



**Tourism  
Industry  
Association  
New Zealand**

# **Tourism Industry Association New Zealand**

## **Tourism Industry Land Transport Policy**

**May 2004**

## **About Our Association and Industry**

The Tourism Industry Association New Zealand (TIANZ) represents the interests of over 3,500 businesses in the tourism industry.

Tourism is a \$14.6 billion industry and is New Zealand's largest export with a value of \$6.4 billion. The tourism industry employs 1 in 10 New Zealanders in a diverse range of businesses – the majority of which are small and medium sized enterprises. Not only is tourism important because of its size. It is also:

- Highly employment intensive;
- Regionally dispersed;
- Has the flexibility to change its target markets quickly as conditions change;
- Can offer a good return on investment.

The tourism industry in New Zealand consists of more than 13,000 small and medium sized businesses. Of these businesses, most employ less than five people.

New Zealand welcomes almost two million overseas visitors to its shores every year. The domestic tourism industry is also important in helping to sustain a vibrant tourism industry. TIANZ estimates that over 75 million visitor nights are spent by New Zealanders every year.

TIANZ welcomes the opportunity to comment on this Bill and to making an ongoing contribution to discussions on transport issues.

## **Tourism and transport**

Land transport infrastructure is critical to the sustenance and future development of the tourism industry. Tourism is about visitors (both domestic and international) being able to be moved, and to move themselves around the country. Any strategic decisions affecting transport will necessarily have an impact on the tourism industry.

The foundation of tourism in New Zealand is based on robust domestic visitor movements, which makes up around 60% of all tourism activity.

## **Principles for transport for tourism**

TIANZ supports the following principles for a national land transport policy:

- To maintain the existing transport network to set standards and to provide the mechanisms to enable New Zealand's transport infrastructure to grow to meet the demands placed on it by New Zealand's economic development, including tourism growth.

- To enable New Zealanders and visitors to New Zealand to have reasonable access to the transport mode of their choice, providing that the appropriate pricing and funding mechanisms are in place to establish, and sustain such transport modes.
- Users of the transport system should meet the costs of their transport use. At the same time, central and local government assistance is necessary to enable the viability of services such as passenger transport, where the provision of such services has demonstrative wider benefits to the transport sector, and the wider economy.
- The funding derived from users should be dedicated to fund the maintenance of the transport network, and to provide for future investment in the network, and not 'siphoned' off to be used for other purposes.
- Funding and management decisions should reflect an agreed national transport strategy, and any applicable regional transport strategies.

TIANZ is guided by these principles when making comment on any new transport policy initiatives, including new legislation.

## **Transport issues for the tourism industry**

**An integrated approach to transport development has been lacking in the past**

Transport development should take place in a way that achieves the country's economic development, social, and environmental goals. In the past, transport funding and management has been undertaken in a 'piecemeal' way and decision-making has been short-term.

The recent development of a New Zealand Transport Strategy has been a positive step, however TIANZ remains concerned that the Strategy is not strongly linked to the service funding and provision decisions that are made.

### **Current funding levels for transport services is inadequate**

Current funding arrangements generate insufficient revenue to fund transport services so that they support the goals contained in the New Zealand Transport Strategy. It appears there are a large number of projects that fall below the B/C funding threshold.<sup>1</sup> Some councils are having difficulty raising adequate revenue to provide for roading developments in their area.<sup>2</sup> This has resulted in some desirable projects not going ahead.

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<sup>N</sup>The Road Transport Forum has also identified that Transit has a \$ 2.7 billion backlog of projects with a Benefit/Cost Ratio of less than 3. This suggests there is severe under funding of roading services.

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<sup>2</sup> In 2001, Local Government New Zealand estimated that there was at least \$ 1 billion worth of roading projects proposed, without any prospect of being funded by Transfund.

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Tolling and congestion charging were previously not provided for in previous transport legislation however there are provisions contained in the Land Transport Management Act that enable the use of these tools.

Diversion of the petrol tax still a concern but despite some recent movement, a significant proportion of funding is still being diverted to other purposes. New Zealand is spending less money on its roading system than other developed nations.<sup>3</sup>

## **There have been safety gains but further investment in roading are necessary to enhance safety**

There has been a dramatic reduction in road deaths over the past five years, based on Land Transport Safety Authority figures.<sup>4</sup> This suggests that measures such as more effective enforcement, improved driver education, the use of speed cameras, and some roading improvements have had positive benefits.

At the same time, engineering solutions, which require a reasonable level of investment in our roading system are also necessary to improve safety levels further. This requires a greater level of investment than is currently made in our roading system.

## **Governance**

There are a large number of government agencies involved in the provision of transport services. While such agencies can work effectively and efficiently in themselves, the central government transport sector appears fragmented with separate management structures, different objectives, and distinctive chains of responsibility. TIANZ believes that the current arrangements need to be altered to ensure that transport services are planned and provided for in a whole-of-government way. This will require some bringing together of government agencies so that they are working towards common objectives, and their services effectively complement and dovetail with one and another.

Many Road Controlling Authorities struggle to fund projects in their local area, and are not always able to match funding that could be made available to them for local roading projects. On the whole, many RCAs appear to suffer from a lack of economies of scale and might benefit from clustering with other roading agencies, as has occurred in the Bay of Plenty, and in Marlborough. Such arrangements would also improve co-ordination and create synergies between roading agencies.

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<sup>p</sup>-Better roads-not just an Auckland problem, statement by Simon Carlaw, Chief Executive, in which he quotes figures showing New Zealand spent less than 1% of its GDP on roading, compared to the OECD average of 1.3%

## Regional transport investment for regional economic development

There are considerable transport pressures in areas such as the Auckland region. Central government is rightfully concerned at the negatives impacts of an inadequate transport system in Auckland on the Auckland economy, and the indirect impacts this could have on the wider New Zealand economy.

At the same time, the government has had a clear policy of actively promoting regional development on the basis that strong regional economies generate a strong national economy. Adequate and effective transport networks (including the roading network) are necessary to support such regional development.

TIANZ is concerned that increased roading investment in congested areas could come at the expense of investment in less densely populated parts of the country. If this were to occur, roading networks in low volume could become run-down and potentially unsafe for road users. This in turn could negatively impact on the economic development (including tourism development) of regional New Zealand.

We advocate a balance between addressing the transport issues in high growth areas and maintaining 'fit for purpose' transport networks in less populated parts of the country.

## **TIANZ Policy for Land Transport**

TIANZ advocates a number of general characteristics of a land transport system. We believe that these will lead to a land transport system that is: an effective enabler of economic development (including tourism): is funded fairly: ensures that services are provided where they are most needed: and ensures that services are managed efficiently. We also advocate transport policies that manage land transport in an integrated way, and will be provided so that they meet road user requirements, lead to effective and sustainable asset management, and reasonable safety standards.

TIANZ supports the following general policies for transport:

### **Safety standards**

TIANZ supports:

- pro-active policies of transport safety, including road safety. A safe transport environment also enhances New Zealand's reputation as a safe travel destination as well as minimising the pain and suffering, and expense caused by deaths and injuries each year.
- the Road Safety Strategy 2010 and an optimum mixture of enforcement, education and engineering options, with an increased emphasis on engineering solutions. TIANZ encourages the government to gradually increase the transport budget each year to enable the goals in this Strategy to be met over this decade.

### **Funding and charging**

TIANZ supports:

- an ongoing redirection of petrol tax revenues that are being collected from road-users but are not being used for transport purposes.
- the development of stronger links between the objectives of the New Zealand Transport Strategy and funding decisions made.
- Financial assistance rates for districts with small rating bases that support the ability of smaller councils to fund projects.
- Regional economic development goals being factored into to all transport funding decisions.
- The use of toll roads where these are viable and reasonable roading alternatives exist. We also promote the use of congestion charging where there are clear benefits of doing so, there is support from the community, there are

reasonable roading alternatives, and funds collected from congestion charging are used for developments that benefit those paying the charges.

- The use of a combination of user-charges, registration fees, taxation, and rates for the funding of transport services. TIANZ supports the use of a combination of revenue sources based on use, travel behaviour, environmental impacts, and equity, and users should make a contribution based on each of these factors.

## Structures and governance

TIANZ supports:

- the continued use of the B/C ratio in making funding decisions where economic development objectives are factored into decisions. We also support the continued role Transfund has as an independent agency allocating funding for State Highway projects, and financial assistance for local roading projects.
- Some consolidation within central government transport agencies so that a ‘whole-of-government’ approach can be taken to the delivery of transport services
- The encouragement of clustering on a voluntary basis to encourage economies of scale and to enable the integration of Transit and Road Controlling Authorities’ decisions in local areas.
- Regional solutions (including the establishment of regional entities) where this is identified as being the most appropriate solution in any particular part of the country.

## Passenger transport has a desirable place within a transport system

TIANZ supports:

- Central government providing funding support to regional areas to assist in the development of effective public transport systems that provide an alternative to private transport. At the same time, there must be a recognition by central and local government that in many parts of the country public transport has a limited viability. Such areas are low density, low population areas that may be large in territory.
- Passenger transport services can serve to relieve congestion, promote cleaner environments, and provide an essential service to those without access to private transport
- Enabling powers (as are already in place) that enable local authorities to raise funding required to develop passenger transport services desired by their communities

- The development of passenger transport where appropriate, while in no way diminishing the extent of a roading network in an area.

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