



Briefing for the incoming Minister of Transport

24 March 2006

Table of contents

Introduction	1
Main Activities	7
1 Allocating funds	7
2 Managing network access and use	11
3 Assistance & advice to approved organisations	15
4 Strategic goals	17
5 Strategic initiatives	19
6 Current issues	21
7 Land Transport NZ's Capability to deliver	25
Appendix 1 Functions of Land Transport NZ	27
Appendix 2 Organisation structure	29
Appendix 3 Key 2005/06 initiatives	33
Appendix 4 The National Land Transport Programme	37
Appendix 5 The funding allocation process	39
Appendix 6 Crown contributions to regional priorities	41
Appendix 7 The 2005/06 Rules programme	43
Appendix 8 Road tolling projects	45

Introduction

Establishment of Land Transport New Zealand

Land Transport New Zealand (Land Transport NZ) is a Crown entity governed by a Board appointed by the Minister of Transport.

It was established on 1 December 2004 under the provisions of the Land Transport Management Amendment Act 2004 after the government had completed its review of the government transport sector. The review resulted in significant changes in the way in which the government transport sector was arranged, including the dis-establishment of Transfund New Zealand and the Land Transport Safety Authority. The strategic policy resources of these organisations were transferred to the Ministry of Transport.

Land Transport NZ's functions

Land Transport NZ's statutory objective is to:

“allocate resources and to undertake its functions in a way that contributes to an integrated, safe, responsive, and sustainable land transport system.”

In meeting its objective, Land Transport NZ must exhibit a sense of social and environmental responsibility and operate in a close partnership with key transport sector stakeholders.

Land Transport NZ has 16 statutory functions (see Appendix 1 for details). These functions can be grouped into a number of broad categories - promoting land transport sustainability and safe transport in New Zealand, allocating funds from the National Land Transport Account¹, assisting and advising the transport sector, managing access and use of the land transport system, and performance monitoring.

Land Transport NZ has three **statutorily independent** functions:

- determining whether particular activities² should be included in the National Land Transport Programme
- approving funds for land transport activities
- approving procedures for procurement of activities.

¹ All dollar amounts shown in this briefing are GST exclusive

² Activity means a land transport capital project, transport service, or maintenance programme

In allocating funds, Land Transport NZ must contribute to the five objectives of the New Zealand Transport Strategy:

- assisting economic development
- assisting safety and personal security
- improving access and personal mobility
- protecting and promoting public health
- ensuring environmental sustainability.

The New Zealand Transport Strategy encourages the governance, management and funding of the land transport system to be:

- forward looking
- collaborative
- accountable
- evidence-based.

The Land Transport NZ Board

Land Transport NZ is governed by a Board, which is appointed by the Minister of Transport. It has six members:

- Jan Wright - Chair
- Gerry Te Kapa Coates
- Paul Fitzharris
- Bryan Jackson
- Greg Presland
- Janet Stephenson

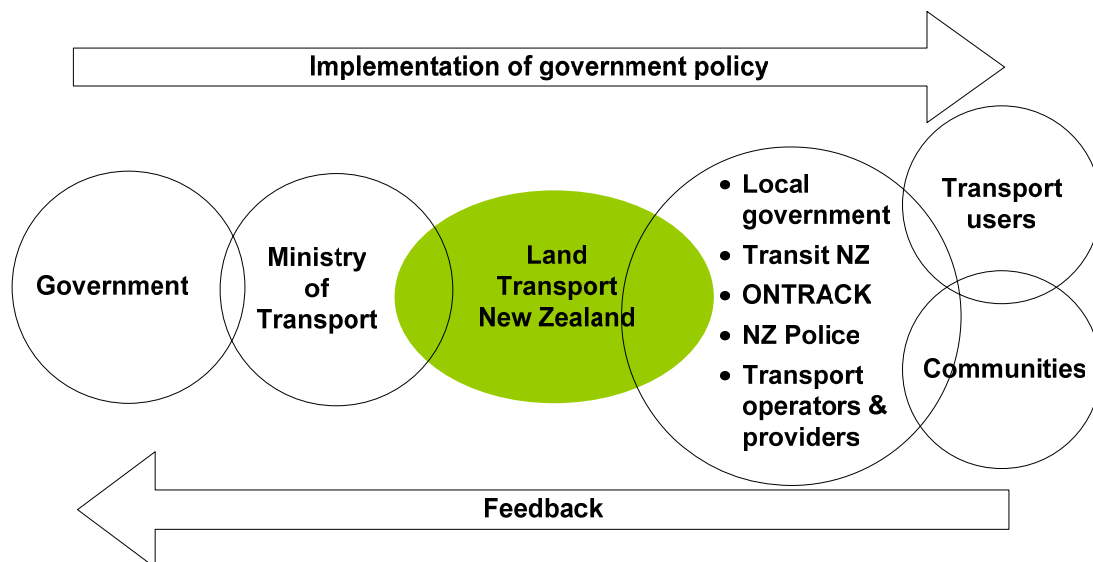
The Chief Executive is Wayne Donnelly. Appendix 2 contains profiles of the Board members and information on the organisational structure of Land Transport NZ.

Role and key relationships

Land Transport NZ has a central role of implementing government policy and facilitating its continuous improvement through responsive feedback. Land Transport NZ interacts with and maintains close working relationships with a number of organisations as shown in Figure 1:

- central government, and particularly the Ministry of Transport, which is responsible for developing strategic transport policy
- regional councils, which develop regional land transport strategies and are responsible for planning passenger transport services
- territorial local authorities, which are responsible for the local roading network
- Transit New Zealand, which is responsible for the State highway network
- ONTRACK, which is responsible for managing the rail network
- NZ Police, which enforces road safety legislation
- transport operators and providers, including industry representative groups, such as the Road Transport Forum
- members of the public who use the transport system, or are affected by it
- community groups and consumer groups (such as the Automobile Association).

Figure 1 Land Transport NZ's role in the transport sector



Ways of influencing the sector

The Land Transport Management Act 2003, as amended in 2004, charges Land Transport NZ with promoting land transport sustainability and safe transport on land. The organisation carries out these responsibilities by working proactively with partners who plan, operate, develop and maintain the land transport system, their communities and transport users.

Land Transport NZ has a number of ways of doing this:

Funding

- Land transport infrastructure and services funded through the National Land Transport Programme

Managing access to the land transport system

- Driver and vehicle licensing
- Vehicle inspections
- Rules development

Enabling

- Assistance and advice to approved organisations
- Operation of the motor vehicle and driver licensing registers

Information and education

- Safety information and education
- Travel planning advice

Charging

- Road user charging
- Motor vehicle licensing
- Supporting tolling schemes.

Appendix 3 provides a list of the key initiatives Land Transport NZ will complete in the 2005/06 financial year.

Vision and Mission

The Land Transport NZ vision for land transport in New Zealand is:

“Land transport that leads to a better New Zealand”

The Land Transport NZ mission is:

“We improve land transport for all New Zealanders”

Promoting sustainability and safety

Land Transport NZ has the statutory functions to ‘promote land transport sustainability’ and ‘promote safe transport on land’.

We interpret this to be an interactive process with providers and users of the land transport system.

We currently recognise the emergence of the following trends as representing progress towards land transport sustainability and safer transport on land:

- New urban development patterns reduce the need for people to travel
- Urban development and network designs provide a safe and convenient environment for walking, cycling and other mobility options
- Business and household expenditure on transport reduces
- The availability and use of public transport increases
- More freight is carried on rail
- More people choose to walk, cycle, and use public transport and reduce use of cars particularly at congested times
- Fatal and serious injury crashes reduce
- People drive in a way that uses less fuel and is safe in the conditions
- The New Zealand vehicle fleet is more fuel efficient, safer and has improved environmental performance
- The average age of the vehicle fleet reduces
- Vehicles are well maintained and perform closer to new standards for longer
- Commercial transport operators adopt management practices that promote safer and more sustainable performance
- Businesses select transport operators with high safety and environmental standards
- Traffic flows more efficiently with greater reliability on the road network

Moving towards a future that can be sustained involves many contributions. Bringing about the optimum mix of contributions to sustainable land transport and safe transport on land requires thinking ahead, good judgement and effective partnerships.

The challenge for Land Transport NZ is to create these trends by influencing (through our functions) the choices and actions of our transport partners and users of land transport.

Immediate issues

Land Transport NZ endeavours to influence the long-term planning for land transport.

Factors currently putting pressure on land transport investment include:

- dispersed patterns of development leading to increased demands on transport networks
- strong growth in traffic volumes leading to congestion in particular urban settings, including increasing kilometres travelled, a high percentage of single occupancy car trips, and growth in freight traffic leading to increasing maintenance requirements
- labour shortages in a tight labour market and shortages of key transport-related professional skills with long lead times for training
- cost escalation of contracting services and materials
- the impact on road maintenance programmes of increasing tonnages of road freight
- severe weather events causing major damage to road networks
- public attitudes towards speed enforcement
- the need to address road deaths and serious injuries
- historical under-funding of transport infrastructure improvement.

The net result is that, despite substantial increases in levels of revenue, the funding programme will remain under pressure and will require careful management.

Main Activities

1 Allocating funds

The National Land Transport Programme

The National Land Transport Programme (NLTP) is the mechanism through which Land Transport NZ allocates funds for land transport activities. Further details on the activities that are funded by Land Transport NZ and the organisations that are approved to obtain funding through the NLTP are contained in Appendix 4. A description of the allocation process Land Transport NZ uses to assess and approve funding applications is provided in Appendix 5.

The 2005/06 National Land Transport Programme was published on 30 June 2005. This provided for \$1.8 billion of expenditure for the 2005/06 year. On 23 June 2005, the government announced a further investment of \$500 million in land transport over the next four years, of which \$87 million is expected to be expended in 2005/06.

The NLTP has a 10-year funding horizon and is developed from proposals submitted by approved organisations.³ Activities and packages of activities within the individual Land Transport Programmes (LTPs) of approved organisations are assessed and prioritised for inclusion in the NLTP. Individual LTPs developed by local authorities are either separate to, or incorporated in, each authority's Long Term Council Community Plan.

In delivering the government's land transport policies and priorities, the programme must draw a careful balance between national land transport priorities and those at a regional and local level, as well as ensuring that each transport mode is supported in a way that ensures the development of an integrated system. Funds are allocated to planning, operating, developing and maintaining the land transport network.

Land Transport NZ uses funds from the National Land Transport Account to:

- fully fund Transit NZ, which is responsible for the State highway network;
- financially assist local territorial authorities, which are responsible for the local road network and walking and cycling facilities; and
- financially assist regional councils, which are responsible for developing regional land transport strategies and providing passenger transport services.

Figure 2 shows how Land Transport NZ and its partners contribute to the land transport system.

³ Approved organisations are able to receive funding assistance from Land Transport NZ, and include: Transit NZ; regional councils; territorial authorities, the Auckland Regional Transport Authority; and a number of approved public organisations.

Figure 2 How Land Transport NZ and partners contribute to land transport



Sources of funding include:

a. Nationally distributed funding

Over \$1.5 billion from the National Land Transport Account is available for allocation in 2005/06 on a national priority basis

b. Regionally distributed funding

Around \$200 million is distributed to regions on the basis of population and is available for allocation in 2005/06 to land transport activities considered to be regional priorities⁴

c. Crown funds

Around \$60 million is available for allocation in 2005/06 as Crown contributions to land transport priorities in selected regions (See Appendix 6 for more details)

d. Local sources of funding

Local authorities will allocate around \$550 million to land transport activities in 2005/06, the funding coming from local territorial authority and regional council rates.

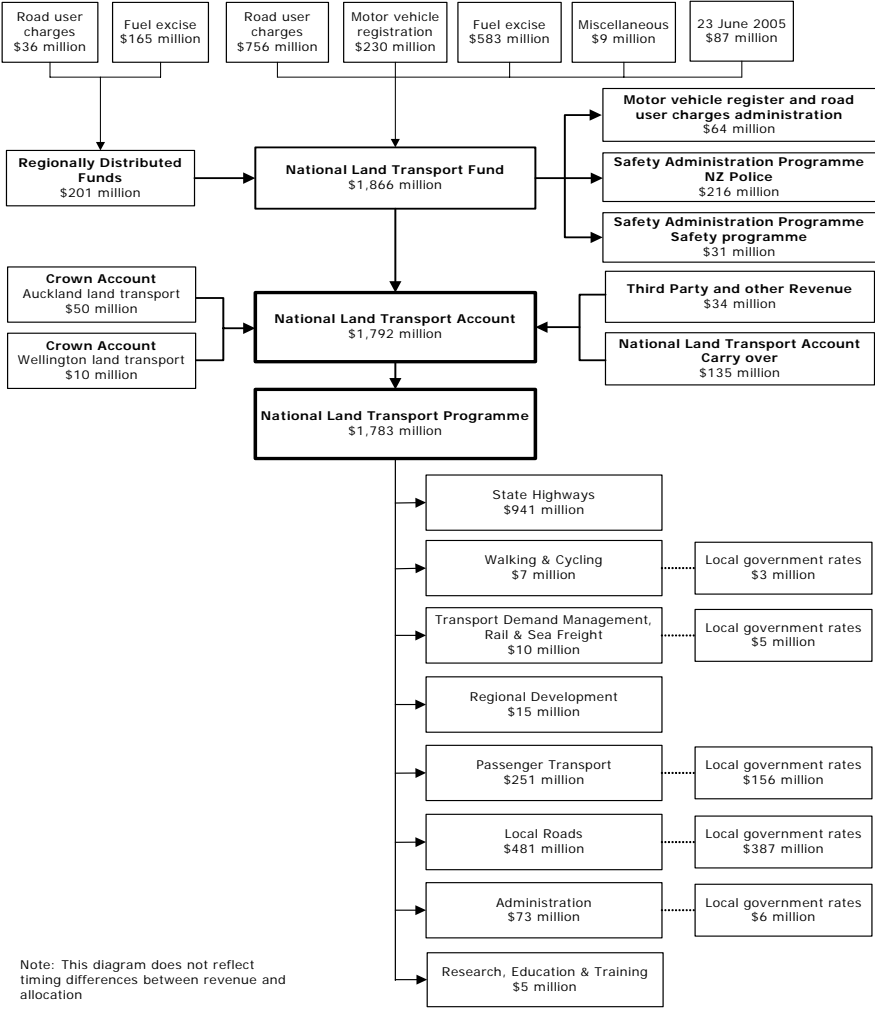
⁴ Regionally distributed funding is available for 10 years, commencing in 2005/06. It is expected that around \$2 billion will be distributed regionally over this time period. The funds are being raised from a 5 cent per litre levy on petrol and increased road user charges for light diesel vehicles.

As well as the sources of funds described above, further funding for land transport activities is potentially available from developer contributions⁵, road tolling⁶, and borrowing. Some borrowing has already been approved – see Appendix 8.

Figure 3 shows sources of funding and allocation to land transport activities.

Figure 3 Land transport funding 2005/06 (GST exclusive)

(At 1 August 2005 - estimated forecasts)



Land Transport NZ assists its partners to maintain and improve the land transport system through a mechanism known as financial assistance policy. The policy determines the percentage of the total cost of an activity that Land Transport NZ will provide.

⁵ Local authorities can require land developers to contribute to the costs of upgrading local road networks to accommodate new residential, commercial, or industrial developments

⁶ Transit NZ is currently developing a number of tolling proposals for new sections of State highway.

Transit NZ is fully assisted at 100% because it has no other revenue source. Local authorities have the ability to set rates, levies and user charges. They are assisted on average across the whole country at 50% of the full cost of maintaining the local roading network. Construction activities are assisted at 60% on average across the country. For individual authorities, the actual assistance rate varies on the basis of two criteria - "ability to pay" (based on net equalised land values) and the size of the road network.

The Safety Administration Programme (SAP) and the Authority's Land Transport Programme (ALTP)

The 2005/06 Safety Administration Programme (SAP) is the programme of road safety education and enforcement activities provided by Land Transport NZ and the NZ Police, designed to contribute to the achievement of the government's Road Safety to 2010 strategy goals of reducing the number of road deaths per year to no more than 300, and reducing hospitalisations to no more than 4,500.

For the 2005/06 year, SAP funding levels (GST exclusive) are as follows:

Land Transport NZ:	\$30.4 million
NZ Police:	\$215.5 million
Total:	\$245.9 million

This year's programme is the last SAP. From 2006/07, it will become the Authority's Land Transport Programme (ALTP) and will be integrated with the National Land Transport Programme (NLTP).

The ALTP Proposal for the 2006/07 year has been prepared by Land Transport NZ in accordance with section 12A of the Land Transport Management Act 2003 (LTMA), and your approval of it, in accordance with section 12(7) of the LTMA, and in conjunction with the Minister of Police and the Minister of Finance, is currently being sought by the Ministry of Transport.

Procurement procedures

The approval of procurement procedures is one of Land Transport NZ's statutorily independent functions. The Land Transport Management Act requires (with some exceptions) all approved organisations to use procurement procedures approved by Land Transport NZ when purchasing the goods and services required to deliver approved activities. Procurement procedures must be designed to obtain the best value for money while having regard to desirability of sustaining competitive markets.

Currently, Land Transport NZ is undertaking two procurement procedure reviews.

The first is a review of procurement procedures for passenger transport services (bus and ferry).

The second is a review of procurement procedures for physical works and professional services.

2 Managing network access and use

Services provided

Land Transport NZ plays a large role in managing access to, and use of, the land transport system. This is done by providing a range of services, which can be categorised into the following areas:

- compliance services
- revenue collection, auditing and investigation.

Each month, Land Transport NZ's Registry Centre at Palmerston North:

- deals with 100,000 calls
- registers 25,000 vehicles (new and imported)
- undertakes 400,000 licensing transactions
- issues 20,000 new driver licences
- converts 3,000 overseas driver licences
- issues 7,000 demerit warning letters
- suspends 3,000 licences due to excessive demerit points or court action
- processes 2,000 medical reviews
- processes 400,000 pieces of mail.

Part of Land Transport NZ's service delivery is ensuring drivers and their vehicles comply with statutes and rules. Its activities therefore include the licensing of drivers and operators and the inspection and certification of vehicles to ensure they meet safety standards at entry into the fleet and when in-service.

Compliance services

The compliance services provided by Land Transport NZ include:

- licensing drivers
- licensing transport operators
- auditing road and rail operators
- registering and licensing vehicles
- vehicle inspection and certification
- collecting road user charges for diesel powered vehicles.

Providing compliance services means Land Transport NZ has frequent and regular interactions with the public:

- approximately 2.7 million people have between four and six interactions with Land Transport NZ every year through driver licensing, warrant of fitness, relicencing, and certifying of vehicles (such as used imports), or buying road user licences. These activities are undertaken with an error rate of less than one percent.
- 2.7 million people are licensed to drive on New Zealand's roads
- 86,000 operators are licensed to carry goods and passengers on New Zealand's roads
- there are over 80 licensed rail operators.

Developments in information technology have allowed these interactions to be conducted more efficiently and effectively. From these and other developments has stemmed an ability to provide accurate information for strategic policy development, law enforcement, and the collection of revenue.

Registers

The Motor Vehicle Register and the Driver Licence Register underpin revenue collection, safety, and the provision of compliance services. Land Transport NZ manages the Motor Vehicle Register under a contract with the Secretary of Transport, who owns the Motor Vehicle Register. The Driver Licence Register is owned by Land Transport NZ. The separate ownership requires Land Transport NZ to manage the two registers separately.

Land Transport NZ contracts agents to supply both Motor Vehicle Register-based and Driver Licence Register-based services to the public. Land Transport NZ's agents, the Police and others can access these registers remotely and in real time through an internet-based system from anywhere in New Zealand.

Land Transport NZ agents

Land Transport NZ's agents operate 4,200 outlets giving the public and businesses ready access to motor vehicle, transport operator and driver licensing services. In 2004, over 13 million customer interactions which provided vehicle registration and licensing services, and over seven million customer interactions to provide vehicle inspections were undertaken.

Land Transport NZ's agent strategy meets the government's requirements for integrated service delivery and uses information systems and technology that meet the government's needs for e-government.

Crown revenue

Land Transport NZ collects licence fees, road user charges and Accident Compensation Corporation levies. The business and information technology systems underpinning the registers have allowed Land Transport NZ to cope with significant growth of both transactions and revenue since 1999/2000.

Land Transport NZ is also concerned with the identification of evasion of road user charges for both light and heavy vehicles, with the aim of increasing the level of compliance of users paying the correct charges.

Role in regulating railways

The Railways Act 2005 incorporates the previous Rail Safety and Corridor Management Act 1992, as well as sections of the Land Transport Act 1998 and the Transport Services Licensing Act 1989 relating to rail activities.

The key provisions for Land Transport NZ are in the areas of safety regulation. The Act requires all rail operators and those providing access to railway lines to be licensed, and to provide a safety case on application for the licence. It also sets out requirements for safety assessments and remedial action if it is judged to be needed by the assessment. Safety requirements for the rail corridor, for example at level crossings, are also set out, and Land Transport NZ is enabled to create Railway Rules can be created under the new Railways Act.

3 Assistance & advice to approved organisations

Overview

Land Transport NZ works in partnership with approved organisations to maintain and improve the land transport system. Approved organisations are able to receive funds directly from Land Transport NZ for these activities, and include: Transit NZ; regional councils; territorial authorities; and public organisations approved under section 23 of the Land Transport Management Act.

Input into local and regional planning processes

Land use planning is primarily managed and developed under the Resource Management Act and land transport planning under the Land Transport Management Act. While both the Resource Management Act and the Land Transport Management Act have similar objectives⁷, the functions are carried out under separate processes and often in isolation from each other.

Land use and transport planning decisions result from a number of statutory and non-statutory processes, eg through Regional Policy Statements, Regional and District Plans, Long Term Council Community Plans, Regional Growth Strategies, Regional Land Transport Strategies and Land Transport Programmes. These decisions mutually influence and affect each other.

Historically, insufficient alignment between the different agencies has sometimes resulted in land use and transport decisions being made in isolation from each other, with the consequent negative outcomes.

Land Transport NZ has recently developed a policy to guide its participation in the land use planning process.

⁷ Sustainable management (RMA) and integrated, safe, responsive, and sustainable land transport system (LTMA)

4 Strategic goals

Land Transport NZ has three strategic goals for land transport. They are interdependent. The goals have been chosen in the belief that, if effectively deployed, they will generate a pattern of actions and choices by stakeholders which, sustained over time, will achieve Land Transport NZ's vision and mission.

We believe they will shape changes to current sector practices that will further contribute to the sustainable development goal for New Zealand and the vision and objectives of the New Zealand Transport Strategy.

The three land transport goals are detailed below:

Goal 1: Use of land transport is sustainable and safe

Progress towards the broad outcomes promoted by the *New Zealand Transport Strategy* and the Land Transport Management Act is very much dependent on the choices and actions of people and businesses when they use land transport.

Choices and actions that support such progress come from people and businesses being well informed about the contributions they can make, from the standards that apply to vehicles and fuels to the effectiveness and acceptability of enforcement. Progress could be enhanced by providing incentives for good practice as well as applying penalties for illegal practices.

Goal 2: Greater synergy within the land transport sector

Progress towards the broad outcomes of the *New Zealand Transport Strategy* and the Land Transport Management Act is enhanced if the decisions and actions of public and private sector transport stakeholders support each other.

Decisions and actions that support such progress will come from well co-ordinated land use and transport planning and clearly articulated longer term plans by those who develop and operate the land transport system. Progress will also come when methods for paying for development and use of the land transport system adequately price the system, provide sufficient revenue and create an appropriate level of travel demand management. Further, progress will also come from ensuring that the barriers that prevent stakeholders (including commercial organisations) from making the greatest possible contribution to the sustainable development and use of land transport are identified, investigated and, where possible, removed.

Goals 3: Improved performance of land transport networks

Progress towards the broad outcomes of the *New Zealand Transport Strategy* and the Land Transport Management Act is very much dependent on the quality of activities carried out by those organisations that develop and operate land transport networks.

A major focus of the sustainable land transport objective is the ongoing management of existing infrastructure and services so their use can be sustained long term. The management of transport networks has two main elements; the best possible performance of the different network components and the connectivity for users between the different components, - e.g. the through route efficiency of State highways and the connections between rail, bus and ferry services.

Another area of focus is ensuring adequate development of infrastructure and transport services to promote the use of modes other than the private motor vehicle. This should both encourage mode change choices and meet the needs of the transport-disadvantaged.

Land Transport NZ's partners, who plan for, develop and operate different components of land transport networks are responsible for their own specific functions. The challenge for Land Transport NZ, particularly through our funding function, is to bring about an optimum balance between the needs of different modes and users, and between existing and new infrastructure and services that make up land transport networks.

5 Strategic initiatives

2006/07 National Land Transport Programme

Land Transport NZ is currently developing the 2006/07 National Land Transport Programme. It is based on revenue estimates provided by the Ministry of Transport and land transport programmes submitted by approved transport organisations.

Estimates of revenue from fuel excise duty and road user charges available for distribution within the National Land Transport Programme (NLTP) are expected to increase over the next 10 years but at a slower rate than forecast when the 2005/06 NLTP was developed.

Costs of state highway maintenance, local road maintenance, passenger transport services and NZ Police road safety operations over 2006/07 – 2015/16 have increased in cost more than was budgeted by approved organisations, and more than the higher rate budgeted by Land Transport NZ.

Because allocations within the NLTP are first made to operational expenditure in order to preserve current levels of service, there is less funding available for state highway and local road improvement works than forecast when the 2005/06 NLTP was developed. The passenger transport improvement programme was not a candidate for reduced funding as it consists almost entirely of the crown-funded Auckland rail improvements which are to be removed from the NLTP and managed by ONTRACK and ARTA, and the committed North Shore bus way.

Land Transport NZ was planning to release draft allocations for use by approved organisations when preparing their final land transport submissions, and as a factor when considering their approval of their Long Term Council Community Plans and annual plans. However, because the government has signalled that it is considering increasing the revenue available for distribution through the NLTP, we have decided not to issue draft allocations this year.

Land Transport NZ expects to receive final land transport programme submissions on 20 April 2006 and will consider these, any funding announcements by government and changes to the draft State highway forecast, when developing the 2006/07 NLTP that will be released in June 2006.

Compliance strategy

The current Land Transport NZ compliance strategy is enforcement-focused, with all transport operators facing similar compliance costs. Because good practice is not rewarded, the system provides a strong incentive for operators to operate their vehicles just up to, or below, the minimum safety standard threshold.

Land Transport NZ is moving towards the introduction of a regime that provides a strong incentive for commercial operators to maintain their vehicles at or above minimum safety standards by focusing compliance intervention on the poorly performing operators, and increasing their costs of compliance relative to those operators that maintain good safety practices.

As part of this approach, Land Transport NZ is developing an operator rating system that will enable targeted enforcement and education of transport service operators.

The Toll Systems Project

The aim of the Toll System Project is to develop a toll system for the Alpur B2 project capable of supporting other toll roads in New Zealand. The project will address the roadside infrastructure, and the toll management system for billing, enforcement and custom liaison.

A strategic and collaborative approach to tolling is being taken that will enhance the future capability of government transport agencies. This will create the potential for interoperable toll collection systems that could be expended to cover future road charging and traffic demand management initiatives.

A Memorandum of Understanding between the Ministry of Transport, Land Transport NZ and Transit NZ has been entered to facilitate co-operation amongst the agencies. The project is overseen by a control group of representatives of the above agencies who report to the Boards of Land Transport NZ and Transit NZ.

The options for a toll system currently under consideration involve combinations of 'off the shelf' components from reputable overseas suppliers and NZ developed services.

Appendix 8 provides further information on how the tolling of Alpur B2⁸ will operate in terms of funding arrangements.

⁸ Alpur B2 is the Albany to Puhoi State highway upgrade currently under construction.

6 Current issues

Passenger transport procurement review

Land Transport NZ is currently reviewing its passenger transport (bus and ferry) procurement procedures to bring them into line with the change in focus introduced in the Land Transport Management Act. While previous procurement procedures focussed on competition, the focus in this Act has changed to value for money. Competition is a now second order requirement, rather than the primary focus.

We appointed LEK Consultants in September 2005 to develop procurement procedures and guidelines. We have also appointed Professor David Hensher from the University of Sydney as a peer reviewer for this project.

The background analysis has now been completed, and we are hoping to receive the preliminary conclusions in April 2006. This work is closely related to the Ministry of Transport's review of the legislation governing the registration of passenger transport services (Transport Services Licensing Act, Part 2).

The patronage funding review

The patronage funding scheme governs how Land Transport NZ financially assists regional councils to fund contracted bus and ferry passenger transport services. While the concept of patronage funding is appealing, several years' experience of trying to get it to work in practice led the Transfund Board to recommend to the Minister that it be replaced with a more straightforward system.

The Ministry of Transport is currently preparing a Cabinet Paper proposing that the Government's patronage funding policy be replaced on 1 July 2006 by Land Transport NZ's interim funding method.

Procurement review of physical works and professional services

An industry environment scan completed in September 2005, involving Transit NZ, local authorities and their suppliers, indicated strong support for a comprehensive review of procurement procedures for physical works and professional services. A proposal to undertake a review was put to the Land Transport NZ Board in October 2005. The agreed objective of the review is *to deliver procurement procedure (and procurement practice) appropriate to the market that will achieve 'best value for money' spent having regard to the Land Transport Management Act.*

Because the review will need to identify best international procurement practice the Land Transport NZ Board agreed to approve funding for a suitable consultant to assist with the review. Consultants who expressed interest in the role of lead consultant are currently preparing information to be evaluated so a shortlist can be selected. The lead consultant is expected to be appointed in May 2006.

The review will be overseen by a steering group with representation from the Ministry of Transport, Transit NZ, local government and their suppliers. The review will identify how to significantly improve current procurement practice and deliver best value for money.

Rules development

The Minister of Transport and the Minister for Transport Safety, through provisions contained in the primary legislation, are empowered to make transport Rules. At present this function is delegated to the Minister for Transport Safety. Land Transport NZ's role is to provide technical advice to the Ministry and draft these Rules for consultation before they are forwarded to the Ministry of Transport for consideration and, if agreed, signed into law, following Cabinet noting the Minister's intention to make the Rule. Some of the Rules are drafted by Parliamentary Counsel (if they are to be included in the Statutory Regulation series).

This work occurs within an extended programme that is replacing regulations with Rules that are designed to be accurate, clear, detailed, comprehensive, and written in plain language. The development of Rules is subject to an extensive process of consultation with other government sector entities, the transport industry, and the wider public.

Land transport Rules include provisions on driver licensing, road use, and vehicle equipment and standards. In the future, Rules may be produced for rail. Details of the current Rules programme are provided in Appendix 7.

Wellington passenger rail

The Board of Land Transport NZ has recently approved a procurement procedure for the operation of passenger rail services in the Wellington region for the next ten years. This procurement procedure includes an agreement for Land Transport NZ to fund 60% of the net operating loss for the provision of rail services. It also states that Greater Wellington and Toll are to develop (to the satisfaction of Land Transport NZ) an effective incentive framework designed to encourage Toll to improve the quality of services and patronage.

Vehicle noise and emissions

Land Transport NZ anticipates a new range of activities covering regulation of the environmental consequences of vehicle activity and is currently working with the Ministry of Transport on these issues.

Implementing the government's cycling and walking strategy

A joint Ministry of Transport/Land Transport NZ Steering Group has been set up to co-ordinate and lead implementation planning for the government's *Getting there: on foot, by cycle* strategy. A national inter-agency Strategic Implementation Plan for 2006 - 2009 has been drafted which identifies a national direction and new national initiatives for the critical first three years of the Getting There Strategy. At its February meeting, the Land Transport NZ Board agreed to take the lead in further developing seven of the ten initiatives in the implementation plan.

Funding flexibility

The total Land Transport NZ operating budget is \$177 million p.a. made up as follows:

- \$80m is funded from third party fees
- \$47m is funded from the NLTP of which \$25m is outsourced education expenditure
- \$50m from Ministry of Transport contracts.

There are emerging pressures on the Land Transport NZ operating budgets. These are being compounded by continuing demand for costs relating to changes of policy and new strategies to be absorbed by Land Transport NZ. Key factors include the need to:

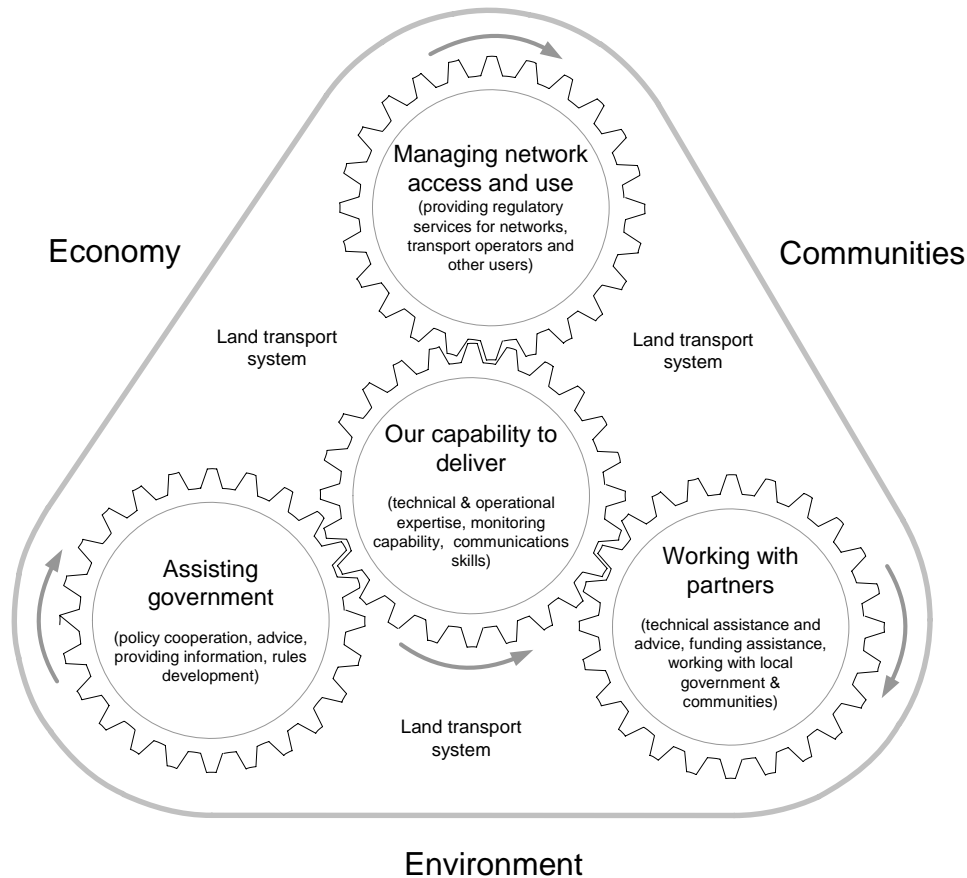
- support the regulatory activity that is needed to improve the performance of commercial operators
- meet the wider brief of New Zealand Transport Strategy – particularly environmental issues such as noise and emissions control.

In the past, funding from reserves was used to meet additional initiatives. However, this is becoming increasingly difficult, and if we are to move ahead with new initiatives such as those listed above then we need more flexibility to use NLTP funds.

7 Land Transport NZ's Capability to deliver

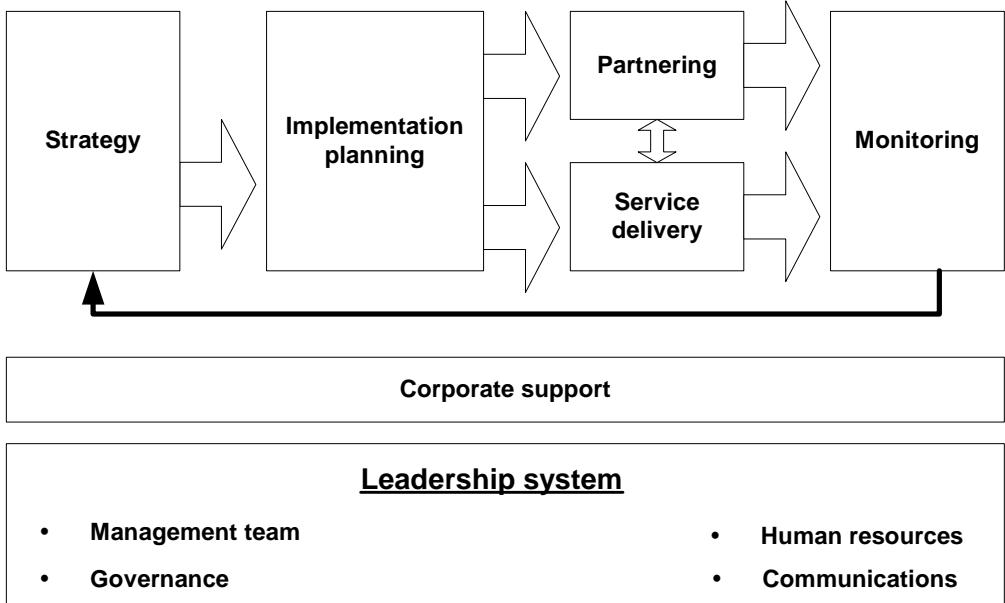
Land Transport NZ operates at the interface between government and those who develop, operate and use the land transport system, and has a critical role in ensuring the system functions efficiently and effectively. This requires a highly relational and integrated way of working (as suggested in Figure 4).

Figure 4 How Land Transport NZ interacts with government, partners and communities



The intention is to create an organisation that will be the engine room for implementing the *New Zealand Transport Strategy*. To achieve this aim the structure of Land Transport NZ is based on continuous improvement, a 'Think, Plan, Deliver, Monitor' model, as illustrated in Figure 5.

Figure 5 High-level business model



The structure is designed to:

- integrate funding and safety capabilities, making the expertise in different parts of the business available to all
- leverage existing capability and provide for development of skills in a learning environment
- enhance regional engagement so land transport strategy is more responsive – reaching into the communities we serve and working alongside our key partners
- provide for fair and transparent decision-making
- ensure clear responsibilities and accountabilities for each group
- facilitate collaborative working arrangements with other transport agencies and businesses.

Appendix 1 Functions of Land Transport NZ

Section 69. Land Transport Management Amendment Act 2004

- (1) The functions of the Authority are
- (a) to promote land transport sustainability in New Zealand:
 - (b) to prepare and adopt a land transport programme under section 12A and a national land transport programme under section 19:
 - (c) to review and revise the national land transport programme in accordance with its most recent performance agreement:
 - (d) to approve activities and activity classes:
 - (e) to make payments from the national land transport account as authorised by this Act:
 - (f) to promote safe transport on land in New Zealand:
 - (g) to provide safety information and advice, and to foster appropriate information education programmes that promote its objective:
 - (h) to investigate and review accidents and incidents involving transport on land in its capacity as the responsible safety authority, subject to any limitations set out in the Transport Accident Investigation Commission Act 1990:
 - (i) to approve procurement procedures under section 25:
 - (j) to maintain and preserve records and documents concerning activities within the land transport system, and in particular to maintain the Land Transport Register under the Land Transport Act 1998:
 - (k) to audit the performance of approved organisations in relation to activities approved by the Authority and the operation of the organisation's land transport disbursement account:
 - (l) to assist and advise approved organisations in relation to the Authority's functions, duties, and powers under this Act and the Land Transport Act 1998:
 - (m) to fund research, education, and training activities and activity classes:
 - (n) to provide the Minister with any advice relating to the Authority's functions that the Minister may request:
 - (o) to co-operate with, or to provide advice and assistance to, any government agency or local government agency when requested to do so by the Minister, but only if the Minister and the Authority are satisfied that the performance of the Authority's functions and duties will not be compromised:
 - (p) to carry out any other functions relating to land transport that the Minister directs in accordance with section 112 of the Crown Entities Act 2004.
- (2) The Authority's statutorily independent functions are—
- (a) to determine whether particular activities should be included in a national land transport programme; and
 - (b) approving activities; and
 - (c) approving procurement procedures.

Appendix 2 Organisation structure

Board

Dr Jan Wright, Chair

Based in Wellington, Jan is an independent policy and economic consultant, working primarily on health, environmental and social policy for a number of government agencies. She has a doctorate in public policy from Harvard University and a Masters degree in Energy and Resources from the University of California. Jan was a member of the inaugural Transit New Zealand Authority from 1989 to 1991 and a past member of the Energy Efficiency and Conservation Authority. She was Chair of Transfund New Zealand and is a member of the Transit New Zealand and the Accident Compensation Corporation boards.

Gerry Te Kapa Coates

Based in Wellington, Gerry is an independent professional engineer and consultant. He has been active for many years in the Institution of Professional Engineers New Zealand and was President from 2003 to 2004. Gerry is of Ngai Tahu descent and is particularly concerned about sustainability and ethics. He founded the group, Engineers for Social Responsibility, in 1983. He comments widely on technology issues and consults in the fields of forensic engineering, governance and conflict resolution.

Paul Fitzharris

Based in Christchurch, Paul retired from the NZ Police in 2001 as an Assistant Commissioner. During the latter part of his career he was Acting Deputy Commissioner and represented the police on the National Road Safety Committee. He is currently a member of the Legal Aid Review Panel and Chair of the Prostitution Law Review Committee.

Bryan Jackson

Based in Waikanae, north of Wellington, Bryan holds a number of directorships in the motor trade, education and transport sectors. He has extensive experience in the transport and automotive industry. Bryan is a professional director and the Chair and Managing Director of Jaclan Investments Limited. He was a member of the Transfund New Zealand Board. Bryan is a Justice of the Peace.

Greg Presland

Based in Auckland, Greg is the principal of Presland & Co, a Waitakere law firm. He practises in a variety of areas but has considerable experience in traffic law and land law. Greg is Deputy Chair of the Film and Censorship Review Board. He has served as a councillor on the Waitakere City Council and has been involved in aspects of Auckland's transport issues.

Janet Stephenson

Based in Dunedin, Janet is a planner with 15 years' experience working for local authorities, the Historic Places Trust and as a planning consultant. She currently lectures in planning at the University of Otago and is close to completing her PhD. Janet has a particular interest in sustainability, culture and the environment.

Groups

Land Transport NZ is organised into five groups, under the Chief Executive Wayne Donnelly:

Policy and Planning Group

General Manager: Simon Whiteley

Responsible for the development of operational policy, and provision of information that will contribute to delivering safe and sustainable land transport and delivering on the contract with the Secretary of Transport for Rules development services. The group also develops the organisation's Statement of Intent and other accountability documents and facilitates the strategic planning for the organisation.

Partnerships and Programmes Group

General Manager: Richard Braae

Responsible for developing and delivering land transport programmes, providing for engagement and relationship management with respect to partners and stakeholders, monitoring of organisations that receive funding, and monitoring the effectiveness of Land Transport NZ's programmes.

People and Culture Group

General Manager: Carolina Gartner

Responsible for the development of business style and the implementation of people management and development strategies that enhance and increase both organisational capability and organisational development, and drive the integration of cross-organisational development.

Regulatory Services Group

General Manager: Ian Gordon

Responsible for implementing regulatory frameworks and revenue collection. In particular, responsible for continually improving service delivery, developing strategy, managing agency relationships and contracts, monitoring and reviewing performance, managing entry and exit of users from the land transport system and, where necessary, ensuring appropriate disciplinary action. The group is also responsible for delivering on the contract with the Secretary of Transport for the Motor Vehicle Registry and Revenue Management activities.

Corporate Services Group

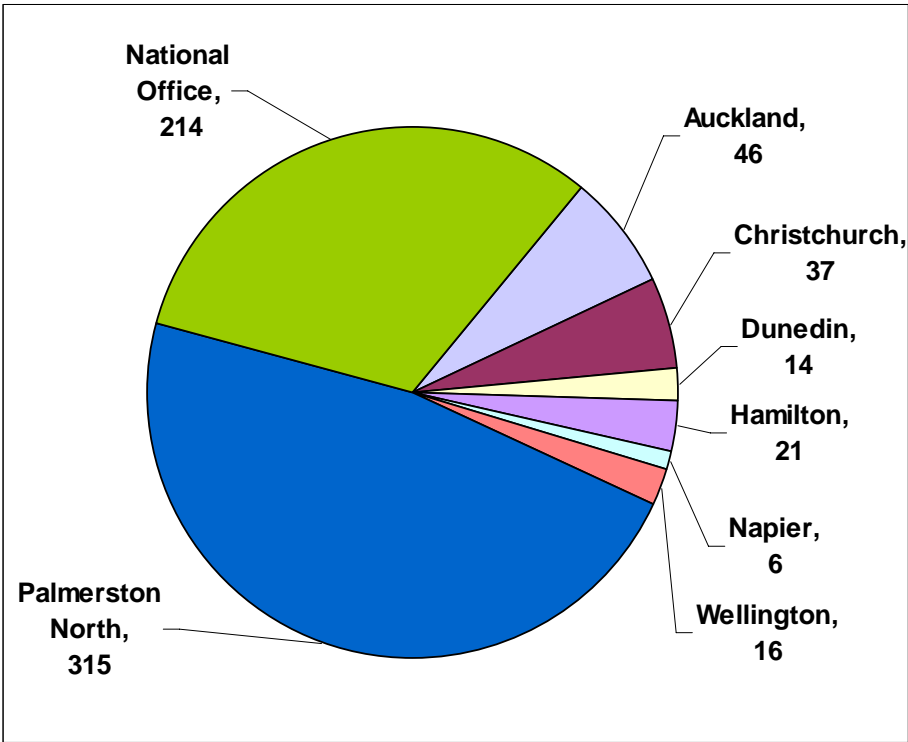
General Manager: Noel Lee

Responsible for providing innovation to the organisation and service excellence to internal customers in the areas of financial management, information systems and technology, information management and business services.

Office locations

Land Transport NZ has eight office locations around New Zealand, in three broad groups as discussed below:

Figure 6 Land Transport NZ office and staff locations



National office (7 Waterloo Quay, Wellington)

The CEO and general managers are located at the National office, along with managers and staff who deal with matters that have a national focus. This includes staff involved with development of the National Land Transport Programme and funding applications, staff managing the Safety Administration Programme, and staff involved in compliance and regulation policy.

Transport Registry Centre (Palmerston North)

This centre houses the Motor Vehicle Register, the Driver Licence Register, the main Land Transport NZ server, and handles public enquiries related to licensing, registration and compliance. The Transport Registry Centre employs over 315 people, 118 of whom work in the call centre, responding to enquiries from the general public and agents on matters relating to driver licensing, motor vehicle registration, road user charges, and warrant of fitness issues.

Regional offices (Auckland, Hamilton, Napier, Wellington, Christchurch, Dunedin)

The regional offices interact with major stakeholders such as territorial local authorities, regional councils, and licensing and compliance agents. The areas of activity include transport planning and funding, education and information, commercial licensing, safety engineering, and vehicle compliance.

Appendix 3 Key 2005/06 initiatives

Land Transport NZ has developed a set of key initiatives to be worked on or delivered in 2005/06 for each of the activity areas shown in Figure 2. These are contained in Land Transport NZ's performance agreement with the Minister of Transport and are shown below.

Planning

Activity	Completion target
<ul style="list-style-type: none"> Complete the first phase of the integration of the Safety Administration Programme into the National Land Transport Programme. 	30 June 2006
<ul style="list-style-type: none"> Complete the first phase of the passenger transport procurement and funding review. 	30 June 2006
<ul style="list-style-type: none"> Develop initiatives to promote land use planning that is consistent with the functions of Land Transport NZ (Section 69 in the LTMA). 	Ongoing
<ul style="list-style-type: none"> Continue with work on support of transport demand management and travel behaviour change initiatives. 	Ongoing
<ul style="list-style-type: none"> Assist local government with community consultation processes and development of land transport strategies and programmes. 	Ongoing
<ul style="list-style-type: none"> Contribute to the Ministry of Transport's strategic policy work for the transport sector, including: <ol style="list-style-type: none"> the review of financial assistance policy the review and development of passenger transport funding policy support for road charging group activities (including the Auckland pricing evaluation study) the review of the regulatory arrangements for passenger transport in Auckland as part of the Sustainable Cities programme (including review of the Transport Services Licensing Act) jointly developing a walking and cycling action plan responding to the recommendations of the Human Rights Commission Inquiry into accessible passenger transport services. 	 30 June 2006 30 June 2006 Ongoing 30 June 2006 30 June 2006 30 June 2006
<ul style="list-style-type: none"> Contribute to the activities of the sector-wide Planning Taskforce. 	Ongoing
<ul style="list-style-type: none"> Work with the Ministry of Transport over 2005/06 to further review and refine Land Transport NZ's performance measures. 	30 June 2006

<ul style="list-style-type: none"> Develop a performance assessment framework that links with work being undertaken by the Ministry of Transport to measure the delivery of government transport policy outcomes. 	30 June 2006
<ul style="list-style-type: none"> Develop an assessment framework for considering long term strategies and for testing different outcome scenarios for land transport. 	30 June 2006
<ul style="list-style-type: none"> Investigate whether Land Transport NZ should have a specific funding allocation policy for rural roads that service centres of social and community importance, including Marae. 	30 June 2006
<ul style="list-style-type: none"> Develop guidelines for the 2006/07 National Land Transport Programme and Land Transport NZ's 2006/07 Land Transport Programme. 	30 June 2006

Operating

Activity	Completion target
<ul style="list-style-type: none"> Carry out a review of Land Transport NZ's service delivery strategy. 	30 June 2006
<ul style="list-style-type: none"> Work with the Ministry of Transport to develop a targeted approach to interventions that will allow the government to achieve its Road Safety to 2010 Strategy. 	Ongoing
<ul style="list-style-type: none"> Continue to work with government and partners to improve rail safety. 	Ongoing
<ul style="list-style-type: none"> Work with the Ministry of Transport to develop a more integrated approach to the management of the Motor Vehicle Registry and enhance the efficiency of all registers and databases. 	Ongoing
<ul style="list-style-type: none"> Clarify the accountability of the Land Transport NZ Board with respect to the Motor Vehicle Registry and the rules programme. 	30 June 2006
<ul style="list-style-type: none"> Put into operation any decisions made by the Minister of Transport after completion of the review of the Total Mobility scheme in early 2005/06. 	30 June 2006
<ul style="list-style-type: none"> Continue to work with the Ministry of Transport on ways to reduce harmful vehicle emissions. 	Ongoing
<ul style="list-style-type: none"> Complete rules on heavy vehicle brakes, heavy vehicle load security, operator licensing, driver work and log books, bus accessibility and amend other rules as necessary through an omnibus amendment rule. 	30 June 2006
<ul style="list-style-type: none"> Consider issues related to further review of the driver licensing rule. 	30 June 2006

Developing

Activity	Completion target
• Fund improvements to passenger transport infrastructure.	Ongoing
• Fund extension of the walking and cycling network.	Ongoing
• Fund passenger rail services and rolling stock and transfer of freight from road to rail.	Ongoing
• Fund additions and improvements to the strategic roading network.	Ongoing
• Fund additions and improvements to the local roading network.	Ongoing
• Continue funding the improvement of roads for the regional development of Northland and Tairāwhiti to support forest harvesting and processing.	30 June 2008

Maintaining

Activity	Completion target
• Continue supporting the Road Information Management System group to refine deterioration modelling.	Ongoing
• Continue funding the gravel loss project to further improve unsealed road maintenance practices.	30 June 2006
• Continue monitoring pavement performance and trends.	Ongoing
• Undertake development of Competitive Pricing Procedures market improvement indices.	30 June 2006
• Continue monitoring Road Asset Management Model (RAMM) data from approved organisations.	Ongoing
• Continue technical audits of approved organisations to ensure compliance with good practice and optimisation of maintenance spending.	Ongoing

Appendix 4 The National Land Transport Programme

The National Land Transport Programme (NLTP) is the mechanism through which Land Transport NZ allocates funds across the following activity classes:

- maintenance of the local roading network
- maintenance of the State highway network
- local road construction
- state highway construction
- passenger transport
- rail and sea freight
- transport demand management
- travel behaviour change
- regional development
- walking and cycling
- research, education and training
- administration and project control
- Land Transport NZ's operating expenditure.

Land Transport NZ provides financial assistance to the following approved organisations:

- Territorial authorities (comprising city and district councils) to jointly fund maintenance and construction of local roads, passenger transport infrastructure and promotion of walking and cycling. Land Transport NZ provides a national average of 50% financial assistance for maintenance programmes and an additional 10% for new construction.
- Territorial authorities in the Northland and Tairāwhiti areas for regional development roading. Land Transport NZ fully funds this activity.
- Regional councils for the provision of passenger transport services, and transport demand management, rail and sea freight. The level of financial assistance varies.
- Transit NZ for New Zealand's State highway system, including maintenance and construction of State highways, promotion of walking and cycling, and passenger transport-related state highway projects. Fully funded at 100% (apart from any tolling revenues that may be gathered in the future).

The allocations to activity classes are announced annually prior to the financial year beginning 1 July. Some activities are approved for funding at this time; others are approved during the year. As not all activities proceed according to expected time frames or cash flow requirements, the NLTP is managed on an ongoing basis.

To have activities approved for funding during the year, approved organisations must include them in their land transport programme or long-term council community plan. Generally these activities must also be accepted by Land Transport NZ and included in the NLTP, although Land Transport NZ may add activities to the NLTP during the year.

As part of the NLTP, Land Transport NZ includes a forecast of its anticipated revenue and expenditure for the current financial year and the nine following years. This 10-year financial forecast spans 2005/06 to 2014/15 and will be the third financial forecast published with the annual NLTP. It sets out the revenue Land Transport NZ anticipates receiving from the National Land Transport Fund, including regionally distributed funds, Crown funds for specific regions, and the proposed allocation to activities over this period.

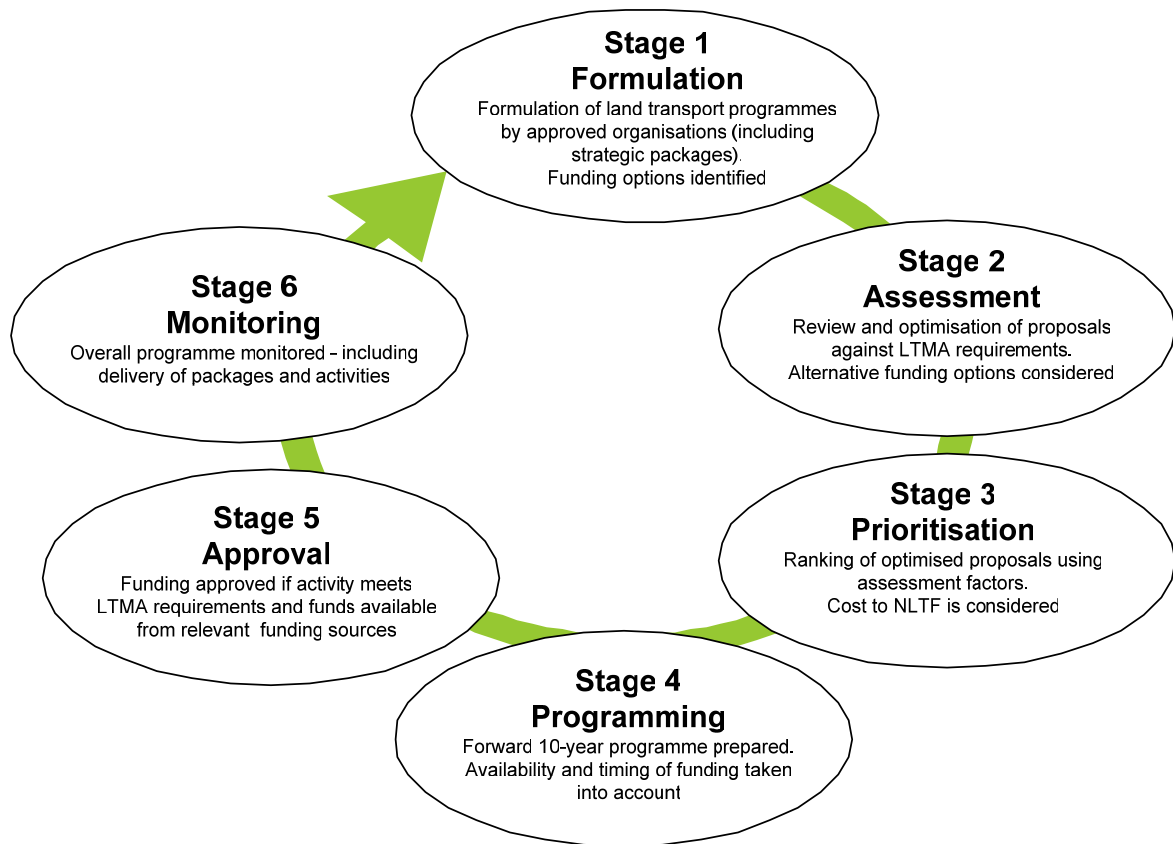
Appendix 5 The funding allocation process

Land Transport NZ's Funding Allocation Process sets out the allocation process Land Transport NZ is using to distribute land transport funding during the 2005/06 year.

The allocation process has been devised to take into account the *New Zealand Transport Strategy* and the requirements placed on Land Transport NZ under the Land Transport Management Act 2003.

The Land Transport NZ funding allocation process comprises six stages as outlined in 7.

Figure 7 Land Transport NZ's six-stage allocation process



Appendix 6 Crown contributions to regional priorities

Over the next ten years, Crown contributions to regional land transport will be made from the Crown account and are additional to nationally and regionally distributed land transport funds, which are channelled through the National Land Transport Fund. These additional funds will be made available in four regions.

Auckland

In the 2005/06 year Land Transport NZ anticipates it will receive a Crown contribution of \$43.7m (GST exclusive) in Auckland land transport funding and \$201.0m (GST exclusive) in regional land transport funding, of which \$70.4m is to be allocated to activities within the Auckland region.

In allocating the Crown contribution to Auckland, Land Transport NZ will encourage:

- improvements to public transport services and infrastructure
- demand management activities
- support for walking and cycling modes; and
- making improvements to the existing road network.

In December 2005 the government announced a proposal for new funding arrangements for the Auckland Rail project. Under the new arrangements the “below track” works would be funded direct from Treasury to ONTRACK and the “above track” capital investment including rolling stock and stations would be funded 100% by the region. Operational costs would continue to be funded jointly by Land Transport NZ and the ARC with Land Transport NZ’s funding at a FAR of 60%.

Details of the new funding arrangements have now been developed by Treasury and Ministry of Transport officials, and it is proposed to transfer \$600M of Crown funding from vote Transport to Vote Finance. Officials are proposing to reduce the amount of Auckland C funding to the NLTF by this amount over a period of eight years.

However, we understand the proposed funding arrangements have yet to be agreed with the Auckland region and that the region has concerns about the proposed arrangements and this could affect whether the new funding arrangements go ahead. The implications of the response from the region is still being considered.

Wellington

The government wishes to see the additional Crown contributions invested in Wellington transport infrastructure and services as follows:

- \$65m (GST exclusive) (between 2005/06 and 2014/15) is intended for investment in infrastructure and services (primarily rail) to maintain passenger transport mode share. This can be used to assist Greater Wellington Regional Council (GWRC) meet its share of the costs on the condition that GWRC has agreed to raise additional rates revenue estimated to be \$95m over ten years

- \$160m (GST exclusive) (between 2005/06 and 2014/15) is intended for investment in strategic roading, transport demand management and enhanced passenger transport to reduce congestion and improve access. Land Transport New Zealand can use some of this amount to contribute to a local authority's share of costs for relevant projects from this additional Crown contribution
- \$255m (GST exclusive) (between 2007/08 and 2015/16) is intended as additional Crown investment in passenger transport and roading to address congestion, improve safety and improve access reliability on the Western Corridor
- \$405m (GST exclusive) (between 2007/08 and 2015/16) is intended for State highway construction to advance a long term solution to address access reliability for State Highway 1 between Wellington and Kapiti.

Bay of Plenty

Over the next ten years, a Crown contribution of \$150m is expected to be allocated to the Bay of Plenty region. This will be used to address a range of land transport priorities, including:

- the Eastern State highway corridor, bypassing Te Puke and servicing the growing urban development towards Papamoa
- enhanced public transport, particularly in Rotorua and Tauranga
- transport demand management measures, such as walking and cycling initiatives and business and school travel plans; and
- further progress on arterial roads, local roads, road safety and route security in the eastern Bay of Plenty.

Waikato

Officials are currently considering regional land transport priorities and will make recommendations to the Minister of Transport by the end of 2005.

Appendix 7 The 2005/06 Rules programme

Significant progress has been made on the land transport rules programme for 2005/06. The 13 **Omnibus Amendment Rules**, and the **Driver Licensing Amendment Rule** (2006) which covers various matters such as overseas drivers and conditional older driver tests, have been signed. The more significant Rules projects carried over from last year include:

- a Rule to update current safety regulations and incorporate new technologies on brakes for heavy vehicles (over 3500kg) – *scheduled for signing mid-2006.*
- a Rule aimed at simplifying and better targeting driving hour limits for commercial drivers, and to better target the use of logbooks as an enforcement tool – *post-consultation is underway.*
- the consolidation of Transport Services Licensing Act 1998 provisions relating to the licensing of passenger (including taxi), goods, vehicle recovery and rental operators and covering entry standards, in-service-monitoring and exit criteria – *consulted upon in 2005 and to be finalised in next 6 months.*

It has been jointly agreed with the Ministry of Transport that the Rule on heavy vehicle load security, which was to encompass practice currently prescribed in the Truck Loading Code and s134 of the Land Transport Act 1998, should not proceed and that the work that has been carried out be incorporated in the Truck Loading Code.

The new Land Transport Rules on the programme are:

- **Revised Vehicle Exhaust Emissions Rule** - a revision of the existing Emissions Rule to include provisions for 'smoky' vehicles and delayed implementation of Euro 4 standards for heavy diesel vehicles – *draft was consulted upon early 2006 and post-consultation draft is underway.*
- **Vehicle Equipment Amendment Rule** - An amendment to introduce an objective noise level – *awaiting timeline and instructions from the Ministry.*
- **Operator Safety Rating Rule** - A new Rule to cover the categories of safety performance rating that can be allocated to transport service operators and approved taxi organisations (e.g. satisfactory, unsatisfactory, etc) – *draft will be consulted upon in second half of 2006.*
- **Driver Licensing Amendment Rule** - A new amendment Rule to cover driver licensing matters, in particular, policy issues arising from the review of older drivers currently being undertaken by the Ministry, and any other priority change identified by the Minister for Transport Safety – *draft was consulted upon early 2006 and post-consultation draft is underway.*
- **Passenger Service Vehicles Amendment Rule** - A new amendment Rule to require buses newly registered in New Zealand for use on scheduled urban services to be

accessible to the disabled (*it is now proposed to include this in the Omnibus Amendment Rule*).

- **Omnibus Amendment Rule** - This Rule will include a number of amendments to other Rules, some of which have arisen out of consultation on the 2005 Omnibus Rule – *pre-consultation draft will be sent to the Ministry in early April*.

Land Transport NZ has written to the Ministry proposing that two Rules be removed from the programme because of anticipated difficulties in implementation:

- **Frontal Impact Amendment Rule** - A new amendment Rule to extend the requirements to comply with frontal impact standards to Class MB (people mover) and Class MC (4WD and SUV) vehicles on entry and an a **Vehicle Equipment Amendment Rule** requiring that vehicles less than 15 years old be fitted with immobilisers prior to first registration in New Zealand.

The proposed 2006/07 Rule programme has been submitted to the Ministry and, if the above proposals are accepted, includes fifteen Rules, six of which are new, with the remainder carried over from the approved programme for 2005/06.

Appendix 8 Road tolling projects

The ALPURT B2 project has received an Order In Council and is being constructed by Transit New Zealand as a toll road. The project involves an up-front grant from Land Transport NZ of \$180M towards the total costs of approximately \$359M. An average toll of \$1.80 for light vehicles is proposed.

The other project under active consideration by Transit as a toll road is the Western Ring Route in Auckland. This proposed toll road would link the projects forming the ring route from Manukau to Albany via the south Western Motorway SH20, The Northwestern Motorway SH16 and the Upper Harbour Corridor SH 18. New projects covered by the proposal include the SH 20 Avondale Extension and the SH20 Manukau Extension. Transit intends to consult the public on the proposed toll road subject to legal advice on the proposed tolling options and agreement from the Ministry of Transport and Treasury to proceed with consultation.

Under the confidence and supply agreement between the Government and New Zealand First the Tauranga Harbour Link project is no longer being promoted by Transit as a toll road.

For ALPURT B2, Transit NZ will borrow the balance of funding (to be ultimately financed from tolls) through the government's Debt Management Office with tolls lasting up to 35 years. Transit borrowing will be underwritten by Land Transport NZ.

The Debt Management Office proposes to raise the debt from infrastructure bonds of varying lengths. The underwriting agreement that Land Transport NZ enters into is currently being drafted, and will require the approval of the Ministers of Finance and Transport under the Crown Entities Act 2004.

The Order In Council for each project is conditional upon Transit satisfying the Minister of Transport that a toll system can be delivered that is financially viable in the long term and suitable for a mix of users. A joint project to address this condition, called the Toll System Project, is currently underway, involving Transit NZ, Land Transport NZ, and the Ministry of Transport.