

The 'economics' of transport

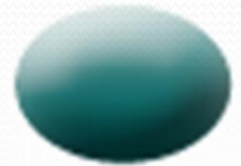
Liz Anderson



Overview

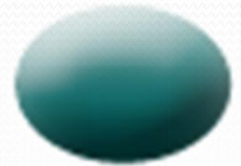
- Thinking differently about the 'economics' of transport
 - third party leverage funding
 - Major road projects
 - Heavy Vehicles

- Acknowledge
Chris Parker - NZIER



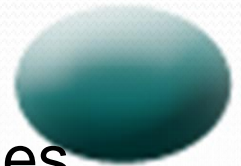
Project funding

- Examples
 - Road user charges and PED
 - Tolling
 - PPP's
 - Developer contributions
 - Formal or side agreements
 - Generally
 - not significant sums/proportion of money
 - smaller scale projects

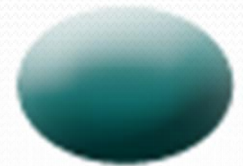
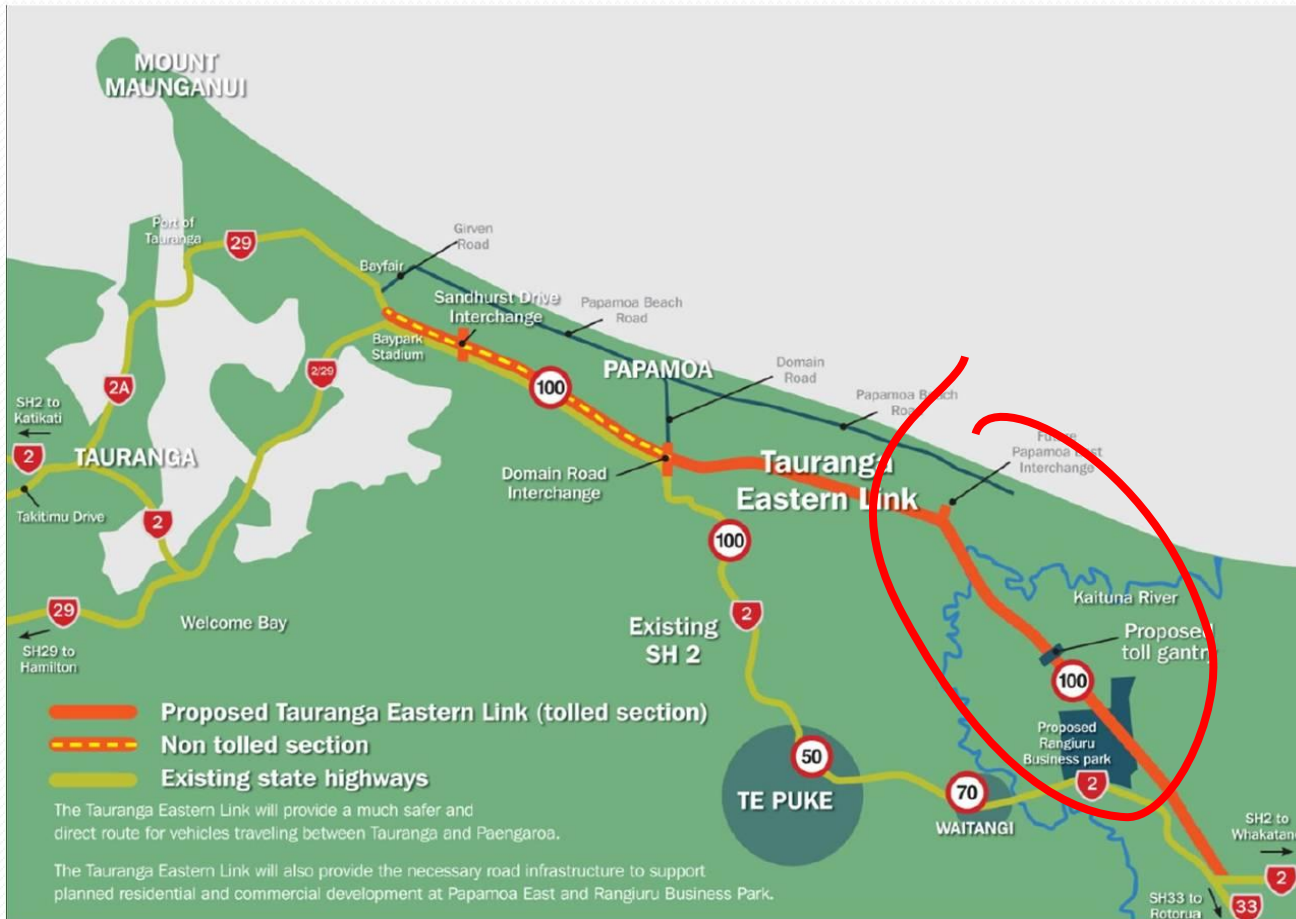


Project Evaluation

- Benefit cost analysis
 - Travel time etc
 - Does not acknowledge full impact on land values
- Not able to buy priority



Tauranga Eastern Motorway

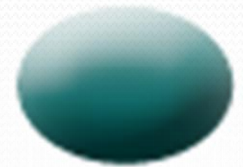


- Analysis considers land development as a given or as set zone

Transport initiative undertaken?

		Yes	No
New housing?	Yes	C	B
	No	D	A

or

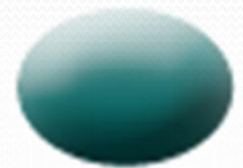
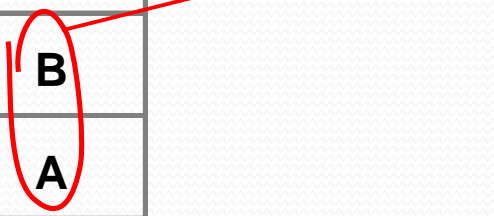


Step 1

- Define and test for dependency – if none then standard analysis

		Transport initiative undertaken?	
		Yes	No
New housing?	Yes	C	B
	No	D	A

Step 1

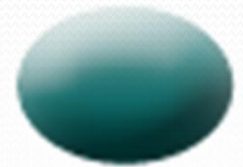



Step 2

- Identify appropriate transport intervention

		Transport initiative undertaken?	
		Yes	No
New housing?	Yes	C	B
	No	D	A

Step 2



Step 3

- Assess benefits of transport intervention in isolation

		Transport initiative undertaken?	
		Yes	No
New housing?	Yes	C	B
	No	D	A

Step 3

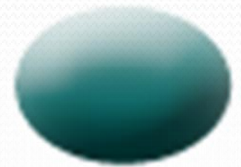


Step 4

- Assess benefits of the dependent housing

		Transport initiative undertaken?	
		Yes	No
New housing?	Yes	C	B
	No	D	A

Step 4



Transport initiative undertaken?

New housing?

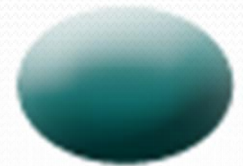
	Yes	No
Yes	C	B
No	D	A

Step 1 (red line) points to cell B.

Step 2 (green line) points to cell C.

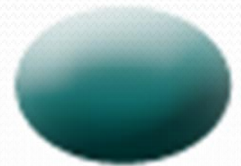
Step 3 (blue line) points to cell A.

Step 4 (orange line) points to cell D.



Challenges and opportunities

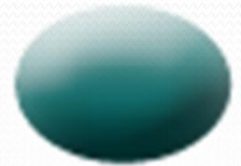
- Seems common sense but challenging to do properly
 - Have the 'right' kind of projects
 - Develop and test the methodology
 - Develop consensus
 - Could be seen as 'buying priority'
 - Modify existing frameworks



Other applications?

Heavy vehicle productivity

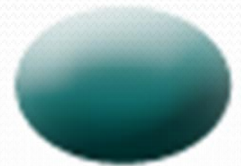
- Mass and dimension rule (as announced)
 - Increase gross mass
 - Increase in RUC
 - Increase axel loading
 - No increase in RUC



Aim to realise economic benefits however ...

- Demand driven
 - Where the greatest mutual and economic benefits are
- Commodity driven
 - Recognise there are different needs and solutions

= Targeted solutions



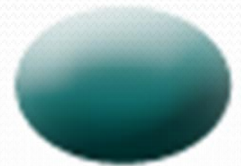
Challenges and opportunities

- Challenges

- The charging and funding system - PAYGO
- Thinking differently
- Understanding the 'economics' of this approach

- Opportunity

- Leverage funding/sharing economic rent
- Frameworks
 - eg address free rider issues
- Maximise the economic returns



Thank You

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