Q&As for Land Transport Rule Vehicle Dimensions and Mass Amendment 2010 (VDM Rule Amendment) Implementation September 2011

1. What is the Monitoring, Evaluation and Review?

The Monitoring, Evaluation and Review (MER) was undertaken to determine the effectiveness so far of the implementation of the Vehicle Dimensions and Mass Amendment Rule 2010 (VDM Rule). The amended VDM Rule came into effect on 1 May 2010 and allowed for a new vehicle type called High Productivity Motor Vehicles (HPMV), which could carry longer and/or heavier loads by way of a permit. Permits for HPMV travel are issued for travel by higher-mass vehicles on suitable routes by road controlling authorities (mostly local councils for local roads) and the NZ Transport Agency for the state highway network. The NZTA is also responsible for permitting longer vehicles.

At the time the VDM Rule amendment was implemented it was decided that a monitoring and evaluation review would take place during the first three years of implementation.

2. How was the Monitoring, and Evaluation Review conducted?

Work on an independent report was jointly commissioned in early 2011 by the Ministry of Transport (the Ministry) and the NZTA.

The MER focused on four areas of information: economic benefits, operator experience, impacts on infrastructure and local government experience of implementation. Investigations into infrastructure are being addressed in a different project. Members from the road transport industry and Local Government New Zealand (LGNZ) have been involved in the MER.

3. What are the key findings?

The MER estimates that national economic benefits of the VDM Rule amendment for a period of 120 days of permit operation to 1 May 2011 range from $1.5 million to $4.6 million. These economic benefits were generated from both over-length and higher-mass HPMVs.

The MER also found that over-length permits have generated the highest economic returns, with 67 percent of the 501 approved permits issued in the first year, for this category. Higher-mass permits have generated a more modest return due to current route restrictions.

Key barriers to operator uptake of permits include route availability, higher Road User Charges (RUC) payments as a result of operating heavier vehicles, uncertainty over proposed changes to RUC and high cost of HPMV permit infringements.

The report also highlights that improvements could be made to the permit applications process, particularly the processing time of permits and providing more information to applicants on the progress of the permit.

The report also notes the concerns of some councils about the potential additional infrastructure maintenance costs.

4. What are the key benefits of HPMV operation to date?

The MER estimates that the national economic benefits generated over 120 days in year one from all permit types range from $1.5 million to $4.6 million. Hence, the annual benefits generated by the VDM Rule amendment would be in the order of $9 million (average of $1.5 – $4.6 million x 3). These benefits include better reduced fuel costs, reduced carbon dioxide emissions and improved road safety through reduced truck movements. The gross domestic product (GDP) gains are likely to be higher than $9 million as the national benefits flow through the economy.

5. How does this compare with the original business case developed for the VDM Rule amendment?

The benefits identified by the MER are in line with expectations from the original business case developed when the VDM Rule amendment was first being considered. The original business case developed by the Ministry estimated an increase of $10 million to $25 million in gross domestic product (GDP) in year two of the implementation for the VDM Rule amendment. These national benefits appear attainable, particularly as permit numbers increase and more routes become available.

6. What has been the cost of HPMV implementation to date?

The cost of implementation to date is approximately $1.4 million. Most of this cost is made up of infrastructure assessment costs for local roads and state highways as well as development of approved over-length HPMV design. Most of these costs have been met by permit applicants through their application fee or through the higher RUC collected from HPMV operations. The cost of local road assessments has been met through a 100 percent grant from the NZTA. It is expected that these initial upfront costs will diminish as time goes on.

7. Where can we see the latest statistics for HPMV permits?

The latest statistics for HPMVs can be found on the NZTA website: http://www.nzta.govt.nz/vehicle/your/hpmv/status.html

8. What industries are benefiting from the introduction of the VDM Rule Amendment?

A number of industries are benefiting from the VDM Rule amendment. These include general bulk (aggregates, coal and fertiliser), agricultural products, general freight (food products), and forestry.

You can find out more about the freight being moved by HPMVs on the NZTA's website, here: http://www.nzta.govt.nz/vehicle/your/hpmv/status.html

9. How has the NZTA been working with local councils to implement the VDM Rule amendment?

The NZTA has been working closely with local councils since work began on the VDM Rule amendment implementation in late 2009. Many local councils have been proactive in approving HPMV applications where routes travel on local roads. Councils have also been making use of the funding assistance provided by the NZTA to assess key routes for

HPMV travel, particularly on key freight routes where there has been an opportunity to get proportionately fewer trucks moving a given amount of freight.

Some local councils have expressed concern over the potential cost of strengthening bridges and the potential impact of additional wear and tear on road surfaces as a result of heavier truck movements. Other local councils that have approved HPMV travel have not noticed any discernable increase in road maintenance costs. The NZTA is working with local councils by responding to specific concerns as they arise and to determine the extent of any costs that might arise, and how these costs might be met.

10. What has been the experience of road transport operators?

Road transport operators have been supportive of the VDM Rule amendment as it has provided them with an opportunity to make better use of their vehicles by letting them move more freight for a proportionately fewer number of trips. The resulting savings in travel time and fuel has offered operators, and their customers, significant productivity benefits and savings.

The main concern raised by operators has been around HPMV route availability. HPMV routes are end-to-end routes that usually include sections of both local road and state highway. Each route often contains a number of bridges and only one of these structures needs to be unsuitable for heavier vehicles to make the entire route unsuitable for HPMV travel.

As the system established to permit HPMVs was a new one, the MER reports that operators had mixed experiences of the permitting process. Some operators reported having no problems, while others felt the process was too bureaucratic and too slow. There was particular concern around the permitting process where approval for HPMV travel had to be obtained from a local council for the local road component of the trip while permission for the state highway component had to be obtained from the NZTA. In some cases permits had to be processed by two different local councils.

Some operators also felt that the current process for identifying and paying the appropriate amount of Road User Charges (RUC), which is determined by the gross weight of the vehicle, was a significant obstacle to HPMV operations due to the higher charges. Other barriers to uptake include enforcement issues arising from high HPMV permit infringement fines if an operator is in breach of loading limits, and other specific permit conditions such as speed and tyre pressures.

On the whole, however, the industry is positive about the benefits the VDM Rule amendment offer. The NZTA is working with transport operators to address their concerns and improve the system.

11. What concerns do operators have with RUC?

Industry representatives have highlighted the higher cost of RUC for higher-mass HPMVs, and uncertainty around what will happen to the RUC system following proposed legislative changes currently going through the parliamentary process.

The Road User Charges Bill is currently awaiting a third reading. The Bill provides for a wider range of RUC payment options, the details of which will be discussed with

stakeholders during the consultation on the draft regulations that are being developed to come into effect with the new legislation on 1 July 2012.

The Ministry and the NZTA are also investigating whether there is scope for greater flexibility in the way RUC is collected from HPMVs under current legislation.

12. What is being done to improve HPMV route availability?

The NZTA has been assessing the state highway network and provided funding assistance to local councils to determine the suitability of state highway and local roads for HPMV travel. The focus of this work has been on key freight routes where there has been an opportunity to consolidate the freight being moved onto proportionately fewer truck movements.

As a result around 40 routes have been identified for potential investment. Maps of the proposed HPMV routes are available on the NZTA website here: http://www.nzta.govt.nz/vehicle/your/hpmv/status.html

It is important to note that these are indicative HPMV routes at this point and their priority may change as more information comes to hand and work with local councils and industry continues.

13. How have the proposed HPMV routes for investment been determined?

The NZTA consulted with operators and local councils to determine the likely demand. Analysis involved identifying key routes used by industries interested in using HPMVs, identifying freight volumes on key routes and economic analysis to determine benefits over costs.

This led the NZTA to identifying where the best economic, value-for-money and safety gains are likely to be made.

14. How much will be invested in HPMV routes?

Around $60 million has been proposed for investment in HPMV routes during the 2012-15 National Land Transport Programme (NLTP). Approximately three quarters ($45 million) has been identified for strengthening structures on the state highway sections of HPMV routes. The remainder would be an investment structures on the local road sections of the HPMV routes.

The overall investment is subject to local authorities agreeing to upgrade their portion of the end-to-end routes and the Board of the NZTA approving these investments as part of the 2012-15 NLTP in August 2012.

15. How many bridges are involved and what are the costs to strengthen them?

The NZTA has identified a minimum of 40 structures on local roads and state highway networks that are proposed to be targeted during the 2012-15 NLTP period. Because this work with councils and industry continues, the number is likely to increase. Upgrading these structures will open up a further 4,500 km of the available local roads and state highway network to HPMV, providing a total of 6,000 km of routes suitable for HPMV travel

by 2016. This investment will address the MER findings for improved route available to enable a higher economic return from the VDM Rule amendment. The cost to strengthen these structures is in the vicinity of $45 million for state highway structures and $15 million for local roads.

These projects will now go forward for inclusion in Regional Land Transport Programmes (RLTPs). In mid 2012, these routes will be incorporated into the 2012-15 National Land Transport Programme (NLTP).

Funds will be made available to begin investigation and design to strengthen these structures once the NLTP has been agreed by the NZTA Board in August 2012.

16. What additional maintenance work will be required on state highways and local roads as a result of HPMVs operating on them?

Modelling work and case studies done to date indicate that the overall pavement maintenance impact of HPMVs will be low on most roads. The impact may be higher on roads built to a lower standard than state highways and most local roads. However, these roads do not usually handle significant volumes of heavy vehicles.

While the impact of HPMV travel on most roads is expected to be minimal, the effects are unlikely to be known within the three years of the review. It will also be difficult to discern if this additional wear and tear is due to HPMV travel or an increase in heavy vehicles weighing less than 44 tonnes.

The NZTA has commissioned research on the cost implications of HPMV travel on structures such as bridges. Early conclusions from this work are that maintenance cost impacts on structures are likely to be low.

17. What is the NZTA doing to improve permitting?

The NZTA is committed to improving the HPMV permitting process. This includes better information with tools and maps to provide greater certainty for operator travel. Maps of the proposed HPMV routes are available on the NZTA website here: http://www.nzta.govt.nz/vehicle/your/hpmv/investment-maps.html

The NZTA plans to issue a permitting manual setting out standard operating procedures to provide consistency in processing of HPMV permits, addressing compliance and safety, standardising permit conditions. NZTA will also work to improve permitting timeframes and monitoring the progress of bottlenecks on routes.

Once this work is finished, the NZTA will also run training for permitting staff.