Introduction

State Highway 3 - the central artery between New Zealand’s energy heart and the rest of the country - could be seen to be stuck between a rock and a hard place.

On one level it crosses a rugged and complex landscape - scaling mountains and tracing gorges - a route deemed to be expensive and low priority under prevailing national infrastructure funding models, particularly given its comparatively low traffic count.

On another level it links the Government’s ambitions for a more innovative, export-driven economy and a critical regional economy that could help the nation reach these goals.

This balancing act underpins this report - negotiating the long-term potential of SH3 and the short-term financial realities that constrain its future.

Venture Taranaki Trust, the Regional Development Agency for Taranaki, has an active and strategic role in shaping the economic landscape of this part of the country. During the evolution of the regional economic development strategy, Venture Taranaki consulted hundreds of Taranaki businesses. State Highway 3, particularly north of the New Plymouth city centre to Hamilton, was a recurring concern and constraint for the region’s businesses.

To address these concerns the Trust commissioned NZIER [with support from Beca Infrastructure] to undertake a high level economic review of State Highway 3. The route has attracted a large number of studies, reports, ideas and commitments over its 150 year history. This report presents the first full economic study of the businesses and people along the highway.

This report will not deliver the panacea that many in the Taranaki community had hoped for. The ‘silver bullet’ business case for a radically improved road is certainly compelling, but not critical. The reality of large scale infrastructural investment is never that simple.

This report does, however, identify a short-term work programme comprising a number of projects that would help deliver a safer and more productive route to its myriad users. These are affordable solutions that need to be actioned now. The report contains quantifiable evidence that demonstrates that the costs of these improvements are outweighed by the economic benefits.

The report also touches on something that has been lacking over the route’s numerous assessments - an intergenerational vision that can cement its place in the economic future of our nation. The role of infrastructure as an economic driver within the Government’s growth equation cannot be understated.

Beyond the work programme, the challenge of improving SH3 lies in the value the whole nation places on the economic potential of the Taranaki region. As New Zealand’s hub of oil and gas expertise, Taranaki plays a central role in servicing the Government’s ambitious natural resources economic development agenda. But the infrastructural needs of that sector are not adequately recognised in prevailing funding and policy models.

Initiatives, such as the Roads of National Significance (RON’S), prioritise the reduction of congestion in major urban cities. They do not routinely deal well with transport problems that stifle local economic development, utilise roading as a lever in wealth creation, or appreciate the valuable connectivity that exists between the regional networks and the broader fabric of New Zealand’s regional economic agenda.

Mechanisms, such as R-Funds provide necessary flexibility at a regional level. This flexibility is critical to enable the initiation of roading projects that meet wider strategic factors, which ultimately benefit both the region and the national roading network. The continuation of this scheme, or a suitable equivalent, is essential.

Our Trust’s view is that New Zealand’s economic future is closely tied to that of Australia. Taranaki is uniquely positioned to be a driver of this trans-Tasman connectivity. It is New Zealand’s closest gateway to Australia, has the west coast’s only deepwater port and the region is highly export oriented. An intergenerational approach to roading infrastructure has the opportunity to open this strategic gateway. But to date the nation has focused on development of the domestic north-south axis.

This report ultimately seeks to present a comprehensive and holistic business case for not only the short and long-term development of SH3, but also to start a conversation about New Zealand’s economic future, one that looks to move more than our population along an east-west corridor.

Stuart Trundle
Chief Executive, Venture Taranaki Trust
August 2012
Despite its modest population, Taranaki has long been a powerhouse of the New Zealand economy. The nation’s wealth has been built on the success of the region’s industries - energy, oil and gas, dairy production, manufacturing and heavy engineering.

Not only does Taranaki contribute to the national economy with its resources and skills, it is directly driving wealth. Some 57% of Taranaki’s economy is export oriented – twice the national level – and the region boasts the highest Gross Domestic Product per full-time equivalent employee in the country.

New Zealand’s Oil And Gas Hub

A significant proportion of Taranaki’s economy is driven by the oil and gas (O&G) industry. All of the nation’s commercially producing fields are in the region, as well as the supporting production and processing facilities, specialist infrastructure, power stations and supply chains. The national and global demand for energy is increasing and Taranaki is at the centre of this capital and technology-intensive expansion.

But the benefits from the O&G industry don’t just fall on the Taranaki region – the sector is essential for New Zealand’s continued economic growth.

While oil is generally exported, it is gas that powers all sectors of the country – including the Auckland economy - as well as being a key fuel in the generation of electricity. Taranaki is pivotal in the security of the nation’s energy supply, with the gas from its fields enabling New Zealanders to do everything from turning on the light switch to powering major industries. Gas is also the main feedstock for the production of methanol at Methanex New Zealand and for the manufacture of fertiliser at Ballance Agri-Nutrients.

Taranaki is fundamental to the Government’s strategy to further develop the nation’s natural resources and attract new oil and gas exploration – a goal that will benefit all of New Zealand. Exploration is progressively extending to other New Zealand regions and Taranaki’s specialist support industry is playing a leading servicing role. Effectively, ‘hub and spoke’ connectivities are emerging between Taranaki and frontier oil and gas regions, such as the Deep South and East Coast basins.

Taranaki’s exploration support also extends to Australia, where the energy and resources industry is rapidly expanding. New Zealand’s specialist O&G, and heavy engineering industries – hubbed in Taranaki - are at the forefront of supplying the Australian industry. Large components for O&G fields are designed and constructed in Taranaki before being shipped to Australia - through Port Taranaki and Auckland - while maintenance and other support functions are also undertaken through this regional hub.

Below: the $35m Yolla Accommodation module, manufactured in Taranaki, for an O&G platform in Australia’s Bass Strait.
There are “frightfully positive opportunities” in Australia, particularly Queensland and Western Australia where the resource boom is focused.

“...We need to get inside those massive supply chains where there are very large gains to be made... We have sets of skills here that are directly relevant to the gas industry, the petroleum industry, both in engineering and professional services... They do provide opportunities for business here to grow exponentially.”

Finance Minister Bill English – Trans-Tasman Business Circle event, July 2012.

**An Export Base**

Taranaki’s importance to the national economy is not only based on the petroleum sector. The O&G industry works successfully alongside other industries, such as primary production and processing - including dairy, meat and other forms of food processing and niche manufacturing.

Major Taranaki-based plants such as Fonterra’s Whareroa facility and its Kapuni-based lactose plant, Silver Fern Farms, Ballance Agri-Nutrients and Riverlands contribute highly to New Zealand’s export focus. Other major food processing companies - the region is New Zealand’s major poultry processing centre, covering all aspects of the industry, from breeding and growing, to production and distribution - piggeries, niche manufacturing, light engineering and an expanding timber industry not only contribute to the local economy, but boost the nation’s wealth.

Supporting this wealth-creating base is an extensive service sector, education and health system and urban hubs - New Plymouth city being the major locality. There is a skilled international workforce, influenced heavily by the global skills of the O&G industry and attracted by the vibrant lifestyle Taranaki offers. And it’s not only those who have chosen to live and work in Taranaki who enjoy this lifestyle. The region’s spectacular views, attractions and events draw increasing numbers of visitors, keen to sample all Taranaki has to offer.

**How The Road Is Used**

Taranaki’s economic development strategy complements the Government’s economic growth agenda - particularly as the strategy relates to the energy industry, leveraging trans-Tasman export development, improving the scale of Taranaki’s core industries and removing the ‘isolation issue’ between the region and the upper North Island. Taranaki is therefore uniquely positioned, as the nation’s foremost energy province, to complement critical aspects of the Government’s economic strategy.

But there are some roadblocks that are preventing the Taranaki economy from meeting its growth aspirations and thereby contributing to the national economy. Our region’s roading network, particularly the central artery of State Highway 3 - between Taranaki and the Waikato, and then on to Auckland - is failing to fulfill its economic potential.

Where considerable effort has been made to get central Auckland moving, insufficient attention has yet been given to reviewing the critical links connecting Auckland to the rest of New Zealand - and thereby New Zealand to the world.

SH3 plays a critical role in supporting and leveraging the region’s economically-significant activities and contributing to the nation’s economic growth. The relationship between the road and the economic environment is complex, underpinned by value and supply chain factors that go beyond mere ‘traffic counts’.

A recent Venture Taranaki survey revealed that of all community issues, road transport connectivity to the upper North Island, and to the east of New Plymouth, was the number one issue for Taranaki residents and industries. The region is perceived as being particularly isolated from the ‘golden triangle’ of Auckland, Hamilton and Tauranga. This has significant negative impacts, not only for business and employment growth in Taranaki, but accessibility and lifestyle attractiveness.

A high proportion of users of the northern route are heavy commercial vehicles. The O&G industry in Taranaki distributes product to market via a variety of transport methods, which directly and indirectly involve SH3. Gas and LPG products are moved to markets north of Taranaki by the Maui pipeline and SH3, while road transport is used to move product south and east. SH3 supports access to nationally-critical infrastructure, such as the Maui pipeline north. This requires maintenance and is subject to failures such as in 2011. In that instance, SH3 was the key access route for the pipeline restoration effort.

With increasing oil and gas exploration regionally and in other areas of New Zealand, there is an expectation that road transport will also grow, and SH3 north will therefore need to play a greater role than it currently does. SH3 is associated with trucking supplies north for the O&G sector. This is likely to get even worse with new discoveries requiring increasing levels of product handling and inputs. The O&G discoveries on the North Island’s East Coast, now being explored, will compound this supply side constraint on SH3. Ensuring effective roading infrastructural connectivity between Taranaki, major cities (such as Auckland) and these emerging regions (Gisborne and the Hawkes Bay) is therefore paramount to enticing and supporting continued investment.
The Sector

As it is, the maintenance of SH3 north is inadequate for the demands of heavy commercial vehicles. The message from O&G operators and their transport and supply trucking companies echoed that of residents and stakeholders who participated in the Venture Taranaki survey. They believed aspects of the route, including a lack of maintenance, added to costs, placed operations at risk and were likely to become a significant constraint to growth in the near future.

The route’s limitations are already restricting the region’s industry competitiveness. Taranaki is actively competing for significant trans-Tasman export prospects in the resources sector. However, limitations on the route north require large engineering shipments to be transported the ‘long way’ - via Whanganui, to Auckland – reducing the competitiveness of the region’s heavy engineering industry to act on these increasing export opportunities.

Taranaki’s other big economic players also rely on SH3’s northern route being able to cope with growing industry demands. While milk is predominantly railed, significant levels are carted via road. The region’s growing forestry sector relies on the roading network, as does Taranaki’s tourism and events industry. Domestic and international audiences, drawn to major concerts and events in the region, generate statistically significant leaps in SH3 road usage. SH3 is also a lifeline for industry and the traveling public, as it is the alternative route when snow and ice disrupt travel on SH1 and SH4.

The perception of isolation created by SH3 north, however, forges a barrier, not only for industry and economic growth, but in attracting the skilled global talent Taranaki requires for its workforce. This indirectly compromises the growth of key national economic drivers and wealth creation.

SH3 North Route – current state without improvements

- Deterrent for investment and expansion in O&G exploration.
- Increases costs aligned with heavy commercial vehicle use and export development – especially trans-Tasman.
- Presents a safety risk, including responsibilities aligned with transportation of high hazards.
- Limits access between Taranaki and the emerging O&G regions, including major cities and critical supply chains.
- Reduces regional attractiveness – isolation negatively impacts the effectiveness of global and specialist talent attraction campaigns.

The Business Case for Investment In Taranaki and SH3 North

This report provides a business case which supports the critical importance to New Zealand of improving SH3 north and the benefits of such investment. Unique to this proposition is that the constraints currently associated with the route can be addressed in an affordable way. Taranaki’s pivotal role within the Government’s oil and gas economic growth agenda, renders this proposition a special case. Not only is Taranaki instrumental in the success of the Government’s agenda, but the financial returns that would accrue directly and indirectly to the Government from such investment – by way of O&G royalties, for instance - are substantial.

Also, the Government has stated as part of its economic growth agenda that it wants to ensure businesses have access to transport infrastructure and export markets.
This theme is expanded on in Connecting New Zealand:

“Economic growth and productivity: Transport has an important role to play in enabling the Government’s overall goal to grow the New Zealand economy to deliver greater prosperity, security and opportunities for all New Zealanders.”

If having access to appropriate transport infrastructure and export markets are indeed a priority for the Government, then it needs to look seriously at addressing the issues with SH3, which are curtailing business growth in Taranaki.

Taranaki faces a significant hurdle in raising the priority of SH3 with national funding bodies. Despite the Government’s economic development aspiration, state highway transport investments typically target where there is congestion as a result of population. From a national perspective, there are currently enough capacity bottlenecks (particularly in the major cities) and mandated priority areas of expenditure (such as the Roads of National Significance, or RONS). This means that SH3 is unlikely to qualify for significant new spending without a substantial increase in Taranaki’s population to generate additional traffic.

However, these funding decisions are not necessarily the best investment choices. Projects, such as those proposed in this document, may release a brake on the region’s development, by opening up new areas and providing new productive opportunities, such as investment attraction and export development. If such a project was successful in bringing about these kinds of transformations, the benefits would be larger than for more routine roading projects.

The Taranaki Regional Council’s report detailing the regional funding scheme for transport improvement projects beyond 2014-15, underlines the need for dedicated funds for local roading investment from central government. It reinforces the case that the present funding model (which focuses on RONS activities and the main metro areas on the basis that they involve the greatest traffic and freight volumes) does not meet real needs and opportunities in regions such as Taranaki. This focus means that it is virtually impossible for regions to access central government funding for worthwhile and economically-viable transport improvement projects, as they have to compete with projects of higher ‘national’ priority.

The current Regional (R) Funds system, which allocates a specific portion of transport revenue to each region on a population basis, is due to expire in April 2015. The purpose of this ten-year system of R Funds (derived from a 5c per litre tax added to fuel sales and an equivalent increase in road user charges for light vehicles) was to provide a minimum dedicated spend in each region for land transport improvement projects that were strategically important to the region.

While the R Funds system isn’t perfect, it has nevertheless been critical in ensuring that provincial regions, such as Taranaki, have been able to progress some worthwhile projects - helping to underpin growth and respond to increasing local demands. Such incremental improvements are vital to both the resilience of the individual regions, as well as to facilitating the movement of products from the provinces, through to national and international markets – thereby supporting national economic growth.

It is Venture Taranaki’s view that a mechanism is needed to ensure there is ongoing, incremental improvement in the transport networks of regions such as ours beyond 2015. A source of funds equivalent to the R Fund will therefore be essential. The report provides a solid case study for ongoing, dedicated minimum regional funding for transport improvement projects through the National Land Transport Fund.

Without minimum regional funding levels some regional projects which contribute significantly to wealth creation and export development may be forgone at the expense of inferior value for money projects in the major centres.
The Route

The corridor of primary interest in this study is SH3 (north) which is the direct northern link between New Plymouth and Waikato. Although SH3 extends south from New Plymouth, feedback concerning this portion of the route is that it is vastly improved, and, with the exception of the Normanby bridge (already identified in Regional Transport Plans) and the importance of evolving the High Productivity Motor Vehicle (HPMV) route/s, there are few significant constraints or concerns.

**SH3 (north) has the following characteristics:**

- It is the only arterial inter-regional route that directly connects Taranaki to the north.

- It is of strategic importance.

- It ensures agricultural, oil and gas (O&G) and other products important to the regional and national economy, get to processing and manufacturing sites and from there to national and international markets.

- It provides access for New Zealand’s oil and gas expertise (over ninety percent is based in Taranaki) to service regional and expanding national and international developments.

- It allows the region’s world class heavy engineering industry to transport product both domestically and abroad.

- Average use of the route north is approximately 2,100 vehicles daily (all traffic) with the range being between 1,088 to 6,283 daily during the last five-year period.

- A high proportion of vehicles that use the route are heavy commercial vehicles (HCVs), up to 20% on some sections.

- Although the route is scenic, it passes through high risk terrain, with slips common in the Awakino Gorge.

- There is a conflict between cars and HCVs, primarily due to minimal opportunities for safe overtaking, particularly between Mt Messenger and north of Awakino Gorge.

- Trucking company stakeholders and other industry representatives that deal with large industrial equipment convey the route is difficult for HCVs: - significant sections of the route are steep and/or winding (particularly Mt Messenger and Awakino Gorge).

- the two narrow tunnels on the route prevent moderately oversized loads from using the route, which substantially hinders the ability to supply inputs to the heavy-industry firms in Taranaki and for them to compete with other firms in the upper North Island and in Australia as well.

- There is less network resilience to an event (such as a slip or crash) for several reasons, including: - there are few or no convenient alternative routes to detour around an incident for much of the distance.

- the distance to emergency services is significant, causing slow response times (the closest are based in Urenui, about 25km north of New Plymouth).

- cellphone and radio coverage is limited on sections of the route most prone to events, hampering emergency services’ effectiveness.

In recent years a suite of improvements have been made to SH3 on the Waikato side, including corner straightening, additional passing lanes, widening of the Awakino tunnel, and better signage. The view of Taranaki people is that while this was beneficial, more is needed, particularly on the Taranaki side of the regional border. Of particular concern are the limitations the route places on the efficiency, effectiveness and safety of the nation’s oil and gas industry supply chain whose operations are hubbed out of Taranaki, and the constraints placed on the heavy engineering industry seeking to capitalise on the significant trans-Tasman opportunities.
The Constraints

There are a small number of issues associated with SH3 that have, or are perceived to have, a high impact on the region and nation. These issues have been investigated and step improvements to the route identified which could be completed quickly and be justified on the basis that:

1. SH3 north is relatively unsafe:
   - SH3 north does not rate well in the ‘KiwiRap’ national safety analysis. Much of the route between New Plymouth and Hamilton is below average rating at 2 stars and no part of it was rated higher than 3 [out of 5 stars].
     - There is an extended stretch (79 km northbound and some 65 km southbound) with no passing lanes between Mt Messenger and Awakino Gorge and only limited lengths of safe passing opportunities.
   - The road is subject to an increasing level of use by trucking companies to move O&G products which exposes SH3 users to an additional level of hazard. For example, trucks that transport LPG ideally need smoother pavement surfaces than currently exist on SH3.

2. SH3 north is difficult for freight, and particularly restrictive for Taranaki’s world-class heavy engineering industry:
   - Various stakeholders, including heavy vehicle operators have concerns about the standard of the road surface of the route, with trucks being more susceptible than cars to uneven surface conditions. – Truck operators are concerned about rough bridge abutments, the uneven pavement surface and the lack of road shoulders which contribute to freight damage, driver fatigue, and premature deterioration to truck bodies. Trucking industry costs are up to 30% higher on SH3 north (for normal travel) compared to other routes.
   - The limitations are more severe for oversized trucks. The two tunnels and some isolated tight corners prevent oversized trucks from using the route. This more than doubles the cost of moving oversized freight, which affects the oil and gas and heavy engineering sectors in particular.

3. New Plymouth’s issue with its eastern arterial corridor are similar in kind to the major urban centres:
   - Per dollar spent it is no different in kind from the urban Roads of National Significance (RoNS): The ‘Vickers to City’ SH3 project covers a bottleneck between the city centre and the eastern suburbs where most of the industrial and residential growth is expected to occur. The preliminary findings of scheme investigations are that the project is economically viable and will be significantly effective at providing: (i) enduring congestion relief in a main urban area, (ii) reliability improvements, and (iii) freight supply chains more efficient. This project differs from the RoNS only in terms of scale.
   - This project relates to the SH3 North study on the basis that: – Improving Taranaki’s road transport link to the upper North Island depends not only on the inter-regional parts of SH3 but on the ability of the route to penetrate the centre of the region’s major city. Thus any strategy to improve SH3 overall is complementary to the Vickers to City project, in that doing any one aspect of a package of works increases the need for the others to be done.

4. SH3 is vulnerable to road closures from crashes and slips:
   - Historically the route has been prone to closures from slips, particularly in the Awakino Gorge. In more recent times it has been the high crash rate that has caused the most serious issues, particularly fatal incidents. Addressing the severe safety shortcomings would improve real and perceived route security issues.
   - Statistical analysis undertaken in this study finds that SH3 plays an important role to the north/south lifeline for freight when the central North Island is closed by snow and ice. Heavy truck usage spikes by the addition of the equivalent of 50% of one day’s normal usage (which is spread over three days). Were SH3 to be closed at the same time then the detriment to the national economy could be serious.
   - The October 2011 Maui pipeline outage curtailed supply of gas to large parts of the North Island for five days, which was a nationally significant event. The possibility of SH3 being unusable at the same time as a Maui pipeline outage is a nationally significant risk.

The SH3 route north places other constraints on Taranaki’s and New Zealand’s economic development through features of its existing configuration. These include the hill climb over Mt Messenger, and the continual threat of slips through Awakino Gorge. To fully relax these constraints would require substantial capital expenditure.
The Remedies

The remedies that would make significant improvements to the most binding constraints are described below, together with broad estimates of their value for money:

1. General safety improvements:
   - Multiple passing opportunities (lanes and slow vehicle bays) on the long stretches of highway that currently have none:
     - The NZTA’s ‘Mokau to SH3A Passing Lanes Study’ (January 2012) finds that these passing lanes have healthy benefit cost ratios (BCRs) between about 2 to 3.8.
     - Given the route has a relatively high proportion of trucks that use it, more passing opportunities would help address the concerns of light vehicle drivers regarding the conflicts between trucks and cars.
   - At a minimum the route should be specifically evaluated to determine what broad safety upgrades are required to keep the hazard potential at an acceptable level from increased levels of freighting O&G products.
   - General safety improvements would also reduce the incidence of route closures:
     - This would provide tangible transport benefits. Such benefits are of particular importance to SH3 but are not included in the BCRs of the passing lanes because the social cost of crashes used by the NZTA excludes the cost of road disruption.
     - Reduced closures would also affect perceptions of the vulnerability of Taranaki’s lifeline north, which could affect firms’ and households’ longer-term location decisions.

2. Widen the narrowest links:
   - Widen/daylight the tunnels and address the remaining constraints (such as tight corners and weak bridges) that prevent the majority of the oversized loads from using the routes.
   - Beca Infrastructure have estimated a total cost of just under $5 million for tunnel widening/day-lighting and some corner straightening along the route that is workable and probably able to be consented.
   - Industry stakeholders have advised the cost to transport oversized loads to/from the upper North Island will reduce from about $9,000 to $4,000 for some 75 trips currently occurring annually.
     - Initial indications are that the standard BCR would be between 1–1.7 for a 30-year appraisal depending on the ‘discount rate’ used (a parameter that represents how much the future matters). If a long-term view is taken, and if the improvement causes the heavy engineering industry’s oversized output to increase by an additional 2% per year, then the BCR could be up to 5 or 6 — which is high.
     - Improving the tightest of corners may also reduce the general risk of heavy truck crashes and incidents that threaten route security, providing additional benefits.
   - Instigate HPMV route recommendations (SH3 to Port) and initiate HPMV route investigations for SH3 North, as appropriate.

3. Addressing the SH3 bottleneck to the east of New Plymouth:
   - Initial NZTA estimates are that the Vickers to City SH3 improvements project:
     - will cost between $8.2–$14.5 million
     - has a BCR between 2–4; and
     - aligns with government policy (to the extent that a capacity enhancing regional project could do so).
   - The project would (in part) address the number one issue raised in Venture Taranaki’s 2011 Perception Survey.

4. Jointly undertake improvements, wait and monitor, and then continue investing if long-term uptake occurs:
   - By making step-change improvements to SH3 (namely to address safety, the perceived conflicts between cars and trucks, the transport constraints on Taranaki’s heavy engineering industry, and the urban bottlenecks to the east of New Plymouth), the region will likely grow faster and contribute more to New Zealand’s wellbeing as a whole.
   - This would make further step-change improvements in the future more compelling for decision makers. In this case the next set of constraints on the route can be identified and new investment opportunities gleaned.

5. Complement the broader funding allocation framework and asset maintenance strategies:
   - Maintaining minimum regional spending levels is a way of continuing to support those projects that are nationally beneficial because they address constraints that suppress the attraction of activities to a region. Projects such as SH3 are not well catered for in the prevailing decision making frameworks, even though they may be particularly important for regional and national growth.
   - Route maintenance to an acceptable (or enhanced) standard is important, thus stakeholder understanding and participation in future development of such criteria is important.
Where To From Here?

This report finds that roadding infrastructure between Taranaki and Waikato/Auckland is a barrier to both regional and national growth. State Highway 3 north is constraining Taranaki’s ability to reach national markets and the ability of New Zealand and Taranaki exporters to reach international markets.

Taranaki is well positioned to play a stronger role in the emergence of the new New Zealand – a nation whose economic fortunes maximise the competitive advantages of its regions to drive economic transformation.

State Highway 3 is critical to this transformation. The route is not a Taranaki problem, it is a national opportunity.

This report presents a business case for the development of SH3: its constraints, realistic investment options to remedy them, and details on the results of such interventions.

Recommendations

1. The short-term solution

Current constraints can be largely alleviated by a series of short-term fixes, which will:

- Improve the efficiency and effectiveness of the route
- Improve the safety performance of the route
- Increase the resilience of the roading network to closure

These short-term fixes have been costed at $22 million or 5.1% of the $432 million returned annually to the Government through the Taranaki region’s oil and gas royalties. Targeting investment to these projects will release economic benefit almost immediately.

It is critical these short-term measures are prioritised and undertaken in order to deliver greater returns on both a local and national scale.

2. Review of Funding Scheme for regional roads (R-Funding)

Seek a mechanism to ensure that there is ongoing incremental improvement in the transport networks of regions such as Taranaki’s beyond 2015. An ‘R Fund equivalent’ type source will be essential.

3. The long-term potential for economic transformation

The purpose of the report is also to provide a fresh approach towards the route, to inform and challenge stakeholders about the way they think about SH3 and to catalyse route enhancements that would benefit both the regional and national economies.

The notion of ‘wider economic benefits’ has been a hot topic in recent years. Its application in roading funding terminology, however, remains aligned to urban centres, with little relevance to inter-regional routes like SH3 north.

State Highway 3 is of strategic importance to New Zealand. Thinking about its future development must shift beyond prevailing roadding appraisal and investment frameworks based on traffic volume to better reflect the economic benefits the route has the potential to facilitate.

This report suggests a paradigm shift from seeing the highway as a strip of tarmac, monitored and repaired by the New Zealand Transport Agency, to an arterial gateway to our major trans-Tasman trading partners. Discussion and debate must shift to how the national economy can gain from Taranaki’s unique positioning – the geographic accident that offers New Zealand’s only west coast deepwater commercial port.

A long-term plan to ensure this westward-looking opportunity is developed is critical for New Zealand’s economic transformation.

More of the same won’t move New Zealand forward at the pace required.

4. A partnership to drive growth

To fully maximise the economic opportunities of an improved SH3, a stronger partnership model must be developed to deliver a vision and determine forward progress. Failure to get all impacted parties onto a single page and looking beyond electoral cycles will compromise the ability of both regional and national economies to meet their potential.

This will necessitate a strategic realignment of central and local government, private and community stakeholders to prioritise economic development imperatives alongside established roading goals. The economic benefits will be intergenerational and need to be part of a national conversation with the new Ministry of Business, Innovation and Employment.

This partnership must prioritise urban-regional models of integration of the national roading network so as to advance the totality of innovation, wealth creation and export development.

Our roading network must not be considered as a cost liability, but regarded as a strategic asset which allows the regional strengths of our nation to be fully utilised and contribute to New Zealand becoming a globally-competitive innovative, export driven economy. This proposal is affordable. Failure to respond to the opportunities for economic growth is not.
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<th>Remedies</th>
<th>Description</th>
<th>Actions</th>
<th>Costs</th>
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<tr>
<td>Fix Vickers bottleneck</td>
<td>Enhance eastern access to New Plymouth (includes Waiwakaiho bridge)</td>
<td>• Design and construction can be achieved in 3-5 years with government support. • Hold Government accountable.</td>
<td>$8-$14m</td>
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<td>Route maintenance</td>
<td>Ensuring SH3 is maintained/enhanced to an acceptable standard and that there is confidence in the road maintenance system. i.e. that SH3 pavement quality, bridge abutments etc achieve to a minimum standard.</td>
<td>• Investigate past and current maintenance investment • Understand and influence future levels of service • Account for damage to vehicles/trucks – discuss reinstatement of this evaluation criteria</td>
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<td>Make the route safer</td>
<td>More passing opportunities and other route improvements such as road shoulders Enhanced route maintenance.</td>
<td>• Review, discuss, progress passing lane study sites and route areas requiring attention. • Investigate funding options e.g. block project funding possibilities for the construction of passing lanes. • Ensure maintenance and safety service levels and strategies encompass Taranaki’s unique economic factors and route utilisation considerations e.g. O&amp;G industry, heavy engineering.</td>
<td>$3.4m+</td>
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<td>Relieve specific constraints</td>
<td>Widen existing tunnels, open tight corners</td>
<td>• Review and progress Beca report on widening SH3 Awakino and Mount Messenger tunnels</td>
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<tr>
<td>The next constraint</td>
<td>Identify and quantify the next constraint with SH3</td>
<td>• Opportunity to be established.</td>
<td>To be demonstrated</td>
<td></td>
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<tr>
<td>Review of Funding Scheme for regional roads (R-Funding)</td>
<td>Seek a mechanism to ensure that there is ongoing incremental improvement in the transport networks of regions such as Taranaki’s beyond 2015.</td>
<td>Discussion and decision with Government on the future funding scheme for regional roads. An ‘R Fund equivalent’ type source will be essential.</td>
<td>To be determined</td>
<td></td>
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<tr>
<td>Long term strategic and policy changes fostering inter-generational economic development transformation</td>
<td>Economic transformation of Taranaki region and nation, utilising road/infrastructure as driver.</td>
<td>Strategic conversation with Government on: • Infrastructure as driver of economic development • R-Funding • Policy and funding formula for infrastructure • Taranaki’s position in national economy • Transformational strategies for regional and national economic development</td>
<td>To be determined</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td>$16.4-$22.4m</td>
<td></td>
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</tr>
</tbody>
</table>

These recommendations relate only to SH3 (North). They exclude the projects relating to SH3 (South) such as the Normanby bridge and the HVMP route improvements, which are also considered critical for the region but are not included in this report, for the above reason.