

## 6. 2005/06 NATIONAL LAND TRANSPORT PROGRAMME & STATE HIGHWAY FORECAST

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### PURPOSE OF REPORT

1. Detailed programmes of transport funding were released concurrently on 30 June 2005 by the crown agencies Land Transport New Zealand (LTNZ) and Transit New Zealand (Transit). The purpose of this report is to inform the Council of the contents of these programmes with particular reference to the funding allocated to projects within the city and establish whether the Council wishes to make representation to either or both bodies on their programmes.

### INTRODUCTION

2. The 2005/06 National Land Transport Programme (NLTP) is the first prepared by Land Transport NZ. LTNZ was created in December 2004 through a merger of Transfund and the Land Transport Safety Authority. It is required by law "to allocate resources in a way that contributes to an integrated, safe, responsive and sustainable land transport system".
3. Land Transport NZ allocates money in the National Land Transport Fund, received from fuel excise duty, road user charges and registration fees, to fund the Safety Administration Programme and the NLTP. About 51% of the 2005/06 NLTP is allocated to fund State Highways through Transit, some 14% is earmarked for passenger transport funding, 28% will go towards Local Roads projects (maintenance and construction) while the remaining 7% funds walking and cycling, regional assistance, research and administration.
4. Transit receives all its funding through allocation from LTNZ. Their objective is "to operate the state highway system in a way that contributes to an integrated, safe, responsive, and sustainable land transport system". Earlier this year Transit consulted on their draft 10-year Plan, and the Council considered and approved a submission on this draft Plan at its meeting of 17 March 2005.
5. The following sections give an assessment and commentary on these programmes for the Council's consideration.

### FINANCIAL AND LEGAL CONSIDERATIONS

6. This matter potentially has wide-ranging financial implications for the Council, given that a significant source of Council project and maintenance funding is through the NLTP. Furthermore, the timing of Transit-funded State Highway projects has potential ramifications for the Council's own transport and urban growth programme.
7. The Council is not under any legal obligations in relation to this report.

### STAFF RECOMMENDATIONS

It is recommended that the Council:

- (a) Resolve to make an initial response to LTNZ on the final 2005/06 National Land Transport Programme and to Transit on the final 2005/06-2014/15 10-Year State Highway Forecast.
- (b) Authorise the Liveable City Portfolio Group to work with staff to finalise the responses.
- (c) Resolve to discuss the programme/forecast with our Greater Christchurch UDS partners.
- (d) Instruct staff to investigate the need for Crown (C) funding in Christchurch and if the need is established, then determine how to access this funding.
- (e) Note that the Council needs to work closely with ECan and the Regional Land Transport Committee (RLTC) on these matters.

## BACKGROUND ON NATIONAL LAND TRANSPORT PROGRAMME (LTNZ)

8. The NLTP prepared by Land Transport NZ outlines the funding for New Zealand's land transport system for 2005/06. A record level of expenditure of \$1.7 billion has been allocated for the 2005/06 year, representing a 20% increase from last year.
9. Funding is allocated from three sources the National (N) fund; regionally distributed (R) fund and the Crown (C) fund. National (N) funding is the funding that is nationally prioritised through the National Land Transport Account excluding the 5c/litre increase in petrol tax and equivalent in RUC from 1 April 2005. Regional (R) funding is distributed by region based on population and comes from the recent 5c/litre increase in petrol tax and road user charges (RUC). This funding is anticipated to result in approximately \$207 million revenue per year over 10 years. Crown funding is special funding for strategic projects in Auckland (\$900 million over 10 years) and Wellington (\$225 million over 10 years).
10. LTNZ used a two-stage process when allocating funds, as set out in the September 2004 publication "Transfund's Allocation Process". The two stages were that the National (N) funds were allocated first on the basis of "national priority order" (within each activity class), in a similar fashion to previous years. Secondly, the regionally-distributed funds available for each region were allocated to "proposed activities that were not judged to be of sufficient national priority to be funded from N" (sic).

### National Allocation

11. The allocation of the total \$1.7 billion programme can be broadly categorised as follows:

**Table 1: National NLTP Allocation**

NLTP allocations	2005/06		2004/05	
	\$ million	%	\$ million	%
Maintenance	690.49	40.7%	665.94	46.9%
Construction	662.28	39.0%	492.01	34.6%
TDM, rail & barging/sea freight	9.5	0.6%	53	3.7%
Passenger transport	240.17	14.2%	118.1	8.3%
Walking & cycling	6	0.4%	4	0.3%
Other (regional, research, admin)	87.97	5.2%	86.95	6.1%
<b>TOTAL</b>	<b>1,696.41</b>	<b>100.0%</b>	<b>1,420.00</b>	<b>100.0%</b>

12. It is important to note that the \$1.7b total in the 2005/06 budget is *inclusive* of the new Regional funding source (R\$201m for this year). The stated purpose of R funding was to purchase additional transport outcomes not merely maintain the level of N funding. Key features to note with respect to the national allocation are that:
  - (a) Maintenance funding for local roads and state highways, which accounts for 41% of the NLTP, has increased by \$24m (+4%) to \$690m, although it now forms a lower percentage of the increased total allocation. Local roads have, however, retained their proportion of this maintenance funding, at some 49%.
  - (b) Construction funding for local roads and state highways has been increased by \$170m (+35%) to \$662m. A considerable portion of this increase can be attributed to very large projects such as Auckland's northern motorway extension (ALPURT B2), NZ's first toll project under new Land Transport Management Act legislation. Of the \$662m, local roads are programmed to get \$144m (22%), while state highways account for \$518m (78%). This actually represents a significant increase in the amount allocated to local road construction (+\$51m or +56%).

- (c) Passenger transport will receive \$240m – an increase of \$122m (+103%) from 2004/05. This is mainly due to this activity class now including capital expenditure, such as passenger rail refurbishment and infrastructure. Funding is also provided to all regions for passenger transport services and, in most regions, improvements to encourage patronage.
- (d) An allocation of \$51.5 million has been set aside (within the Maintenance funding) for specific activities such as emergency works and preventive maintenance to minimise the threat of road closure.
- (e) Specific funding for walking and cycling continues to receive a very small proportion of the overall allocation (0.4%), despite a high relative increase over the previous year (+50%). This activity class is meant to provide financial assistance for development of these modes, for projects that do not otherwise comprise an integral part of a road construction project (such as strategy development, promotion activities and non-roading infrastructure).

### Canterbury & Christchurch Allocation

**Table 2: Canterbury NLTP Allocation**

NLTP allocations	2005/06		2004/05	
	\$ million	%	\$ million	%
Maintenance	58.34	62.5%	54.05	57.9%
Construction	21.92	23.5%	28.21	30.2%
TDM, rail & barging/sea freight	0.04	0.0%	0	0.0%
Passenger transport	12.13	13.0%	10.25	11.0%
Walking & cycling	0	0.0%	0	0.0%
Administration	0.91	1.0%	0.88	0.9%
<b>TOTAL</b>	<b>93.34</b>	<b>100.0%</b>	<b>93.39</b>	<b>100.0%</b>

- 13. The total allocation announced for Canterbury is marginally lower than that in 2004/05, although LTNZ say this figure is likely to increase as additional projects (for construction funding) are approved during the year.
- 14. Maintenance funding for local roads and state highways, which accounts for 63% of the total allocation, has increased by \$4.3m (+8%) to \$58.3m, and now forms a higher percentage of the increased total allocation. Local roads have retained their proportion of this maintenance funding, at some 53%.
- 15. In contrast to the National picture, construction funding for local roads and state highways in Canterbury has decreased by \$6.3m (-22%) to \$21.9m. Of the \$21.9m, local roads are currently programmed to get \$4.5m (20%), while state highways have been currently allocated \$17.4m (80%). If these allocations remain unchanged then local road construction funding would be unchanged from 2004/05 with (lack of) state highway construction accounting for the lower construction allocation. The bulk of state highway construction funding is committed to projects already underway, such as duplication of the Styx overbridge on SH 74 Main North Road (\$3.47m).
- 16. Passenger transport has been allocated \$12.3m – an increase of \$1.9m (+18%) from 2004/05.
- 17. No funding has been earmarked for Canterbury for specific walking and cycling initiatives. Six funding requests were made from TLA's and Transit for the investigation, design and construction of Canterbury walking and cycling projects, and none appear to have been approved.

18. Under the allocation for road construction, it may be noted that there are no CCC projects within Christchurch City that actually yet have full approval under the 2005/06 NLTP. However, "indicative" priority projects (also known as category 2 projects) that may be funded during the year from National (N) funds – and are included in the NLTP, are:
- (a) Road smoothing improvements to a number of CCC-managed roads (N\$900,000).
  - (b) Improvements to the Avonside Drive/Fitzgerald Avenue/Kilmore Street intersection in Christchurch (N\$1.1 million) - although process issues suggest that this project may actually have to be deferred for a year.
  - (c) Improvements to the Ferry Road/Humphreys Drive intersection in Christchurch (N\$1.3 million) – again, this project may be subject to further programme delays because of land acquisition issues.
  - (d) The major State Highway project earmarked for funding is the Christchurch southern motorway: N\$4.2m has been allocated for the detailed design (only) of the proposed duplication and extension.
  - (e) Also on State Highways, the roundabout at QEII Drive and Marshland Road intersection *may* receive funding (N\$2.7 million) for replacement this year; and the Yaldhurst Road/Curletts Road intersection, *could* undergo improvement to reduce delays and improve cycle facilities (N\$1.1 million)
19. In addition, LTNZ have indicated that CCC may receive Regional (R) funding to update the Christchurch transportation model to enable robust planning of future projects and land-use. This is considered to be an essential joint project timed to coincide with the 2006 Census, with the \$2.4m total cost over three years shared between CCC, Transit, Environment Canterbury and possibly surrounding TLA's.
20. As LTNZ acknowledge, more funding for transport is now available - and needed, than ever before. Over the past 12 months there *have* been significant cost increases in road maintenance and construction estimates and in passenger transport services and for the first time in many years, virtually all of the available funds have been allocated in this year's NLTP. At this stage it appears that little of the available 'construction' funding allocated in the 2005/06 NLTP is destined for Christchurch (or indeed Canterbury) projects. There is no recognition that we should address Christchurch transport issues before they reach Auckland and Wellington proportions.
21. Nationally, of the allocation for all *new* road construction projects (\$294.7m, out of a total \$662m for road construction activities), only about 23% is "certain", (that is Category 1 or "ready to proceed" funding). This proportion is even lower for local road construction projects (8%). This lack of certainty must give considerable cause for unease to local authorities, although LTNZ's view is that it is inevitable given that they receive submissions (for funding) across a wide range of the project development lifecycle, and that this means that LTNZ, in turn, are unable to accurately predict which projects will be developed sufficiently to allow funding (approval).

#### **10-YEAR STATE HIGHWAY FORECAST (TRANSIT)**

22. The 10-Year State Highway Forecast (SHF) prepared by Transit was released at the same time as the NLTP. This document sets out Transit's long-term projections for state highway improvements and maintenance, based on Land Transport New Zealand's 10-year financial forecast for state highway expenditure.
23. The draft State Highway Plan has since been re-termed the "State Highway Forecast" on final release, to more explicitly reflect uncertainties. The first year of the Forecast is termed the 2005/06 State Highway Programme which reflects Transit's solid commitment to delivery of this first year (only) of the forecast programme. The first three years of the programme have been termed the "State Highway Plan", to reflect a higher (but still not committed) degree of commitment than that given to later years.

24. The 2005/06 Programme at \$968m is a record level of investment in state highways – for example compared with either Transit’s 2004/05 allocation of \$788m, or the November 2004 indication that \$891 million would be available for 2005/06. It should be noted that these figures, and the programme, do not allow for the extra \$500m funding for land transport announced by the Government on 23 June 2005. Transit is working with LTNZ to determine where that extra funding could be spent and will issue an addendum to the State Highway Forecast once this issue is finalised.
25. The focus of the national investment is clearly on Auckland State Highways, receiving as it does some \$330m, or 35% of the national State Highway funding for 2005/06.
26. Extensive consultation occurred on the draft plan from which the SHF was developed. The SHF is the first prepared under the full consultation provisions of the Land Transport Management Act, with the general public having the opportunity to make submissions for the first time. Over 900 written submissions were received and the views of more than 100 organisations or individuals were heard at hearings held at 17 locations nationwide. Earlier this year the Council considered and approved a submission on the draft Plan at its meeting of 17 March 2005. Little if any weight appears to have been given to the points raised in our submission.

### **Christchurch Projects**

27. The principal projects earmarked in Christchurch by Transit in their 10-year forecast are shown in Table 3. This table also compares and contrasts the timing of these projects given previously. Note that the costs given are the costs over the total project life.
28. The main observations with respect to this forecast are as follows:

*On a positive note:*

- (a) The Council is likely to welcome the early funding commitment for the detailed design of the Southern Motorway duplication and extension, for implementation of Travel Demand Management (“TDM”) on Christchurch State Highways (despite details yet to be provided as to what this might entail - see below) and for the (possible) design and construction of Marshlands/QEII and Curletts/Yaldhurst improvements.
- (b) The timing of SH improvement projects (on the Masham-Russley-Johns route) remains unchanged from the draft.

*On a less-positive note:*

- (a) There has been a clear shift, with many Canterbury State Highway projects (including the Masham-Russley-Johns route) being earmarked for (possible) Regional Funding. This puts implementation in doubt. Furthermore, the stated purpose of R funding was to purchase additional transport outcomes, not replace N funding, whereas it appears, for Christchurch at least, that R funding is being signalled as replacing N funding.
- (b) Despite early design funding, construction funding for the Southern Motorway duplication and extension has been deferred (and to the R funding source), with a further three year delay in completion signalled. The massive increase in cost over that signalled only months ago in the draft Plan is troubling, as is the lack of National (N) funding.
- (c) This may be as a result of available (N) funding apparently heading north to a relatively small number of very expensive projects (such as the Avondale Extension, Hobsonville Deviation & Manakau Harbour Crossing). There are also very few Christchurch “Small and Medium Activity” projects (<\$3m) that have been accorded a high priority by Transit and earmarked for N funding in the first three years of the forecast.

- (d) The timing of Rural Northern Arterial detailed design and construction remains unchanged from the draft Plan, despite submissions made by the CCC. Indeed, it appears that even investigation funding for the scheme design may be uncertain, given that that is only an indicative priority project. Particularly, given the cost increases signalled for the southern motorway project, it is imperative that the Rural Northern project is progressed at a more reasonable pace so that a balanced strategy for the city's transport system to the north can be adequately scoped and implemented.

**Table 3: Major Christchurch projects in State Highway Forecast**

	2003/04 Plan			Draft 2005/06 Plan			Final 2005/06 Forecast		
	Cost \$m	Design	Const	Cost \$m	Design	Const	Cost \$m	Design	Const
Main North 4-laning	12.00		05/06 -07/08				12.90		04/05 -05/06
Southern Motorway Extension (#36)	68.00	08/09 -09/10	10/11 -12/13	72.8	05/06	08/09 -10/11	121.31 ®	05/06 -08/09	09/10 -13/14
Northern Arterial Rural (#63)				20.00	13/14	14/15 (+?)	27.68 ®	13/14	14/15 (+?)
CCC Cycle Lanes Improvement	0.1	03/04	04/05			04/05	0.105	Not prog.	Not prog.
CCC Intersection Cycle Lanes Safety Improvements	0.1	03/04	04/05			04/05	0.565	Not prog.	Not prog.
Christchurch TDM Implementation (#11)				3.00		06/07 -07/08	3.41®	-	06/07 -08/09
Travis Road 4L (*234)				3.20			3.66	Not prog.	Not prog.
Marshlands/QEII Intersection Improvement (*23)				2.10			2.475	06/07	07/08
Yaldhurst/Curletts Intersection (*28)				0.78			0.919	06/07	07/08
Dunbars/SH75 Signalisation (*78)				1.30			1.53	Not prog.	Not prog.
Halswell Road/SH1 Signalisation (*83)				1.20			1.37	05/06	06/07
Sawyers Arms-Memorial Ave 4L (#53)				9.90	08/09	09/10 -10/11	12.00 ®	08/09	09/10 -10/11
Yaldhurst-Waterloo Rd 4L (#61)				4.10	10/11	11/12 -12/13	5.27®	10/11	11/12 -12/13
Memorial Av-Yaldhurst 4L (#60)				10.30	10/11	11/12 -12/13	13.25 ®	10/11	11/12 -12/13

Notes:

# = National priority for "Large Activity" projects given in draft 2005/06 SH Plan. A "Large Activity" project is one with a cost exceeding \$3m.

\* = National priority for "Small and medium Sized Activity" projects given in draft 2005/06 SH Plan. "Small and medium sized" projects have only been scheduled over first 3 years of Forecast.

® = Stated as being funded from Regional (R) rather than National (N) funds

29. Given the Government's priorities (and Transit's acknowledged obligations under the LTMA), it is very disappointing that the cycle safety projects appear not have made it onto the final Plan.

30. The Travis Road 4-laning project does not appear to have been brought forward from its lowly ranking in the draft Plan, despite the CCC's contention that this low ranking was totally inappropriate. It is also incorrectly identified as a Small to Medium-Sized project, despite being >\$3m.
31. It is thought reasonable to question why the Halswell Junction/SH1 signalisation should be seen as a (relative) priority - particularly given the delayed timing of the Southern Motorway extension and given it is now down under the "Route Efficiency" category rather than as a safety project.
32. Whilst the \$3.41(R) funding for TDM initiatives on State Highways (over three years) is welcomed as a signal towards making more efficient management of existing corridors, it should be noted that the CCC has not yet been consulted by Transit as to what these initiatives might entail. Given that Christchurch City will be the major affected area for this programme, our involvement as a partner is imperative prior to implementation. Travel demand management must be approached on a system basis: initiatives need to be co-ordinated and consistent and should not be undertaken for State Highways alone. The CCC therefore should be involved with development of these initiatives and consulted in a timely fashion before the project is implemented.

### SUMMARY

33. The Council can welcome some of the project funding that Transit and LTNZ have signaled, including a Travel Demand Management project for (State Highways) in Christchurch, four-laning of the SH1 Christchurch Western bypass route (Masham-Russley-Johns) and improvements to the intersections of Marshland Road/QEII Drive and Curletts/Yaldhurst.
34. A number of projects on which indicative CCC bids have been made to LTNZ are yet to receive final approval. Indeed the words "Indicative Priority" and "May be Approved" appear throughout the NLTP and this uncertainty is likely to give the Council some grounds for continued unease. This unease, or uncertainty, over CCC projects is compounded by the lack of (timely) commitment to the programming of significant State Highway projects within the city within the SHF.
35. No major projects in Christchurch appear to have been earmarked for "National funds": Aside from the design element of the Southern Motorway (but not construction), all major projects that are actually programmed have all been categorised for "Regionally-distributed" funding. This is the funding that will come from the 5c/litre increase in petrol tax and RUC made on 1 April 2005. Apart from the fact that some considerable uncertainty surrounds this element of funding this, effectively, means that LTNZ and Transit do not deem any major Christchurch projects as worthy of national priority – and that none of the base petrol excise and RUC's generated by Christchurch road users will therefore go towards significant Christchurch projects. The stated purpose of R funding was to purchase *additional* transport outcomes, not replace N funding, whereas it appears, for Christchurch at least, that R funding *is* being signalled as replacing N funding.
36. The Council has expressed the view that Christchurch Southern Motorway is the number 1 priority for Christchurch City, given that the project is seen as vital to the development of the city. Without it, city land use planning and development would need refocusing, with significant cost resulting to the transport network and the local economy. However, instead of being brought forward, funding to allow completion of the motorway has slipped by a further three years between the draft Plan and final Transit Forecast, to 2013/14.
37. Construction of the Rural Northern Arterial would not commence for another 10 years (2014/15).
38. Other important projects for the city, such as the 4-laning of Travis Road (now a State Highway) and safety improvements for cyclists at (State Highway) intersections, do not even feature in Transit's 10 year State Highway Forecast.
39. While Crown (C) funding has been allocated to Auckland and Wellington projects (and others), Canterbury has neither applied for nor received any.