

*Is it Time for Payment from the  
Opener?*

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# NEW ZEALAND UTILITIES CONFERENCE 2002

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## “Is it Time for Payment from the Opener”

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The Association is pleased to see that this conference has been organised by the New Zealand Water and Wastes Association. In many ways it is long overdue and although water and waste utilities are only one of the many parties concerned with the road reserve, it is pleasing to see they have taken the initiative to facilitate this event. I suggest very few in the community know who NZWWA is and your role or objectives!

It has already been pointed out that, New Zealand lags behind the rest of the world in developing a common-sense approach to road opening. The Association therefore asks, on behalf of its 900,000 members, that those attending this conference do their utmost to set aside competitive differences to resolve this issue.

The Association's view on utility's and roadworks is straight-forward. If roadworks delay 5,000 vehicles a day for an average of two and a half minutes each, the cost to those road users *en masse* according to the Transfund Project Evaluation Manual is around \$17,000 a day. Delay 20,000 vehicles a day, and the cost is \$68,000 a day.

What irks motorists is that they seem to be incurring these costs more and more frequently. While the replacement of water, sewerage and gas mains, in particular, are obviously matters of public health and safety, the competition between cable television and high speed internet service providers is less easy for motorists to stomach. Why should motorists have to incur these delay costs with two or three sets of road works on the same road one month after another, for firms installing infrastructure largely for their own commercial benefit?

Just think what \$17,000 a day would mean to those cable TV installation budgets, if the community had the ability to extract this sum as liquidated damages.

At the moment utilities don't generally have to pay road users anything for the costs they impose – a classic case, of what economists call capturing an externality, and the community calls getting something for nothing. This is not the case in some overseas jurisdictions. In Ireland, for example, the National Roads Authority has introduced the concept of lane rental for new urban works contracts. This is where the cost of closing a lane is exacted as a charge against the contract cost, based on a profile of normal road usage.

Lane rental has advantages and disadvantages. The advantage is that there are clear costs that the utility will seek to avoid. Avoidance measures may include, not undergrounding services in

the first place, or sharing the costs of trenching. The disadvantage is that these costs are presented purely as a penalty, and there is no particular reason why local authorities should capture them, when they are borne by motorists. If local authorities are to profit from the frustration of motorists then some sort of recompense to motorists from the revenue collected would seem only fair and reasonable. For example a fund devoted solely to roading within the district would seem reasonable!

Obviously however there is more to the costs to the community from undergrounding, than just the issue of temporary congestion. The Association is not so one eyed that it does not see that citizens of any particular community may well accept a trade off between temporary congestion for the benefits of safe water and gas reticulation. Whether this would extend to cable television services may vary from locality to locality.

All that can be said is that under the Local Government Act and the Resource Management Act local government has a clear obligation to manage the road reserve in the best interests of its community.

If councils wish to charge lane rental the Association would see no objection in charging different fees depending on the purpose of the road opening. Opening the road to secure water, sewerage or gas might attract a low cost, opening the road to install cable television a higher one. If one utility wanted to take the opportunity to piggy-back on top of another's road opening, then some sort of commercial arrangement would have to be negotiated between the parties.

Obviously any system of lane rental should also include time-of-day loadings and penalties. This would reflect Transfund's composite values of travel time and the probability of congestion at different times of the day. Clearly there is a huge difference in the number of vehicles delayed by night time operations compared to peak-time operations. If an urban contractor is still working after 4pm during the week, they should also face a stiff financial penalty based on the

congestion they cause. While this penalty may be worn by contractors facing particularly heavy liquidated damages, without any penalty at all there is nothing for contractors to trade-off against.

Incidentally I might note it would be helpful if roading contractors on the national roading network were also charged some sort of travel time delay for leaving unnecessary temporary speed restriction signs in place. To leave a 30km/h sign on a wide empty road, does impose costs on motorists which should also not go ignored.

So far we have just considered one road works access right, but multiple road works in close proximity can induce far greater congestion than any one road opening. For that reason it would seem sensible to stagger road works, so as to provide alternative routes.

A measure, which has been adopted in Hong Kong, is limiting the number of occasions in any one year when any particular road may be opened. These can be staggered according to the prevailing traffic flow, assuming any one road has been opened. Another option which it is understood has been used in some locations is to establish a moratorium on no road openings for a set period following full consultation and an adequate lead in time.

By limiting the number of “windows of opportunity” or “trenching slots” utilities may have, to access any particular road reserve during a year, the various utility planners are forced to cooperate. Combined with lane rental this would create a situation where lower priority service providers could either buy a slot on their own at high cost, or wait for a higher priority service provider to buy a slot and piggy back on that opportunity.

The Association can see no particular advantage in auctioning slots off to the highest bidder, because of the scope for anti-competitive behaviour, i.e. purchasing a slot and sitting on it in order to keep out competitors. Some sort of “first in first served” and priority rated approach would be fairer.

Finally the Association would like to draw attention to the question of resurfacing once the trench has been filled in again. There are numerous examples of roads in this city where substandard refilling has been allowed to stand. Remediation is important and hopefully with fewer road opening opportunities, there will be less temptation to treat backfilling and compaction as a pointless exercise, because the road will be dug up again in the near future.

All of this means local government has some work to do. First it should work out the costs of road works to the community on main roads in its jurisdiction. Then it should work out the induced congestion effects if these are all conducted at the same time and determine a schedule for road opening to minimise these costs. Then it should sort out a scale of charges based on importance to the community of the services offered, and finally it should create some sort of defined fund for those charges to be paid into.

While I am certain utilities will not be pleased with a proposal that they should pay for the inconvenience they cause motorists in local communities, motorists continue to be far from happy that utilities have been able to hold them up en masse and not meet the costs for those delays and the inconvenience to business and access that results. This proposal can restore the balance of inconvenience, and imposes the true costs of congestion on those who create it, while providing local government with a funding source for improving existing roads.

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