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WIDER ECONOMIC BENEFITS – THE NEW ZEALAND EXPERIENCE

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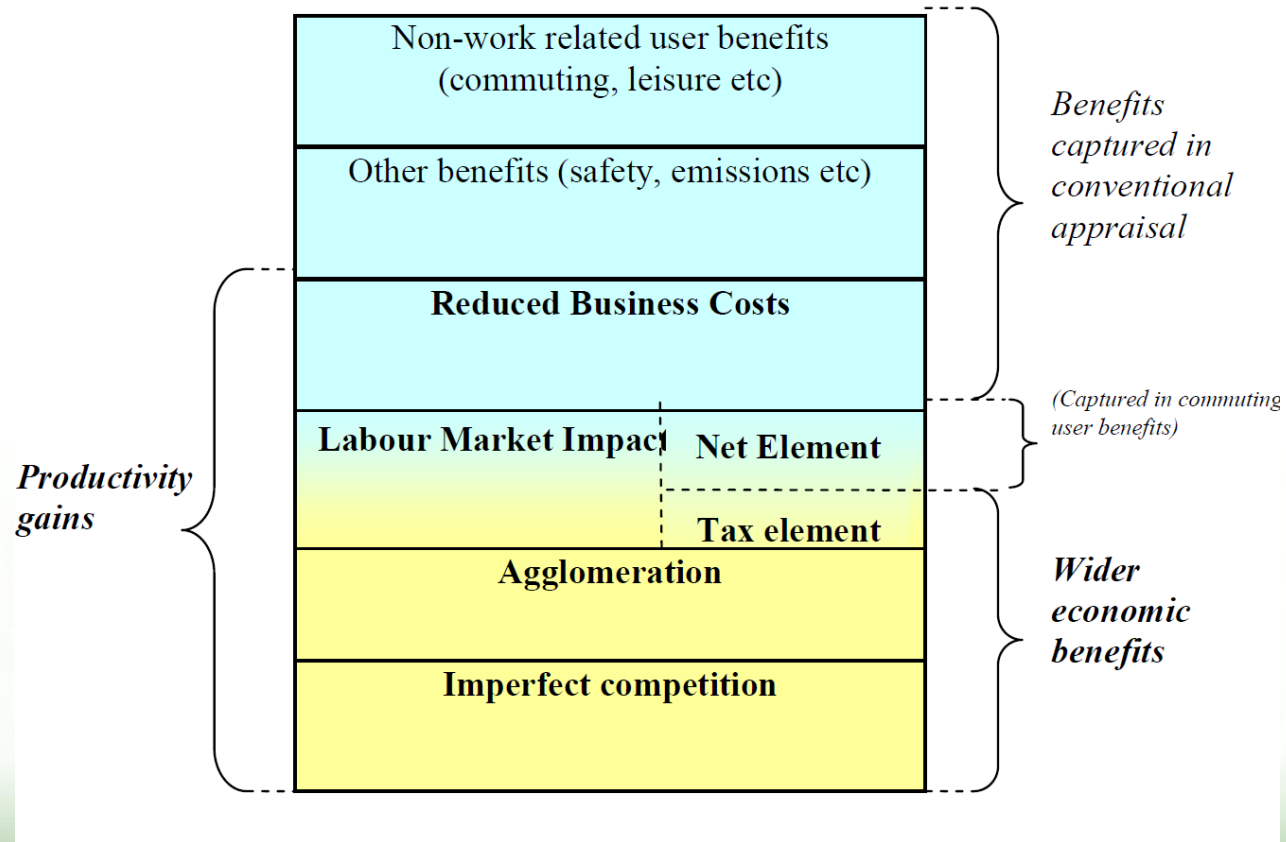
Table 1: New Zealand Transport Agency, Scheme Benefit Matrix

	Road	Demand management	Services	Walking and Cycling	Education, promotion and marketing	Parking and land use	Private sector financing and road tolls
Travel time cost savings	•	•	•	•	•	•	
Vehicle operating cost savings	•	•	•	•	•	•	
Accident cost savings	•	•		•	•	•	
Seal extension benefits	•						
Driver frustration benefits	•						
Risk reduction benefits	•	•	•		•		•
Vehicle emission benefits	•					•	
Other external benefits	•	•	•	•	•	•	•
Mode change benefits		•	•	•			
Walking and Cycling health benefits		•		•	•		
Transport service user benefits			•			•	
Parking user cost savings		•			•	•	
National Strategic factors	•	•	•		•		

Source: NZTA (2010)



Figure 1 Relationship between conventionally measured benefits, wider economic benefits and productivity gains



Wider economic benefits include:

- Imperfect Competition
- Labour Supply
- Job Relocation
- Agglomeration



Figure 4: Wider Economic Impacts from Imperfect Competition

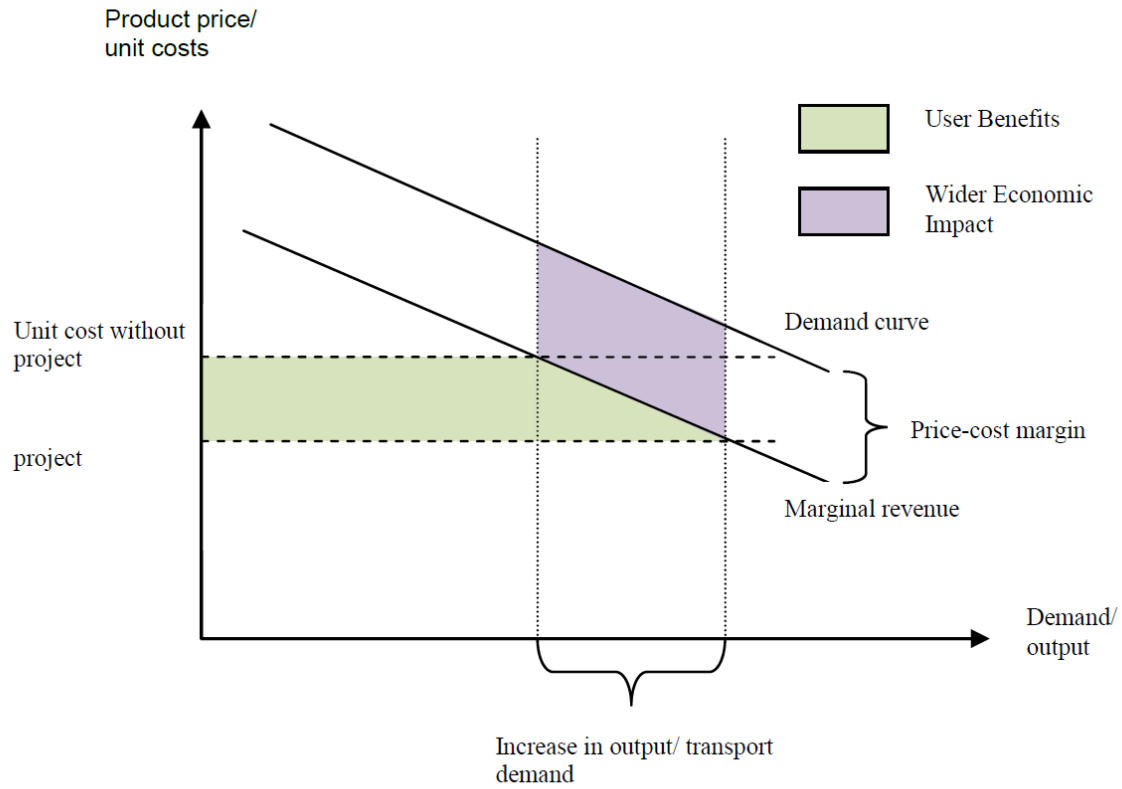
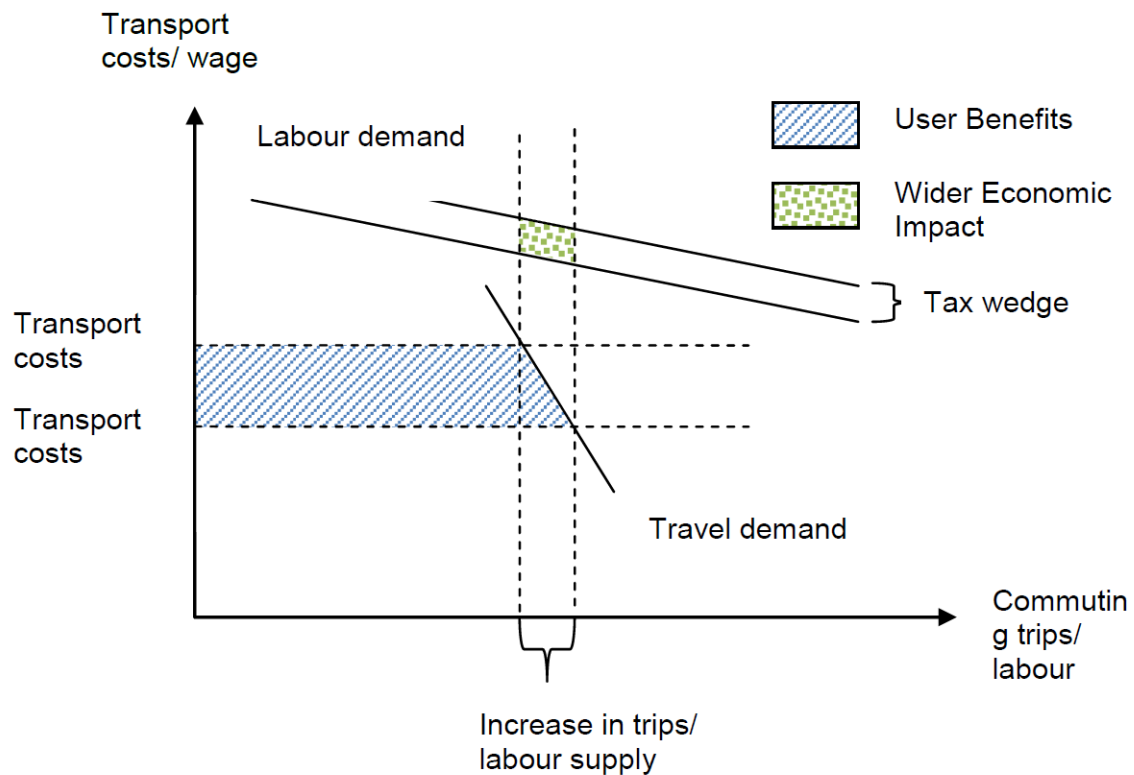


Figure 5: Wider Economic Impacts from Increased Labour Supply



Productivity differentials from job relocation

- Concept – savings in commuting time encourage people to move to more productive and higher paid jobs
- Because of taxation, not all gains are reflected in CBA
- Requires evidence of true productivity differentials that correct for spatial differences in workforce quality, type of activity, and capital intensity
- Evidence exists at a regional level but not at sub-regional level.

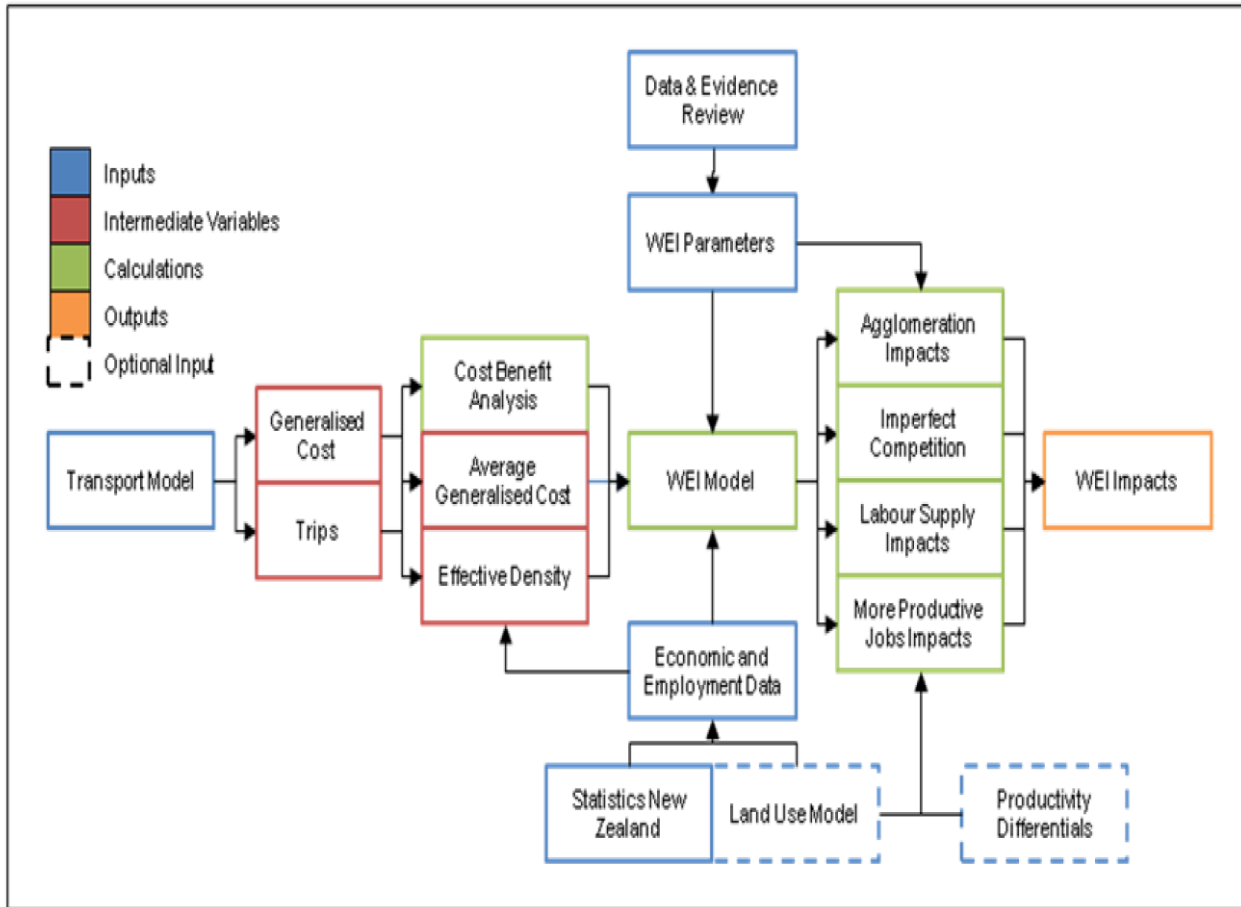


Agglomeration benefits

- Concept – productivity gains derived from the clustering of firms and workers
- Estimating agglomeration impacts involves the calculation of:
 - average generalised costs
 - effective densities
 - agglomeration impacts



Figure 2: Wider Economic Impacts Model Overview



Conclusion

- Wider economic benefits are a relatively new concept
- Wider economic benefits can be a significant addition to conventional benefits
- Still much to learn on the relationship between transport infrastructure, transport benefits and the size of the economy.
- Future work
- Questions?

