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Dear Mr James

Thank you for the opportunity to comment on your paper: "Infrastructure: Facts and Issues – Towards the First National Infrastructure Plan.

Introduction:

We congratulate the Government on the initiative of developing a National Infrastructure Plan to present a high-level view of the state of New Zealand's infrastructure, and outline the principles and direction of future investment, and assist in improving the alignment between national and regional planning.

Public transport and bus public transport in particular sits firmly in the space between national and regional planning, is an area where policies and direction need to be in alignment. When regulations, policies and direction are out of alignment it impacts materially on the level of service we can provide and the investment we can make.

For the above reasons NZ Bus is very disappointed that bus public transport has not been included in the report. We are cognisant that the document notes the National Infrastructure Plan will "*evolve through time*" and that "*areas not identified in the plan will not necessarily be excluded from future public investment.*"

The fact bus public transport is not included in this initial document is surprising given its ability to contribute significantly to the economic development, productivity, sustainability and liveability of New Zealand's major metropolitan areas.

We consider bus public transport is an important infrastructure issue that is not mentioned in this document, and we urge you to include it in your first draft of the National Infrastructure Plan to be released early next year.

STRATEGIC DIRECTION:

- We note that the four immediate priorities are: Broadband; roads of national significance; electricity transmission; and the Rugby World Cup 2011. Roads are cited as they enable the transport of goods to purchasers and workers to work.
- Bus public transport is a major contributor to lifting the economic performance of large metro centres.

- There is no doubt the populations of these centres are going to grow and congestion will increase unless public transport and its use grows.
- The relevance of bus public transport as a priority is marked when you consider bus public transport is the cheapest and most immediately affordable means of transporting workers to work.
- **Viewed in the round, commuting by bus is about 10 times more efficient than commuting by private car. This broad rule of thumb applies across a number of measures: a person commuting by bus occupies around one-tenth of the road space occupied by a car commuter, uses one-tenth as much energy, is responsible for one-tenth the amount of emissions and is ten times less likely to be injured or killed in the course of their commute.**

Roads of national significance

- We support the view expressed in the document that physical connectivity will remain important. *“Highways provide the main links between our major business centres, facilitating the efficient transport of goods and people. And we support the roads of national significance programmes.”*
- However, the free flow of goods and people between main centres is undone by the congestion that these transporters will feel within the metro areas of Auckland and to a lesser extent, Wellington. Good work can easily be undone – this programme needs to operate side by side with a programme for removing congestion in the main centres.
- Congestion creates inefficiency and makes it more difficult for businesses to operate and grow.
- At this stage in both Auckland and Wellington’s development – on street buses and Bus Rapid Transit are the best options in terms of affordability and attractiveness to current and potential users.

The Big Picture:

- NZ Bus supports the prioritisation, for metro public transport of:
 - A highly reliable, frequent and cost efficient public transport route
 - Which supports the “high street” where shops, businesses, schools and community facilities locate
 - The ‘ring route’ arterial bypass routes for vehicles that do not need to access the “high street”
 - A set of interconnected and convenient local street, walking, cycling and public transport networks.
- NZ Bus supports enabling the long-term plan to take into account new trends and or pressures delivered by changes in: urban form; population growth; economic growth; and social, technological and lifestyle changes.

Rugby World Cup

- Bus public transport is going to play an important role in the transportation of thousands of visitors and residents to Eden Park.
- The introduction of bus priority ways on main arterial routes to Eden Park provide the most cost efficient means of delivering large numbers of people to the door of Eden Park.
- Establishing continuous priority ways along Great North Road, New North Road and Sandringham Road would be a very small investment for significant benefits for the RWC, as well as the long-term management of traffic congestion in Auckland.

- Currently Auckland has short stretches of bus lanes, where buses then have to merge back into the traffic.
- We urgently need to join up these bus priorities up.
- ARTA and the TLAs have already done a fair amount in terms of achieving this, but the Rugby World Cup would enable an emboldened plan rather than a piece meal approach.
- The RWC would facilitate the long-term instatement of priority ways.
- Currently many of Auckland’s main arterial routes – designed to be four lanes, are currently 1.5 lanes as regional planners enable car parking on both sides of the road. The lax attitude to illegal double parking also exacerbates this problem.
- Success in other major cities internationally and in Australia has been for authorities to be ruthless on the non-parking aspects of the management of key arterial roads in their cities.
- The RWC provides the opportunity to temporarily develop these super-bus highways, and enable them to be trialled for the long-term economic and community benefits to the city.

Bus Priorities

- All studies show reliability to be by far the most important determinant of discretionary use of public transport.
- Bus priorities in key locations across the metros are critical to making services faster, more reliable and more attractive.
- We recognise the cost to funding agencies of bus priority measures is substantial
- But it is substantially less than the cost of enhancing the road network to accommodate increasing travel by private car.
- Bus priority measures provide the incentives for substantially more investment in bus services.
- Nothing will make as much difference to the reliability of Auckland and Wellington buses as public transport priority lanes.
- They will benefit everyone on the move whether by car or bus.
- Bus priorities which improve the efficiency of bus operations have the potential to improve the commerciality of bus services, and thereby mitigate the requirements for subsidies

Improving effectiveness of government’s infrastructure spend

- We support the notion of government developing its asset management practices by improving up-front decision-making and taking a whole-of-life approach to its assets.
- We have no doubts that when it comes to bus public transport that the effectiveness of the governments spend can be considerably enhanced by accessing the skills, expertise and funding available in the private sector.
- It enables the tax payers’ dollars to go further. It enables the private sector to share in the risks and in the returns.
- Our ‘commercial’ bus services are where we provide innovation in design and service.

How Does the Bus Public Transport Work Currently?

- At present bus public transport involves a simple model of private provision of “commercial services” which are registered with regional transport authorities and which are then topped-up by the authorities tendering for additional subsidised “contracted services”. There are shortcomings to this model, but in essence it relies

on competition and encourages operators to focus on users' requirements, and regional transport authorities to focus on value for money.

- NZ Bus supports network integration, quality standards, and coordination with the regional passenger and transport plans. Regional councils need information to enable them to optimise their planning and management roles. The tender system also must have transparency and be designed to ensure operators can't manipulate the system to over-earn at rate/tax payers' expense.
- The PTMA introduced late last year brings about a number of very undesirable changes.
- It introduced a complete change to the model, or at least the empowering of regional transport authorities to completely change the model. Its implicit solution to the need to change the regime is to pass absolute control to the regional transport authorities. The current pluralistic system of commercial and contracted delivery of public transport services would be replaced by the transfer of complete control of all aspects of public transport to regional transport authorities. This significantly increases operators' risks and will result in the loss of investment, innovation and focus on customer requirements.
- Public transport is a rare, for New Zealand, partnership of public and private interests. As such any change to the governing rules needs to carefully consider the impact on incumbent operators, both to avoid unfair expropriation and to avoid undue disruption to labour forces. Most importantly (especially for the success of public transport) any change needs to focus on better services for users to get them out of their cars.
- PTMA – the Minister of Transport has announced a review of the PTMA and flagged his intention to actively support the retention of 'commercial' services. However, in the meantime bus public transport is falling between the two regimes of national and local planning.

Investment in better services requires a strong framework for public/private partnership.

- A clear, stable, governance framework that enables each party to focus on the areas where they can influence outcomes.
- Clear delineation of responsibilities, and coordination where responsibilities are shared.

Appropriate levels of funding relative to transport funding of roads and infrastructure.

- At present NZTA subsidises bus public transport services on the basis of \$1 for each \$1 committed by the Regional Council (50/50).
- NZTA's subsidy of rail public transport services is \$1.50 for each \$1 of ratepayer funding provided by the Regional Council (60/40).
- NZTA/Government provides no other subsidy to bus services. Government directly funds OnTrack and subsidises the purchase of train rolling stock. Bus operators pay full road user charges.
- Were Government to agree to standardise its public transport services contributions it would mean an additional \$23 million pa. for the Auckland region buses, this would finance a 20% increase in services, as well as better services.
- The huge relative advantages of bus public transport over all other initiatives to improve urban mobility are low cost and fast implementation. Significant initiatives could be in place within a year.

We are reassured that the Treasury Infrastructure unit has recognised increased of government's infrastructure spend will be enhanced by the use of contracting out, public private partnerships, alliancing or other procurement methods where value can be provided to the tax-payer.

LONGER-TERM ISSUES

The Infrastructure facts and issues document identifies two issues that the government expects may be nationally important over the longer term. The first is the relationship between Auckland transport planning and the urban form of Auckland.

Auckland Transport Planning and Urban Form

- Auckland is the city most affected by traffic congestion. It is also the fastest growing region.
- Cost of congestion in Auckland, done by Ernst and Young in 1997, put the figure at \$755million per annum.
- As the paper identifies major public transport projects tend to have a significant impact on the location and form of economic activity.
- Buses can follow need rather than the infrastructure shaping the need.
- Multi-million dollar projects take time and should be accompanied by a short-medium-term plan.
- The strategic plan should include bus-public transport.
- 80% of people using public transport use bus public transport and this is the same in all western major metropolitan centres.
- Building our way out of congestion is unlikely to be affordable or efficient strategy.

We share the government's desire for there to be a public debate on the long-term affordability and efficiency facing the transport system, not only should new forms of pricing and charging be explored, but so too should the various modes of transport and their relative cost, efficiency and ease of introduction.

Bus Business in Auckland

- Every week in Auckland 43,831 bus services run (compared with 1,349 train trips and 1,721 ferry trips).
- Buses account for 82% of passenger transport patronage.
- Every year in the Auckland region we carry 31.8m passengers.
- Annual passenger trips per capita in Auckland is 39 (compares with 101 trips per capita in Wellington City).
- Auckland bus services are funded 53% from fares and 47% from public funding.

Success is based on collaboration

- NZ Bus and other operators own the buses and depots employ the staff and provide the services to the paying customer.
- ARTA manages the overall network, including the integration of bus services provided by different companies, train services and ferry services. ARTA contracts private operators to provide many of these services. It sets fares and the fare structure and monitors service delivery. Its funding comes from ratepayers and from government funds sourced through Land Transport NZ.
- The city councils and the other TLAs own and maintain the roads, provide bus stops and bus priority ways.

Better bus public transport is the only way to enhance urban mobility in a substantive, timely and cost-effective way.

- Initiatives are under way to substantively improve the quality of Auckland's bus public transport.
- The better our bus services, the more people will use them. This will also benefit car users, because as they will have more road space.
- Auckland's urban form and mobility has been based on the private car. Until recently Regional Council spending on public transport per capita was less than half of the level of Wellington's.
- Nevertheless, many services are well regarded by users. The Link now has one of the highest customer satisfaction ratings of any of NZ Bus's services.
- The Northern Busway has proven that investment in quality infrastructure results in increased patronage and modal shifts.
- Enhancement of public transport in Auckland requires a marked improvement to the reliability, quantity and quality of services and a change in public perception.

What is needed?

- More capacity at peak times to accommodate growth in demand.
- Bus priorities in key locations across the region will help make services quicker, more reliable and more attractive.
- Better bus shelters are important to enhance customer comfort.

Bus use in the Auckland region is growing.

- Bus use in Auckland is currently growing faster than the general traffic.
- The more people catch the bus, the less congestion for those who wish to use their cars.

For the bus service to be successful it must continue to meet users' expectations in respect of:

- Reliability
- Frequency, cleanliness, ease of use, value for money.

Bus public transport offers the 'best bang' for ratepayer and taxpayer money in the shortest timeframes.

- New and improved services can be implemented more quickly and easily with buses than with any other mode.
- Subsidy requirements per passenger journey for bus services, at \$1.77, are significantly less than rail subsidies per passenger.

Policy Context

- It is particularly in this area of policy context that we believe the inclusion of bus public transport is vital in the Infrastructure Plan.
- As already noted, often bus services fall between the policy direction of the Government and the planning intentions of the local transport authorities.
- The PTMA is to be reviewed, and Government have indicated their intention to not only support, but encourage commercial services, however the bus operators are falling between the cracks in these divergent policy directions. Local authorities are keen to run gross contracts that remove any incentive for the private sector to invest or innovate.

- Private sector operators need certainty in their operating environment to have the confidence to invest.
- Bus public transport has measurable performance standards and these can be clearly specified.

We support Principle 2a:

Services that can be clearly specified should be contracted out to the private sector in a form that gives best value for money. Services that are not easy to specify in a contract should be delivered by a government agency.

Central vs. Local Government Funding

- As already stated we believe that there should be a shift in the funding from 60/40 to 50/50.

Project evaluation, prioritisation and decision-making

- Methodology currently used to calculate cost benefits of transport projects is biased against bus public transport in favour of roads, and this can result in flawed decision-making and sub-optimal investment decisions by government agencies.
- **Efficient use of existing infrastructure:**
- The document quite rightly suggests that congestion can be addressed either by building more road space or by taking demand management measures – public transport is an obvious partner in alleviating congestion by addressing capacity issues through allocation.

Climate change

- Public transport has a major role to play in sustainability and the need to address climate change.
- Auckland and Wellington’s urban form together with budget considerations means that bus public transport has to become a major part of the strategic plans for the future.
- Bus public transport offers better connectivity and economies of scope. Bus can provide door-to-door delivery and speed of delivery that rail struggles to match.
- The added benefit of bus public transport is that it is a sustainable form of transport.
- A trip on a diesel bus has about 10% of the carbon footprint of a trip by private car.
- Electric buses have an even lower carbon footprint.

CROSS SECTORAL ISSUES

Regulatory Issues

- Shared vision
 - The Auckland and Wellington regional councils and ARTA and NZ Bus share a common vision of better more popular public transport.
- Different perspective
 - Operators and regional transport authorities will not always share the same perspectives on the delivery of the shared vision. The NZ Bus focus is on the user as an individual on a specific bus. The regional transport authority perspective is intrinsically on the functions of the network
 - An ideal regulatory structure would support this delineation to minimise points of conflict while ensuring that each party focuses on what they can do to bring about the shared vision.

- The more a regional transport authority wishes to control the minutiae of operations the greater the points of conflict.
- The more operators impede the efficient operation of the network the greater the points of conflict.
- Investment
 - Investment, whether being undertaken by operators, regional transport authorities or territorial local authorities requires a clear stable governance framework which will give each party confidence that their contribution will enhance the whole.
 - Clear delineation of responsibilities and coordination where responsibilities are shared.
 - The long-term success of public transport is dependent on excellent relations between the key parties.
- A fair and equitable contracting environment for procurement contracts
 - What is needed is a model for procuring contracts that provides appropriate incentives, risks and returns for a commercial organization investing large amounts of money in plant, equipment and people and doing so with a long-term return focus.
 - A “value for money” framework that encourages innovation and investment in the sector.

Conclusion

Bus public transport has a huge role to play in the economic prosperity of New Zealand, in particular its metropolitan hubs.

It is a vital part of New Zealand’s infrastructure and it relies on private investment. This investment is in turn reliant on certainty around the legislative and regulatory reform that guides its future direction.

For the above reasons we urge you to include bus public transport, as an important infrastructure component, in the First National Infrastructure Plan.

We look forward to hearing your response and being involved in the ongoing discussions concerning New Zealand’s vital infrastructure planning.

Kind regards



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