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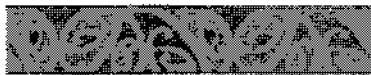
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Hon Annette King

22/05/2007

Regional fuel taxes will benefit all road users

The Government's proposal to enable regional fuel taxes will benefit all road users, private vehicle owners and public transport commuters, says Transport Minister King.

Ms King says that since last Thursday's Budget Road Transport Forum New Zealand forestry industry have suggested their industries have been penalised by the proposal to enable such a tax in Auckland.

"By enabling a regional fuel tax for both petrol and diesel users, we can ensure we contribute to the construction of new roading and public transport infrastructure to meet our transport vision.

"Contrary to statements by the sector groups concerned that commercial road users will be adversely impacted through a diesel tax, diesel users are not being targeted. Transport users are asked to pay their share of the cost of improving regional transport networks to benefit both commuters and commercial users."

Ms King says all road users will benefit from some people choosing to use public transport instead of their cars. "Treasury and Ministry of Transport analysis shows that a 10 percent increase in public transport mode share results in a 6-8 percent reduction in total vehicle kilometres travelled. That means real time savings for motorists and commercial drivers. That has to be good for trucks in particular, and overseas studies show that a 10 percent increase in mode shift can result in productivity gains of 2 to 10 percent."

Ms King says that improving New Zealand's transport infrastructure and public transport system is vital to achieving one of this Government's key goals of economic growth. "To do that, we need to ensure that road construction and public transport projects cannot be funded out of the National Land Transport Fund, but tagged by regional priority, can proceed.

"Diesel vehicles account for 18 percent of our vehicle fleet and 24 percent of kilometres travelled. I do not think it is fair to ask petrol users to exclusively pay for additional road and public transport when diesel users will also benefit from these measures. For an increasing number of private motor vehicles are diesel powered. To not charge diesel users would mean petrol users are subsidising diesel users."

Ms King said commercial transport operators who used their diesel off road would have their regional fuel tax refunded. "Land Transport New Zealand already operates an exemption refund system for commercial non-road petrol users such as lawn mowing contractors. We will expand this system to enable farmers and other off-road users to claim. We will keep administration and compliance costs low for commercial users a threshold of \$10,000."

"Further, the regional fuel tax will not just pay for public transport. The Government indicated its intention to use some of the fuel tax to contribute to the cost of roading projects including the Western Ring Route and Penlink. The Western Ring Route in particular will provide benefits that impact on the entire Auckland network for motorists, including businesses," Ms King said.

"The Government wants to see transport networks in Auckland, as well as the rest of the country, improved."

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country, that are not only environmentally sustainable, but also socially and economically sustainable."

Contact: John Harvey (04) 471 9305, John Saunders (04) 470 6851.

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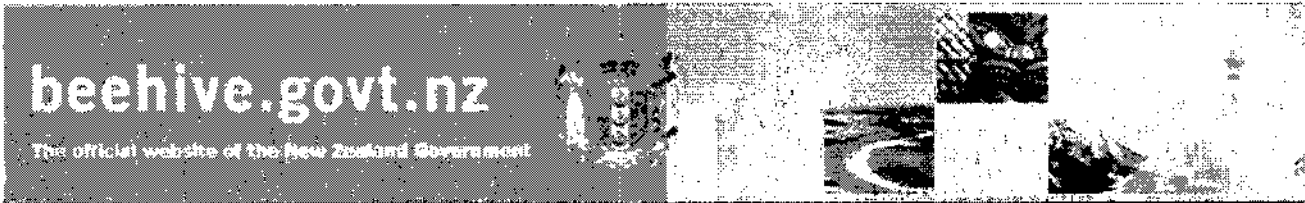
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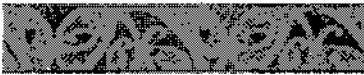
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Hon Annette King

17/05/2007

Towards a sustainable rail network

Budget 2007 is funding significant improvements to the Auckland and Wellington rail passenger networks as part of the Labour-led government's drive to put the economy on a sustainable footing.

"A world-class transport network is vital to meet our economic and environmental challenges and that's why Budget 2007 makes additional investment in the rail network a priority," said Finance Minister Michael Cullen and Transport Minister Annette King

"We are supporting the electrification of Auckland's urban passenger network, and will provide funding for the necessary infrastructure assisted by revenue from a regional fuel tax.

"The whole project will cost more than \$1 billion, with the Auckland Regional Council responsible for funding the electric trains. The council will be able to access funding from the proposed regional fuel tax, and the government will raise infrastructure bonds to pay its share with the fuel tax servicing the interest costs.

"The aim is to have electrification completed by 2013. The government has investigated the possibility of having electric trains up and running for the Rugby World Cup in 2011, but this would be too risky and costly in terms of sourcing material for electrifying the system. To ensure there is a well-functioning public transport system by 2011, ARTA (Auckland Regional Transport Authority) will need to purchase additional carriage trains.

"We need to get electrification right for a first-class public transport network in Auckland. With trains moving at around 10 minute frequencies, electrification will mean faster, more reliable, cleaner, more comfortable and quieter services."

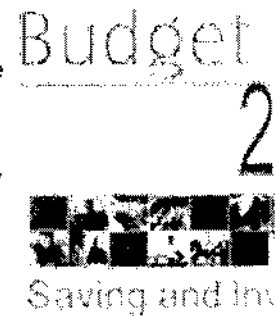
For Wellington commuters, the government is also providing new funding to repair and upgrade infrastructure, extend double tracking to Waikanae, and for enlarging tunnels on the Johnsonville line.

Budget 2007 provides \$600 million over six years for the government's contribution to urban rail development projects in Auckland and Wellington. It also provides an additional \$50 million for general track improvements to the national rail network over 2007-08.

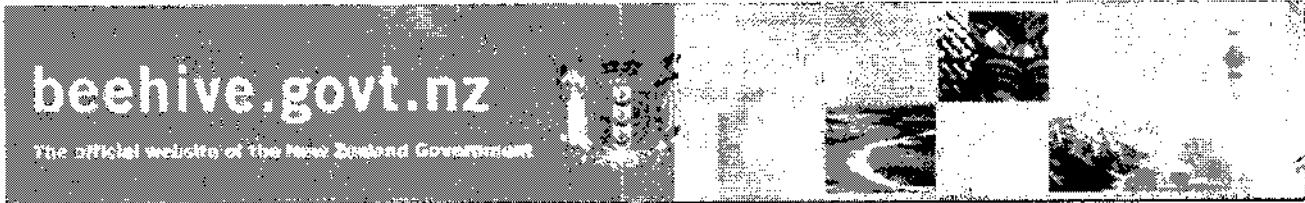
Dr Cullen said Budget 2004 provided \$100 million for national track improvements and the government is now committing another \$25 million in both 2008/09 and 2009/10 to ensure rail remains a major transport option both complementing and competing with roading."

"The latest investment builds on the considerable investment the Labour-led government has made in building a world-class transport network.

"We bought the rail tracks back into public ownership, increased investment in rail transport ten fold and are investing over \$2 billion every year on the biggest road



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Funding certainty for transport improvements

News letters
Ngā Panui

Budget 2007 paves the way for regions to raise funds through a regional fuel tax for specific transport capital projects that would otherwise not attract funding within the timeframe that regions might desire.

Budget

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Finance Minister Michael Cullen and Transport Minister Annette King said today that the first region to benefit from a regional fuel tax is likely to be Auckland, where a 10 cents a litre regional fuel tax on petrol and diesel could raise about \$120 million a year and could support a debt of about \$1.5 billion over 30 years.



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"We know there is a great deal of interest in Auckland in the advantages offered by a regional fuel tax," the Ministers said. "A regional fuel tax will allow the government to support Auckland's transport priorities, which includes the Auckland rail network, other public transport initiatives such as additional integrated ticketing, the Western Ring Route and Penlink."

In addition, the Ministers said that the government would target an increase in public transport patronage to around 60 boardings per person per year by 2016 at present. This would mean substantially improving the quality of Auckland's public transport services, with funding to be shared between the government and the regions.

"Electrification of the rail network is only part of the story", they said. "Improvement of services across the board, including buses and ferries, is critical to achieving a world-class public transport system."

"This is great news for New Zealand's largest city. In order to transform the economy, it is absolutely essential that Auckland develop a world-class transport infrastructure."

"Our commitment to improving public transport infrastructure is also a critical part of the government's drive for environmental sustainability."

Dr Cullen and Ms King said all regions would have the opportunity to consider their own regional fuel taxes. "For example, a regional fuel tax in Wellington could become a significant contributor to Transmission Gully if the region chose that option."

"Regions need to put up proposals for the government's consideration, and will be subject to evaluating the merits of a particular proposal, the government is committed to working positively with regions around the country."

The regional fuel tax will be applied as required to cover the costs of the projects undertaken.

In a further move to give certainty to land transport planning, the Ministers have announced that consideration is being given to permanently directing all revenue generated by the excise duty towards land transport expenditure, including public transport.

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"This would mean that the Crown would no longer retain any revenue from the for general government revenue and would ensure that every cent of excise du from motorists is used for land transport projects."

Note: Budget 2006 increased investment in transport improvements to ensure following five years that the government was spending more on land transport by way of excise duty, road user charges and motor vehicle registration fees.

Questions and answers: regional fuel tax

Why is the government enabling a regional fuel tax?

There are a number of projects that are high priorities for regions that cannot be funded, often due to their cost or other higher priorities. Regional fuel tax is a tax that will be available to regions for high priority projects that would not otherwise get funded within the timeframe desired by the region.

What will the regional fuel tax be used for?

The regional fuel tax will only be approved for new roading and public transport infrastructure.

Why limit the regional fuel tax to new infrastructure?

It is important that motorists who do pay the extra regional fuel tax are able to benefit from doing so in the form of additional roads or public transport that they would not otherwise get. As such, the regional fuel tax cannot be used to meet the cost of existing services.

What projects does the government have in mind?

The projects will be up to each region to determine if they decide to implement a regional fuel tax. A regional fuel tax will most likely assist with funding the electrification of the Auckland rail network including the new electric rolling stock and other station infrastructure and could be used to fund other transport projects that benefit the entire Auckland region.

In Wellington, a regional fuel tax could be used to contribute to the cost of the Gully Motorway if that is considered to be a regional priority.

Other regions may have priority projects, which they will wish to discuss with the Government.

How big will the regional fuel tax be?

The maximum regional fuel tax is yet to be finalised but will be around ten cents per litre. The actual level of the regional fuel tax within that maximum will be up to each region to determine if it chooses to implement the tax. A maximum of 5 cents per litre will be used for roading projects. The government will have the power to vary this limit in certain circumstances.

Why should a regional fuel tax be used to fund public transport improvements?

Public transport improvements assist all road users by providing alternative sustainable transport. Increased public transport usage can reduce congestion for motorists and plays an important part in increasing the sustainability of the entire transport system.

How much money is the Government committing to improve Auckland's transport services?

Over the next 10 years, the Government is providing \$2.1 billion to fund public transport in Auckland. Together with the region's contribution of \$1.6 billion, this means a total of \$3.7 billion will be invested in Auckland's public transport system. Further work is being done to determine whether this level of funding is sufficient to achieve the target of 60 boardings per person per year by 2016.

How much could the regional fuel tax raise?

The total amount raised is dependent on the number of regions that elect to use a regional fuel tax and the rate of regional fuel tax they choose. The table below shows the potential revenue for Auckland and Wellington were to have a regional fuel tax of ten cents per litre:

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	Estimated gross annual revenue raised from a 10c per litre regional fuel tax	Estimated debt that can be supported by this revenue
Auckland	\$120 million	\$1,500 million
Wellington	\$35 million	\$430 million

How will the regional fuel tax work?

Proposing the regional fuel tax

A body representing the region (most likely a regional council) will approach central government seeking to fund a project or projects via a regional fuel tax. Such a proposal would include an initial scope of projects and an assessment of their benefit to the region. Once the government agrees to the development of a formal proposal, a development agreement will be negotiated with the region that sets out:

- the respective roles of the representative body and central government;
- the information needed by central government and/or local government sufficient to justify the case for a regional fuel tax.
- any consultation processes either required by statute, or deemed necessary by the representative body; and
- any other issues that require resolution. For example, if a project relies on funding from another source (e.g. developer contributions or the National Land Transport Fund) as well as the fuel tax, the certainty of that funding source may need to be confirmed.

Once the items specified in the development agreement have been satisfied, a development agreement will be put to the government for approval. Following this, the Ministers of Finance and Transport will prepare an Order in Council to give effect to the regional fuel tax.

Implementing the regional fuel tax

The regional fuel tax will be collected on both petrol and diesel. To keep administrative costs low, the regional fuel tax will be paid by oil companies to Land Transport NZ, who will then distribute the funds to the relevant party. A refund system will operate in a number of circumstances where the fuel purchased is not used for on-road travel purposes.

When will the regional fuel tax be implemented?

Following consultation with regions on the design of the regional fuel tax, the government envisages passing enabling legislation as soon as practicable. Once legislation is passed, implementation will be determined by the regions that choose to apply to use the tax.

What regions will the regional fuel tax apply to?

The decision on a regional fuel tax is one for each region to make in consultation with central government. It is proposed that regional boundaries will be based on the boundaries of the collection of the existing Local Authority Petroleum Tax.

Didn't regional petrol taxes fail in the 1990s because oil companies ended spreading the tax across the whole country?

The previous regional petrol tax was 2 cents per litre and at this level it was easy for oil companies to spread the cost nationally. At 5-10 cents per litre this is less likely as it is not as easy for oil companies to spread a larger differential across the country. It is possible that there may be some price spreading but that may be dependent on the number of regions that choose to take the opportunity to fund major infrastructure in this way.

Why charge diesel users?

Diesel vehicles account for 18% of the vehicle fleet, travelling 24% of on-road kilometres. A diesel tax ensures almost all motorists who buy their fuel in a region are contributing to the cost of regional priorities. The diesel tax will be levied on the fuel rather than through the Road User Charges (RUC) system to limit out-of-region purchase of RUC for diesel vehicles that do the majority of their travel within a region that elects to levy this regional fuel tax.

How will the public know the regional fuel tax is spent on important projects?

A 23

Because the regional fuel tax can only be levied on capital projects, the public will see the outcome in the form of tangible assets. There will be a requirement on proposing the regional fuel tax to undertake public consultation processes required deemed relevant by either the region or the government. This will enable public the regional fuel tax and the projects.

Why is the Auckland proposal more advanced than other regions?

The Auckland Regional Council (ARC) has advocated the use of a regional fuel tax as a means of advancing projects that are regional priorities. The ARC and the Government have agreed that the electrification of the rail network is a very important project for the region, and in order to improve the Auckland rail network as soon as possible, they have worked together to advance both electrification and the means to fund it.

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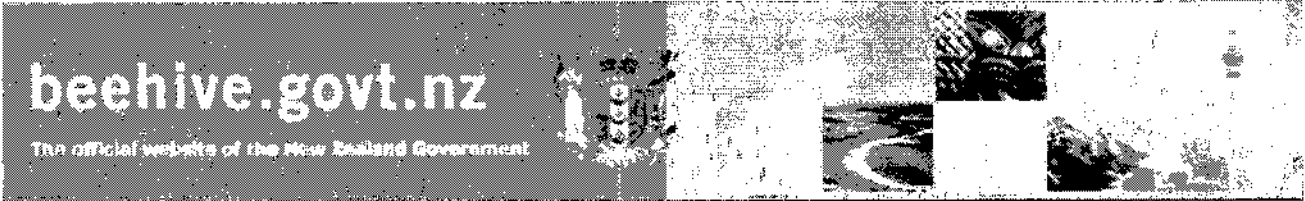
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Driving land transport investment forward

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Nga Panui o te wiki

Budget 2007 provides a substantial injection of capital to ensure the five-year State Highway Construction Plan is delivered in the event of any unanticipated input cost increases, Transport Minister Annette King announced today.

Budget

2

News letters
Nga Panui

The government is setting aside an additional \$145 million of capital in 2006/07 and 2007/08.



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"The Labour-led government regards a world-class land transport network, which moves people and goods safely and efficiently, as a centrepiece of our drive to transform the New Zealand economy," Transport Minister Annette King said.

"In Budget 2006 investment in roads over the next five years increased to a record \$1.5 billion to guarantee and accelerate New Zealand's largest-ever road building programme.

"Last year was the first time that funding had been guaranteed for such a period. Last year's announcements were welcomed right across the land transport sector, and I am sure the extra funding in Budget 2007 will reassure the sector. Labour-led government remains committed to providing world-class infrastructure," Minister said.

Ms King also said that the unprecedented level of spending in land transport makes it imperative that the government ensures that taxpayers receive value for the money invested in the sector.

"Work is underway across a number of areas, including strategic planning, and performance measurements and monitoring, to make sure our money is spent as efficiently as possible. The work will also ensure there is greater clarity among land transport agencies about their respective roles," Annette King said.

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X.1 AUCKLAND TRANSPORT STRATEGIC ALIGNMENT PROJECT T384 - 01

[Author]

The report has been prepared in accordance with the provisions of section 76 and 77 of the Local Government Act 2002, having regard to section 79.

EXECUTIVE SUMMARY

The Auckland Transport Strategic Alignment Project (ATSAP) originated from a discussion between Ministers and the Mayoral Forum in 2006 concerning the Auckland Transport "funding gap". That discussion highlighted the need to agree on long term direction before meaningfully addressing funding.

The first deliverable of ATSAP, "Summary of Current Strategic View", was released in July 2006. That document consists of an agreed statement of the current view of the strategy for developing Auckland transport.

The ATSAP Steering Group has now completed the second deliverable, the "draft Common Strategic View", which has been delivered to Ministers and was considered by the Political Engagement Group at its meeting of 20 April 2007. The second deliverable includes descriptions of

- Agreed aspects of the current strategic view
- Agreed modifications to the current strategic view
- Critical strategic decision
- Aggregate funding pressures
- Quality of Urban Intensification

Areas of Agreement

The draft Common Strategic View is supportive of the current strategic view for Auckland land transport, subject to four key improvements. This support encompasses all other aspects of the current strategic view, including:

- The need for a substantial shift to public transport over the long term, starting immediately.
- The basic components of the public transport system (Rapid Transit Network, Quality Transit Network and local connector network).
- Development of the strategic roading network, including traffic management.
- The use of Travel Demand Measures (TDM).

The Steering Group recommends four key improvements to the current strategic view:

- A longer-term (30-year) view should be taken.

Att

- o Consideration should be given to introduction of some form of pricing to significantly reduce congestion.
- o Greater direction on local roading should be provided.
- o Existing capacity should be optimised – more emphasis on TDM and traffic management.

Critical Strategic Decision

The Steering Group considers that a critical strategic decision needs to be made about how quickly public transport services should be improved to achieve 100 boardings per person per annum by 2050. The Steering Group has focused on two scenarios – rapid growth and steady growth. These scenarios are based on different rates at which public transport services could be ramped up between now and 2016. While both scenarios are feasible, each carries a different level of risk, costs and benefits. Both scenarios mean a substantial increase in public transport services compared with current levels.

The Political Engagement Group at its meeting of 20 April referred the draft Common Strategic View to Auckland Territorial Authorities and the Auckland Regional Council for their consideration.

Since the meeting of the Political Engagement Group Ministers have given further consideration to the Draft Common Strategic View and have decided to follow the steady growth scenario for improving public transport.

While the rapid growth scenario was based on ARTA's Passenger Transport Network Plan, only indicative analysis has been undertaken on steady growth. It is proposed that officers undertake an analysis of the services and infrastructure investment required to deliver the steady growth level of boardings, and the funding implications of making those improvements. It is proposed that that work be reported back to Councils to enable them to respond to the Ministers' decision.

Role of "Push" Factors

The Steering Group notes increased use of public transport generally can be driven by "pull" factors which attract more patronage (such as increased service levels, improvement service reliability, faster more comfortable vehicles, integrated ticketing, improved facilities etc) or by "push" factors which make car use less attractive (such as lower car ownership, parking constraints, increased congestion, introduction of pricing measures, higher cost of motoring, land use policies encouraging intensification around public transport nodes, etc).

The Steering Group considered that it would be important to implement push factors as well as pull factors under both scenarios. It was considered however that rapid growth should only be adopted if both central and local government commit to implementation of bold new push factors as a means of mitigating the risk associated with the increased investment.

Local Roading

The Steering Group agreed that as the strategic road network reaches maturity there will be an increasing need to focus on the local road network (all roads controlled by territorial authorities) and that there should be greater strategic direction given regarding local roading. In particular, the Steering Group identified the need to:

- Integrate local roading improvements with public transport objectives
- Integrate with the investment in, and management of, state highways
- Deliver on other objectives, including safety targets, economic development opportunities and regional growth strategy needs

It is proposed that the **[Council]**

- Endorse the high degree of agreement described in the draft Common Strategic View on how transport in Auckland should be developed over both the short and long term
- Direct officers to undertake analysis of the steady growth scenario and report back on the services that would be provided under that scenario, the infrastructure that would be required to support those services, and the funding implications of providing those services and infrastructure
- Endorse the need to implement push factors
- Note that work is required to better understand the demands placed on the local roading network, and the funding implications of these demands, and that preparation by ARTA of the Regional Arterial Road Plan is an important step in developing this understanding.

X.1.2 PURPOSE

The purpose of this report is to describe the content of the Auckland Transport Strategic Alignment Project second deliverable, the draft Common Strategic View, and to propose a response to that document.

X.1.3 BACKGROUND

Objective of the Project

The objective of Phase 1 of the Auckland Transport Strategic Alignment Project (ATSAP) was to enable political leaders to reach a common (Crown-region) strategic view of the long-term development of the Auckland land transport system, including the role for rail. "Long-term" in this context means 20-30 years.

This provided the basis for further work needed to reach agreement about projects and funding.

The objective of Phase 2 is to reach agreement on the proposed actions by either or both parties, including steps needed to manage any outstanding short- and long-term funding pressures.

The Terms of Reference agreed to by all parties and formally released on Tuesday 19th July 2006 (Attachment 1) indicate that the project will:

- a. articulate a common strategic view for political leaders to consider (or identify key points of difference should this prove not possible);
- b. recommend actions (if any are needed) to be undertaken by both parties to give effect to the agreed strategic view in the short term, and to maintain strategic alignment going forward;

- c. identify any aggregate funding pressures that can be expected to result from adopting the agreed view, both at a whole-of strategy and main component (e.g. state highways, local roading, public transport and travel demand management) level, including broad funding implications for the Crown and the region; and recommend actions (if any are needed) to be undertaken by both parties to manage such pressures.

Deliverables

Phase One -

First deliverable: A brief report to Ministers and Auckland elected representatives which succinctly describes the current strategic (20-30 year) view for the Auckland land transport system as set out in the existing Regional Land Transport Strategy and other documents.

Second deliverable: A report to Ministers and Auckland elected representatives which provides a first draft of a common strategic (20-30 year) view, identifying key points of difference (if any) and proposing agreed positions on these points if possible.

Phase Two -

Third deliverable: In the context of developments/decisions affecting long- term funding tools (road pricing, regional petrol tax, development levies, etc.) a report to Ministers and Auckland elected representatives which:

- a. Recommends any short term actions by either or both parties needed to give effect to the agreed strategic view;
- b. Proposes changes to ongoing processes for developing/reviewing the Auckland Regional Land Transport Strategy to ensure that central Government and the region continue to be strategically aligned;
- c. Estimates where possible the likely quantum and timing of any long-term funding pressures, and notes any significant funding implications for the Crown and the region assuming current funding rules;
- d. Any actions by either or both parties that are needed to manage foreseeable short- and long-term funding pressures likely to arise from adopting the agreed strategic view.

Project Structure

Steering Group

A Steering Group made up of Chief Executives of Government Departments and Auckland local authorities oversees the project. Its key responsibilities are to set the terms of reference for the project; test the deliverables produced by the working group and resolve any issues; ensure that all key parties are appropriately engaged; manage external communications; and advise political leaders throughout the process.

The steering group membership is:

- o John Whitehead (Chair, Secretary to the Treasury)
- o Alan Thompson (Secretary for Transport)

- o Wayne Donnelly (CE Land Transport NZ)
- o Andrew Kibblewhite (Director, Policy Advisory Group, DPMC)
- o Peter Winder (CE Auckland Regional Council)
- o David Rankin (CE Auckland City Council)

Working Group

A joint Crown-Region (Auckland-Wellington) working group is responsible for carrying out the analysis, providing input to and drafting the reports described above, and commissioning further work if necessary. Its overall role is to generate the analysis required to achieve the project's objectives, for the Steering Group's and ultimately political leaders' consideration.

Political Engagement Group (PEG)

To facilitate effective political engagement in Auckland on this project, a political engagement group has been established made up of representatives from each of the councils in the region and the board of ARTA.

The Political Engagement Group membership is:

Members

Mayor Mark Ball	Franklin District Council
Cr Joel Cayford	Chair of Regional Land Transport Committee (Deputy Chair)
Mayor Sir Barry Curtis	Manukau City Council
Mayor Bob Harvey	Waitakere City Council
Mayor Dick Hubbard	Auckland City Council
Mayor John Law	Rodney District Council
Chairman Michael Lee	Auckland Regional Council
Mr Mark Ford	ARTA
Mayor John Robertson	Papakura District Council
Mayor George Wood	North Shore City Council

Alternates

Cr Tony Barker	North Shore City Council
Cr Carolyn Conroy	Papakura District Council
Cr Alf Filipaina	Manukau City Council
Deputy Mayor Bruce Hucker	Auckland City Council
Cr Penny Hulse	Waitakere City Council
Cr Jill Morris	Franklin District Council
Mr Rabin Rabindran	ARTA
Deputy Mayor David Steele	Rodney District Council

The Political Engagement Group is chaired by the Chairman of the Mayoral Forum.

X.1.4 ANALYSIS

Progress to Date

First Deliverable – Summary of Current Strategic View

A copy of the report to Ministers and elected representatives setting out the current strategic (20-30 year) view for the Auckland land transport system was received by the Political Engagement Group at its meeting of 26 July 2006.

Second deliverable – Draft Common Strategic View

The Steering Group has now completed the second deliverable, entitled "Draft Common Strategic View" and dated 12 April 2007. It has been delivered to Ministers and was presented to the Political Engagement Group at its meeting of Friday 20 April. The Draft Common Strategic View consists of descriptions of:

- Agreed aspects of the current strategic view
- Agreed modifications to the current strategic view
- Critical strategic decision
- Aggregate funding pressures
- Quality of Urban Intensification

The Executive Summary of the draft Common Strategic View is attached as Attachment 2. Full copies are available from the Ministry of Transport website www.transport.govt.nz or from Council officers.

Summary of Draft Common Strategic View

Areas of Agreement

The Steering Group is supportive of the current strategic view for Auckland land transport, subject to four key improvements. This support encompasses all other aspects of the current strategic view, including:

- The need for a substantial shift to public transport over the long term, starting immediately.
- The basic components of the public transport system (Rapid Transit Network, Quality Transit Network and local connector network).
- Development of the strategic roading network, including traffic management.
- The use of Travel Demand Measures (TDM).

Proposed Changes

The Steering Group recommends four key improvements to the current strategic view:

- A longer-term (30-year) view should be taken.
- Consideration should be given to introduction of some form of pricing to significantly reduce congestion.
- Greater direction on local roading should be provided.
- Existing capacity should be optimised – more emphasis on TDM and traffic management.

The Steering Group also recommends changes in the following areas:

- There is a need for national guidance on interpretation of NZTS objectives and LTMA requirements.
- A risk management plan should be developed.
- The analysis of economic impacts should be examined and improved if possible.

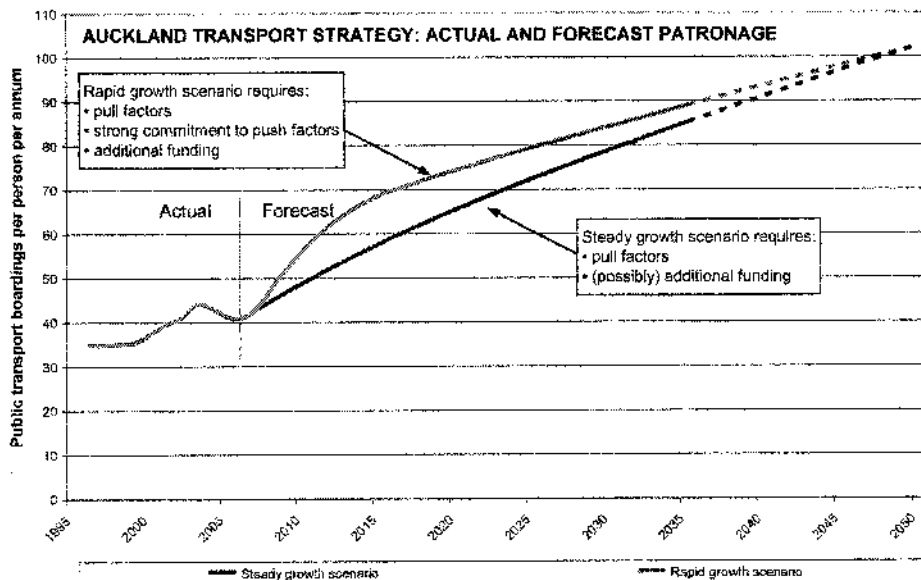
Critical Strategic Decision

While there is agreement that there is a need for a substantial shift to public transport over the long term, starting immediately, the Steering Group concludes that a decision is needed on how fast that shift should take place over the next 10 years. Two scenarios have been developed – rapid and steady growth. Both scenarios would reach the same level of public transport use by 2050, but “rapid growth” would make faster progress over the next 10 years.

The rapid growth scenario would see public transport usage grow from the current levels of 41 boardings per person per year (about 50 million passengers per year) and mode share of 7% in the morning peak period, to around 70 boardings per person per year (about 100 million passengers per year) and morning peak mode share of approximately 11% in 2016.

The steady growth scenario would see public transport usage grow to about 60 boardings per person per year (about 85 million passengers per year) and a mode share of approximately 9% in 2016.

The two scenarios are illustrated in the Figure below:



The rapid growth scenario represents the growth planned for in the RLTS and in ARTA's Passenger Transport Network Plan and there is a good understanding of the services and funding that would be required to deliver that level of growth. There has been much less analysis of the steady growth scenario and the outcomes of that path are indicative only.

The patronage level expected under the rapid growth scenario has been achieved by a number of cities which are similar to Auckland. Only one city has been identified however which has achieved the growth as quickly as is envisaged under the rapid growth scenario.

The Steering Group agrees that both scenarios are feasible and that the benefits of improved passenger transport would be achieved more quickly under rapid growth than under steady growth, but that for rapid growth more funding would be required and that there would be greater risk that targeted growth would not be achieved.

The Steering Group considers that guidance is needed from Ministers and the Political Engagement Group on which scenario should form the basis of the agreed strategy.

The rapid growth scenario represents the agreed Auckland regional position as described in the 2005 Regional Land Transport Strategy and ARTA's Passenger Transport Network Plan. Both those documents were the subject of extensive consultation and have widespread regional support.

Aggregate Funding Pressures

The Steering Group has assessed funding pressures likely to arise from the common strategic view, assuming current funding policies and sources. It comprises a broad, qualitative assessment only, based on the best information currently available.

The Steering Group considers that:

Over the next 10 years

- Travel Demand Management and State Highway operating expenditure will remain stable.
- There will be increased funding pressure on local roads, public transport and State Highway capital expenditure (if WRR not funded separately).

Over the longer term (years 11-30)

- There will be increased funding pressure in all areas except capital expenditure for Travel Demand Management and State Highways.

Urban Intensification

The Steering Group recognises the important and mutually reinforcing relationship between transport and urban development achieving the outcomes sought in the regional growth strategy (i.e. urban intensification and containment) will require support from the Auckland transport strategy, and vice versa.

The Steering Group concludes that key elements of the delivery of successful, high-quality urban intensification, are:

- Crown engagement in Growth Strategy review.
- Implementation of Growth Strategy changes.

- Supportive reforms e.g. to Building Act.
- Changes to urban design capability and practice.
- Governance changes, leading to “One Plan”.

Resolutions of Political Engagement Group

After debating the draft Common Strategic View, the Political Engagement Group resolved:

- a) *That the report be received.*
- b) *That Mr Whitehead be thanked for his presentation.*
- c) *That the Chair write to members of the Auckland Transport Strategic Alignment Steering Group, thanking them for their constructive engagement with Auckland’s strategic transport directions, and for their report.*
- d) *That the report be referred to the Auckland Regional Land Transport Committee for its consideration in the current review of the Regional Land Transport Strategy.*
- e) *That the report be referred to Auckland’s Territorial Authorities and the Auckland Regional Council for their consideration.*
- f) *That officers be requested to work with Auckland’s Territorial Authorities, Auckland Regional Council and ARTA to coordinate a regionally agreed response to the recommendations contained in the Auckland Transport Strategic Alignment Steering Group’s report.*
- g) *That the Auckland Transport Strategic Alignment Steering Group be requested to advise on a process which will ensure its continued engagement with Auckland transport issues and the implementation of agreed strategy.*

Ministers decision

Since the 20 April meeting of the Political Engagement Group, Ministers have given further consideration to the Draft Common Strategic View and have decided to follow the steady growth scenario for improving public transport.

The press release from the Minister of Finance and Minister of Transport which formed part of the budget release states:

“In addition, the Ministers said that government would target an increase in Auckland’s public transport patronage to around 60 boardings per person per year by 2016, up from 41 at present. This would mean substantially improving the quality of Auckland’s public transport services, with funding to be shared between the government and the region, they said.”

60 boardings per person per year is the target that summarises the steady growth scenario.

No formal communication has been received from Ministers on this decision. It is understood that a letter is expected to be sent communicating the decision once the Minister of Transport returns to New Zealand in mid June.

Discussion

High level of agreement

After much debate, a high level of agreement has been reached by members of the Steering Group on how transport in Auckland should be developed over both the short and long term. In particular, the Steering group has agreed that:

- There is a need for a substantial shift to public transport over the long term, starting immediately
- The strategic road network needs to be developed
- More attention needs to be given to local roading
- Increased emphasis is needed on travel demand management measures

This degree of agreement is very significant and encouraging and confirms and extends the direction set in the 2005 RLTS.

The changes proposed to the RLTS are in line with the current thinking of the RLTC of changes needed in the next RLTS, particularly the need to:

- take a longer term view
- consider some form of road pricing
- provide greater direction on local roading
- optimise the use of existing infrastructure (e.g. travel demand management and traffic management)
- include a risk management plan
- improve the understanding of economic impacts.

It is proposed that the high degree of agreement on how transport in Auckland should be developed over both the short and long term should be endorsed.

Critical Strategic Decision

Since the PEG meeting of 20 April Ministers have decided to support the steady growth scenario rather than rapid growth. A letter is expected in mid June informing the PEG of that decision.

The rapid growth scenario was based on ARTA's Passenger Transport Network Plan, which was designed to implement the Regional Land Transport Strategy. It was based on extensive design and analysis and the proposed services and service level were well understood. There were firm estimates of the costs of providing both the proposed services and the infrastructure to support those services. Rapid growth includes:

- 10 minutes services during the peak period on the rail network

- Service increases on the Northern Busway to match expected increases in demand
- Provision of good service levels in newly developing areas such as Flat Bush and Albany to encourage public transport usage as those areas grow
- General increases in service levels to meet increasing demand and increasing population.

Only very high level strategic analysis has been undertaken of the level of service implied by adoption of the steady growth scenario. It is not known to what degree the services described in the Passenger Transport Network Plan can be provided under this scenario. Similarly, no analysis has been undertaken of the funding required to achieve steady growth or of whether existing and prospective funding sources are sufficient to deliver the steady growth target.

It is proposed that officers undertake an analysis to identify the services and infrastructure investment required to deliver the steady growth level of boardings, and the funding implications of making those improvements. It is proposed that that work be reported back to Councils to enable them to respond to the Ministers' decision.

Role of "Push" Factors

The Steering Group notes that the factors which lead to increased use of public transport generally fall into two categories. The first category comprises factors which attract people to public transport, such as increased service levels, improvement service reliability, faster more comfortable vehicles, integrated ticketing, improved facilities etc. These factors are described as "pull" factors. The second category comprises factors which make car use less attractive, such as lower car ownership, parking constraints, increased congestion, introduction of pricing measures, higher cost of motoring (including price of vehicles and fuel), land use policies encouraging intensification around public transport nodes, etc. These factors are described as "push" factors.

The Steering Group considered that while the two scenarios considered above deal with pull factors, push factors are also needed to achieve the desired growth in public transport use. In particular, the Steering Group considered that push factors are important in mitigating the risks associated with the rapid growth scenario, and that rapid growth should only be adopted if both local and central government commit to the application of push factors significantly greater than those which currently apply. This would include consideration of bold new factors such as road pricing, and bolder use of existing measures such as parking constraints, reallocation of road space to bus priorities, and fuel price measures.

It is proposed that the need to implement push factors be endorsed.

Local Roading

The Steering Group agreed that as the strategic road network reaches maturity there will be an increasing need to focus on the local road network (all roads controlled by territorial authorities) and that there should be greater strategic direction given regarding local roading. In particular, the Steering Group identified the need to:

- Integrate local roading improvements with public transport objectives
- Integrate with the investment in, and management of, state highways

- Deliver on other objectives, including safety targets, economic development opportunities and regional growth strategy needs.

The Steering Group noted the pressure on local road funding, where current allocations forecast in Long Term Council Community Plans are significantly higher than those accounted for by Land Transport NZ in its funding allocations for local roading.

A key piece of work which will enable progress to be made in this area is ARTA's Regional Arterial Road Plan, currently under preparation. The Regional Arterial Road Plan will identify the role of the regional arterial network, give guidance on how the network should be developed to fulfil that role, and identify a course of action for improving the network.

It is proposed that it be noted that work is required to better understand the demands placed on the local roading network, and the funding implications of these demands, and that preparation by ARTA of the Regional Arterial Road Plan is an important step in developing this understanding.

Next Steps

The Political Engagement Group has received the draft Common Strategic View and referred the document to Territorial Authorities and the ARC for consideration. The announcement by Ministers that the government will target 60 boardings per person per year by 2016 is new information received subsequent to the PEG meeting which needs to be taken into account.

It is proposed that

- each Territorial Authority and the ARC should consider the draft Common Strategic View and take a position on the document. It is proposed that councils should:
 - (i) Endorse the high degree of agreement described in the draft Common Strategic View on how transport in Auckland should be developed over both the short and long term
 - (ii) Endorse the need to implement push factors
 - (iii) Note that work is required to better understand the demands placed on the local roading network, and the funding implications of these demands, and that preparation by ARTA of the Regional Arterial Road Plan is an important step in developing this understanding.
- officers should undertake analysis of the steady growth scenario and report back to Councils on the services that would be provided under that scenario, the infrastructure that would be required to support those services, and the funding implications of providing those services and infrastructure
- following consideration by Councils of that additional work, the Chief Executives Forum should develop an agreed regional position for consideration by the Political Engagement Group
- the Political Engagement Group should develop a regional position and enter discussions with Ministers.

That would enable Phase 2 of ATSAP to commence, comprising reaching agreement on:

- any short term actions by either or both parties needed to give effect to the agreed strategic view;
- proposed changes to ongoing processes for developing/reviewing the Auckland Regional Land Transport Strategy to ensure that central Government and the region continue to be strategically aligned;
- estimates where possible of the likely quantum and timing of any long-term funding pressures, and notes any significant funding implications for the Crown and the region assuming current funding rules;
- any actions by either or both parties that are needed to manage foreseeable short- and long-term funding pressures likely to arise from adopting the agreed strategic view.

ATTACHMENT

Attachment 1 Project Terms of Reference.

Attachment 2 Executive Summary of draft Common Strategic View dated 12 April 2007 (enclosed as separately bound document). Full copies are available from the Ministry of Transport website www.transport.govt.nz or from Council officers.

RECOMMENDATIONS

- a) That the report be received.
- b) That the Political Engagement Group be advised that **[Territorial Authority/ARC]**:
 - (i) Endorses the high degree of agreement described in the draft Common Strategic View on how transport in Auckland should be developed over both the short and long term
 - (iii) Endorses the need to implement push factors
 - (iv) Notes that work is required to better understand the demands placed on the local roading network, and the funding implications of these demands, and that preparation by ARTA of the Regional Arterial Road Plan is an important step in developing this understanding.
- c) That officers be directed to undertake analysis of the steady growth scenario and report back to Councils on the services that would be provided under that scenario, the infrastructure that would be required to support those services, and the funding implications of providing those services and infrastructure.

**MINUTES OF A MEETING OF THE PROJECTS SPECIAL COMMITTEE HELD AT
WAITAKERE CENTRAL, 6 HENDERSON VALLEY ROAD, HENDERSON, WAITAKERE,
ON WEDNESDAY, 6 JUNE 2007, COMMENCING AT 9.33 AM**

PRESENT: Councillors RP Dallow, QPM, JP (Chairman)
AK Corban, OBE, JP (Deputy Chairman)
DQ Battersby, JP
JM Clews, QSO, JP
LA Cooper
C Harding, JP
PA Hulse

Deputy Mayor CA Stone (ex officio)

IN ATTENDANCE: Group Manager: Project Services
Special Projects Manager
Project Engineer
Leisure Planner
Group Manager: Service Management
Committee Secretary: A Chan

ALSO IN ATTENDANCE: Simon Wickham, Chief Executive Officer, The Trusts Stadium

1 APOLOGIES

There were no Apologies.

2 URGENT BUSINESS

There was no Urgent Business.

3 CONFIRMATION OF MINUTES

968/2007

MOVED by Cr Corban, seconded Cr Hulse:

That the minutes of the Meeting of the Projects Special Committee held on Wednesday, 2 May 2007, as circulated, be taken as read and now be confirmed.

CARRIED

**4 CIVIL DEFENCE EMERGENCY OPERATIONS CENTRE - CONSTRUCTION STATUS
APRIL/MAY 2007**

969/2007

MOVED by Cr Battersby, seconded Cr Clews:

That the Civil Defence Emergency Operations Centre - Construction Status April/May 2007 report be received.

CARRIED

5 **THE WAITAKERE STADIUM GRANDSTAND - CONSTRUCTION STATUS APRIL/MAY 2007**

9.35 am Cr Dallow declared an interest and withdrew from the table, taking no part in the voting and decisions.

9.36 am Cr Corban assumed the chair.

970/2007

MOVED by Cr Harding, seconded Cr Cooper

That the Waitakere Stadium Grandstand - Construction Status April/May 2007 report be received.

CARRIED

9.43 am Cr Dallow resumed the Chair.

6 **WEST WAVE RECREATION CENTRE UPGRADE AND HENDERSON YOUTH FACILITY PROJECT UPDATE**

971/2007

MOVED by Cr Hulse, seconded Cr Cooper:

1. That the West Wave Recreation Centre Upgrade and Henderson Youth Facility Project Update report be received.
2. That the Projects Special Committee approves Plunket moving back to the West Wave Recreation Centre following the upgrade of the West Wave Recreation Centre.
3. That the Projects Special Committee resolves to remove the existing water fountain located at Alderman Drive as part of the Henderson Youth Facility Project.
4. That the Projects Special Committee approves the running of a school competition to assist with the design of an alternative water feature for the Henderson Youth Facility.
5. That an alternative water feature be designed for the front of the Henderson Youth Facility and the designs be brought back to the Projects Special Committee for approval.
6. That Council officers contact the Corban family to discuss the relocation of the plaque currently located on the fountain at Alderman Drive.
7. That the Projects Special Committee resolves to call the Henderson Youth Facility, Global Café as requested by Zeal.
8. That the Projects Special Committee approves the South West block wall of the Henderson Youth Facility being utilised to record the names of the businesses in the West Wave Recreation Centre precinct.
9. That a report be brought back to the Projects Special Committee on injury prevention and design materials and aspects.

CARRIED

10.10 am

The Chairman thanked Members for their attendance and attention to business and declared the meeting closed.

CONFIRMED AT A MEETING OF THE PROJECTS
SPECIAL COMMITTEE HELD ON

DATE:.....

CHAIRMAN:.....

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