. Modal investment and choice reflects not only the economic but social and wellbeing aspirations of transport users.

Road safety:

- AA strongly supports the continued emphasis on road safety and the safe system approach the proposed GPS takes through utilising the Safer Journeys road safety strategy.
- Other elements of road safety like the safety multi-class focus are discussed in the relevant sections of this submission.

Value for money:

- We strongly support the emphasis that the proposed GPS places on the responsibility to motorists, ratepayers and businesses (who pay FED, RUC and MVR) to ensure that project costs are kept under control and provide value for money.
- We welcome the focus that directs all transport agencies to strive for better value for money in their transport investments.
- AA supports the proposed GPS facilitating road controlling authorities (RCAs) to work collaboratively. We understand that territorial authorities in the Waikato region have established a Mayoral Forum that examines, amongst other things, better asset management and procurement processes. There may be an opportunity for engagement with the Mayoral Forum to see if their work can be exported to other regions.

Our submission on the 2012 GPS, from May 2011, outlined our concerns regarding value for money and the impact that regulatory costs like consent and approval processes have on transport projects. Our concerns focussed on how litigation surrounding opposition to transport projects can escalate

costs and fuel delays. We acknowledge that the 2013 Resource Management Act amendments will alleviate some aspects of our concerns, but these amendments will take time to bed down. We also raised our concerns about the length of time it can take to consent a road project (7-12 years) and how this can dramatically increase costs and the reduce value for money.

A key issue with consenting costs is the perceived passive approach that agencies currently take to managing public perceptions of the value and risks of projects. Further, there needs to be greater assessment of the strategy that agencies take in consulting on options and responding to concerns to ensure that the process is not cost plus or result in 'gold-plating'.

We believe that our recommendation from the 2012 GPS that "the GPS require agencies to scan, at all levels, entrenched policies and practices to ascertain if they can be modified to achieve better productivity and value for money outcomes" and greater national consistency of these outcomes, is still relevant.

The AA is aware of a range of commentary from different parts of the transport sector regarding value for money. From the perspective of the road user, we are not experts and with this in mind, we support the establishment of a mechanism that gives road users an assurance that RCAs are consistently applying value for money across the country.

Objectives

The five objectives in the proposed GPS deal with the substantive transport task and addressing the effects of transport on its users and the environment. We see this as a positive new addition that provides clear expectations on the outcomes that the National Land Transport Programme (NLTP) must deliver. Nevertheless, using multiple objectives requires very clear frameworks and guidance to avoid a lack of clarity and unclear trade-offs.

Addresses current and future demand:

- We are supportive of the focus on seeking economic growth through investment in the State highway and local road networks.
- We welcome the focus on improving returns from road maintenance and public transport investment. Over the last few years there has been a significant investment into public transport infrastructure and now is the time to allow this investment to bed in and optimise the system to allow demand to grow.
- The AA does not see a role for either central or local government to be deciding the mode of transport that people use. Instead, their role should be on providing good levels of service across all modes of transport, so people can choose the mode that reflects their choices or needs.

Provides appropriate transport choice:

- We support the roles that public transport and cycling are expected to take within the proposed GPS framework insofar that the levels of service are increased to a level where people have a viable choice between all modes of transport.
- The AA sees merit in the approach the proposed GPS takes in stressing the role of cycling as a transport choice. However, we should not overlook walking as a mode of transport. For

certain trips walking can be the most widely used and cost effective transport choice available and can assist in alleviating congestion. Providing safe and reliable walking networks has also provided a key ingredient in city rehabilitation and rejuvenation. The activity class and the funding are for walking and cycling improvements, so we expect a focus on both forms of transport.

Reliability and resilience:

- We have seen recently how the disruptions to the roading network after a natural event can be time consuming and costly both economically and financially. As an organisation, we consistently advocate for roading networks to be more reliable and resilient. We welcome the three actions of providing ongoing investment in improving network resilience and in responding to incidents and enabling bespoke funding for extraordinary events as positive outcomes.

A safe system, increasingly free of death and serious injury:

- We fully support the focus on reducing death and serious injury from transport accidents and see this objective as a positive continuation of the road safety emphasis that successive GPS have taken.
- The multi-faceted approach of maintaining funding for road policing, road safety promotion and safety-related roading infrastructure is good. We strongly see the requirement of clear investment reporting into road safety infrastructure as a positive development. Especially if increasing future funding allocations for investment into road safety infrastructure is the result of this change. We expect the reporting to the robust, track trends, and line of sight tracking between investments.

Investment in land transport

Total funding

Overall, we are supportive of the investment approach taken by the proposed GPS. The investment of \$10.5 billion from 2015/16-2017/18 and the total of \$38.7 billion over the 10 year period are to be commended.

We note that the proposed GPS bases future FED, RUC and MVR increases after 2015/16 on the forecasted rate of inflation. One of the challenges ahead for the transport sector is managing any escalation of construction and maintenance costs within a constrained funding envelope and not automatically passing these costs onto motorists, businesses and other users of the network without an assurance that value for money is being achieved. The AA acknowledges the huge amount of work being undertaken by the Roding Efficiency Group and considers such a group invaluable for all output classes.

The AA strongly supports the commitment by Central Government to Auckland to provide NZTA with a \$375 million loan to accelerate State highway projects. Once completed, these projects will bring a range of safety, economic and congestion benefits to Auckland.

Activity class funding ranges

We support the increase in funding across the activity classes. The higher funding bands and the annual maximum available funding increase to either at or above the level of inflation are positive signals to the transport sector.

Activity classes and multi-class areas

The AA supports the reduction in activity classes from 14 to 10 as it offers the flexibility to shift resources to more efficient investment outcomes. We support and welcome the use of short to long term results for each activity class, this development will provide an additional “checks and balances” in making sure that all investment reflects the strategic direction and the objectives of the proposed GPS.

State highway improvements

State highway improvements will increase, reflecting the impact of the RoNS. We see it as important to continue the certainty provided by the RoNS but would again urge a strong value for money approach to them. We also emphasise the continued need for the RoNS to be safe and reliable for all users.

The AA strongly supports the recent announcement by the Government to investment \$212 million into regional State highway projects. This investment acknowledges the safety and economic needs and aspirations of the selected regions. As an organisation, we have previously advocated to the Minister of Transport our support for regionally based roading projects and this is one of our current 2014 Election Calls.

Local road improvements and maintenance

We are pleased to see that the funding ranges for these activity classes have been increased and we support the short, medium and long term results sought.

The sector has seen significant developments since the release of the 2012 GPS with One Network Road Classification and the Financial Assistance Rate review. We will continue to monitor whether these changes have an impact on levels of service, value for money and the ability to fund local road improvements and maintenance on roading networks in our Districts.

Public transport

Public transport (particularly in Auckland) has seen a significant increase in investment over the last decade. Public transport is a key driver in meeting the strategic direction and objectives of the proposed GPS.

We have had concerns in the past about the poor value for money of some public transport projects and activities. With this in mind, we support the amalgamation of the public transport services and infrastructure activity classes. This will allow tailoring of investment at either the operational or the

infrastructure activity level. Furthermore, we welcome the emphasis on improving the returns on investment in public transport; but would hasten to add we expect to see transparency of public transport costs. We would like to see more emphasis placed on advising consumers of the funding structure for public transport funded – i.e. the revenues raised from road users cover a significant proportion of the actual cost of each PT trip. This additional transparency will allow people to participate more fully in debates and discussion around public transport projects, plans or strategies.

Walking and cycling improvements

We support the focus that investment into walking and cycling must be strategic, have value for money and bring congestion relief benefits. As discussed above, walking has an important role to play as a cost-free and efficient transport mode.

In the past the AA had supported the concentration of funding in demonstrable “cycle towns” so that full cycle networks could be completed, rather than disjointed piecemeal cycle projects across the country. The evidence from NZTA to date suggests that these have been successful as demonstration projects. The AA is interested in how this successful model can now be rolled out to other communities. We find this a common theme that a locale will achieve success in isolation; we need a process for funding and rolling these successes out nationwide.

The AA would support additional funding from the Future Infrastructure Fund to kick start cycle network development in our major cities. We estimate additional funding of up to \$200 million would achieve a transformational change in these cities.

Regional improvements

The regional improvements activity class is an opportunity to fund projects that support safety and resilience improvements to regional networks. Our Districts are supportive of this new activity class, especially as regional (R) funding is concluding in 2015. We support the economic focus on freight and tourism as two demand generators alongside improving network resilience and reliability as a long term result sought. We will be monitoring how the new activity class is rolled out as well as the selection criteria that NZTA will use in choosing which projects and activities to fund.

Multi-class focus areas

The introduction of the multi-class focus areas is a positive step in how to measure the strategic direction and objectives of the proposed GPS. The opportunity is now available to provide robust reporting and financial analysis on how every project or activity funded through the NLTP must factor in the amount spent on each of these five multi-class focus areas. The multi-class focus areas must have good continuity to allow solid trend tracking, and line of sight tracking between investments and outcomes. This change will assist officials in ascertaining whether the strategic direction or objectives of the proposed GPS are being met through the projects and activities being chosen for funding.

Future developments in regulations, technology and road pricing

The proposed GPS makes reference to the future roles that regulations, technology, such as intelligent transport systems, and road pricing can play within the roading network.

Regulations

We see merit in the suggestion that a future GPS could look at transport regulations like speed or give way rules. The AA sees considerable inconsistency across RCAs in their transport regulatory approach, particularly for speed limit setting. From a road user, or customer point of view, we would like to see much greater consistency. We acknowledge that changes to the existing structure could expect significant pushback from the affected parties like RCAs, but see great benefit in achieving nationwide consistent levels of service and value for money, for similar transport functions.

Technology

The proposed GPS briefly discusses the role that technology can play in managing the capacity and access of a road network. The Joint Traffic Operations Centre and the phasing lights at major motorway entrance points in Auckland are two existing technological advances that have alleviated levels of peak hour congestion on the motorway network.

We believe that the proposed GPS should emphasise the strategic role that emerging technology can have on benefiting the roading network and we would like to see this work happen more quickly than is envisaged in the draft GPS. We envisage this strategic role to run through the investment management activity class as either a short-medium or long term result sought from the allocated research funding.

The AA also considers that technology has a role to play in the wider regulatory framework to make interacting with road users more customer-friendly. For example, 'smart' driver licences, 'smart' annual vehicle registration / ACC recovery, and 'smart' systems for managing crashes and incidents could all contribute significantly to the economy. An example would be giving a priority to developing real-time mobile phone, email and internet connections to customers instead of the current approach of physical and postal addresses.

Road pricing

The proposed GPS acknowledges that there is an opportunity for more sophisticated forms of road pricing to be developed in a future GPS. However, this position ignores the fact that the road pricing debate is already underway in Auckland and has been for a while. Not only local government, but also major transport stakeholders are currently investigating road pricing options. With this in mind, we see it as important that the proposed GPS takes a proactive approach to road pricing by guiding the debate, not putting it off to the future.

Other areas

The proposed GPS focuses on the major funding classes, which tend to focus on assets or 'concrete', which is expensive, instead of 'outcomes'. The AA considers it important to focus on customer

outcomes from the regulatory settings, systems, customer interfaces and investment in 'soft' options such as education, advertising, assessments, rehabilitation and treatment.

The recent WoF review was an example of a review to improve outcomes for road users, which saved considerable money, without in itself requiring significant funding. The GPS needs to put further detail into setting priorities for these lower cost options; if not, we risk losing them, which would exacerbate and already heavy imbalance towards physical assets.

Conclusion

In general, we are supportive of the proposed GPS. We view it as taking a strong and consistent approach to the strategic direction of funding the land transport sector. Amongst other things, we are pleased with the continued emphasis on road safety and value for money as well as the multi-class focus area innovation. However, the proposed GPS should explore alternative sources of funding and the greater role that technology can play within the transport sector. We are happy to discuss further the content of this submission. Please advise me if that would be useful.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Alex Voutratzis', written in a cursive style.

Alex Voutratzis

NZAA Senior Advisor-Infrastructure