



**National office  
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**MEDIA RELEASE**

## **Highest-ever level of funding means major progress on state highway projects**

Transit New Zealand today announced an unprecedented level of activity for state highways in its 10-year State Highway Forecast for 2005/06 to 2014/15.

The forecast – with \$968 million earmarked for 2005/06 - was prepared before the Government's 23 June announcement of \$500 million extra funding for land transport. The forecast is based on a funding allocation of \$950 million for 2005/06, \$162 million more than the equivalent figure for 2004/05. The state highway forecast for the 10-year period totals in excess of \$11 billion, said Transit chair David Stubbs.

“The additional land transport funding announced by the Government last week is excellent news and comes on top of an already record level of investment in state highways for 2005/06 and beyond.

“We expect that Land Transport New Zealand's imminent revision to its National Land Transport Programme in light of the extra funding will enable us to accelerate some key Auckland and Waikato projects, as well as considering projects around the rest of the country.”

Mr Stubbs said the Transit Board expects to apply its extra funding to its already established priorities for state highways.

“High on our list are further advancement in Auckland of the Western Ring Route, and the development of Waikato Expressway projects. There are several other strategic projects around New Zealand which could be accelerated. We will also be able to make an earlier start on a range of smaller projects (construction cost up to \$5 million) around New Zealand - in particular to speed up achievement of Road Safety 2010 targets.

“A further opportunity is to advance property purchase and the consents process to enable earlier construction starts for key projects. The Government's recent proposals for amendments to the Resource Management Act are good news in that regard, and we are keen to apply them to reduce the planning and development period for critical routes like the Western Ring Route in Auckland – particularly the SH20 Avondale Extension.

“We look forward to further refining our proposals for this very welcome additional funding with Land Transport New Zealand. An addendum to our 10-year State Highway Forecast will be produced in the coming weeks.”

Transit’s forecast includes \$330 million of expenditure on state highway improvements in Auckland in the upcoming financial year. Major projects in Auckland committed to start in 2005/06 include: SH20 Mt Roskill Extension (\$169M) and the SH20 to SH1 Manukau Extension (\$174M) – both part of the Western Ring Route for Auckland. Other large projects already underway are: the SH1 Northern Motorway Extension, ALPURT B2 (\$365M), SH1 Northern Busway (\$180M), SH1 Esmonde Road Interchange (\$35M), Stage 2 of the SH1 Central Motorway Junction Improvements (\$140M), SH18 Greenhithe Deviation and Upper Harbour Bridge Duplication (\$131M), and SH1 Waiouru Connection Interchange (\$19M for Transit share).

“Through central and local government collaboration, Auckland is already benefiting from a more co-ordinated and comprehensive approach to addressing the city’s transport problems. This includes advancing passenger transport, state highways and local roads in parallel with measures to help reduce demand, and integrated transport and land use planning to prevent unnecessary new problems being created,” said Mr Stubbs.

“This level of road building in Auckland has not reduced our activities elsewhere. Major projects in the rest of the country planned to start in 2005/06 are: SH1 Avalon Drive Bypass (\$33M) and the SH2 Mangatawhiri Deviation (\$48M) in Waikato, the Meeanee Road Interchange (\$8M) on the Hawke’s Bay Expressway, the SH3 Bell Block Bypass (\$16M) and Mangaone Hill Four-laning (\$5M) projects north of New Plymouth, the SH1 Awatere Bridge Replacement (\$15M) in Marlborough, and the major safety improvement on SH1 between Tumai and Waikouaiti (\$5M) in Dunedin.”

Transit’s programme in 2005/06 is worth \$968 million - \$18 million more than its funding allocation from Land Transport New Zealand.

“This planned over allocation will allow Transit to maintain momentum should unscheduled delays to some projects occur,” said Mr Stubbs.

Transit has also made provision for borrowing as a short-term measure to fund key projects, until funding is available from the National Land Transport Programme. This is focused on advancing key Auckland projects, in particular the construction of SH18 Hobsonville Deviation, and more rapid development of proposals for SH20 Avondale Extension and SH20 Manukau Harbour Crossing. The latter two are currently in the consultation phase.

“The funding announced by the Government last week is not a substitute for other revenue sources so there will be no change to Transit’s future approach to tolling and borrowing.

“Even before the announcement, Transit’s programme of state highway projects was ambitious. To achieve it we will need the full co-operation of key local authorities, especially in Auckland. Transit has worked closely with the construction industry to develop a timetable for major projects that they can realistically achieve, and this will continue,” he said.

Construction costs for a number of projects in this State Highway Forecast are significantly higher than in previous years. In some cases this is because the scope of the project has changed significantly. However, increases in material and labour prices have resulted from an increase in construction activity in New Zealand and internationally. All indicative construction costs have been increased by 11 percent to reflect this, in addition to the standard 3 percent per annum escalation to cover inflation.

This State Highway Forecast is the first prepared under the full provision of the Land Transport Management Act and Transit consulted more widely than in the past on its draft plan. Over 900 written submissions were received and the views of 100 organisations or individuals were heard at hearings in 17 locations nationwide.

“The forecast is strongly responsive to the Land Transport Management Act 2003, in areas such as integrated transport planning, demand management and tolling,” said Mr Stubbs.

As well as provision for an expanded range of alternatives to the use of the private car such as Auckland’s Northern Busway and specific bus priority measures on state highways in the Bay of Plenty and Christchurch, Transit’s forecast includes further development of ramp metering and other demand management tools on severely congested sections of motorway in Auckland. Further expansion of Advanced Traffic Management Systems in Auckland and Wellington and further development of Transit’s Advanced Traveller Information Services are also planned.

Transit also sees tolling as a way to implement demand management on state highways, as well as an opportunity to start some projects earlier due to the contribution of toll revenue. Transit’s first toll project, the SH1 Northern Motorway Extension (ALPURT B2) is under construction, having obtained the required statutory approvals in April. A proposal for its second toll project, Harbour Link in Tauranga which is a joint project with Tauranga City Council, is under consideration. Other tolling opportunities will be investigated.

“We remain conscious that our state highway network is a key national transport asset. Its nominal replacement value is over \$15 billion, but its real value is far greater. It is vital to manage the network to enhance its value, and to operate it safely and efficiently,” said Mr Stubbs.

“Safety continues to be a major focus. Safety projects not only help to achieve Road Safety 2010 targets, they also contribute to economic development across the country.”

Transit spends more than 40 percent of its budget nationally on maintenance and operations in any one year. Maintenance activities also include low-cost but highly effective safety improvements such as upgrading lighting, laying skid-resistant road surfacing, building traffic devices to manage speed, protecting motorists from roadside obstacles, drop-offs and head-on collisions, and widening the seal on key sections of the highway.

This current 10-year forecast is divided into a firm one-year programme for 2005/06, which Transit is fully committed to delivering. The first three years, known as the State Highway Plan contains the best estimates of time and cost for the listed projects and activities. The remaining seven-year forecast is necessarily less certain but costs are based on 2005/06 estimates with an indicative escalation provision.

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