



Report 09.355
Date 11 June 2009
File TP/01/14/03

Committee Regional Transport
Authors Natasha Hayes, Senior Policy Advisor
Joe Hewitt Manager, Transport Strategy Development

New Government Policy Statement – May 2009

1. Purpose

To update the Committee on the new Government Policy Statement on Land Transport Funding 2009/10 – 2018/19 (GPS).

2. Significance of the decision

The matters for decision in this report **do not** trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

3. New GPS

A new GPS was issued on 19 May 2009 (see **Attachment 1**). Officials from the Ministry of Transport will provide a briefing on the new GPS at the Committee meeting.

The new GPS states that “*the government’s priority for its investment in land transport is to increase economic productivity and growth*” and signals an expectation that funds will be allocated in the most economically efficient way to achieve value for money.

The government in general terms supports the overall intent of the New Zealand Transport Strategy (NZTS) but considers that moving too quickly on modal shift will have a negative impact on environmental and economic efficiency (GPS paragraph 33). However, some modal shift in Wellington is recognised as being important (GPS paragraph 34).

The new GPS has removed the previous targets and replaced them with a series of short-medium term ‘impacts’ that the government expects to be achieved through the use of the National Land Transport Fund (NLTF). These are set out below.

Impacts that contribute to economic growth and productivity

- Improvements in the provision of infrastructure and services that enhance transport efficiency and lower the cost of transportation through:
 - improvements in journey time reliability
 - easing of severe congestion
 - more efficient freight supply chains
- Better use of existing transport capacity.
- Better access to markets, employment and areas that contribute to economic growth.
- A secure and resilient transport network.

Other impacts

- Reductions in deaths and serious injuries as a result of road crashes.
- More transport choices, particularly for those with limited access to a car where appropriate.
- Reductions in adverse environmental effects from land transport.
- Contributions to positive health outcomes.

The new GPS sets out the total funding that will be available for each activity class. Activities and projects in Wellington's Regional Land Transport Programme (RLTP) will be competing for a share of those national funds.

Nationally, state highway investment is increased to approximately \$10.7 billion over the next ten years (around a third of the total fund over that period).

The government has listed seven Roads of National Significance (RoNS) including "*Wellington Northern Corridor (Levin to Wellington) – State Highway 1*". The GPS emphasises the importance of improving the RoNS quickly.

The GPS signals the government's intention to fund capital investment in Wellington rail infrastructure directly through Crown funds rather than the NLTF. Rail services will continue to receive funds through the NLTF.

The GPS also includes guidance on land transport planning and evaluation, including specific guidance for Regional Transport Committees. This guidance and what it means for the Wellington RLTP is outlined in detail below.

4. Analysis of the implications for Wellington's RLTP

Section 14 of the Land Transport Management Act 2003 requires RLTPs to be consistent with the current GPS¹ and the Regional Land Transport Strategy (RLTS), as well as contributing to the purpose and objectives of the New Zealand Transport Strategy and taking into account other relevant national and regional strategies and plans.

The following sections provide commentary on key changes to the GPS that are relevant to the RLTP.

4.1 Alignment with the 'impacts' sought by the government

The Committee's approach in determining the broad 'order of priorities' in the proposed RLTP, gave first priority to those activities required to maintain the existing level of service (e.g. maintaining the region's state highway network and operating committed new passenger transport projects) and second priority to relatively low cost activities that make best use of the existing transport network and help us move quickly towards RLTS outcomes (e.g. travel demand management, walking/cycling, highway minor safety works). Third-priority was given to large new projects (in priority order).

The evaluation and prioritisation process for third-priority 'large new projects' in the RLTP included assessment of the effectiveness of each project in contributing to the key outcomes in the RLTS.

Table 1 in **Attachment 2** demonstrates the alignment between the key RLTS outcomes and the GPS short to medium term impacts. Overall, the RLTS outcomes are well aligned with the impacts sought by the new GPS.

4.2 Comment on new GPS guidance

The GPS sets out the following factors that need to apply to the planning undertaken by local government and the NZTA, as well as to the evaluation of strategies, programmes, packages and activities by the NZTA:

4.2.1 Supporting national economic growth and productivity

The GPS states (note - bold type added):

*"To achieve national economic growth and productivity, **Regional Transport Committees and the NZTA should give priority** to transport initiatives that:*

- *improve the provision of infrastructure and services that enhance transport efficiency and lower the cost of transportation to New Zealanders through:
 - *improvements to journey time reliability*
 - *easing severe congestion*
 - *more efficient freight supply chains**

¹ Section 14(a) (iii) (A)

- *provide better access to markets, employment and areas that contribute to economic growth.”*

Comment

The recommended RLTP gives priority to proposals that aim to improve journey time reliability, ease severe congestion, and improve freight efficiency and provide better access. This is demonstrated in Table 1, **Attachment 2**.

The GPS states:

*“In preparing land transport programmes, **Regional Transport Committees** and the NZTA **should ensure** that investment in nationally important infrastructure and corridors is given priority because of its particular contribution to national economic growth and productivity. This should encompass networks that support national economic growth and productivity, as well as contributing to regional outcomes.*

In particular, consideration should be given to how projects funded through the National Land Transport Programme can support the delivery of the Roads of National Significance and the National Infrastructure Plan, and how the National Land Transport Fund can contribute to these”.

Comment

Several of the projects already included in the RLTP will contribute to the RoNS. These activities include:

- Transmission Gully (Investigation and preliminary design committed)
- Kapiti Western Link Road (Third priority – number 1 – ‘high’)
- Basin Reserve Upgrade (Third priority – number 2 – ‘high’)
- Waikanae Grade Separation (Third priority – ‘medium’)
- Ngauranga to Aotea Quay Tidal Lanes and Hutt Road Bus Lanes (Third priority – ‘medium’)

The two projects with a medium rating are considered to have a lesser contribution to the Wellington RoNS and a number of other projects that address safety issues have been given higher priority.

The New Zealand Transport Agency has proposed a new investigation of additional measures on SH1 that will contribute towards reducing congestion, improving safety and supporting economic growth. This has been included in this RLTP as a second priority activity.

The GPS states:

“While focusing on economic growth and productivity, improvements to the transport system should also seek to minimise any external costs associated with transport such as traffic accidents, noise and environmental impacts”.

Comment

The technical working group’s evaluation of project priorities included consideration of a safety matters and the Committee gave particular regard to safety in determining the proposed priorities. The RLTS includes policies around minimising social and environmental impacts. The large new projects in the RLTP were tested for their consistency with all policies in the RLTS as part of their evaluation. Further detailed consideration of environmental and social impacts of a particular project are best addressed during design and consenting processes (not as part of this programme process).

4.2.2 Considering networks from a national perspective

The GPS states:

*“As part of developing regional priorities, **Regional Transport Committees should consider** the national aspect of some networks. In preparing the National Land Transport Programme, the NZTA should ensure proposed activities will not compromise the functioning of the national State highway and national rail networks.*

Proposed improvements on inter-regional links will be coordinated across regional boundaries, and activities elsewhere on the transport network will not compromise the functioning of the nationally important networks”.

Comment

Access and reliability of SH1 and rail between Levin and Wellington are considered to be matters of national significance due to the importance of connections from the north to the capital city, CentrePort, Wellington International Airport and the South Island. Section 9 of the proposed programme identifies activities of inter-regional significance which address these matters. Key projects are Rail Scenario One, Transmission Gully and Kapiti Western Link Road.

Generally, the RLTS identifies the strategic transport network as being the State Highway network and the rail network because these networks provide vital connections within and between the Wellington region and adjacent regions. Various improvements to these networks are included throughout the programme. While RS1 includes proposals to improve the efficiency of the North Island Main Trunk (NIMT) railway line, it also provides for improvements elsewhere on the rail network.

Through their submission to the RLTP, Horizons Regional Council supported the high priority given to a number of projects consistent with the SH1 Levin to Wellington Road of National Significance. Similarly, Greater Wellington’s submission to Horizons RLTP supported the priority given to projects along this route. Officers from Greater Wellington will continue to work together

with officers from NZTA and Horizons Regional Council to ensure a coordinated approach to improving the corridor.

4.2.3 Achieving value for money

The GPS states:

“Making best use of resources by achieving value for money in the land transport sector is a key objective. To achieve value for money three main concepts will need to guide the NZTA, local government and the sector when planning, assessing, and implementing strategies and activities. The three main concepts are effectiveness, economic efficiency and economy.

Effectiveness means selecting activities which together make the greatest contribution to the government’s medium / long-term priorities, as well as the more immediate impacts sought in this GPS. Economic efficiency is about maximising the value of what is produced with the resources available. Economy means ensuring that quality inputs are purchased at the lowest price over the whole life of the asset or intervention.

There will be an increased focus on economic efficiency. The NZTA’s evaluation processes will be adjusted to give projects with high benefit cost ratios (BCR) higher funding and programming priority and to give projects with low BCRs more scrutiny (high BCR is greater than four; low BCR is less than two). This change will place the onus on the organisations seeking funding from the NZTA to give priority to higher BCR projects unless there is good reason to do otherwise.

The use of BCR will need to be complemented by other evaluation factors. The government expects the NZTA to consider the broader benefits and costs of proposed investments that cannot easily be captured in a benefit cost analysis, especially as they relate to economic activity”.

Comment

Effectiveness

The priorities in the proposed RLTP have been evaluated for their contribution to the key outcomes in the RLTS. These key outcomes are well aligned with the medium to long term aims signalled in the NZTS. In addition, the key outcomes are consistent with the more immediate impacts sought in the new GPS, as demonstrated in Table 1, **Attachment 2**.

Economic efficiency

The BCR was taken into account as part of the technical working group’s evaluation of projects priorities, as one of three key factors alongside seriousness & urgency and effectiveness. While BCR was not given a particularly high weight in determining the project scores, sensitivity testing showed that even with a high weight, the broad order of project priorities did not change significantly. This was mainly due to the broad range of matters taken into account and the fact that the benefits were also counted in the

effectiveness scores. It should be noted in many cases detailed BCRs were not available for the evaluation because projects are not yet sufficiently developed.

Economy

The considerations of quality inputs and purchase price are matters best addressed through the detailed design, specification and the procurement phases. These are not matters that can be addresses through the RLTP process.

The Committee's role in the RLTP process is to be satisfied that agency proposals are acceptable (assessed against our RLTS, the GPS, the NZTS objectives etc) and to determine regional priorities for accepted proposals. The technical working group took account of the same factors used by the NZTA's assessment profile which supports their funding allocation process. Funding allocation decisions are subsequent decisions for the NZTA.

4.2.4 Making best use of existing networks and infrastructure

The GPS states:

“Regional Transport Committees and the NZTA should ensure that cost-effective measures to improve the efficiency of existing networks are considered as well as investment in new infrastructure”.

Comment

In determining the broad ‘order of priorities’ in the proposed RLTP, the Committee gave first priority to those activities required to maintain the existing level of service (e.g. maintaining the region’s state highway network and operating committed new passenger transport projects) and second priority to relatively low cost activities that make best use of the existing transport network and help us move quickly towards RLTS outcomes (e.g. travel demand management, walking/cycling, highway minor safety works). Third-priority was given to large new projects (in priority order). The Committee has considered, and included in the RLTP, measures to improve the efficiency of existing networks.

The GPS states:

“However, careful consideration should also be given to the sequencing of development so that small iterative investments in existing infrastructure do not take place when more significant investment in redeveloping the same infrastructure is shortly planned to commence”.

Comment

The RLTS has a policy that seeks to ensure that State Highway 1 between MacKays Crossing and Porirua, is managed in a way that is consistent with its long term purpose of a scenic access route once Transmission Gully is built (RLTS Policy 8.1(s)). There are no projects included in the recommended RLTP that are inconsistent with this policy. There are no other sequencing matters relevant to the RLTP process at this time.

4.2.5 Implementing and fostering a co-ordinated approach

The GPS states:

“Most transport problems require the involvement of many government agencies and private sector stakeholders to develop solutions. For instance, improvements in road safety can require coordination between road controlling authorities, regional councils, the Police, the Accident Compensation Corporation, the Ministry of Health, district health boards, community groups and transport funders. All transport entities are expected to participate in a collaborative way with other agencies to reach coordinated solutions”.

Comment

In developing the Wellington RLTP a technical working group made up of officers from the region’s local authorities, NZTA, and other stakeholders worked together to evaluate the proposed projects and activities and recommend priorities for the RTC’s consideration. Similar collaborative processes underpin the development of the RLTS, corridor plans and modal plans.

4.2.6 Considering the impact of volatile fuel prices

The GPS states:

“Recent experience has emphasised the volatility of oil prices, and the effects this can have on transport users. In times of high oil prices, the availability of transport choice, such as public transport, helps to mitigate the effects on households, and public transport use tends to increase. It is expected that the NZTA and local government will take these factors into account when developing strategies and evaluating proposed activities”.

Comment

The Committee has given priority to travel demand management, walking and cycling in the RLTP, and has included proposals for enhanced rail and bus services that include capacity increases to meet future increases in demand.

Greater Wellington advise that increasing population, economic growth, and high oil prices have been taken into account in determining the likely demand for bus and train services. The proposed Rail Scenario 1 and Region-wide Bus Service Improvements projects provide capacity increases to meet a high level of demand, consistent with the RLTS targets for public transport use.

5. Conclusion

The recommended final RLTP is consistent with and generally well aligned to the direction set out in the new GPS May 2009.

The RLTP Hearings Subcommittee considered this information before recommending the final RLTP.

6. Communication

Officials from the Ministry of Transport will be attending the Committee meeting to provide a briefing on the new GPS.

7. Recommendations

That the Committee:

1. ***Receives the report.***
2. ***Notes the content of the report.***

Report prepared by:

Report prepared by:

Report approved by:

Natasha Hayes
Senior Policy Advisor

Joe Hewitt
Manager, Transport Strategy
Development

Jane Davis
Divisional Manager

Attachment 1: Government Policy Statement on Land Transport Funding 2009/10 – 2018/19

Attachment 2: Alignment between the RLTP and the GPS short to medium term impacts