

## NZ Roadmarkers Federation Workshop 29 July 2008

### Business in a rapidly changing environment

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### Introduction

This is a 'personal view' intended to provoke thinking and debate about the environment in which the NZ Roadmarkers Federation and its members work.

"We live in interesting times" in the words of the old Chinese proverb. A general election looming, oil price hikes not seen since the 1970s, a Land Transport NZ/ Transit NZ merger with a stronger Ministry of Transport role, a newly-acquired government rail operation, and new transport funding sources.

A good time to stand back and survey the landscape.

### Theme 1: Transport Planning Overview

**The four themes I have chosen overlap a lot.** I could, for example, have included the Land Transport Management Amendment Act and the government's recent re-acquisition of rail operations under 'transport planning overview', but I've covered them under other themes – you'll see why.

Why has the government produced an **Update of the NZ Transport Strategy (UNZTS)**? It's embarrassing to keep using as our guiding vision statement one which starts "*By 2010 NZ will have . . .*", but apart from 'needing to be done', I'm intrigued by how it isn't a fundamental review – but rather an 'update'. It hasn't changed the NZTS's *Vision* or five *Objectives*, even though the NZ Transport Strategy only went to 2010 and inevitably showed (as indeed it should have shown) a political choice of direction.

Instead, the 'Update' tries to respond to the widespread criticism that the NZTS was of little use operationally. It's fine talking of "*sustainability*", "*integration*", "*safety*", "*responsiveness*", "*assisting economic development*", "*assisting safety and personal security*", "*improving access and mobility*", "*protecting and promoting public health*", and "*ensuring environmental sustainability*" – but what do these mean **in practical terms?**

Land Transport NZ has tried, through its '*Allocation Process*', to incorporate the NZTS *Vision* and *Objectives* into funding criteria, and parliament has made them incumbent on Land Transport NZ and Transit NZ through the Land Transport Management Act. Yet it still very hard to measure whether a particular transport proposal, or a whole land transport programme, contributes to those words.

The *Update* has added measurable targets, to achieve certain things by 2040 and various dates before that. A lot are on energy, representing a stronger integration of the NZ Energy and NZ Energy Efficiency and Conservation Strategies (both also updated within the last year) and also rolled into this is the *Road Safety Strategy to 2010*. Brave government, I say. It sounds good to set a target, but it's altogether different to actually meet them. Maybe the *Government Policy Statement on Transport* will help there? More on this later.

The **Urban Design Protocol** is a set of principles which many transport bodies have signed up to. It was launched in 2005, but since then progress has been slow. One problem is that it is extremely difficult to tie down what 'urban design' actually is. Another problem is that NZ has never had a strong pro-active land use planning at national level.

What has this airy-fairy architect stuff to do with Roadmarkers? Just bear in mind that many Protocol signatories are oozing praise for 'concept drawings' of cities with totally re-landscaped streets, loads of brick paving, seating, public art, cafes, people milling round, and in some cases removal of any distinction between carriageway and footpath. Now **that**, surely, is the very meat and drink of Roadmarkers' work.

However, it varies from this to visions of city-regions where outlying towns are linked by sophisticated commuter rail systems into cities whose density steadily rises the closer you get to the centre.

Under its Protocol commitment Transit NZ has innovated with a 'context sensitive' approach, examples being Hihitahi Bluffs, Manawatu, and Otira Viaduct, Southern Alps, which protect landscape and ecology underneath. They've even cited their classic example, eco-warrior Stephen King's early 1990s kauri root protecting raft in the Waipoua Forest sealing project – even though it long pre-dated the Protocol. All good, although it could never be called 'urban'!

Maybe because of a legislative gap at national level, local Councils have been preparing their own **urban growth strategies**, backed up by 'structure plans'.

Some Councils club together with others, sometimes through a Regional Council (and Auckland's has special legislation requiring such planning and giving it 'teeth'), but often through ad hoc arrangements, like the *Wellington Regional Strategy* (a sort of 'business development strategy with land use and transport planning incorporated in it') or the *Greater Christchurch Urban Development Strategy*.

'Structure plans' try to visualise a future arrangement of land uses and distributor roads, usually for areas currently undeveloped, and then move on to implementation via RMA District Plan Changes. The idea is that the urbanisation and roading should be planned at the same time, rather than one trailing the other. Transit NZ strongly supports urban growth planning in their

new Planning Policy Manual (still in draft). If you again ask 'what has this airy-fairy stuff to do with Roadmarkers?', see Theme 4 on PPPs.

## **Theme 2: Merger of Land Transport NZ/ Transit NZ**

The **Land Transport Management Amendment Act** has:

- ring-fenced all fuel tax for land transport expenditure
- merged Land Transport NZ and Transit NZ to form the NZ Transport Agency
- introduced three-year land transport programmes
- introduced a *Government Policy Statement on Transport* every three years to set funding priorities
- allowed Regional Councils to set Regional Fuel Tax for defined projects

More on some of these under the funding theme below, but how will the NZ Transport Agency work? Will Land Transport NZ 'swallow' Transit NZ, or vice versa?

A few years ago, some people were asking whether Transfund would 'swallow' the Land Transport Safety Authority, as Land Transport NZ was formed. I knew some ex-LTSA people very worried that road safety was going to be neglected. I also knew others who found the wider world liberating. I feel Land Transport NZ's creation was amazingly successful – within a short time you 'couldn't see the join'.

Rail planning and funding is administered almost completely separately, but just as the roading agencies have been brought both closer to central government control and to each other, so something similar has been happening on the rail front. There are also trends in land transport funding (Theme 4) which suggest road and rail agencies may be merged in due course, regardless of the complexion of the next government (Theme 3).

When the government took back the rail track in 2004, it set up ONTRACK to run it, and has now set up KiwiRail to run the rail operations. Will these two rail agencies be merged? Surely, it would be logical, once the dust of the latest re-acquisition has settled. And what then? Why do we have separate national road planning and national rail planning agencies?

All I'll say is 'watch this space'. It won't all happen in the short term, but it would be a logical continuation of what is already happening.

Is the current merger motivated to 'bring into line' Transit NZ, just as the last one was widely seen as 'bringing into line' the Land Transport Safety Authority? Escalating roading costs were a problem before, and this problem will be almost massive with oil price shocks. For purely cost reasons, will major roading programmes be significantly pruned, with a stronger sense of the former Transit NZ needing to 'ask permission' of the former Land Transport NZ for funding?

Or is Transit NZ so strong, in industry culture, that we may revert to the old National Roads Board situation, of the NZ Transport Agency managing 'national funds', for 'national roads' (state highways) and that proportion of local roads which perform a (partial) national function? Some voices have called for separation of funding and state highway planning functions, to avoid this occurring.

### **Theme 3: The Political Landscape**

When you look at it, transport isn't a major bashing-weapon in Parliament. When did you last hear National attack Labour, or Labour attack National, over the National Land Transport Programme?

I've only ever heard the Greens using transport as a combative issue. They've opposed major iconic road schemes, called for a moratorium on 'motorway building', and waxed lyrical over the near-demise of the Overlander Auckland-Wellington rail service.

Except for the Greens, everyone seems to want something in the middle. I suggest the days have passed when public transport was seen as 'robbing motorists of the taxes they've paid' – because everyone, right and left, know that if our major centres' bus and rail systems closed down, we'd have immediate gridlock. I think everyone now recognises that money for urban public transport has been well-spent.

But similarly, I'd suggest, most people also want their roads. Not using cars is a bit like our conscience – in an environmentally-conscious age, we admire the ideal, but don't usually live up to it. And we sometimes want some pretty big roads (so long as they don't cost too much). Waterview Tunnel in Auckland. Transmission Gully in Wellington. Because we're used to hearing that chaos would result if we don't have them.

Not that I think it would, in fact. There are lots of roads which traffic modellers have urged 'must' be built or the sky will fall, they haven't been built, and hey presto, the sky stays in place. No one really knows where the direly-forecast gridlock traffic goes, but people somehow find other ways of running their lives – 'traffic evaporation' is the term for it. Maybe some catch the bus or dust off their bikes, or manage without travelling, or combine trips, but somehow quality of life and the economy don't go down the tube. In fact, taking the traffic out of city centres usually gives them a boost. It's people on foot who spend money, not people driving past. Continental Europe thrives on this sort of thing.

Back in 2004, when the Wellington Inner City Bypass, after much furious debate, finally got its funding approval, the Greens and fellow travellers (no pun intended) had claimed this would blast an old neighbourhood for no gain.

Were they right? Well, is Wellington's traffic flowing smoothly as a result? No, it isn't, and it won't be long before the 'teething problems' excuse runs a

bit thin. As for the much-praised 'heritage precinct' of moved old buildings, I hear this is now an uninviting haunt of squatters.

Transmission Gully is on everyone's TV and radio news as inevitable (we just need to agree the route and do the investigations) but privately I know a lot of transport planners and civic leaders say it would be counter-productive. People don't usually say this publicly, because the thing has built up a head of steam as a 'must do' – but there are groans and upwardly-rolled eyeballs in private. Some time, like with the emperor's new clothes, someone will say what was previously un-say-able. What will induce this?

Firstly there are failed delivery of promised benefits, like Wellington's Inner City Bypass. Secondly, there are road-building costs, which were escalating before and are now off the scale. People will think twice before staking great hopes and big money on more major roading projects, as they privately juggle a rising grocery budget and try to work out how they can drive less. At present, the 'Transmission Gully Project Team' smiles confidently at me from the glossy brochure I got in my letterbox today. A third factor, which could wipe the smiles off their faces, would be if Sue Kedgley (or another Green) became Associate Minister of Transport. Don't laugh – it could happen.

National will win the election. It doesn't take a crystal ball to forecast that. An absolute majority is possible, but probably unlikely.

NZ First usually have a strong showing, but this time the old battler would be hard-pressed to win Tauranga, with that nasty word 'donations' hanging over him. Again whatever your views, it's a brave (foolhardy?) soul who goes head-to-head against Sir Robert Jones. Don't underestimate Winston, though. He's a Jack-in-the-Box, who defies predictions and bounces back.

ACT may be in if Rodney Hide wins Epsom, United Future will be because Peter Dunne has Ohariu-Belmont in the bag, 'Farmer Jim' Anderton has Wigram but then he's virtually Labour anyway. However, they'll all have small numbers, as probably would 'Donations' Peters if he got back. Which leaves those intriguing people Jeanette, Russel (one 'l'), Tariana and Pita.

Recent topical factors such as oil prices and weather patterns will act in the Greens' favour, to get them over 5% (probably by a good margin), and Maori will sweep the Maori seats. Say 15 seats between both parties – possibly more.

That's serious influence. Greens and Maori have been doing some serious cuddling-up in the last couple of years. Both feel hard done-by by Labour. Whereas in the past both would have been seen as naturally 'left of centre' allies, now I think, with some sharp intakes of breath all round, both could well find common cause with National. After all, that fresh-faced John Key is so **nice**, surely he'd work with anyone. And Bill English, Robin to Key's Batman (if you've seen that Backbencher pub model) is even 'nicer'.

Greens last time nailed their colours to the Labour mast, only to find Helen go in with Winston and Peter Dunne instead, and leave them with . . . home insulation and Buy Kiwi Made (whoop-dee-do!). As for Maori, the words 'seabed and foreshore' say it all.

This would be interesting for transport. I doubt John Key would let a Green anywhere near a full Ministerial position on transport, but their influence may be strong. After all, the Greens did virtually write the NZ Transport Strategy, and whether or not you agree with them, the Greens are a brainy lot.

And Maori have other fish to fry – or rather kai moana – like on the Treaty and urban poverty. They may well leave the transport-second-fiddle role to the Greens.

#### **Theme 4: Funding**

**Private Public Partnerships** never got anywhere, because there were so many restrictions in the Land Transport Management Act. Notice they aren't in the *NZTS* or its *Update*. Now that Dunne has alienated his former 'family-values' Christian wing over smacking, he may have just Judy Turner to keep him company. Also, there have been some PPP failures recently, like the Sydney Harbour Crossing. So while some may be looking for PPPs to come into their own, I think they may have had their day as a 'glamour' solution, at least under the forthcoming parliament.

Often the real motive many people wanted PPPs was to get more money into the system to build projects considered 'must do's', which nevertheless couldn't get a decent benefit-cost ratio, or prospects of being funded through the National Land Transport Fund. Apart from the politics and recent PPP failures (reasons one and two, above), there are more reasons I don't think PPPs will be a major part of the political landscape.

The third is that Labour have taken the sting out of the money shortage motivation by putting more money into transport (something National will be very happy to continue, having called for this themselves). Now, under the new Act all petrol tax goes to land transport. Added to that Regional Councils have a new power to levy regional fuel tax.

Although some in the financial sectors were eager to invest, I don't think anyone was seriously saying that finance companies were a more stable bet than is a government. Which brings me to the fourth reason – private finance companies haven't been hale and hearty of late.

Then add in a fifth reason of construction costs, and said private finance companies might be even less minded to risk their money on a roading venture.

A sixth reason against PPPs is the growing role of urban form planning, which I mentioned earlier, along with 'integrated transport planning'. We've probably

heard the terms 'reducing the need to travel' (by land use planning), 'travel demand management' or 'travel planning'. They've been growing in importance of late (Theme 1 above), and we've all heard that feel-good trio 'walking, cycling and public transport' trotted out frequently. All these, together, have potential to reduce the amount of traffic on our roads. And that will hit the bottom line of private roading companies. Another aspect of this is that a PPP road is generally a **single route**, and all good transport planning works on the basis of a **network**. We could find a PPP road – and the need to keep it financially viable – works against network-wide planning of the roading system, let alone those 'alternative modes', travel demand management, travel planning and urban form planning.

The government – and, again, I think National will agree with this, as will any of the minor parties – have sought to take a stronger handle on the direction of where the funding goes. It used to be that the proportion of the National Land Transport Fund devoted to, say, state highways compared to local roads, roading compared to public transport, or new-build compared to maintenance, just fell out of the Beehive via a ministerial dictat, and that was that. There was sometimes an unspoken assumption that Transit NZ got about a third of every fund going – even the newly-created 2002 walking and cycling fund, an area Transit previously had thought was the province of local authorities.

At time of writing the first **Government Policy Statement on Transport** hasn't been issued, and I'm not privy to its confidential drafts. However, it should make those Ministerial decisions more open and transparent.

It should also mean, whether they intend this or not, that the government are holding themselves, and (interestingly) the rest of us, responsible for fulfilling those ambitious targets in the *NZTS Update*. If they fail to be met, we will no longer be able to blame the Minister. The government will be able to turn round and say *"this direction of funding was signalled in the Government Policy Statement(s), and you didn't object then – so why now?"* We all like open-ness in government, but (like democracy itself) it works both ways – we will shoulder some of the blame if it all turns to custard.

Also part of this is a three-year instead of annual basis for land transport programmes. Under the original 2003 Act, a strengthened 10-year land transport programmes basis was introduced – fitting in with strengthened 10-year Long Term Council Community Plans under the 2002 Local Government Act – but it was hard to break away from the 'annual funding round', or to see the 10-year plan as anything more than a 'forecast'.

Then there is **regional fuel tax**. I wonder whether this is meant to fill the same role as previously envisaged for PPPs – i.e. a way to fund projects seen as important but unable to get sufficient justification for the National Land Transport Fund? There are limitations on it, i.e. 10 cents a litre maximum, of which 5 cents maximum is for roading, phased in over 3 years (and with special additional arrangements for Auckland).

I wonder whether regional councils will use this power? Maybe some will, but they'll have to face the ire of local voters, already smarting from food and petrol price hikes. I also have a feeling that regional fuel tax will suffer from some of the discouraging factors which might affect PPPs.

If I could end on one more forthcoming trend – which isn't there yet, but which logically could come next – and that is a funding allocation process covering a land transport programme as a whole, as distinct from individual projects as at present.

In recent research a colleague and I co-authored (on long distance passenger rail funding, as it happens, [www.vtpi.org/rail\\_evaluation.pdf](http://www.vtpi.org/rail_evaluation.pdf)), we bemoaned the virtual absence in NZ of programme-wide 'strategic assessment' (unlike other countries). This means looking at a programme as a whole, to see whether all the various different projects are working towards the objectives which have been set. Without this, we could find different projects working against each other.

With the ambitious targets of the *NZTS Update*, there will be an imperative to make sure the government (of whichever hue) isn't left with egg on its face come 2040 (or earlier).

The *Government Policy Statement on Transport*, in effect, may be the beginning of programme-wide 'strategic assessment'. The Minister and advisers will be looking at this in drafting the Statement, even if they don't show us all their 'background workings'. As people criticise and challenge the Statement – as many will do, whatever is in it – thus will begin a debate on the direction of the National Land Transport Programme as a whole. And as I've said above, this is more than likely to have rail freight and long-distance passenger rail brought under it in the future.

Will this mean roading is robbed to pay for rail? If you are concerned about a redirection of funds, bear in mind however that public transport has always been quite a small proportion of the total transport funding cake – about 10-20% at present. There'd need to be a major redirection of funds for roading to be seriously robbed. This may happen, if you consider the neglect of rail investment through the 1990s, but maybe a bigger worry is the through-the-roof rise in the cost of materials.

## **Conclusion**

Interesting times indeed. Some of what I've said may seem unthinkable, but then again, if we look at the trends behind current events and where they may lead, maybe we ain't seen nuffin' yet.