

NATIONAL LAND TRANSPORT PROGRAMME

2012-15 / INFORMATION SHEET / OCTOBER 2012

Creating transport solutions for a thriving New Zealand

The NZ Transport Agency Board has adopted the 2012-15 National Land Transport Programme (NLTP). This follows the release of early investment signals almost a year ago and staged releases of indicative investment levels for most activity classes in the NLTP.

This information sheet provides more background about investment over the next three years in the following NLTP activity classes:

- Transport planning
- Road safety promotion
- Walking and cycling
- Public transport services
- Public transport infrastructure
- Maintenance, operations and renewals
- New and improved infrastructure for local roads
- New and improved infrastructure for state highways
- Road Policing Programme
- Sector research
- Managing the funding allocation system.

WHAT OUR OVERALL INVESTMENT AIMS TO ACHIEVE

Our overall investment in land transport continues to grow and is focused on delivering local, regional and national transport network solutions that enable economic growth and productivity, provide value for money and support increased road safety.

NLTP investment decisions reflect the NZ Transport Agency's commitment to delivering value for money from existing and planned land transport activities.

Our investment is targeted to a mix of activities that best support economic growth and productivity and road safety. NLTP investments also reflect an emphasis on providing a range of transport choices based on customer needs and preferences, and the need to continue driving for efficiency gains.

Improving road safety is a critical focus for the NZTA as part of its contribution to implementing the Safer Journeys strategy. Investment across the 2012-15 NLTP makes a significant contribution to creating a safe road system, including police enforcement, infrastructure improvements, maintenance and renewals on both local roads and state highways.

Investment across the NLTP strengthens the four elements of the Safe System – safe roads and roadsides, safe speeds, safe vehicles and safe road use, to reduce the incidence of road deaths and serious injuries.

Investment in the land transport system is a collaborative process between the NZTA and approved organisations¹, acknowledging the shared outcomes each wants to achieve. We co-invest in various activity classes through the NLTP – in particular in local road maintenance and operations, and renewals, new and improved infrastructure for local roads, public transport services and infrastructure, walking and cycling, and road safety promotion.

HOW WE ARE CREATING TRANSPORT SOLUTIONS WITH OUR INVESTMENT PARTNERS

The NLTP evaluation process has shifted from emphasising individual activities toward endorsing and supporting plans and programmes that integrate land use and transport, partnering for investment and enhancing performance.

¹ Regional councils, territorial authorities, approved public organisations (the Department of Conservation, the Waitangi National Trust Board, and Auckland Transport).

Although the 2012-15 NLTP represents an increased investment for the three-year programme, not all proposed activities can be funded. To this end, the NZTA has provided early investment signals to help our investment partners prioritise their transport programmes, and to enable the activities with the greatest potential to deliver on the government's priorities for land transport to be at the top of their list.

The 2012-15 NLTP will continue to give priority to national strategic routes and local road initiatives that have significant positive economic and safety impacts.

In focusing on delivering national transport network solutions that meet New Zealanders aspirations for economic growth and safer travel, we are targeting whole-of-system performance, balancing national and local priorities.

Although we're not able to meet all the requests of all investment partners, we're making the most with available funding. The pressure is on us all to seek efficiencies across the NLTP.

There should be no surprises, as our regional staff have been having conversations about early investment signals with approved organisations over the last 18 months and more.

Transport planning

INVESTING IN INTEGRATED TRANSPORT PLANNING

Good transport planning makes a critical contribution to a thriving New Zealand. It enables us to invest in regional and pan-regional strategies, identify and address key transport issues, and deliver key outcomes.

The 2012-15 NLTP groups together complementary transport planning activities through an integrated approach to planning. It prioritises those proposals that best support nationally prioritised outcomes through a multi-modal, integrated planning approach.

The 2012-15 NLTP targets investment to the high priority areas, where the issues are regionally and nationally significant, and transport patterns are changing relatively quickly. Particular focus will continue to be on Auckland and on the rebuild in Canterbury.

Together, local government and the NZTA are developing new processes that will assist with an integrated and one-network planning approach.

THIS INVESTMENT IN PERSPECTIVE

The total investment in the transport planning activity class through the 2012-15 NLTP is in the order of \$62 million. This comprises \$50 million from the National Land Transport Fund (NLTF), and the balance from local authorities. This is a reduction from the actual NLTF expenditure of \$66 million during the 2009-12 period for this activity class.

This reduction reflects the progress that has been made in targeting integrated transport planning to better achieve value for money. Also the funding assistance rate for the activity class was reduced to bring it in line with other improvement activity classes. Investment in transport planning over the next three years will be targeted to key growth areas and areas of significant change.

Our investment is informed by the NZTA's National Transport Planning Stocktake, which pulls together existing data sources to provide a national perspective on the location and scale of key land use and transport issues, and the response required to address those issues.

Planning activities that address activity management planning gaps and issues have also received priority, especially delivering on the Road Maintenance Taskforce findings.

Road safety promotion

INVESTING IN ROAD SAFETY PROMOTION

Improving road safety is a critical focus for the NZTA as part of our contribution to implementing the Safer Journeys strategy, a part of which is delivered through this activity class.

Road safety promotion targets road user behaviour and helps integrate activities across several activity classes. This activity class includes investment in the NZTA's national advertising and education campaigns, as well as local campaigns.

The 2012-15 NLTP prioritises investment to the areas of high and medium concern and it supports action across the four elements of the Safe System - roads, speeds, vehicles and road use to reduce the incidence of road deaths and serious injuries.

THIS INVESTMENT IN PERSPECTIVE

The total NLTP investment in the road safety promotion activity class for 2012-15 is approximately \$126 million. This includes NLTF investment of \$97 million, of which \$58 million will be invested in NZTA-led activities such as its national advertising programme. Local government will contribute around \$29 million for local road safety promotion work.

The NLTF share represents a 12% reduction against the actual 2009-12 expenditure. This is the result of better targeting of investment to achieve value for money as well as a reduced funding assistance rate for the activity class, required to bring it in line with other improvement activity classes.

This does not represent a reduction in the NLTP investment in road safety. The total investment in road safety extends far beyond the road safety promotion activity class. It includes road policing, and is further boosted by investments in public transport, cycling and walking infrastructure improvements, and road maintenance, operations and renewals. Several of these other investments represent increases compared to actual 2009-12 expenditure.

In addition to high and medium concern areas, the road safety promotion investment targets:

- disproportionate risk for road users in some areas compared to others (eg restraints or older road users) where crash risk indicates need
- opportunities to enhance or promote transport sector activities, including infrastructure improvements, police interventions and regulatory change where identified through road safety action planning or other transport strategies.

Walking and cycling

INVESTING IN WALKING AND CYCLING

Investment in this activity class is 26% higher than the actual spend in 2009-12, and continues to contribute to reductions of death and serious injury from road crashes involving pedestrians or cyclists, and the easing of severe congestion in urban centres. This investment complements the investment made by approved organisations and the NZTA integrated in new roading projects.

This NLTP directs investment to expanding transport mode choices for commuters at peak periods for travel demand. It supports key arterial cycling networks and further development of the model communities walking and cycling programme. Model communities enhance value for money in that investment is directed to fewer locations, and not spread thinly across many networks.

Reducing the actual crash risk for pedestrians and cyclists is a key priority.

The investment in walking and cycling contributes to the reduction in adverse environmental effects from road transport by reducing the use of motor vehicles for short trips.

THIS INVESTMENT IN PERSPECTIVE

This NLTP invests \$79 million in the walking and cycling activity class, which includes an NLTF share of \$53 million and around \$26 million from local authorities. Activities funded under this class are stand-alone walking and cycling activities that correct existing deficiencies or improve the network.

In many cases, walking and cycling is integrated into and delivered as part of state highway and local road projects and minor improvements programmes, rather than being submitted as separate activities.

When the investment in new and improved infrastructure for state highways and local roads is taken into account, the amount invested in walking and cycling will be far higher. It is estimated that investment through new roading projects will add approximately \$80 million to the \$79 million invested through this activity class.

The NLTF share of \$53 million is substantially higher than the actual 2009-12 spend of \$42 million from the NLTF.

A start will be made on large Auckland projects in the NLTP while progress on the Hastings and New Plymouth model communities will continue. Nelson has put forward a programme of walking and cycling activities, intended to be funded from its R (regional) funds. Examples of these activities are the Bishopdale to the Ridgeway shared path, the Maitai shared path and the City to Dunn Mountain Path.

Public transport

Approximately \$1.74 billion will be invested overall in public transport in this NLTP over the next three years. This is an estimated 21% increase on actual spend over the previous three years. This figure includes a share of \$780 million from local authorities.

The distinction between public transport infrastructure and services is becoming blurred in this NLTP as some capital costs are being loan funded and paid through the services activity class rather than the infrastructure activity class.

Public transport services activity class

INVESTING IN SERVICES

The 2012-15 NLTP represents a substantially increased investment in the public transport services activity class compared to previous years. The NLTF investment level for the next three years represents a 35% increase against the 2009-12 NLTP actual spend.

This investment builds on the substantial increases of the past decade.

The NZTA has prioritised its investment to enhance the integration of networks, modes and public transport operations – creating better integrated connections. This includes the use of technology such as real-time information services and integrated ticketing to improve public transport services. Priority has also been given to investment in whole-of-network outcomes.

Investment is boosted in the main metropolitan areas – especially to cover increased rail track access charges and investment in rail rolling stock in Wellington and Auckland – and is generally being held constant in regional areas. Significant funding increases are targeted at peak services that help relieve severe congestion.

A significant increase in investment in passenger rail services in Auckland and Wellington will improve the reliability and punctuality of commuter rail in these centres.

Much of this increase relates to new initiatives such as the loan repayment costs associated with new rail passenger carriages and increases in rail track access charges.

THIS INVESTMENT IN PERSPECTIVE

The total investment in public transport services through the 2012-15 NLTP will be in the order of \$1.53 billion. This includes \$830 million from the NLTF, which represents an increase of 35% against actual 2009-12 NLTF investment of \$630 million.

The contribution from the NLTF for base programme expenditure represents an increase of about 7% against the 2009-12 allocation.

There are also additional commitments for the Auckland integrated fares system, operationalised rail rolling stock costs and rail track access charges.

Investment through this activity class is aimed at enhancing network operational performance. It is expected that approved organisations will manage their public transport services and operations within their three-year allocation. There will be no additional top-ups for escalation/indexation or inflation. Around \$100 million is potentially available for identified approved organisations to cover high priority improvements, new services and programme management costs, which will require development of robust business cases to support funding requests.

Public transport infrastructure activity class

INVESTING IN INFRASTRUCTURE

Investment in this activity class is largely targeted to public transport infrastructure in Auckland, Wellington and Christchurch to relieve severe congestion, promote

reliable journey times and move more people in peak periods.

Key areas of investment include supporting Auckland and Wellington as they upgrade rail passenger transport networks, conduct reviews of their bus networks, and roll out integrated ticketing. In Christchurch a provision is being made to contribute towards the city rebuild.

This NLTP represents a substantial reduction in this activity class compared to the previous NLTP. The three main factors contributing to this reduction are:

- Investment for Christchurch’s proposed underground bus exchange was approved for both the 2009-12 and 2012-15 programmes. This project is no longer progressing, due to the Canterbury earthquake.
- Rail carriage upgrades in Auckland and Wellington have been assigned to the public transport services activity class and funded via loan repayments over the life of the project.
- From 2012-15 all new bus priority and bus lane improvement activities (previously funded through this activity class) will be funded through either the state highways or local roads activity classes.

Over recent years significant steps have been made to address historic under investment in public transport infrastructure, particularly in rail. This NLTP will see much of this work substantially completed, which is reflected through the increase in the public transport services activity class. While further developments are still to be completed, these will likely happen at a slower rate.

THIS INVESTMENT IN PERSPECTIVE

The total 2012-15 NLTP investment in the public transport infrastructure activity class will be in the order of \$204 million. This includes \$115 million from the NLTF – a reduction of 31% against actual 2009-12 NLTF expenditure. The reasons for this reduction are set out above.

This NLTP focuses on providing more transport choices through the provision of public transport infrastructure that integrates with surrounding land use and other modes of transport – particularly in urban centres with significant growth pressures.

Included in this NLTP are \$27 million (NLTF share) for previously committed activities and \$14 million for minor improvements. The remaining \$74 million is a discretionary amount available for new infrastructure projects.

Encouraging a one network approach in Auckland, NLTP investment supports partnering and companion investment between Auckland Transport and KiwiRail. The infrastructure required for Auckland’s rail electrification programme is being rolled out by KiwiRail, with Auckland Transport completing station upgrades and enhancements prior to KiwiRail’s

completion of electrification. Auckland Transport is managing the procurement of the new rail carriages.

Projects or packages that are strongly aligned to the NZTA's Investment and Revenue Strategy will be promoted for investment ahead of other projects. Lower priority projects will not be included for investment in this NLTP. This approach is consistent with other activity classes.

Maintenance, operations and renewals

INVESTING IN MAINTENANCE, OPERATIONS & RENEWALS

Despite tight economic conditions, the 2012-15 NLTP investment in maintaining and operating our roading networks continues to grow, and contributes to our state highways and local roads delivering safe and reliable journeys.

Under this NLTP no road controlling authority is receiving less funding than their previous allocation for road maintenance, operations and renewals (unless requested). However, in some cases it is likely that the increase in investment levels will not keep up with the rate of input cost inflation and asset growth. The challenge will be to achieve efficiencies to offset these cost increases within constrained budgets.

Even without this pressure, greater efficiencies would have been sought due to the general drive to achieve value for money through all investments in the land transport system.

The level of investment in each roading network was determined by safety, freight and road condition criteria. The key indicators for these criteria are generally positive after a decade of significant investment in these activity classes.

THIS INVESTMENT IN PERSPECTIVE

The total investment in the maintenance, operations and renewals of New Zealand's roading network through the 2012-15 NLTP will be \$4.83 billion. Key elements of this investment are:

Maintenance and operations

- **Routine maintenance** – the total investment for local roads is \$1.20 billion (\$600 million NLTF share) and \$829 million for state highways.
- **Emergency works** – the total allowance for local roads is \$526 million (\$278 million NLTF share), and \$160 million for state highways. This provision gives the NZTA and approved organisations certainty that there is funding available to help them deal with emergency events.

Renewals

- **Periodic maintenance** – the total investment for local roads is \$1.44 billion (includes \$723 million NLTF share), and \$625 million for state highways.
- **Preventative maintenance** – the total investment for local roads is \$30 million (includes \$15 million NLTF share), and \$10 million for state highways.

State highways and local roads have been subject to the same investment approach and criteria.

All organisations are encouraged to set clear priorities across their networks, to deliver levels of service that are most appropriate to the function of each particular network classification.

A step change in the approach to maintaining networks is required to deliver a long-term cost savings. Several factors have the potential to deliver this step change:

- The Road Maintenance Taskforce.
- Better targeting of network levels of service.
- Asset management planning.
- Collaboration with industry stakeholders.

We can all learn from others who are doing it well, and we all need to think more about maintenance costs when scoping out improvement project efficiency and affordability.

Significant potential exists to optimise whole-of-life costs of the current state highway network using the State Highway Classification System. This system aims, over time, to align the level of service on each part of the state highway network with its role and function on a fit for purpose basis.

Local road infrastructure

INVESTING IN NEW AND IMPROVED INFRASTRUCTURE FOR LOCAL ROADS

Local roads play an important part in growing the economy, and this NLTP continues to make a substantial contribution to new and improved infrastructure for local roads that contributes to a planned, integrated response to significant transport and land use issues.

The NZTA and local authorities invest jointly in this activity class.

The investment level for 2012-15 includes an allowance of \$30 million from the NLTF for Christchurch improvement activities in the process of being identified and developed, earmarked for the last two years of this NLTP.

NLTP funding is relatively tight for this activity class, and we expect that reserve category projects included in the NLTP will not receive funding, unless higher priority projects are not progressed during the NLTP.

THIS INVESTMENT IN PERSPECTIVE

The total 2012-15 NLTP investment will be in the order of \$855 million. This includes \$515 million from the NLTF, with the balance to be contributed by local authorities during 2012-15. Actual expenditure (NLTF share) in this activity class during the 2009-12 programme was \$438 million.

The likely make up of investments under this activity class includes:

- Auckland – approximately 60% of the investment made through this activity class is expected to be invested in Auckland based on the priority of projects across the country. The Auckland Manukau Eastern Transport Initiative (AMETI) will form a major component of this investment.
- Christchurch – \$30 million has been earmarked for potential improvement projects in the last two years of this NLTP.
- Waikato – the Hamilton Ring Road project is a key priority for this region and will be progressed during this NLTP.
- Projects that were started during the funding moratorium put in place to assist NLTP cash-flow management in 2009-12, form a commitment on NZTA funding during the last two years of the 2012-15 NLTP.
- Minor improvements totalling around \$105 million will see a range of small capital works constructed throughout the country, many of which is targeted to safety outcomes.

Minor improvements are allocated on a programme basis, with decisions on individual activities delegated to approved organisations and the NZTA in the case of Highways and Network Operations. They are the means for delivering much of the outcome of reducing deaths and serious injuries from road crashes that we are seeking from our investment in Safer Journeys.

Regional (R) funds

Progress will continue to be made to invest regionally distributed (R) funds in regions that still have these funds remaining.

The NZTA Board has extended the deadline for investing uncommitted regional funds (R funds²) from 2016 to 2018. This gives regions a further two years to use these funds. The extension eases some of the difficulties of programming projects intended to be funded from R funds, and enables development of some projects that have only recently been identified as R fund candidates.

²R funds are distributed by the NZTA to regions generally proportionally to their populations. They are allocated to proposed activities which have the highest priority in each region. These funds were derived from a 5c/l levy that the government introduced on fuel prices and light road user charges from March 2005, the collection of which ceases in 2015 at which stage the levy reverts to national funds.

State highway infrastructure

INVESTING IN NEW AND IMPROVED INFRASTRUCTURE FOR STATE HIGHWAYS

The state highway network is vital for the efficient movement of people and freight, and is the national strategic roading link between regions, communities and ports. It is only 12% of the total road network, but accounts for 50% of the vehicle kilometres driven every year and around two-thirds of the distance driven by heavy freight vehicles. State highway works are a key part of delivering integrated solutions across much of the transport system.

The 2012-15 NLTP maintains and builds on previous levels of investment. To that end this investment focuses on a whole-of-network approach – not on isolated actions.

About \$50 million per year will be invested in minor improvements and small scale projects specifically targeting safety on state highways through the country. Other substantial projects will also be progressed, including the Caversham Corridor in Dunedin.

Investment in high productivity motor vehicle routes, in combination with local authorities, will be progressed to increase the availability of national networks for more efficient freight transport.

This NLTP continues to invest in the roads of national significance (RoNS). These are essential state highway projects as they are linked to New Zealand's economic prosperity. The RoNS will improve access to New Zealand's ports and markets, and put infrastructure in place that will encourage future economic growth. In addition, they will ease significant pressure points in the national network, reduce congestion in and around the five largest metropolitan areas, improve road safety and link major sea and air ports more effectively into the state highway network.

THIS INVESTMENT IN PERSPECTIVE

The total NLTP investment in this activity class is \$3.51 billion, including \$3.40 billion NLTF share with the balance from loan funding supported by tolls. The NLTF component is in the upper GPS range of \$2.72-3.65 billion, and is an increase of 8% against actual 2009-12 expenditure.

Investment in the state highway programme remains highly committed, as a significant portion of funding (about 63% of the funding projected for the activity class) is tied up to complete works that are underway.

The improvements programme is being developed within the context of the State Highway Asset Management Plan, and is consistent with its direction. The NZTA intends to deliver a balanced programme, and has set aside \$50 million per year on specific safety focused and R funded initiatives from discretionary funding (excluding commitments and RoNS).

The intention is to continue to deliver projects funded through R funds, subject to their development and programming within the provision set aside for safety and R funded activities.

Road Policing Programme

INVESTING IN THE ROAD POLICING PROGRAMME

Investment in road policing activities recognises the critical role NZ Police plays in contributing to the Safer Journeys vision of 'a safe road system increasingly free of death and serious injury' and to the achievement of a Safe System.

The 2012-15 Road Policing Programme (RPP) sets out the three-year programme of road policing activities to be delivered by the police. It contributes to New Zealand's economic growth by assisting with traffic congestion, improving travel time reliability, and protecting the infrastructure through enforcement of road user charges.

The RPP underscores the commitment of the NZTA and the police to reducing death and serious injury on New Zealand roads. In 2011 road policing contributed to the lowest annual road toll since 1952.

The 2012-15 RPP has yet to be approved by the Minister of Transport. Full programme details will be available once the RPP is approved by the minister.

THIS INVESTMENT IN PERSPECTIVE

The investment level for the 2012-15 RPP, to be recommended to the Minister of Transport to approve from the NLTF, is \$900 million. This is a 2% increase over actual expenditure during 2009-12. This amount includes a reserve allocation of \$10 million to support the increased use of technology to manage speed over the term of the programme.

The RPP is expected to fund a range of 14 policing activities, including high-risk drivers, young drivers, alcohol and drug-impaired driving, speed and motorcyclists. This programme aligns with the Government's road safety strategy, Safer Journeys.

Sector research

INVESTING IN SECTOR RESEARCH

Investment from this activity class, through the NZTA research programme, supports innovative and relevant research, which plays a critical role in land transport thinking. As such, sector research investment contributes to the key GPS impacts.

The NZTA's research programme framework guides its approach to research investment and indicative investment levels, by providing clear research objectives.

The NZTA is holding administrative costs down in order to maintain a strong focus on the delivery of NZTA sector research.

THIS INVESTMENT IN PERSPECTIVE

The 2012-15 investment level for this activity class is \$15 million. This represents a 15% increase against actual 2009-12 expenditure.

The investment level of \$15 million includes \$12 million for the NZTA's research programme, and a provision of \$3 million for co-investment in research commissioned by Austroads on behalf of Australasian transport authorities. Previously the NZTA funded its share of the Austroads investment from its operating budget.

The NZTA's sector research investment is targeted to research, on interventions that can be cost effectively applied in New Zealand in the short-to-medium term for longer-term impacts.

Management of the funding allocation system

INVESTING IN THE FUNDING ALLOCATION SYSTEM

Quality land transport infrastructure and services are an essential part of a thriving economy as they help people and freight travel efficiently, reliably and safely. To that end, the NZTA strives to achieve value for money, and ensures the land transport system meets society's wider needs.

Investment levels in the management of the funding allocation system (MOFAS) activity class continue to support the NZTA's internal activities associated with establishing and managing the planning and investment framework. This activity class also covers the appropriate policies, procedures and guidance for the management of the NLTP.

In doing so it contributes to the key GPS outcomes of economic growth and productivity, value for money, and road safety.

The investment level is about 8% less than the 2009-12 spend for this activity class, reflecting the NZTA's emphasis on holding administrative costs down in order to maintain a strong focus on transport infrastructure and service delivery.

THIS INVESTMENT IN PERSPECTIVE

The NZTA's drive is both to look for efficiencies and to reduce its internal costs relative to the size of the NLTP. While the investment level of \$89 million is at the top of the GPS funding range, it is a reduction of 8% against actual 2009-12 expenditure. This amount represents a little under 1% of the total \$9.3 billion NLTF investment made towards the 2012-15 NLTP.

The reduction in investment level also reflects greater transparency whereby some guideline development, eg for traffic control devices and rail level crossings previously included in MOFAS, is now included in the activity class it supports, and subject to the same level of scrutiny for investment as other activities.

Taxi enforcement is no longer defined as part of this activity class, but the NZTA intends to include its costs for at least one year, pending investigation into its future funding from fees.

The NZTA is committed to holding MOFAS expenditure to 1% or less of the total NLTF contribution in each year.

DO YOU NEED MORE INFORMATION?

Please contact your local NZTA representative if you would like to discuss this information.

