Ensuring our transport system helps New Zealand thrive
Stylised diagram of the transport system

Source: Adapted from Lakshmanan and Anderson (2002).
Observation: Auckland is important!

Share of Auckland in GDP

Source: Ministry of Transport & AERU: Future Options for the New Zealand Economy, November 2014
What drives economic development?

Investment in:
- Physical capital
- Human capital
- New knowledge creation & use

Economic development

Source: Ministry of Transport and AERU: Economic Development: A review of key themes in the international literature
User benefits and micro drivers of productivity

Links between transport and economic performance

** USERS **
- Business travel
- Commuter
- Non-work/leisure
- Freight

** TRANSPORT INTERVENTION **

** DIRECT IMPACT **
(i) Cost
   - Travel cost
   - Travel time
   - Reliability
(ii) Quality
   - Comfort
   - Safety
   - Security

** RESPONSE BY USERS **

** WIDER IMPACT **
- Business efficiency
- Business investment and innovation
- Clusters/agglomeration
- Labour market
- Competition
- Domestic and international trade
- Globally mobile activity

Source: adapted from Eddington, R. (2006), The Eddington Transport Study, Main Report, Volume 1, Figure 2.3.
Welfare and GDP

Source: Department for Transport (UK), 2005
Conventional and wider benefits

Conventional benefits

User and Direct Benefits
- Time and cost saving
- Reliability
- Quality/comfort
- Safety
- Environment

Wider economic benefits

Indirect Benefits
- Employment
- Productivity/output
- Competition
- Prices/wages
- Investment

## Urban agglomeration

<table>
<thead>
<tr>
<th>Type of scheme</th>
<th>Location</th>
<th>Scheme</th>
<th>Agglomeration</th>
<th>Imperfect competition</th>
<th>Labour market</th>
<th>Total additionality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rail</td>
<td>Major city</td>
<td>Crossrail London</td>
<td>24%</td>
<td>4%</td>
<td>28%</td>
<td>56%</td>
</tr>
<tr>
<td>HSR</td>
<td>Interurban</td>
<td>HSL London - Birmingham</td>
<td>44%</td>
<td>8%</td>
<td>0%</td>
<td>52%</td>
</tr>
<tr>
<td>Road</td>
<td>Conurbation</td>
<td>Improved highway connections Leeds - Bradford</td>
<td>30%</td>
<td>6%</td>
<td>5%</td>
<td>41%</td>
</tr>
<tr>
<td>Mixed</td>
<td>Major City</td>
<td>Melbourne East West Road and Rail</td>
<td>22%</td>
<td>2%</td>
<td>6%</td>
<td>30%</td>
</tr>
</tbody>
</table>

Opening the Lizzie Line

Source: http://www.telegraph.co.uk/news/politics/
Thank you