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Committee Regional Transport
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Proposed Regional Land Transport Programme 2009 - 2012

1. Purpose

The purpose of this report is to present, and seek approval of, the proposed Regional Land Transport Programme (RLTP) to be consulted on in March/April 2009.

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. The proposed RLTP is subject to section 18 of the Land Transport Management Act 2003¹ (the Act) which requires the committee to use the special consultative procedure under the Local Government Act.

3. Background

The Act requires the Committee to prepare and consult on a RLTP every three years. The RLTP constitutes the Wellington Region's bid for funding assistance for transport activities from the National Land Transport Fund.

The region's strategic transport issues and desired ten year outcomes are set out in the Wellington Regional Land Transport Strategy (RLTS) 2007 – 2016. Under the framework of the RLTS, detailed studies are carried out as part of corridor plan or implementation plan processes to identify potential solutions to address the problems affecting that particular corridor or mode of transport. The majority of projects put forward in the RLTP are those identified through these studies. However, in some cases, approved organisations or the New Zealand Transport (NZTA) will submit a project that is not identified through

¹ As amended by the Land Transport Management Act 2008.

the corridor or implementation plan process, such as a safety project or major local road improvements.

The Committee agreed the following policy for prioritising activities in the RLTP on 11 February 2009 (**Report 09.30**):

First priority activities are:

- *Operation of committed new passenger transport projects*
- *Passenger transport maintenance and renewals*
- *State Highway maintenance and renewals*
- *Statutory transport planning.*

Second priority activities are:

- *Transport planning studies*
- *Walking and cycling projects costing less than \$4.5m*
- *Travel Demand Management*
- *State Highway safety projects costing less than \$4.5m.*

Third priority activities (subject to an order of priority) are:

- *Large new projects costing more than \$4.5m.*

Particular regard should be given to safety issues when considering priorities.

The Committee also agreed a priority order for third priority activities that could commence within the first 3 years of the programme (refer **Table 5 of Attachment 1**).

4. Legislative Requirements

The Act sets out a number of specific requirements for the content of a RLTP. These legislative requirements are set out below.

A **RLTP must** contain for the first 3 financial years:

- activities or combinations of activities, identified by approved organisations in the region, relating to local road maintenance, local road renewals and local road minor capital works, and existing public transport services.

A **RLTP must** contain for the first 3 financial years in order of priority determined by the Committee the following activities or combinations of activities that the Committee decides to include:

- activities or combinations of activities proposed by approved organisations in the region, other than those mentioned above;
- activities or combinations of activities relating to State highways in the region that are proposed by the NZTA; and
- activities or combinations of activities, other than those relating to State highways, that the NZTA may propose for the region and that the NZTA wishes to see included in the regional land transport programme.

A **RLTP must** contain for the first 3 financial years an assessment of each activity or combination of (prioritised and non-prioritised) activities.

The assessment must be prepared by the organisation that identified or proposed the activity or combination of activities, and include:

- the objective or objectives to be achieved; and
- an estimate of the total cost and the cost for each year; and
- the expected duration; and
- any proposed sources of funding other than the national land transport fund (including, but not limited to, tolls, regional fuel taxes, funding from approved organisations, and contributions from other parties); and
- any other relevant information.

A **RLTP must** contain assessments by the Committee of how the programme complies with the following:

- contributes to the aim of achieving an affordable, integrated, safe, responsive, and sustainable land transport system; and
- contributes to each of the following:
 - assisting economic development
 - assisting safety and personal security
 - improving access and mobility
 - protecting and promoting public health
 - ensuring environmental sustainability; and
- is consistent with:
 - the relevant Government Policy Statement;
 - any relevant regional land transport strategy.

A **RLTP must** contain assessments by the Committee of how the programme takes into account any:

- national land transport strategy
- national energy efficiency and conservation strategy
- relevant national policy statement and any relevant regional policy statements or plans that are for the time being in force under the Resource Management Act 1991
- likely funding from any source.

A **RLTP must** contain assessments by the Committee of the relationship of police activities or combinations of police activities to the RLTP.

A **RLTP must** include:

- a statement of transport priorities for the region for the 6 financial years from the start of the programme, for which funding will be sought from the national land transport fund
- all significant expenditure on land transport activities to be funded from sources other than the national land transport fund

- a list of each activity or combination of activities that have been approved for funding by the NZTA but are not yet completed
- an identification of those activities or combinations of activities (if any) that have interregional significance
- an explanation if it is proposed that an activity or combination of activities be varied, suspended, or abandoned
- an indication of any nationally or regionally significant activities that are likely to be recommended for inclusion in the national land transport programme over the 3 financial years following the regional land transport programme
- a financial forecast of anticipated revenue and expenditure on activities for the 10 financial years from the start of the regional land transport programme
- a description of how monitoring will be undertaken to assess implementation of the regional land transport programme
- a summary of the consultation carried out in the preparation of the regional land transport programme
- a summary of the policy relating to significance adopted by the RTC under section 106 of the LTMA.

Further to these requirements **the Committee must be satisfied that the RLTP:**

- contributes to the aim of achieving an affordable, integrated, safe, responsive, and sustainable land transport system; and
- contributes to each of the following:
 - assisting economic development
 - assisting safety and personal security
 - improving access and mobility
 - protecting and promoting public health
 - ensuring environmental sustainability; and
- is consistent with:
 - the relevant Government Policy Statement;
 - any relevant regional land transport strategy; and
- takes into account any:
 - national land transport strategy
 - national energy efficiency and conservation strategy
 - relevant national policy statement and any relevant regional policy statements or plans that are for the time being in force under the Resource Management Act 1991
 - likely funding from any source.

5. Comment

5.1 Content of the proposed RLTP

The RLTP includes tables identifying the activities in the programme, based on activities and forecasted expenditure submitted by the region's nine² approved organisations and the NZTA in *Land Transport Programme online*. This is an online web-based system used by approved organisations to create, submit, and manage their land transport programmes and is also used to manage the NLTP throughout the programme year.

A full list of all activities in the 3-year programme is included in the RLTP.

Activities of inter-regional significance have been identified by consulting with adjoining regions (Horizons, Tasman, Nelson, and Marlborough).

The proposed RLTP sets out the general prioritisation policy and describes the process to evaluate and prioritise large new projects. It includes the prioritised list of projects for the first three years of the programme as agreed by the Committee at its meeting on 19 February 2009. It also includes a list of regionally significant activities that are expected to be included for funding in the next programme.

The proposed RLTP includes a financial forecast that sets out the expected expenditure (some \$5 billion over 10 years) on transport operations, maintenance and developments for 3+3+4 year periods.

An assessment is included to demonstrate how the proposed RLTP as a whole meets the core requirements as set out in Section 14 of the Act. This identifies how the proposed RLTP is consistent with or has taken account of the vision and objectives of the New Zealand Transport Strategy, the Government Policy Statement on Land Transport Funding, the Regional Land Transport Strategy, New Zealand Energy Efficiency and Conservation Strategy, Policy Statements under the Resource Management Act, the Regional Passenger Transport Plan, and any likely funding source.

Also included is an assessment of the relationship of police activities to the proposed RLTP, a description of how the RLTP will be monitored, and the significance policy for variations to the RLTP adopted by the Committee on 11 December 2008.

5.2 10-Year financial forecast

Section 16(3)(g) of the Act requires the RLTP to include a financial forecast of anticipated revenue and expenditure on activities for the 10 financial years from the start of the regional land transport programme.

² Masterton, Carterton, South Wairarapa and Kapiti Coast District Councils, Hutt, Upper Hutt Porirua, and Wellington City Councils (Local Roding), and Greater Wellington Regional Council (Passenger Transport).

5.2.1 Types of Available Funding

There are principally four types of funding currently available to the region.

National (N)

Nationally distributed funds (N) are allocated on the basis of national priority by NZTA from the National Land Transport Fund in accordance with its allocation process. Funding is mainly derived from road user charges, fuel excise and motor vehicle registrations. Wellington region's share of N will vary from year to year.

Regional (R)

Regionally distributed funds (R), approximately \$235M dependant on national fuel sales, are allocated by NZTA to activities that are not judged to be of sufficient national priority to be fully funded from N. Regional priorities are taken into account. Funding is derived from 5 cent per litre fuel excise duties introduced in April 2005. The collection of R is expected to stop in 2014/15.

Crown (C)

Crown appropriations (C) are special regional funds which are allocated by NZTA. This funding resulted from the Wellington Transport Project in 2005 which identified increased funding requirements for Wellington region's transport needs. Total C funding is \$885 million but it is not indexed, meaning its buying power reduces over time due to inflation. C funds are made available to support specific activities on a project-by-project basis.

Local (L)

Local funds (L) are allocated by individual local authorities and are mainly provided through rates via Long Term Council Community Plans, user charges and debt. The regional council funds passenger transport whereas territorial authorities fund roads (including footpaths, etc). The actual amounts of L funds are subject to the Annual Plan processes of Greater Wellington and each territorial authority.

Other

Other potential funding sources include tolls, development levies and contributions. Regional fuel tax schemes are a new funding source authorised in the amended LTMA 2003.

5.2.2 Government Policy Statement Funding Allocation

The Government Policy Statement on Transport Funding 2009/12-2018/19 (GPS) sets out targets that the National Land Transport Programme needs to achieve. It also sets out expected expenditure ranges for different activities at the national level. While we understand that these are being reviewed by the Government they are the best information currently available.

The NZTA must give effect to the GPS. It will do this by determining which of the activities identified in the 17 regional land transport programmes will be supported with national funding in the National Land Transport Programme. In order to assist regions the NZTA published indicative regional funding “allocations” in October 2008. We anticipate that these will be revised by the Government and this may have some impact on the final recommended programme that the Committee will produce by 30 June 2009.

Wellington Region’s indicative funding by activity class for the next 10 years is shown in Table 1. The NZTA expects that expenditure is generally planned close to the mid-point of the funding range.

Activity Class		Indicative funding range (\$m)		
		2009/12	2012/15	2015/19
Transport planning	Lower	5	5	5
	Upper	10	10	15
Maintenance and operation of local roads	Lower	40	45	65
	Upper	50	55	80
Renewal of local roads	Lower	45	50	80
	Upper	50	60	95
Maintenance and operation of state highways	Lower	45	55	85
	Upper	55	65	105
Renewal of state highways	Lower	20	25	40
	Upper	25	35	50
New and improved infrastructure for highways	Lower	100	110	120
	Upper	170	185	225
New and improved infrastructure for local roads	Lower	25	25	35
	Upper	50	65	85
Public transport services and operations	Lower	130	150	230
	Upper	160	200	315
Public transport infrastructure	Lower	240	60	75
	Upper	440	195	130
Walking and cycling facilities	Lower	0	0	0
	Upper	5	5	10
Demand management and community programmes	Lower	0	0	5
	Upper	15	15	25
Total indicative allocation (does not reflect the sum of individual activity classes)	Lower	685	550	775
	Upper	980	845	1080

Table 1– Indicative GPS funding (October 2008)

5.3 Wellington’s special funding sources

As set out in section 5.2.1, the region has dedicated funding known as R and C funds. At the time of writing the proposed programme the following funds have already been spent (prior to the 2009/10 financial year) or are committed (to be spent during the 2009/19 period)³:

Funding source	Already spent	Committed	Available
\$235m (R)	\$23m	\$78m	\$134m
\$225m (C1)	\$26m	\$61m	\$138m
\$255m (C2)	\$15m	\$27m	\$213m
\$715m	\$64m	\$166m	\$485m

Table 2 – Special funding

5.4 Proposed expenditure

The proposed Programme shows a total cost of \$5.76 billion over the next 10-years. This includes inflation allowances as advised by the responsible agencies. The NZTA’s share of this expenditure is \$3.33 billion. The balance of the funding is made up from local share \$1.14 billion and other funding \$1.29 billion. The proposed expenditure (NZTA’s share) compared to the indicative lower and upper funding ranges is shown in the following graph:

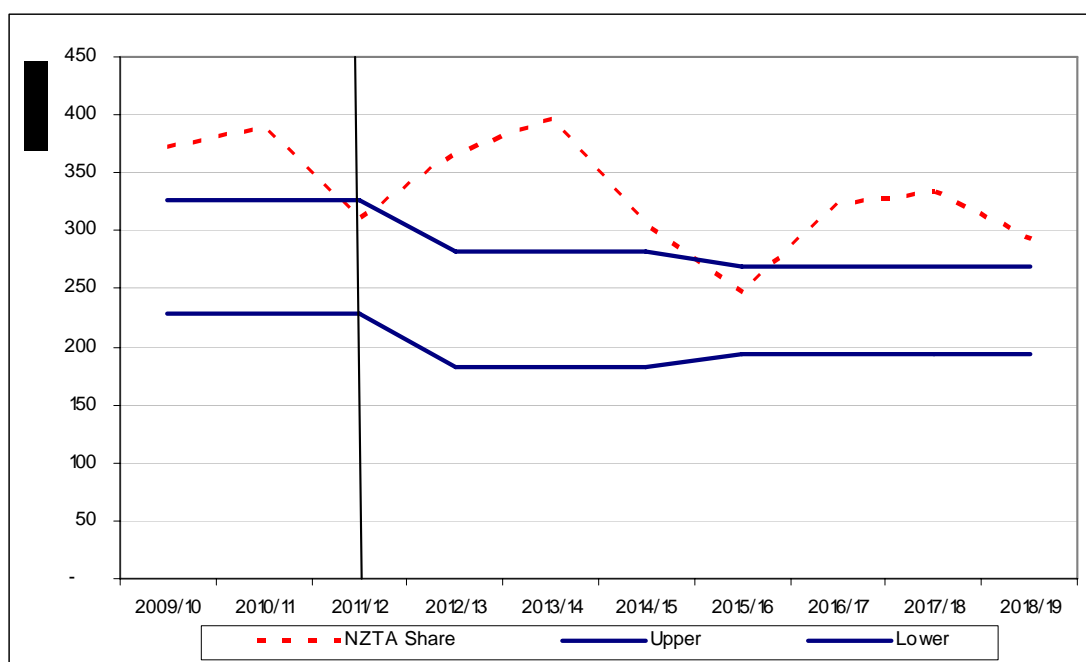


Figure 1: GPS funding range and proposed expenditure – Wellington Region

The breakdown of NZTA’s share of expenditure at activity class level for the 2009/12 programme is shown in the following pie chart.

³ Includes 17M R funding committed for Muldoon’s corner as announced by the Government on 11 February 2009.

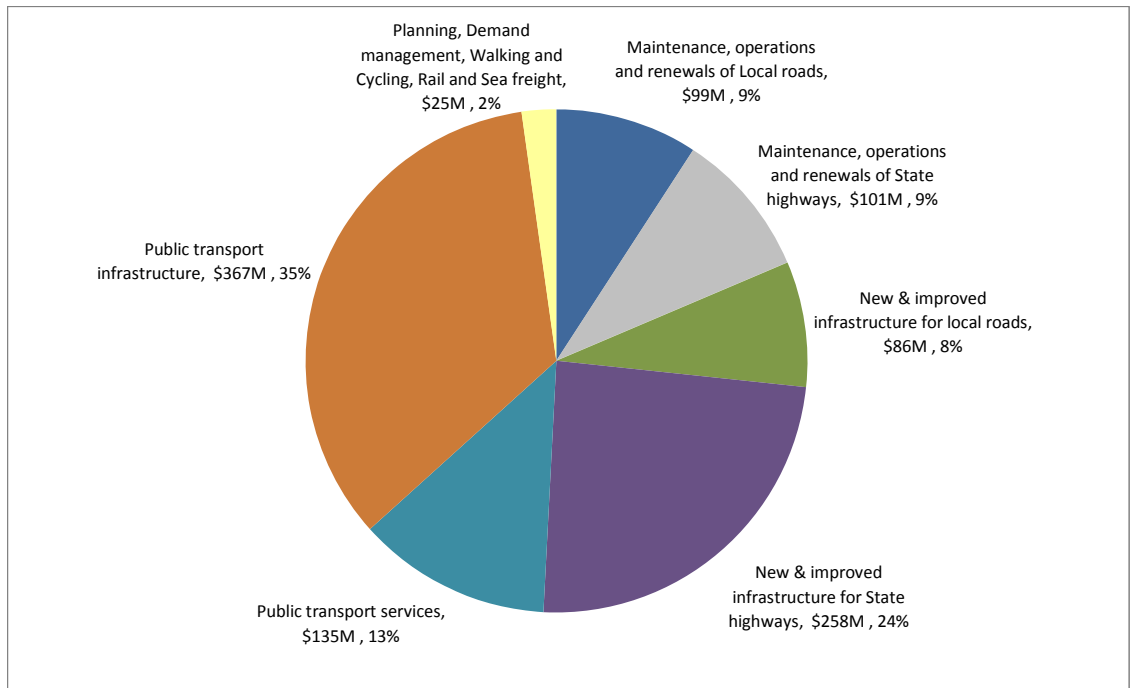


Figure 2: Proposed NZTA share of 3-year expenditure by NZTA activity class– Wellington Region

The table below identifies the levels of savings needed if the programme is to fit within identified funding levels.

	Proposed funding request (\$m)	
	2009/12 (3-years)	2009/19 (10-years)
Wellington's total request	1070	3332
Savings needed to meet Lower allocation	368	1322
Savings needed to meet Mid point	220	875
Savings needed to meet the Upper allocation	73	427

Table 3 – Proposed funding request (NZTA share)

It is clear that if the Committee is to propose a programme to meet the indicated funding levels then many of the proposed improvements will not be able to proceed. The latest analysis, taking account of the Committee's priority decisions of 19 February and allowing for inflation as advised by the various proposing organisations, shows there are 19 third priority projects and packages with an estimated total cost of \$857m over 10 years which could commence during the 2009/12 period (see Table 5 of the proposed programme in Attachment 1).

At either the lower or mid point funding levels none of these will be able to proceed in the first 3 years. In other words the funding cut-off is in the second priority activity band. At the upper funding level, 7 of the 19 top priorities may be able to proceed in the 2009/12 programme period. These are:

- Western Link Road Stage 1 package
- SH1 Basin Reserve upgrade package
- Rail Scenario 1 package
- SH2 Melling Interchange and Melling Bridge package
- Western Link Road Stage 3 package
- Paraparaumu and Waikanae Station Upgrades
- SH1 MacKay's to Paekakariki Median Barrier.

Over the full 10 years additional funding must be found if the whole identified programme is to proceed.

Once the Government's position is clear on its infrastructure investment programme and associated funding in a revised GPS (anticipated in late March) then the region may need to consider a regional fuel tax scheme in order to advance high priority projects.

5.4.1 Funding policies

In addition to the funding policies set out in section 8.8 of the RLTS, the following policies are recommended to ensure the Committee's intentions for the use of the Region's special funds are clear for the NZTA. These policies are included in Section 11.5 of the proposed RLTP.

RLTP Funding Policies:

- (a) High priority projects may be advanced using any combination of R or C funds.
- (b) Medium priority projects may be advanced using R funds.
- (c) Low priority projects should not be advanced using either R or C funding, in other words they should only proceed when they have sufficient merit to warrant N funding.
- (d) The Mt Victoria Tunnel and Terrace Tunnel fire safety upgrade projects should not be advanced using either R or C funding, in other words they should only proceed when they have sufficient merit to warrant N funding.
- (e) R funds may be used to advance the State Highway "block programme"⁴ addressing safety issues up to a total cost of approximately \$33m.

⁴ Various state highway improvement projects costing less than \$4.5m – primarily safety – proposed by NZTA.

Policies (a), (b) and (c) reflect the intention to apply the Region's dedicated funding sources to advancing regional priority projects. Therefore it is appropriate that all regional funding sources (R and C) be applied to the highest priority projects and less funding be available for medium priorities (R only). Finally, no special funding should be applied to low priority projects.

The Committee has previously discussed the merits of the two tunnel fire safety proposals that have only recently been identified. We understand these are matters of national significance and should attract N funding and support the funding of these projects on that basis (policy d).

The Committee has also discussed the need to give priority to safety improvements. The State Highway block programme is largely focussed on addressing safety issues and is supported as a second priority activity. In order that regional funding is available to support this programme it is recommended that it be supported with R funding, but that this support be limited to \$33m (approximately one third of the indicated 10-year requirement) to ensure funding is also available to the third priority activities (policy e).

6. RLTP Summary document

The special consultative procedure provisions of the Local Government Act 2002 require the Committee to publish a summary of the proposed RLTP. This summary will be distributed to all households in the region.

An outline of the summary document for the RLTP is provided in **Attachment 2, but will be sent to the committee separately**. The content of the summary document still needs to be finalised and the design/style will be improved for publication. The summary document has been prepared in accordance with the Local Government Act 2002. Section 89 of the LGA requires that a summary must:

- (a) *be a fair representation of the major matters in the statement of proposal*
- (b) *be in a form determined by the local authority [Regional Transport Committee]*
- (c) *be distributed as widely as reasonably practicable (in such a manner as is determined appropriate by the local authority, having regard to the matter to which the proposal relates) as a basis for general consultation*
- (d) *indicate where the Statement of Proposal may be inspected, and how a copy may be obtained*
- (e) *state the period within which submissions on the proposal may be made to the local authority.*

The document, while being an accurate summary of the Proposed Wellington RLTP 2009 - 2012, will be designed to be readable for the general public. This document is to be distributed to households in the region (approximately 191,000) alongside Greater Wellington's LTCCP in March 2009.

7. Next Steps

The final Regional Land Transport Programme 2009/12 must be adopted by 30 June 2009. The key steps leading to adoption in June are set out in the following table.

Key step	RTC decision	Timing
Proposed RLTP	Adopt proposed RLTP for consultation	5 March
Consultation plan (separate report on this agenda)	Adopt consultation plan	5 March
Hearing subcommittee	Appoint Hearing Subcommittee	8 April
Consultation in parallel with GW's LTCCP		Monday 23 March – Friday 24 April
Hear submissions (Hearing Subcommittee)		May/June?
Approval	Recommendation from RTC to GW	23 June
	Adoption by GW	30 June (last possible day)

8. Communication

The proposed RLTP will be published for consultation alongside Greater Wellington's LTCCP in March/April and must follow the special consultative procedure set out in the Local Government Act 2002.

The consultation plan for the RLTP is the subject of a separate report on this agenda. It sets out how the proposed RLTP will be communicated to the public during the consultation period.

9. Voting

Section 107 (1) of the Land Transport Management Act (2003) states that objective and interest representatives have full speaking rights, but are not entitled to vote on matters related to regional land transport programmes. As the subject matter of this report relates to the regional land transport programme, objective and interest representatives **may not** vote on the resolutions.

10. Recommendations

That the Committee:

1. ***Receives*** the report.
2. ***Notes*** the content of the report.
3. ***Agrees*** to release the proposed Wellington Regional Land Transport Programme 2009 – 2019 as set out in ***Attachment 1*** for consultation, subject to any changes agreed by the Committee at this meeting.
4. ***Agrees*** to the outline of the summary document for the proposed Wellington Regional Land Transport Programme 2009 – 2019 as set out in ***Attachment 2***.
5. ***Delegates*** to the Chair of the Regional Transport Committee authority to approve any minor editorial amendments to the RLTP and to approve the final content and design of the summary document prior to consultation.

Report prepared by:

Report prepared by:

Report approved by:

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Attachment 1: Proposed Wellington Regional Land Transport Programme 2009 – 2012
Attachment 2: Outline of the Summary Document for the proposed Wellington RLTP (to come)