

NEXT STEPS UPDATE

16 August 2007



A word from the Steering Group Chair

This is the second update on the implementation of *Next Steps in the Land Transport Sector*. Work is continuing on the various recommendations to come out of the review.

The conference 'Transport – the next 50 years' in Christchurch in July provided a great opportunity to share ideas about the future of transport. One of the many themes to come through was how important it is to get value for money in transport investments. The Prime Minister in her speech to the conference re-iterated the importance of achieving value for money and reminded delegates that the Next Steps work is one of the initiatives with that purpose.

The Prime Minister's attendance at the conference indicated just how important transport is, particularly in the area of sustainability. The Prime Minister endorsed work done in the sector, saying "I believe that the work done in transport since 1999 to develop long-term strategies, boost funding, and design better structures and processes will help us to meet not only today's challenges, but also to plan more effectively for the challenges of the next fifty years." She encouraged the sector to continue to plan integrated and diversified transport systems, in which many modes play their part.

Over the past couple of months the project team working on the Implementing Next Steps project have met with stakeholders around the country to seek their input. Members of the team have addressed the Automobile Association National Council, the National Road Safety Committee, Roving New Zealand, a number of Regional Land Transport Committees, and have met with a range of other interested groups. That consultation has been very useful, with some key themes, such as how and what to prioritise regionally of particular interest to many. Feedback

from the Local Government New Zealand conference is included in this newsletter.


Much of the work for this project requires Cabinet approval. It is expected that Cabinet will consider most of the main policy topics in late August. It is likely that an Establishment Board will be formed to oversee the creation of the new Crown entity; however, this proposal requires further work before it can be implemented.

The steering group for the project was recently extended by the Minister of Transport to include the Chief Executives of Land Transport NZ and Transit and a representative from Local Government New Zealand. The Minister noted that one of the reasons for doing so was to enhance communication and co-ordination with key stakeholders.

We are grateful for the feedback received thus far. Please contact Rosemary Barrington on r.barrington@transport.govt.nz or (04) 439 9314 if you have any further feedback.

We will keep you informed of any decisions as they are taken. Please continue to visit <http://www.transport.govt.nz/next-steps-review-of-the-land-transport-sector-1/>, the website dedicated to the project.

Kind regards

A handwritten signature in black ink, appearing to read 'Alan Thompson'.

Alan Thompson

Implementing Next Steps Steering Group Chair
Ministry of Transport Chief Executive

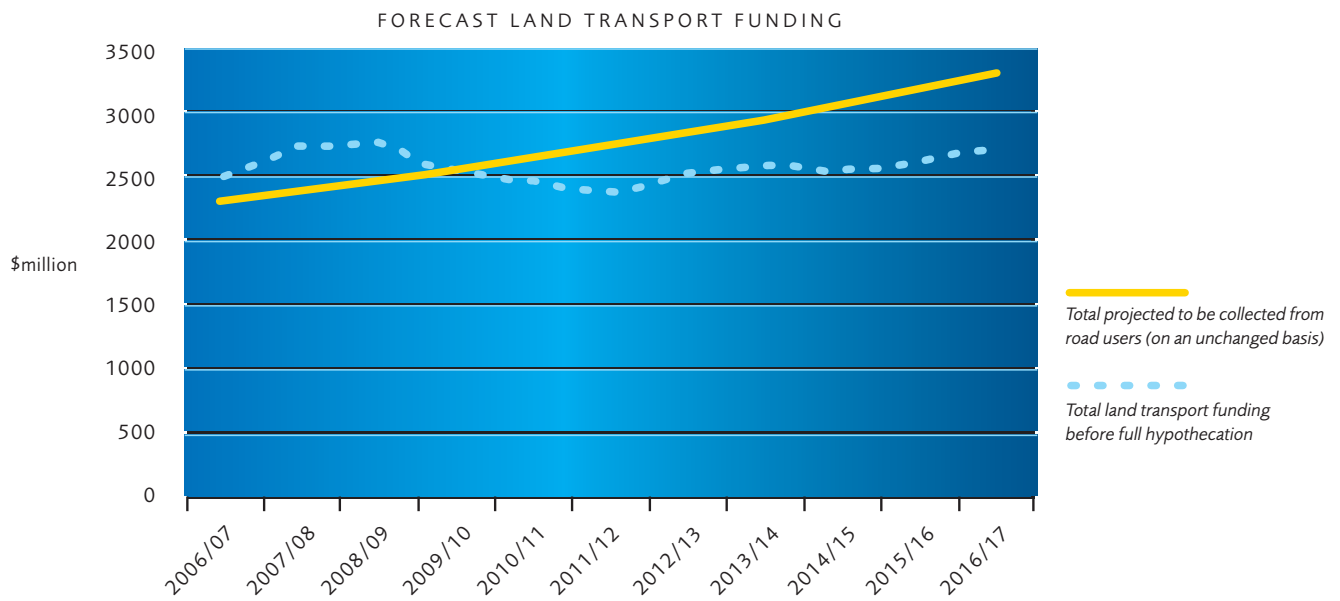
Agreement to fully dedicate Fuel Excise Duties

One of the recommendations of the *Next Steps* review was to investigate full hypothecation, or dedication, of all fuel excise duties to the National Land Transport Fund. In July Cabinet agreed to full hypothecation, meaning that once legislation is passed, from July 2008 all funds from land transport fuel excise duties will be directed to land transport needs. This will create a direct link between those who benefit from or cause land transport expenditure and those who pay road transport charges, buy fuel, or pay vehicle registration fees.

While full hypothecation will mean that more funding is available for land transport we also expect a number of funding pressures in the sector

over the coming years. The government is expected to consider these pressures when developing each new Government Policy Statement. The Government Policy Statement provides an opportunity to respond to the funding pressures that exist, consider what the government wants to achieve in the land transport sector and the revenue needed to achieve the best transport outcomes for New Zealand. Any proposed increases to fuel excise duty and road user charges will be considered through this process.

This graph shows how much money is forecast to be collected from road users over the next ten years, and the positive effect full hypothecation will have with those funds being spent on land transport.



Timeframe

The project remains on track to have legislation introduced in September, with the proposed timeframe for work and decisions as follows.

Critical Milestones	Date
Bill introduced	Late September 2007
Crown entity establishment support unit set up and begins work	Mid-September to mid-November 2007
Select Committee processes (hearings on the legislation)	October 2007 – February 2008
Interim Board established for merged Crown entity (if this option is agreed)	By December 2007
Bill comes into force	March-April 2008
Merger implemented	1 July 2008

Through this time we will ensure that the current business of Land Transport NZ and Transit continues to be the primary focus of each organisation.

Feedback from the Local Government New Zealand conference

The project team hosted a breakfast as part of the Local Government New Zealand conference in Dunedin in July. The purpose of their visit was to inform delegates about the changes to the land transport sector arising from the *Next Steps* review, and to listen to delegates.

Feedback from delegates at the conference was valuable. One of the main concerns was that territorial authorities might lose their control over decisions on local road maintenance, and that this would be re-prioritised by the regional body. The Minister of Transport has clarified that local road maintenance will be excluded from the regional prioritisation process. The prioritisation and standards for local road maintenance will remain the responsibility of territorial authorities. Final funding decisions will

remain with the new Crown entity as is currently done by Land Transport NZ.

The key focus of regional prioritisation will be on those activities that form part of an integrated transport system, particularly where the impact extends beyond local boundaries. Regional co-ordination does mean that some decision-making on land transport activities will take place at a regional level. However, territorial authorities will still use their Long Term Council Community Plan processes to identify activities they wish to undertake and to secure funding for their share of the cost of such activities.