

Ministry of Transport

Brief to the Minister of Transport

2006

This paper describes the Ministry of Transport and transport policy as at March 2006.

Attachments

Statement of Intent 2005-2008

New Zealand Transport Strategy

Surface Transport Costs and Charges (Summary)

National Rail Strategy to 2015

Walking & Cycling Strategy – Getting there on foot, by cycle

Road Safety to 2010

Auckland Road Pricing Evaluation Study (Summary)

Transport Sector Strategic Directions Document

Foreword

Minister of Transport

Dear Minister

Brief to the Minister of Transport: March 2006

The attached briefing has two purposes:

- To familiarise you with the arrangement of the Government transport sector as it affects the Ministry of Transport, including the Ministry's role as the Government's principal adviser on transport.
- To set out the main issues currently facing the transport sector, and to detail the policies and administrative issues that are currently in progress.

You should note that this report is intended as an initial background briefing and covers events as they were in March 2006

We look forward to working with you.

Yours sincerely

Robin Dunlop
Secretary for Transport

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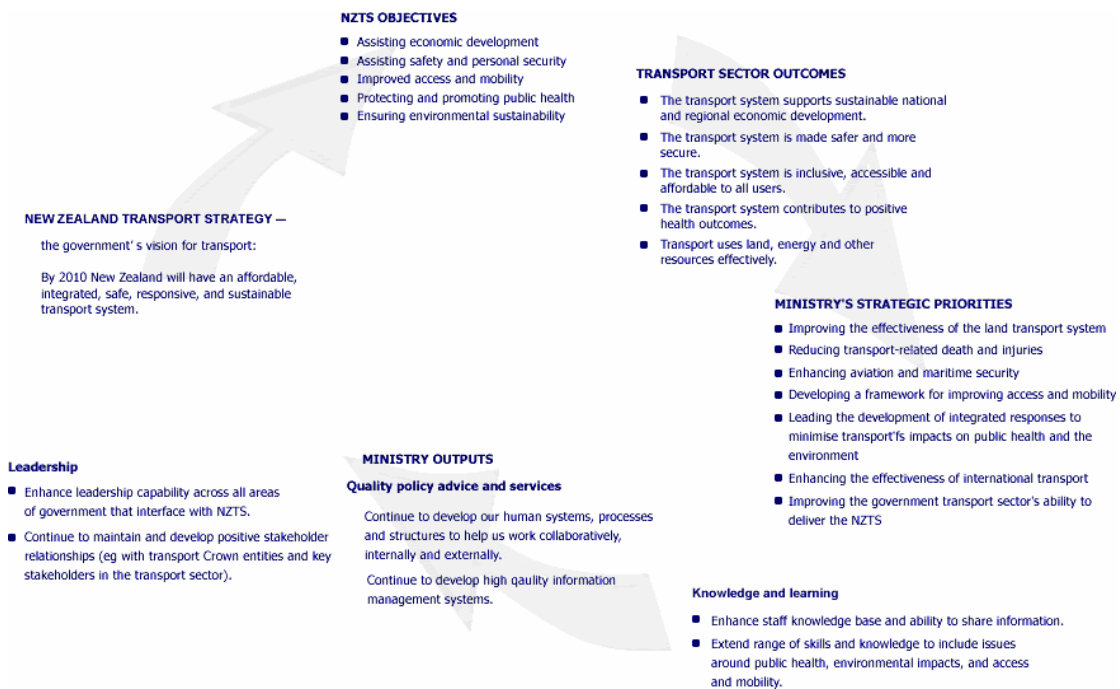
PART ONE: The Government Transport Sector

The Ministry of Transport

The Ministry of Transport is the Government's principal adviser on transport policy. It is responsible for monitoring the transport sector; developing policy advice for the Government; developing and administering legislation, rules and regulations; and a number of administrative systems.

Operational services in the transport sector are primarily administered by the transport Crown Entities, who work closely with the Ministry of Transport. The Crown Entities will report separately on their operations.

Overall transport policy is based on the *New Zealand Transport Strategy* released in December 2002. This in turn sets the outcomes for the transport sector; the Ministry's strategic priorities; and its outputs.



Ministry of Transport Vision and Values

Following the restructuring of the Ministry in 2004 to incorporate the results of the Transport Sector Review, an intensive exercise involving all Ministry staff has led to the development of a new vision for the Ministry. The vision is:

“Leading transport solutions for New Zealand”

Supporting this vision is a set of values that have been developed to drive the Ministry’s work. These values are:

Integrity: Behaving fairly, professionally, consistently, and demonstrating confidence in one another

- We demonstrate best intentions
- We are honest
- We do what we say

Communication: Listening, sharing, and informing

- We seek and share information
- We listen actively
- We communicate clearly and constructively

People Matter: Playing our part in creating a great workplace

- We support and develop our people
- We respect each other
- We support a work/life balance
- We recognise and celebrate positive contributions

Leadership: Providing positive leadership

- We inspire and unite people
- We set clear standards and expectations
- We embrace responsibility and innovation

Positive Relationships: Working constructively with others to produce leading transport solutions

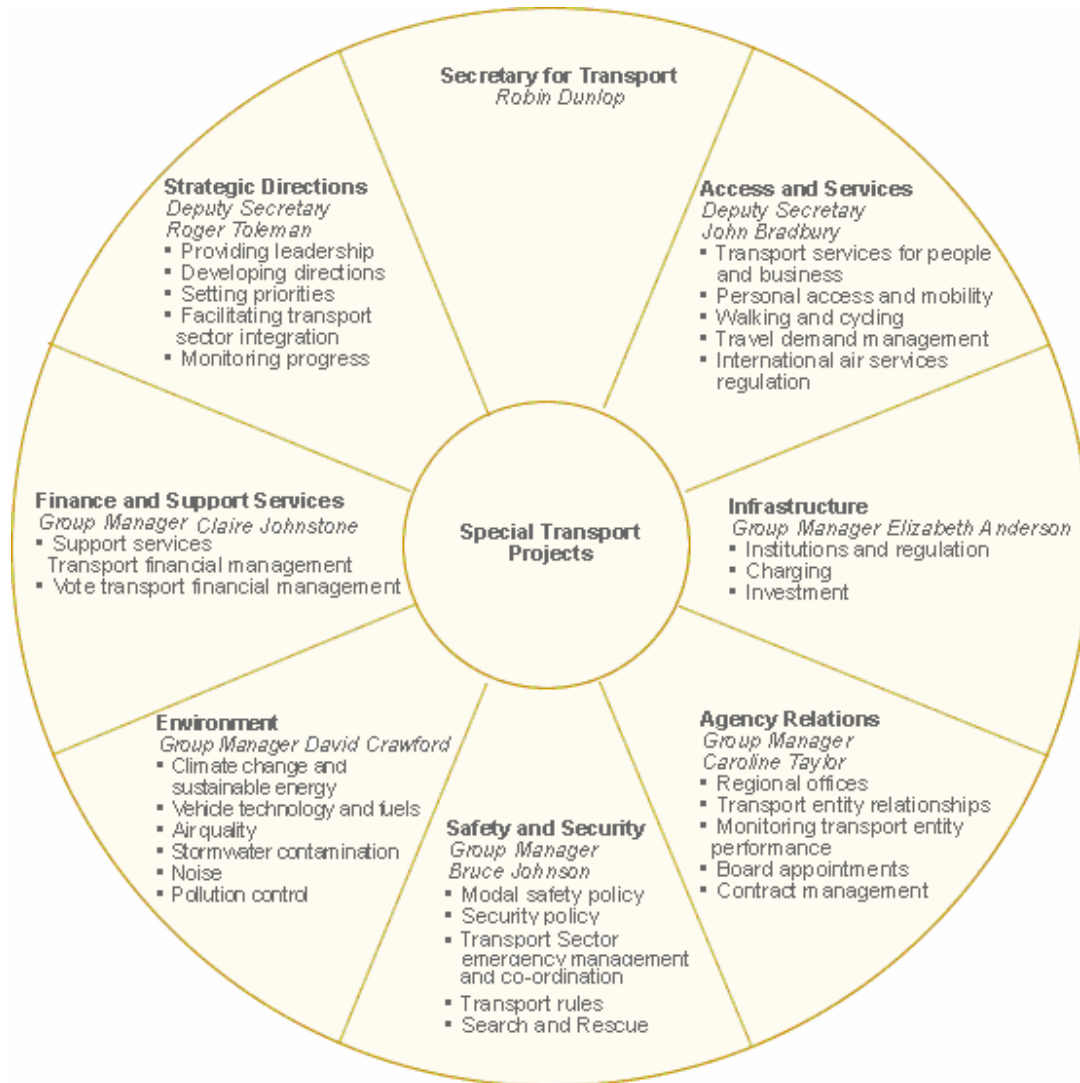
- We seek and value the views of others
- We work together to create great solutions
- We respect each other’s time

Effective action: Taking responsibility for our actions

- We plan and prioritise
- We deliver quality
- We learn from mistakes and successes

Organisation of the Ministry of Transport

The internal organisation of the Ministry was restructured in 2004 to focus on key areas of business and, above all, to be able to work cooperatively both internally and externally, on a wide range of cross-sectoral issues.



The Ministry has 150 staff. Allowing for a number of part time employees, the Ministry has a total of 147.4 full time equivalent staff.

Leadership of the Ministry

Chief Executive's Office

The Chief Executive's office has principal responsibility for strategic transport policy and legal overview.



Secretary for Transport
Robin Dunlop



Principal Legal Adviser
Hilary Talbot

Number of staff positions: 3.5
Current vacancies: 0

Access & Services



Deputy Secretary Access and Services
John Bradbury

Access and Services has principal responsibility for maintaining and improving access for people and business to social and economic opportunities through the use of appropriate and sustainable transport.

Number of staff positions: 12
Current vacancies: 0

Agency Relations



Group Manager Agency Relations
Caroline Taylor

Agency Relations has principal responsibility for relationships with Crown entities and regional stakeholders, alignment of Crown entities with government priorities, contract management and airport operation.

Number of staff positions: 13
Current vacancies: 2

Environment



Group Manager Environment
David Crawford

Environment has principal responsibility to provide leadership in the management of the environmental and public health impacts of transport as part of the development of a sustainable transport system.

Number of staff positions: 14
Current vacancies: 5



Chief Adviser Environment
Jo Buckner (Leaving 5 April 2006)

Finance and Support Services



Group Manager Finance and Support Services
Claire Johnstone

Finance and Support Services has principal responsibility for support services and Vote Transport financial management.

Number of staff positions: 24
Current vacancies: 3

Infrastructure



Group Manager Infrastructure
Elizabeth Anderson

Infrastructure has principal responsibility for developing policy relating to planning and investment in land transport, existing and new revenue collection and management practices, the establishment of new transport entities, and the regulation of infrastructure.

Number of staff positions: 23
Current vacancies: 3

Safety & Security



Group Manager Safety and Security
Bruce Johnson

Safety and Security has principal responsibility for making the transport system safer and more secure through developing, implementing, and monitoring policy and systems.

Number of staff positions: 55
Current vacancies: 5

Strategic Directions



Deputy Secretary Strategic Directions
Roger Toleman (Leaving 4 July 2006)

Strategic Directions provides strategic leadership, facilitates change and monitors progress in transport thinking within a sustainable development context.

Number of staff positions: 5.5
Current vacancies: 0

Ministry Locations

Wellington

The Ministry's Head Office is currently located at 38-42 Waring Taylor Street, Wellington. A significant number of staff are located in Laptop House, 23 Waring Taylor Street. On 10 April 2006, all Ministry staff based in Wellington will be moving to Novell House, 89 The Terrace, which will bring all staff into a single location with an improved standard of accommodation and services.

Auckland

The Ministry has four staff based in Auckland, who report to a Manager (Catherine Harland). Auckland staff are part of the Agency Relations team.

The Ministry's Auckland staff recently moved to the new Government Economic and Urban Development Office at 45 Queen Street, sharing space with staff from the Department of Labour, the Ministry of Economic Development and the Ministry for the Environment. This co-location is part of a wider initiative to improve the incorporation of Auckland perspectives into the policy making process, and engagement with Auckland stakeholders.

Christchurch

The Ministry has five staff based in Christchurch – three report to a Manager (David Corlett) and are part of the Agency Relations team. One staff member is part of the Safety and Security team. They are located at 164 Hereford Street.

Transport Sector Review

The present structure of the Ministry and the transport Crown Entities is the result of the Transport Sector Review which was completed in early 2004, and put into operation by December 2004.

The full report of the review can be supplied, but the main changes resulting from the report were:

- The designation of the Ministry to be the transport sector's lead agency for all policy matters;
- The transfer of 45 policy staff positions from the former Land Transport Safety Authority and the former Transfund New Zealand to the Ministry of Transport;
- The disestablishment of the Land Transport Safety Authority and Transfund New Zealand and the transfer of their non-policy functions to a new agency Land Transport New Zealand;
- The retention of the Transport Accident Investigation Commission in its existing role;
- All the transport regulatory agencies to have their legislative functions altered to reflect the New Zealand Transport Strategy vision and objectives, and to allow them to cover a wider range of administrative functions as required;
- The Maritime Safety Authority to be renamed Maritime New Zealand;
- The Secretary for Transport to review the future need for the Road Safety Trust; and to review the contractual arrangements for the Motor Vehicle Register system; and

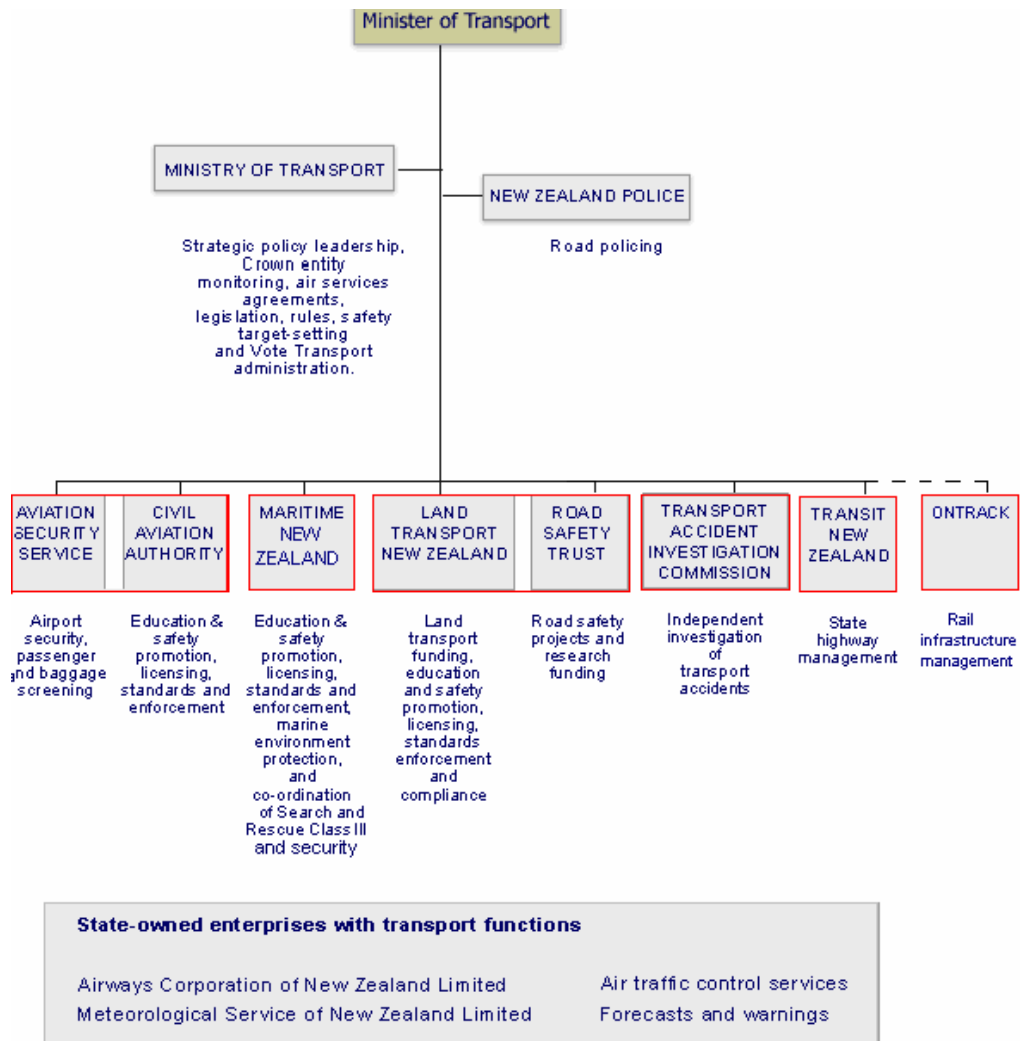
- The primary non-structural recommendation stressed the need for major improvements in what was called “soft-wiring” – the need for all the transport agencies to work more closely together in terms of administrative systems; policy development; and legislative development.

The structural changes have all been completed, with the exception of the two reviews by the Secretary for Transport which are pending. The soft-wiring requirements are being progressed across a wide field including:

- The development of the Transport Chief Executives’ forum;
- The Planning Task Force (made up of all the agencies’ strategy managers) established in August 2004 to progress joint transport sector strategic planning;
- The Board Reference Group, made up of nominated board members from each agency, which is overseeing the work of the Planning Task Force in developing the *Transport Sector Strategic Directions Document*, which will cover all future joint initiatives by the transport sector. A copy of this document is attached; and
- The further development of multi-agency project teams in a wide variety of areas, including development of accountability documents; legislation; and transport Rules.

Working with the Government Sector

The Ministry works closely with a number of agencies involved in the transport area, as set out in the attached diagram.



New Zealand Police

All road safety activities undertaken by the New Zealand Police are funded from the National Land Transport Fund in terms of a contract between the Minister of Transport and the Police Commissioner. Operational details are set out in the annual Land Transport Programme of Land Transport New Zealand.

Crown Entities

The Minister of Transport is directly responsible for six operational Crown Entities and one trust:

Aviation Security Service
Civil Aviation Authority
Maritime New Zealand
Land Transport New Zealand
Road Safety Trust
Transport Accident Investigation Commission
Transit New Zealand

Each of these Crown Entities has an appointed Board to administer its functions set out in legislation or for the Road Safety Trust, a trust deed. They are primarily responsible for the operation of Government activities in the transport sector. Details of their operations will be found in the separate agency briefings, while details of Board members and their terms of appointment are in Appendix A. Note that the Aviation Security Service shares its Board with the Civil Aviation Authority. The Road Safety Trust is supported by Land Transport New Zealand.

The Minister receives regular reports on Crown Entity performance. In addition, periodic independent audits and performance reviews of the Crown Entities are jointly conducted by the Ministry. The Ministry has commissioned an independent review of the funding of Maritime New Zealand that was completed in January 2006.

In addition to each Entity's Statement of Intent and Output Agreement, the expectations of the relationship between the Minister, the Ministry and each Crown Entity are set out in the '*Protocols and Guidelines*', which are distributed to all Board and Authority members and Crown Entity senior management.

ONTRACK New Zealand

ONTRACK is the operating name for the New Zealand Railways Corporation, which took over control of railway infrastructure in late 2004. The Rail Network Bill, currently before Parliament, will structure ONTRACK as a Crown Entity similar in concept to Transit New Zealand. Currently ONTRACK reports to the Minister of Finance and State Owned Enterprises, though there is a close working relationship with the Minister of Transport and the Ministry of Transport in terms of integrated transport policy and funding.

State Owned Enterprises

The Transport portfolio also has close links with two State Owned Enterprises in the transport sector, which otherwise report to the Minister of State Owned Enterprises. These are the Airways Corporation of New Zealand, and the Meteorological Service of New Zealand Limited.

In particular, the Minister of Transport is responsible for public weather warning services, and has a contract to 2007 with the Meteorological Service of New Zealand Limited for the provision of severe weather warnings and a level of weather forecast services for land, coastal waters and oceanic areas for which New Zealand has international responsibility. This includes the provision of a weather observation data network, in and around New

Zealand, sufficient to allow a sustainable level of accuracy in weather forecasting and sufficient to fulfil New Zealand's agreed responsibilities to the international community. A review panel from Treasury (including the Crown Company Monitoring Unit) and the Ministry of Research Science and Technology is reviewing the organisational and purchasing arrangements supporting New Zealand's weather forecasting and climate functions. This review aims to maximise collaboration between the Meteorological Service and the National Institute of Water and Atmospheric Research.

Transport Sector Legislation

The Transport portfolio has responsibility for a substantial amount of legislation, which is administered by the Ministry of Transport.

Legislation Programme 2006

At the beginning of each calendar year the Minister submits his or her bids for bills for inclusion in the annual legislation programme. The legislation programme for 2006 has recently been approved and the details for the Transport portfolio are:

Priority 2 Bills – to be passed this year (2006)

There are three bills with priority 2:

Land Transport Amendment Bill 2006: This bill which has now been passed was recommended for early introduction to deal with any adverse consequences of section 29A of the Land Transport Act 1998. This section retrospectively suspended the passenger endorsement of certain drivers, without right of appeal, because of their conviction for certain sex offences.

Rail Network Bill 2005: This bill will establish a modernised long-term structure and governance regime for the New Zealand Railways Corporation (ONTRACK). It was introduced on 15 March 2005 and is due to be reported back from the Government Administration Select Committee on 31 May 2006.

Civil Aviation (Capetown Convention) 2006: This bill will enable New Zealand to accede to the Capetown Convention. This convention establishes an international registry for mobile aviation equipment. Access to this convention will be of direct benefit to Air New Zealand. This bill is the responsibility of the Minister for Transport Safety.

Priority 3 Bills – to be passed this year if possible

There are two bills with priority 3:

Transport (Rules) Bill 2006: This bill is included on the basis that the government may consider that amendments are required to assist rules streamlining. It would build on work undertaken by Richard Clarke QC. The Cabinet paper is in draft form but further consultation is required.

Aviation Security Legislation Bill 2006: This bill under the sponsorship of the Minister of Transport Safety will amend the Civil Aviation Act 1990, the Arms Act 1983 and the Aviation Crimes Act 1972. The primary focus is the powers required to deliver aviation security in the current international environment.

Priority 4 Bills – to be referred to a Select Committee this year

There are three bills with priority 4:

Land Transport (Road Safety) Amendment Bill 2006: This bill will contain amendments to the Land Transport Act 1998 to implement the next stage of the government's Road Safety to 2010 Strategy.

Land Transport Management Amendment Bill 2006: This bill will repeal the Transport (Vehicle and Driver Registration and Licensing) Act 1986, and replace it with a part in the Land Transport Management Act. The policy will address motor vehicle registration privacy issues. The reason the Ministry recommends a consolidation is that the statute book needs a "tidy-up" in this area. It could also contain changes to allow charging for the use of existing roads based on the Auckland Road Pricing Evaluation study.

Land Transport Management Amendment Bill 2007: This bill will implement proposals to apply development levies to a wider range of transport developments. It will also contain any necessary legislative amendments arising out of the current review of passenger transport procurement.

Priority 5 Bill – drafting instructions to be issued

There is one bill with priority 5

Civil Aviation Amendment Bill: This bill, under the sponsorship of the Minister for Transport Safety, will be an update of safety and security requirements for aviation. Policy development is under way.

Current Legislation

A full list of current transport Acts, Regulations and Rules is attached as Appendix B. The proposed programme for future transport bills has to be ready by the end of each calendar year for consideration by Cabinet in February of the following year.

Rules Programme

The Minister agrees the annual rules programme in March. This is prepared by the Ministry with input from the relevant transport agencies. It goes for Cabinet approval in May/June and rules development contracts covering the July–June period are signed with the Civil Aviation Authority, Land Transport NZ, and Maritime New Zealand.

The Ministry manages the rules programme on the Minister's behalf.

Planning Systems

The Ministry has recently adopted a new planning process for the start of the 2006-2007 year, which is both simpler than previous systems and consistent with the co-operative approach set out in the Transport Sector Review noted earlier.

The new process has four main steps:

1. Statement of Intent (SOI)

This document is required of every Government agency. The Ministry is following the Audit Office model by incorporating a number of previously separate documents (such as the Output Plan) into the basic SOI structure, in order to make this the primary strategic planning document for the subsequent three to five years. The next SOI (2006-2009) will be the first to

incorporate the *Transport Sector Strategy Document* prepared by all the transport agencies to cover joint projects.

The SOI will set out what the Ministry will be doing; the performance measures involved; and the financial resources available to achieve these goals.

The final document is publicly released at the time of the 2006-2007 Budget. A copy of the current Statement of Intent is attached.

2. Group Plans (Part 1 of the Ministry Work Programme)

Each of the Ministry's business groups will develop a group plan that will include details of the specific projects for which individual managers are responsible, as well as setting project and activity timetables; allocating specific staff to tasks; and identifying relevant expenditure. This is an internal working document, and it will be discussed with you before it is finalised.

3. Project and Activity Plans (Part 2 of the Ministry Work Programme)

For each project and activity set out in the Statement of Intent and the group plans, there will be a detailed plan setting out the steps towards delivery. This is essentially a working document for those staff involved in a project or activity.

The Ministry is putting substantial effort into developing project management skills within the organisation and eventually across the transport sector. The Infrastructure Group has been first to work through this process, while the Environment Group has begun. The third area for process improvement of this sort – which includes the appointment of project administrators and extensive staff training and coaching – is the Rules development process.

4. Performance Agreements

All Ministry staff have individual performance agreements with the manager to whom they report. These set out specific tasks; personal development goals and training plans. They are confidential to the parties involved, and are reviewed at six monthly intervals.

Financial Issues

Vote Transport

The Minister of Transport is accountable for appropriations in Vote Transport totalling \$1,757.884 million in 2005/06. In addition, the Minister is responsible for the collection of Crown revenue totalling \$955.221 million in this financial year.

A summary of the appropriations for Vote Transport is:

| | |
|--|---------------------|
| Departmental outputs directly managed by the Ministry of Transport | \$94.273m |
| Non-departmental outputs administered by the Ministry of Transport | \$1,233.350m |
| Other payments on behalf of the Crown | |
| • for disaster recovery | \$0.498m |
| • to New Zealand Railways Corp | \$2.667m |
| • to International Organisations* | \$0.743m |
| Capital contribution to: | |
| • the Aviation Security Service for purchase of holdstow baggage equipment | \$10.000m |
| • Maritime New Zealand for restoration of the asset base | \$1.300m |
| • Joint Venture Airports | \$1.300m |
| Development of the State highway network | \$413.753m |
| Total | \$1,757.884m |

* The annual subscriptions are International Civil Aviation Organisation (ICAO) \$0.473m, International Maritime Organisation (IMO) \$0.060m, World Meteorological Organisation \$0.210m.

The sources of Crown revenue are:

| | |
|---------------------------------------|-------------------|
| Tax Revenue | |
| Motor Vehicle Registration | \$221.420m |
| Road User Charges | \$756.241m |
| Fuel Excise Duty Refunds | \$(32.950m) |
| Non-tax Revenue | |
| Infringement fees | \$0.010m |
| Motor Vehicle Registration recoveries | \$10.500m |
| Total | \$955.221m |

Departmental Outputs

The major component of the \$94.273 million of departmental output appropriations directly managed by the Ministry of Transport is for the purchase of services provided by Land Transport New Zealand under contract to the Secretary for Transport. These services are the operation of the Motor Vehicle Register and collection and accounting for Motor Vehicle Registration fees and the collection and accounting for Road User Charges, a total of \$64.137 million.

Outputs provided directly by the Ministry staff are:

| | |
|--|-----------|
| Policy Advice, including rules development | \$28.917m |
| Sector Leadership and Support | \$0.729m |
| Milford Airport operation | \$0.200m |

Non-departmental Outputs

The non-departmental outputs totalling \$1,233.350 million procured by the Minister of Transport are:

| | |
|--|------------|
| Aviation Security Service | |
| • Maritime security | \$0.145m |
| Civil Aviation Authority | |
| • Civil Aviation Policy advice | \$1.761m |
| Land Transport New Zealand (\$1,144.960m) | |
| • Licensing Activities - Annual | \$1.655m |
| • Licensing Activities – Vehicle Impoundment Costs | \$0.444m |
| • Regulatory Implementation & Enforcement - Annual | \$0.548m |
| • Regulatory Implementation & Enforcement - Other | \$1.335m |
| • Rail and Sea Freight | \$2.000m |
| • Research and Performance Monitoring | \$4.000m |
| • Transport Demand Mgmt, and Walking & Cycling | \$10.042m |
| • Promotion, Information and Education | \$31.676m |
| • Management of Funding Allocation System | \$64.000m |
| • Maintenance of local road | \$162.180m |
| • Maintenance of State highway | \$181.260m |
| • Passenger Transport Services | \$189.000m |
| • Regional Land Transport | \$201.000m |
| • New and Improved Infrastructure for Local Roads | \$295.820m |
| Maritime New Zealand (\$8.515m) | |

| | |
|--|-----------|
| • Safety regulation and monitoring | \$5.101m |
| • Search and Rescue Class III | \$3.414m |
| | |
| Meteorological Service of NZ Ltd | |
| • Weather forecasts and warnings | \$14.796m |
| | |
| Transport Accident Investigation Commission | |
| • Reporting on accident or incident investigations | \$2.617m |
| | |
| Regional Roding | |
| • Auckland Land Transport | \$50.667m |
| • Wellington Land Transport | \$9.889m |

These outputs form part of the National Land Transport Programme (refer p24 – Current Work Programme: Assisting Economic Development)

Purchase or Development of Capital Assets by the Crown

\$413.753million is to be spent on the development of the State highway network:

| | |
|--|------------|
| Land Transport New Zealand | |
| • New and Improved Infrastructure for State Highways | \$413.753m |

Financial Reporting Procedures to the Minister

The Ministry prepares financial monitoring reports at the end of each month covering Departmental and Crown operations. The reports will be available to the Minister of Transport within 10 working days of the end of the month, or as required by the Minister.

Budget Process

The Ministry follows the Treasury budget update processes which include:

- baseline updates due in October (OBU) and March (MBU);
- budget initiatives bids due in late January;
- preparation of Main Estimates and Supplementary Estimates documents containing; budget information; and
- request for “in principle” expense transfers due by 30 June

The Ministry will prepare this budget update documentation and forward it to the Minister for review and sign off prior to due dates advised by Treasury.

PART TWO: The Strategic Issues in New Zealand Transport

Transport in 2006

The goal of transport policy

The New Zealand transport system operates in a constantly changing world. The impact of economic growth is changing the demand for transport; but so too are factors such as changes in consumer behaviour; the pressures of a global economy; the changing age structure of the population; social concerns about health, safety and environmental issues; changes in energy sources and pricing; and the need for improved security. Change and complexity now characterise every aspect of our transport system.

If the transport sector is to successfully support the New Zealand economy and the society in which that economy operates, then the ultimate goal of transport policy has to be that each of the elements of the total transport system successfully does the job for which it is best suited in a rapidly changing world.

To achieve this goal, each component of the transport system – road, rail, air and maritime - has to be responsive, safe and secure, innovative, efficient, have a low negative impact on society and the environment, reflect the costs it imposes and be able to invest in its future development as required. Furthermore, the transport system has to be flexibly structured so that change can be managed in a way that routinely responds to ongoing developments, rather than as a response to periodic crises.

Achieving a sustainable transport system of this sort has been the consistent - and ambitious - policy goal of successive New Zealand governments since 1990. The Board Reference Group formed in 2005 by all the Government transport agencies, has developed a series of measures of a sustainable transport system that will be achieved when:

- (a) There is increasing integration of growth, development and transport
- (b) Transport users increasingly understand and meet all the costs they create
- (c) New Zealand's transport system is improving its international and domestic linkages including inter-modal transfers
- (d) The effectiveness of the transport system is being maintained or improved
- (e) The efficiency of the transport system is continuing to improve
- (f) New Zealand's transport system is increasingly safe and secure
- (g) The transport system is improving its ability to recover quickly and effectively from adverse events
- (h) The transport system is increasingly providing affordable and reliable community access
- (i) Transport is reducing its negative impacts in terms of fatalities, injuries and harm to health
- (j) The transport system is actively moving towards reducing the use of non-renewable resources with renewable resources
- (k) Transport is reducing its negative impacts on the human and natural environments

Further work will be needed to quantify these measures, but in the meantime it is possible to make a preliminary assessment of our present position.

Is the present transport system sustainable?

Moving to a sustainable transport system with these characteristics involves a lengthy development process, and has not yet been fully achieved anywhere, although many countries – including New Zealand – are making significant progress. Furthermore, each of the major forms of transport shows different stages of development towards a sustainable outcome, as summarised below.

Aviation

New Zealand is linked to a network of air services that continues to grow and support international travel and trade. Many barriers to international air transport services have been removed by government action, with the recent agreement for open access to New Zealand's second largest source of visitors, the United Kingdom, a notable example.

All the major international airports are structured as flexible commercial entities – with both public and private shareholding - that successfully meet changing demand, relying on user charges to fund investment and development. Domestic airports are a mixture of local authority companies and joint ventures between the Government and local authorities. Both domestic and international airports are coming under pressure to operate effectively and to remain relevant to the economic and access objectives of the area. Domestic air services are provided by Air New Zealand and a number of other commercial operators who are investing to meet demand.

The Airways Corporation of New Zealand, a highly successful and technologically innovative State Owned Enterprise, provides air traffic control services across New Zealand and a wide area of the Pacific.

The safety performance of the large aircraft commercial sector in New Zealand is on a par with international standards. The safety performance of non-commercial general aviation sector however (especially helicopters, sport aircraft and agricultural operations), is worse than in the United States, Australia and the United Kingdom. Work continues to focus on and improve the safety record of this under-performing sector of the industry.

While aviation security has long been an important issue in aviation, the events of 9/11 have meant that security management is now – and seems likely to remain - a prominent activity in the aviation sector.

To date, New Zealand has taken minimal regulatory action concerning the environmental impacts of aviation, but changing public concerns about emissions and climate change commitments mean that this may change.

Maritime

The commercial maritime sector is organised around a series of flexible business entities. Port companies, which are all majority owned by local government, derive income from users, manage their own investment and development and meet changing demand in a sector facing substantial change as the size of container ships increases and global shipping companies merge and reorganise. These changes have implications for the transport infrastructure and services connected with these ports.

Local and international private sector shipping companies similarly offer a range of coastal and international services, although there remain questions about the most effective size of the domestic coastal shipping sector – questions which are linked as much to the competitive position of parallel road and rail services as they are to shipping cost structures.

Safety risks in the commercial industry are generally manageable, although some international ships visiting New Zealand remain a concern. Security of ports and shipping remains an important issue that is unlikely to lessen in the present world situation. At the recreational level, the use of small boats and water safety generally remain a matter of concern.

Substantial efforts have already been put into the management of environmental risks from the maritime sector, and the marine pollution response system has demonstrated its ability to deal with major pollution events. However, the maritime industry remains a major area of risk for negative environmental impacts, especially in the bio-security area.

Rail

In 2004, the Government repurchased the rail infrastructure now managed by ONTRACK. Freight operations and passenger services outside Auckland are now owned by Toll NZ, while Connex operates Auckland passenger trains on behalf of the Auckland Regional Transport Authority.

This has resulted in a number of major policy issues to resolve that are crucial to a sustainable transport system. These include the need to address the competitive relationship between road and rail as detailed in the *Surface Transport Costs and Charges* report; the need for Government financial support of ONTRACK to complete deferred maintenance and create a viable business; and the need to develop new rail routes. All these issues are covered in greater detail in the *National Rail Strategy* released in 2005.

The Railways Act 2005 passed on 20 July 2005 provides a basis for ongoing development of an already improving rail safety record. Research to date indicates that while the environmental impacts of the rail system are comparatively small, this issue will need to be considered in the development of the long-term relationship between the road and rail sectors noted earlier.

Roads

The roads sector covers a complex of interlinked transport systems owned by central and local government ranging from pedestrian and cycling networks through to urban motorways.

Vehicle and other users pay for the use of these systems through a range of charges, including local rates, taxes on petrol and other fuels, vehicle registration and road user charges on diesel powered vehicles. It is increasingly recognised internationally that road charging systems need to progress charging for actual road use rather than by flat charges; charges based on the value of property; or energy based excise taxes. New Zealand was a world pioneer with the Road User Charges system for diesel vehicles – the challenge now is to move on from this system. *The Auckland Road Pricing Evaluation Study*, recently completed, was released for public consultation on 17 March 2006. The study examines the potential for direct charging for road use to address congestion and raise revenue for investment in land transport on Auckland. Public submissions close on 20 April 2006.

Most of the income collected for road use currently flows into the National Land Transport Fund (NLTF), and is then allocated primarily to Transit New Zealand and local authorities by Land Transport New Zealand. The NLTF system is acknowledged internationally as the leading model of a sustainable public funding system, and it is being increasingly copied elsewhere.

While the need to move towards more *use based* charging systems is increasingly recognised, there is also a major policy issue about the *level* at which road charges should be set, and its consequence for the levels of investment and maintenance in the road system. The *Surface Transport Costs and Charges* study released in 2005 identified significant gaps between the costs generated by road users and the charges that they pay directly – while all the costs of the road system are met somewhere, many of these costs fall inequitably on general taxpayers and ratepayers, and are effectively a subsidy to road vehicle use. Narrowing the gaps between costs and charges will not only affect the demand for road use by vehicles, but also affect the environmental impacts of roads; the use of the presently limited network of walking and cycling facilities; public transport systems; and the relative traffic mix of roads, rail and coastal shipping.

Since the 1980's road safety has substantially improved, with an effective 60% reduction in annual fatalities per 10,000 vehicles. While this is obviously a major improvement, road safety will continue to need significant attention to continue this positive trend, as little further progress has been made in the last two years.

In the last decade, the environmental impacts of road transport – noxious emissions to air; pollution of water runoff and noise - have become an issue of increasing public concern. Policy development work in this area is increasing, but will need a continued high level of activity. There is also a need for a strategic approach to the uptake of more sustainable vehicle technologies and energy sources.

Finally, it is important to work towards ensuring that the road transport system operates in a way that most effectively meets the access and mobility needs of all users.

Relationships across the transport sector

While much of the transport sector is organised into structures that reflect types of technology, there is an increasing range of issues affecting sustainability that involve integrating the operations of two or more types of transport. Issues of this sort include:

- Establishing effective organisation and appropriate financial support for public transport systems, particularly where there are changes made to the level and/or type of charging and pricing for road transport, as well as the careful transition to such systems;
- Developing a policy for transport in urban areas – particularly Auckland – that brings together a wide range of transport types to meet the demands of passenger and freight transport, while supporting local urban development policies;
- Addressing the issues that arise from the demand for and supply of transport in remote areas, and for those New Zealanders who have special needs for access to transport; and
- Promoting greater efficiency of current energy use by the transport sector, while ensuring a range of options for future changes in energy supply.

Each of these issues will need careful management to ensure that the ultimate outcome is a further step on the way towards a sustainable transport system.

Where next?

Sustainability is a long-term goal, and no country has yet achieved it. In many areas New Zealand is a world leader – but there is a long way to go.

If we achieve this goal, we are not adding *additional* costs to the economy, since all the costs of the present transport system are *already* met somewhere within the present economy.

A sustainable transport system - that is responsive, safe and secure, innovative, efficient, has a low negative impact on society and the environment, reflects the costs it imposes and is able to invest in its future development - is a *net benefit* to the economy by comparison with the present system, through its greater efficiency and effectiveness, lower overall costs and better management of all aspects of its operations.

New Zealand Transport Strategy

The basis of current transport policy is the *New Zealand Transport Strategy* (NZTS) released in December 2002.

The NZTS is built around a vision, four principles and five objectives.

Vision

By 2010 New Zealand will have an affordable, integrated, safe, responsive, and sustainable transport system.

Principles

- **Sustainability:** To ensure that transport is underpinned by the principles of sustainability and integration, transport policy will need to focus on improving the transport system in ways that enhance economic, social and environmental well-being, and that promote resilience and flexibility. It will also need to take account of the needs of future generations, and be guided by medium and long term costs and benefits.
- **Integration:** Transport policy will help create an efficient and integrated mix of transport modes. To facilitate integration, co-operation and collaboration between stakeholders will need to be encouraged. Transport policy will also need to ensure the efficient use of existing and new public investment.
- **Safety:** To ensure that transport is underpinned by the principles of safety and responsiveness, policy will need to ensure high standards of health, safety and personal security for all people, including users, workers, and operators. It will also need to ensure there is a robust health and safety framework, complemented by an emphasis on individual and business responsibility.
- **Responsiveness:** The diverse needs of urban and rural communities need to be recognised. Those who use transport, and those who are affected by it, will need to be encouraged to participate in transport policy development. Transport policy will need to foster the government's goals for partnership between the Crown and Māori; between central government and local government; and between government and citizens and communities, including business.

Objectives

- Assisting economic development;
- Assisting safety and personal security;
- Improving access and mobility;
- Protecting and promoting public health; and
- Ensuring environmental sustainability.

The vision, principles and objectives have been incorporated in the core legislation for the transport Crown Entities operations. They form the basis of the Ministry's Statement of Intent and the Chief Executive's performance agreement.

All of the policy tasks listed later in this document are broadly linked to one or more of the NZTS objectives.

Strategic Research and Monitoring

In mid 2005, the Ministry reviewed the status of research and monitoring activities that affect the whole transport sector. As the result of that review, the Ministry and the transport agencies have agreed an outline long-term programme to fundamentally develop these areas. The main elements of the programme are:

- establishment, by April 2006, of a Research Group, initially with 15 existing staff, as part of the Strategic Directions team in the Ministry of Transport, to begin to lead transport research across all modes;
- development, by the end of 2006, of a *New Zealand Transport Research Strategy*, setting out a proposed 3 – 5 year rolling programme to monitor the transport sector; undertake fundamental strategic research into transport system development; and to evaluate existing policies. This document will be made public to guide public and private sector research expenditure;
- close co-operation between the transport agencies to co-ordinate funding of transport research in terms of the *New Zealand Transport Research Strategy*;
- development of close co-operation with the Foundation for Research Science and Technology in decision-making on public good science research expenditure;
- development of close co-operation with regional local authorities on research expenditure;
- development of closer co-operation with the international Transport Research Centre established by the Organisation for Economic Co-operation and Development (OECD) and the European Council of Ministers of Transport (ECMT), as well as other transport research centres;
- setting new requirements for transport research work done under contract to public agencies, including mandatory publication of research, and promotion of research centres in New Zealand where possible;
- investing in developing staff research capability by offering scholarships to transport sector staff for research and other transport related study both in New Zealand and overseas.

Current work programme: Assisting economic development

1. Collecting revenue for land transport

Sources of revenue

The primary sources of revenue for land transport include Fuel Excise Duty (FED) and Road User Charges (RUC).

FED is forecast to provide 42% (\$748 million) of the funds for the National Land Transport Fund in 2005/06 and another \$614 million of funds for the general Crown Account. Given new technologies, the progressive growth in fuel efficiency of the New Zealand vehicle fleet will in the long term outstrip the growth in kilometres travelled. This would lead to a reduction in the level of FED collected, and therefore threaten the long-term viability of petrol excise as a primary method of paying for land transport activities. The indexing of FED to the Consumer Price Index (CPI) from 1 April 2006 will at least help petrol revenue keep pace with inflation.

Unlike FED, RUC revenue increases as km driven increase, so RUC revenue has generally kept pace with traffic growth. RUC for vehicles 1-6 tonnes are being indexed to the CPI from 1 April 2006. Heavy vehicles have not been indexed to CPI. Higher levels of RUC compliance could be achieved if a number of legislative amendments were made to the RUC Act 1977 to tighten enforcement and improve the ability of compliance staff to investigate possible RUC evasion. Work is underway in THE MINISTRY and Land Transport NZ to address this issue.

New technologies are making it possible to collect RUC and measure road use, not only by distance, average weight, axle and tyre configurations, but also location and time of day. Switzerland and Germany have what are effectively electronic RUC systems to charge heavy vehicles for road use. Such charging could better reflect the costs of using different roads and also allow better monitoring of overweight and heavier vehicles using routes able to handle such loads. The Ministry will be reporting to you on an investigation into electronic road use charges for heavy vehicles in 2006.

A significant challenge ahead for the Ministry of Transport is to identify and develop alternative revenue sources, which apportion the cost of land transport activities in a transparent, equitable and sustainable manner. Work currently underway includes:

- develop a cross-agency planning framework to help determine strategic priorities for the transport sector;
- identify the costs of land transport (including environmental, social, and economic externalities) and determine how these should be met;
- address particular areas of under investment both in geographical locations and modes like rail;
- explore road pricing options, including tolling;
- assess the ability of local authorities to afford the expected levels of investment and the policies underpinning the allocation of financial assistance to them; and
- improve the mechanisms for funding bus and ferry passenger transport.

2. Levels of Investment

In August 2005 Land Transport NZ, central government's land transport funding agency, proposed the allocation of \$1.783 billion to land transport activities in its 2005/06 National Land Transport Programme (NLTP). The revenue is provided mostly from FED and RUC but

the Crown has appropriated additional funds in recent years for allocation by Land Transport NZ.

Over the 10-year period to the end of 2014/15 Land Transport NZ's forecast allocations amount to \$22.151 billion:

- \$17,450 million of revenue distributed on a national basis (N);
- \$2,186 million of revenue distributed on a regional basis (R). The level of funding to be received by any region over the 10 years is related to that regions population;
- \$800 million of Crown appropriation to be allocated through the NLTP by 2008/09;
- \$850 million of Crown appropriation (C) for Auckland Land Transport (\$50 million was provided for Auckland in 2004/05);
- \$225 million of Crown appropriation (C) for Wellington Land Transport; and
- \$640 million of Crown appropriation (C) for the Western Corridor in Wellington.

These figures do not include:

- \$150 million Crown appropriation for the Bay of Plenty Land Transport;
- Any future Crown appropriation for Waikato Land Transport arising from the Waikato Joint Officials Group process currently underway;
- Changes to the funding arrangements for Auckland rail (shortly to be confirmed by Cabinet);
- Debt funding for large projects;
- The impact of Harbourlink agreement; and
- October 2005 and March 2006 baseline updates.

Recent changes to forecast revenues and current policy initiatives have resulted in overall changes in allocations. An update of figures will be provided to you as soon as they are available.

Duration of R & C funding

The dedication of a portion of FED and RUC revenue to regionally distributed funding (R) will cease from 2015/16 onwards. The Crown appropriations (C) are for a finite period. The 2005 budget appropriation of \$300 million and the further appropriation of \$500 million will both cease at the end of 2008/09. The Crown appropriation for Auckland Land Transport will cease at the end of 2013/14. The Crown appropriations for Wellington and Bay of Plenty Land Transport will cease at the end of 2014/15. The appropriation for the Western Corridor in Wellington will cease at the end of 2015/16.

There is a need for Land Transport NZ to account for expenditure against N, R and C funding. One of the drivers behind this has been the concern of local government that the introduction of R funding should not affect the regions ability to access N funding. Work is required to understand the impact of the above levels and sources of investment on the NLTF and transport outcomes.

Local Government Funding Share

Where local projects receive funding through the NLTP, there is a requirement for local government to contribute a significant portion of the costs of the projects they put forward for funding consideration. This ensures that all possible regional projects are identified and prioritised, and that the resulting costs are minimised and the land transport benefits maximised.

The level of the local government funding share for land transport activities is becoming increasingly contentious. There are growing calls from local government for central government to provide greater levels of financial assistance, and there have been cases of strong community resistance to increasing rates, particularly where a portion of the increase

has been set aside for land transport. This call needs to be balanced against the ability of government to increase its contribution and the effect this would have across the NLTP.

One of the upcoming challenges for the Ministry is to ensure an equitable balance between the revenue contributions paid by land transport users with those paid by property owners in general. Factors that will need exploration is the ongoing problem of affordability with the progressive increase in the cost of road maintenance and construction, the changing makeup of the population in terms of demographics, location and socio-economic status and the ability of regions to pay increasing rates.

3. Funding of Land Transport

The majority of funding for land transport comes through the National Land Transport Fund. The Transport Sector Review recommended that the Ministry of Transport take the lead on strategic funding policy with respect to the NLTF. The more bottom up approach that was in place prior to this had, in part, arisen because of the split in land transport funding policy between three agencies, the separation of road safety funding from other land transport funding, and the Ministry's lack of the necessary policy capacity.

The Ministry's new role requires it to take a strategic view of not only the overall levels of land transport funding and its sources, but the uses to which that funding is put. This role is a developing one and requires a close working relationship with Land Transport NZ and Transit NZ.

The Land Transport Management Act 2003 (LTMA) governs the majority of land transport funding in New Zealand. Under the LTMA, Land Transport NZ (formerly Transfund and LTSA) is primarily responsible for allocating funding to particular land transport activities. The LTMA requires Transit, local government and other *approved organisations* to develop land transport programmes (LTPs). Based on these programmes, they submit projects to Land Transport NZ to be considered for funding. Each year Land Transport NZ incorporates those projects assessed as worth funding into a National Land Transport Programme (NLTP) which sets out the proposed allocation of funding across activity classes for the relevant year and a 10-year financial forecast. For reasons of transparency, Land Transport NZ is required develop its own LTP primarily in the area of road safety enforcement and road safety education but which may have a wider focus in the future. Land Transport NZ assesses its own LTP against those of other organisations.

The Ministry has been working closely with Land Transport NZ and Transit NZ to encourage better alignment in funding processes. This includes aligning the Ministry's policy processes with the existing statutory processes that Land Transport NZ is required to follow.

This work to align funding processes within government has resulted in a permanent working group with representatives from the Ministry, Land Transport NZ and Transit NZ to manage the information flows within the government's transport agencies. Clear links also need to be established with the processes followed by approved organisations that receive funding from Land Transport NZ.

Under the LTMA, Land Transport NZ is required to balance the competing demands for funding to ensure that the NLTP contributes to assisting economic development, assisting safety and personal security, improving access and mobility, protecting and promoting public health and ensuring environmental sustainability whilst remaining within its funding envelope. Understanding the impact of investment on transport outcomes and the effect of any future increase in land transport investment are key issues that need to be considered. Rapid increases in investment in land transport can raise issues around cost increases, buildability, effectiveness of investment, decision-making and the associated processes for planning and consenting new infrastructure.

State Highway Funding Shortfall

When the draft State Highway Forecast 2006/07 was released in February 2006, it included a funding "shortfall" over the programme which was released in August 2005. Ministers gave assurances that this funding shortfall would be addressed. The Ministry has been engaged with Transit NZ, Land Transport NZ and the Treasury on exploring a range of options to increase revenue and reduce costs to meet this shortfall. Work is continuing and any initial announcements are likely to be made as part of Budget 2006.

Expenditure Review

Transport has been included in the suite of reviews, reporting to the Cabinet Expenditure and Review Committee, announced in February 2006. The Ministry has been charged to lead an examination of the value for money being achieved in land transport funding and will include consideration of the impact of input costs, decision making process, statutory frameworks, interaction with local authority planning processes and asset management. The Ministry is working to deliver terms of reference in April 2006.

The first stage of the review was to establish an Independent Ministerial Advisory Group on roading costs. This was seen as a significant issue due to the size of the roads programme relative to other activities which receive funding, and the pending release of the State Highway Forecast for 2006/07. The terms of reference requires the Group to advise the Minister on whether recent cost increases are justified or avoidable and make recommendations of ways to address value for money within the existing framework.

The Group will work closely with Land Transport NZ who are proposing to undertake a review of procurement procedures and Transit NZ who are proposing to undertake a review of their internal practices and identify where cost savings can be made.

Financial Assistance Rate (FAR)

The proportion of central government contribution to local governments' land transport projects is determined by fixed percentage contributions known as financial assistance rates (FARs). FARs can vary based on, for example, the type of activity being funded (e.g. roads, walking and cycling etc) and the road controlling authority being funded. Transit receives 100% FAR while the contribution for local authorities vary. On average, local authorities need to contribute around 50% of the cost of their land transport activities.

A proportion of the recent increase in central government transport funding has been allocated to land transport activities undertaken by local government. This has meant that local government will need to adjust their contribution to match the increasing level of investment by government. There is concern by some territorial authorities that they cannot fund their maintenance and construction programme because of local share restraints.

The Department of Internal Affairs is currently engaged in phase 2 of an extensive project to assess local government affordability in general and, is now working toward recommendations for local or central government initiatives to address affordability problems. The Ministry is involved in this work and has also reviewed transport-specific affordability issues as outlined below.

Land Transport Funding Policy Review

The Ministry has been reviewing a number of aspects of land transport funding policy. The review has already resulted in changes to the government's Vote Transport output structure and the activity class structure used by Land Transport NZ. There have also been some minor changes to activities such as special purpose roads. Further work has been carried out on the ability of local government to match central government investment in transport over the next decade (local government affordability). Changes to FARs or the way FARs are calculated have historically been complex and time-consuming. Any change is likely to result in different effects on different local authorities. It

may be necessary to coordinate different policy changes to manage these effects. It is also important that increases in FARs be treated carefully as maintaining a significant local share of costs is necessary for local accountability for projects and activities. With increasing costs across all areas of the NLTP and a forecast decline in revenue there will be growing pressure on funding.

Bus and Ferry Funding Review

Passenger transport is funded through Land Transport NZ in a shared funding arrangement with regional councils. The level of Land Transport NZ funding for bus and ferry (though not for rail) passenger transport is related to the number of passengers carried (“patronage funding”). Combined with other initiatives, patronage funding has assisted in improvements being made to subsidised bus passenger services.

Land Transport NZ and the Ministry, however, hold the view that there are problems with the existing patronage funding scheme that warrant charges. The main problems are related to the instability of passenger numbers. Patronage fluctuates in response to events outside the control of regional councils (such as changes in the numbers of international students), resulting in uncertainty for regional councils. It is also doubtful whether the incentives of the scheme are passed from regional councils to bus and ferry operators because although regional councils are funded on the basis of patronage, operators need not be. The Ministry of Transport and Land Transport NZ have discussed with the Minister options for managing these difficulties.

Waikato Joint Officials Group (JOG)

Central and local government officials have recently completed the Waikato JOG report which looks at the land transport requirements for the Waikato region in the next 10 years and makes recommendations on the required level of funding. The report has been released to central and local government politicians. The Ministry and the Treasury have provided separate advice to the Ministers of Transport and Finance and a Cabinet paper is in preparation.

Wellington Western Corridor

The Wellington Regional Land Transport Committee has recently received a report from its hearing sub committee on the Western Corridor plan. The plan had recommended development of the current State Highway 1 (SH 1) coastal route as the preferred long term solution to Wellington’s north western access. However, the recently accepted report rejects this and favours Transmission Gully as the preferred route. The process of adopting (or otherwise) this recommendation is currently with local officials and politicians. Central government has committed to provide \$405million to the preferred option so long as certain conditions are met.

4. Regional Land Transport Strategies

Regional Land Transport Strategies (RLTSs) have a pivotal role in the funding and planning of land transport, acting as a mechanism for bringing together the various land transport interests in a region to identify problems, issues and opportunities for strategic regional land transport needs and priorities. Organisations such as Transit NZ, regional councils or territorial authorities must take into account relevant RLTSs when preparing land transport programmes. ARTA must give effect to the Auckland RLTS. Land Transport NZ must take them into account when considering funding proposals.

The requirements are set out in the Land Transport Act 1998 which were amended in 2003 to better reflect the current policy environment).

The Ministry has begun exploring with Land Transport NZ, Transit NZ and regional councils ways of encouraging and assisting regions to develop RLTSs that deliver on the objectives of the NZTS and LTMA.

Regional councils have raised a number of RLTS issues with the Ministry ranging from composition and selection of Regional Land Transport Committees that develop draft strategies to issues about the interpretation of legislative requirements. The Ministry is investigating possible interventions to address these issues both also to help with the broader objective of ensuring RLTSs help to deliver the NZTS. Options range from a relationship strategy to provide more structure to central government's interactions with regional councils on RLTS issues to the issue of Ministerial guidelines.

5. Toll roads and public private partnerships

The Land Transport Management Act 2003 allows for some new roads to be built and operated on a tolled basis and/or pursuant to a public private partnership (referred to in the Act as concession agreements). Toll schemes require an Order in Council (OIC) to be made on the recommendation of the Minister of Transport, while concession agreements require the approval of the Minister of Transport. In making a decision, the Minister is required to consider a range of matters including the objectives of the New Zealand Transport Strategy and public support for the project;

- An OIC allowing for Transit NZ to build and operate the Auckland Northern Motorway Extension (ALPURT B2) as a toll road was made in April 2005. The OIC requires Transit to satisfy the Minister of Transport (around June 2006) about two aspects of the proposed toll system for ALPURT B2: its long term financial viability and its suitability for both casual and regular users of the road. In making his or her decision, the Minister of Transport is required to consult the Minister of Finance on these matters. Construction of ALPURT B2 is underway and the road is scheduled to open in 2009;
- The Rodney District Council has been investigating the possibility of using a Public Private Partnership (PPP) to construct and operate the Penlink project (also known as the Weiti Crossing), which provides access to the Whangaparaoa peninsula, north of Auckland. No application has yet been received; and
- Transit NZ plans to commence a public consultation process regarding tolling on Auckland's Western Ring Route – the corridor between Manukau and Albany – comprising new and existing segments of State Highways 16, 18 and 20, including two Avondale projects.

6. Surface Transport Costs and Charges Study

In March 2005, the Ministry published the first edition of the *Surface Transport Costs and Charges Study*. The *Study* was designed to identify all the costs imposed by the road and rail sectors in New Zealand, and then to identify who was paying for these costs. The initial study looked at the 2000 – 2001 year.

The methodology of the *Study* has been developed over three years from 2002, and has been extensively peer reviewed by the New Zealand Institute of Economic Research and the Australian Commonwealth Department of Transport and Regional Services.

The *Study* was published in two versions – a *Summary Report*, which is attached; and a *Full Technical Report* which can be supplied to you on request.

It is intended that there be an ongoing series of updated reports to inform policy on land transport charging. The shipping industry has already shown considerable interest in having the scope of the *Study* widened to include coastal shipping.

The next stage is to consider the impact of the findings.

7. Auckland Road Pricing Evaluation Study

Road pricing refers to the concept of directly charging road users for the cost of using *existing* roads. Pricing can be used as a mechanism for recovering the maintenance costs of the roads used. It can also be used to recover some or all of the wider costs of road use (i.e. social, economic or environmental costs). This can include using pricing as a means of demand management (e.g. using pricing to reduce congestion and increase use of public transport).

In November 2003, the Joint Officials Group, which undertook the Auckland Transport Strategy and Funding Project, concluded that substantial additional investment in roading and public transport initiatives would not be enough to address congestion in the Auckland region. The group recommended that further work be undertaken to investigate the potential for road pricing to both reduce congestion in the Auckland region and to raise additional revenue for investment in land transport in the region. The government agreed to this recommendation and a study to investigate the feasibility and desirability of road pricing in Auckland commenced in November 2004. The recently completed study was released for public consultation on 17 March 2006.

8. Rail Policy

Background

The government purchased the Auckland urban network in 2002 followed by the purchase of the national rail network in June 2004. In September 2004 ownership and responsibility for managing the network transferred to the New Zealand Railways Corporation (trading as ONTRACK). The National Rail Access Agreement between the Crown and Toll NZ Limited (Toll NZ) grants Toll NZ exclusive access rights to 2070 (with limited exceptions) to the track for freight, Wellington Metro, and long-distance passenger rights. These rights are subject to 'use-it-or-lose it' provisions. The rights of existing operators on the network were protected.

Under the agreement, Toll NZ is to pay, through the track access charge all the costs that an efficient provider would be expected to incur in operating, maintaining and renewing the rail network. The costs are to be set through a process of Toll NZ and ONTRACK agreeing ONTRACK's budget.

Beyond the Crown's initial \$200 million investment over 5 years for upgrading and renewing the network with Toll NZ, the agreement also provides for full cost recovery of capital expenditure, except where investment is undertaken for public policy purposes. Toll NZ committed to spending \$100 million on new rolling stock.

While the Ministry of Transport has responsibility for the provision of rail policy advice, including public policy investment in rail and will have a role in monitoring ONTRACK when it becomes a Crown Entity, it is not part of any discussions around track access charges and commercial arrangements.

National Rail Strategy

The National Rail Strategy (NRS) was released in May 2005. The NRS is intended to provide a framework for planning the development of rail over the next 10 years. It sets out the government's future intentions and directions for rail, in particular its focus on maximising growth in commuter and rail freight traffic. The Ministry has overall responsibility for monitoring and reviewing progress against the strategy. A copy is attached.

Rail Network Bill

The Rail Network Bill is primarily an administrative Bill, which establishes the long-term structure of the New Zealand Railways Corporation (ONTRACK) in its new role as owner and operator of the national rail network.

The Bill changes ONTRACK from a State owned enterprise to a Crown entity (a Crown agent) under the Crown Entities Act 2004. It repeals the legislation that ONTRACK currently operates under (the New Zealand Railways Corporation Act 1981 and the New Zealand Railways Corporation Restructuring Act 1990), and carries over those provisions that are still required, with the intention of preserving the current position. In particular, ONTRACK's specific provisions relating to the ability to acquire, hold and sell rail network land are retained.

The Bill is still to be reported back from the Government Administration Select Committee.

Rail Funding

The funding rail infrastructure of operations and developments is predominantly commercial, with the Crown having the ability to invest in rail over and above the commercial level for projects or activities that are considered to offer public policy benefits. Urban passenger rail developments (including infrastructure) in Auckland and Wellington are currently funded through a combination of NLTF funding, a local share (primarily from rates), and one off-additional Crown contributions.

Further work is required to clarify details of the broad funding framework. For example, what activities are considered to be commercial or public interest and establishing an ongoing baseline of public interest funding for ONTRACK. The Ministry is developing a comprehensive funding policy for rail that will identify and address any outstanding issues, and areas where further clarification may be required.

The Ministry of Transport also has responsibility for leading the provision of advice to Ministers on the public policy investment referred to above, and is developing a framework that it can use to assess ONTRACK's public policy funding bids and provide advice to Ministers. The Ministry will need to assess the impact of this new role on its activities/resources.

ONTRACK governance and monitoring arrangements

The ownership responsibility for ONTRACK currently resides with the Ministers of Finance and State Owned Enterprises. Pending the passage of the Rail Network Bill, the Prime Minister will need to appoint a responsible Minister.

Cabinet has agreed that once the Railway Network Bill is enacted and ONTRACK becomes a Crown Entity, Treasury and CCMAU will provide ownership advice with the Ministry of Transport providing ownership advice, policy, purchase and monitoring advice. The Ministry is leading work to clarify the nature of respective roles in relation to this advice, and how the various agencies will interface with each other and with ONTRACK, including which agency will take the lead in various situations.

The Ministry will need to develop the appropriate internal capability and processes to ensure it is able to fulfil its new roles with respect to ownership, policy, and purchasing and monitoring advice once the Rail Network Bill is passed.

Urban Passenger Services in Auckland and Wellington

Major rail passenger upgrades in Auckland and Wellington are planned or underway, and additional Crown funding has been provided, through the NLTF, for passenger rail developments in both regions. In Wellington, the developments are focused on new and refurbished passenger rolling stock, and station upgrades. The draft plan for the Western Corridor has, as a priority, improved passenger rail services along the Kapiti coast, including extension of electrification to Lindale or Waikanae.

In Auckland, there are plans for a major upgrade of the Auckland commuter network, including rolling stock, infrastructure upgrades (e.g. double tracking the Western line and

signalling improvements) and new and refurbished stations e.g., Kingsland, and the Britomart exchange. Cabinet has recently approved special funding arrangements for the Auckland rail core upgrade, including direct funding from the Crown for ONTRACK to undertake “below track” developments.

Heritage Operators

Toll NZ has recently advised it will no longer allow heritage operators trains to run under its rail service licence, with effect from the end of September 2005. As a result the government has decided that ONTRACK will become a licensed rail services operator from 1 October 2005 for the purposes of allowing heritage operators to operate under its licence for an interim period, which will allow heritage operators sufficient time to gain their own licences. The Ministry is working with the safety regulator (Land Transport NZ) and ONTRACK to ensure a smooth transition.

9. Airports – regulation and the Crown’s joint venture arrangements

New Zealand airports are governed by the Airport Authorities Act 1966. This Act provides for local authorities or other entities, primarily airport companies, to be designated by Order in Council as airport authorities. Airport authorities must be managed as commercial undertakings, but have a number of powers under the Act, including the ability to make bylaws regulating access to and use of airport facilities.

In addition to its role as a regulator, the Crown has ownership interests in a number of airports, either as a shareholder in an airport company, or as joint venture partner with a local authority. There are seven airports subject to joint venture agreements. In addition, the Ministry of Transport operates the aerodrome at Milford Sound/Piopiotahi.

Issues with Airport Regulatory Regime

The existing regulatory framework was developed during the 1990s. This involved a lengthy consultation process with airlines and airport operators, culminating in the 1997 Airport Authorities Amendment Act and the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999.

The regime aims to counter the risk that airport companies (particularly the three major international airports) might attempt to exploit their monopoly over airfield and freight and passenger handling facilities by imposing excessive charges on airlines. It does so by requiring airport companies to consult on charges and capital expenditure plans with airlines and to disclose information relating to the accounting basis for charges.

The approach reflects a policy decision at the time to apply a “light handed” regulatory regime, in which disclosure and consultation are preferred to Government intervention in the process of setting charges. The airlines considered at the time that this did not go far enough and have continued to advocate for stronger limits on the powers of airport companies to set charges.

Airport companies however see no need for further regulations and the smaller airports in particular find the existing disclosure regime onerous.

A number of studies and reviews have identified a need for some reform of the regulatory framework. This is a possible area for future policy development work by the Ministry.

Joint Venture Airports

Joint Venture Airports are a legacy from the mid 20th century expansion of airport services, largely based on a partnership between the Crown and local authorities. During the 1980’s and 1990’s the Crown followed a policy of withdrawing from airport ownership and management, but for a variety of reasons seven joint venture agreements remain in place. Some of the airports concerned are not currently profitable, while others involve Crown land holdings that may be subject to Treaty claims.

The Ministry of Transport has recently reported to the Minister of Transport on measures to manage the Crown's risk, assuming that the joint venture mechanism remains in existence for the foreseeable future. A further report is due to Cabinet in May 2006 regarding the retention of the Crown's ownership interest and is currently in preparation.

10. Economic regulation of international air services

Air Services Agreements

New Zealand's international air transport policy has aimed to maximise economic benefits to New Zealand, including trade and tourism, consistent with foreign policy and strategic considerations.

The Ministry of Transport has the primary responsibility for the conduct of air services negotiations. Economic regulation of international air services around the world is governed by bilateral, and increasingly multilateral Air Services Agreements, which are accorded treaty status, and associated Memoranda of Understanding between governments. The air rights that are negotiated cover matters such as the routes that may be flown, the capacity (frequency and aircraft types) that may be offered by airlines, how many airlines may operate, and how tariffs (i.e. prices) may be regulated.

Air services arrangements enable international airlines to carry passengers and cargo traffic to and from New Zealand. Preferably there are open arrangements so that routes and capacity operated by the airlines are maximising broader New Zealand interests. New Zealand has concluded 46 air services relationships to date. Agreement on open arrangements has so far been reached with around 16 countries. Six of these, including those with Singapore and the USA, are now governed by the Multilateral Agreement in the Liberalization of International Air Transportation (MALIAT) for which New Zealand acts as depository.

Following the recent ground-breaking "open skies" agreement with the United Kingdom (this has been our highest priority for some years and will allow Air New Zealand to at least double its services to London), work is currently underway seeking to remove restrictions in other air services arrangements. These include those with the European Union as a whole (the European Commission is seeking a mandate to negotiate with New Zealand on behalf of its 25 members) and Japan (to provide for the operation of Air New Zealand's new B777 aircraft). Work is also going on towards establishing air services arrangements with Peru (following its withdrawal from the MALIAT), Turkey and Bahrain.

Negotiating mandates, prepared in consultation with transport and tourism interests, along with the arrangements subsequently negotiated, are submitted by the Minister of Transport to Cabinet for approval.

Advocacy of a more consumer-driven approach is extended beyond bilateral negotiations to include regional and multilateral fora such as the Asia Pacific Economic Co-operation, the Pacific Islands Forum (New Zealand assisted in the negotiation of the Pacific Islands Air Services Agreement (PIASA)) and the World Trade Organisation.

Airline Ownership

The international airline industry is highly capital intensive and cyclical in nature, and airlines need to be able to access equity capital to maintain their operations. New Zealand has had considerable success in providing for foreign investment in airlines in our air services relationships. The need to remove constraints on foreign investment is increasingly being recognised by governments around the world. There are only two of New Zealand's key bilateral partners that have not yet agreed to change treaty arrangements to provide certainty in this regard. New Zealand policy has provided for an airline seeking designation as a New Zealand airline pursuant to our bilateral air services agreements to be up to 49% owned by non-New Zealand nationals, with up to 35% ownership by foreign airlines or airline interests in aggregate, and up to 25% ownership by a single foreign airline or airline interest.

Air New Zealand and the Kiwi Share

Following the purchase by the Crown in early 2002 of an 82% shareholding in Air New Zealand Limited, the Ministers of Finance and Transport agreed protocols relating to the government's role in Air New Zealand and the respective roles of the two Ministers. The Minister of Transport has responsibility for holding the Kiwi share, which is primarily designed to restrict foreign ownership and control of Air New Zealand through the company's Constitution, and for deciding on certain matters relating to international air services competition under Part IX of the Civil Aviation Act.

International Air Services Licensing

International airlines serving New Zealand, including New Zealand airlines, are required to hold an international air service licence, which prescribes the routes and capacity that may be operated by the airline concerned.

Licensing provides the mechanism for ensuring airlines abide by the air traffic rights exchanged in bilateral negotiations. For New Zealand airlines, licensing is also the method for allocating New Zealand's air traffic rights which, under most agreements, are still restricted. The Minister of Transport is the licensing authority for New Zealand international airlines, except for licences granted for services to and from countries with which an open aviation market has been negotiated (e.g., Australia), where the role has been assigned by statute to the Ministry.

11. Maritime transport

Shipping Industry Review

In December 2000 the *Shipping Industry Review* reported to the government on a series of possible measures to increase New Zealand's participation in shipping and maritime service provision. The Review's key proposal was special income-tax provisions for New Zealand-based coastal shipping. Various such measures are used in many countries to assist their international shipping industries.

The Review also looked at the option of restoring 'cabotage' (reserving local trade to local operators), but did not reach consensus on this issue.

In May 2004 the government decided in principle that it did not support either income-tax breaks or cabotage for New Zealand coastal shipping. It agreed instead to continue discussions with maritime transport sector representatives about other means for achieving sustainable New Zealand coastal shipping. Two discussion sessions were held and work is proceeding on the issues raised.

This work includes an amendment to the coastal shipping section of the Maritime Transport Act 1994. This is a technical change to allow New Zealand-based shipping companies greater flexibility to carry coastal cargo in New Zealand when operating overseas-registered ships. This amendment came into force on 15 December 2005.

Pacific Forum Line

The Minister of Transport is the New Zealand shareholding minister for the Pacific Forum Line (PFL). The PFL is a regional shipping line providing services to a number of Pacific Island Countries (PICs). The New Zealand government owns the PFL jointly with eleven other PICs. Dave Morgan is the New Zealand-appointed director on the PFL board.

The Ministry's main involvement is preparing, in conjunction with the Crown Company Monitoring Advisory Unit and the Ministry of Foreign Affairs and Trade, the New Zealand shareholder's briefing for the PFL shareholders' AGM (usually held each June). This is sent to you for approval.

12. Participation in International Fora

Asia-Pacific Economic Cooperation (APEC)

The involvement with the APEC Transportation Working Group aims to achieve liberalisation of transport systems to encourage economic development in the Asia-Pacific region. The Ministry's work involves preparing for and attending the twice yearly meetings and supporting New Zealand's representation at a Ministerial meeting every two-three years.

International Civil Aviation Organisation (ICAO)

The International Civil Aviation Organisation (ICAO) sets Standards and Recommended Practices in 18 Annexes to the Convention on International Civil Aviation (Chicago Convention) to achieve global uniformity. The Ministry is the State representative and pays New Zealand's annual assessment. While most of ICAO's business relates to aviation safety and security matters, which are the responsibility of the Civil Aviation Authority, the Ministry has occasional involvement as lead agency at triennial Assemblies, and matters relating to air transport law, economics and regulation, and air facilitation.

Australian Transport Council (ATC)

The ATC is a forum of Ministers from Federal and State governments in Australia. New Zealand is also a member, but does not vote on matters pertaining to Australian domestic issues. The meetings are usually twice a year and rotate among states and New Zealand. The New Zealand Transport Minister does not normally attend every meeting, preferring to delegate to the Secretary for Transport. The Ministry is involved in the subordinate officials' group known as the Standing Committee on Transport (SCOT).

General Agreement on Trade in Services / World Trade Organisation

There is limited coverage of the air transport sector in the General Agreement on Trade in Services (GATS). Under the Annex on Air Transport Services, GATS principles apply to computer reservation systems, aircraft repair and maintenance, and the sale and marketing of airline services. Traffic rights, essentially routes and capacity, have been explicitly excluded from GATS coverage because the 'most favoured nation' principle, whereby air rights given to one country would have to be given to all, conflicts with the long-established international practice of trading such rights on a strictly bilateral basis. The five-yearly review of the Annex is due to commence this year.

New Zealand has been at the forefront of an initiative to widen the coverage of air services within the GATS and chairs a Friends group on this subject in Geneva.

Negotiation on the maritime sector broke down during the Uruguay Round and in a subsequent sectoral negotiation. As a major user of maritime services, New Zealand also has an interest in progress being made on extending the coverage of the GATS to include this services sector. New Zealand is also supporting the inclusion of all other services in the logistics supply chain.

Our interest in the transport aspects of the GATS is in part because this is an area where New Zealand has the flexibility to move to meet requests from other countries. The Ministry's involvement contributes to New Zealand's efforts to achieve progress on other areas of the Doha round, notably as agriculture.

Mutual Recognition of Aviation-Related Certification between New Zealand and Australia

In 1996, as part of the 'Open Skies' agreement, Australia and New Zealand undertook that their airline safety certification processes should be mutually recognised. Collaboration between the Ministry, the Civil Aviation Authority, and Australian counterparts began in earnest in 2000 and an agreed regime was developed. Adoption of mutual recognition is

based on acceptance of the equivalent standards of safety regulation achieved by both countries' safety regulatory systems, which is comparable with international best practice.

The legislative provision for mutual recognition by New Zealand was incorporated in Part 1A of the Civil Aviation Act in 2004 and is to be brought into force by Order-in-Council. Similar Australian legislation was withdrawn in mid 2004, owing to political differences, pending their election. The legislation was reintroduced in June 2005, had been recommended to be passed by a Senate Committee and is expected to be passed by December. A high level arrangement between the two countries is likely to be recommended for signing by the New Zealand Minister and the Australian High Commissioner.

Air Facilitation

The International Civil Aviation Organisation (ICAO) sets Standards and Recommended Practices related to the processing of aircraft, cargo, crew and passengers through international borders. Consistent with ICAO recommendations, the Ministry chairs the National Air Facilitation Committee, which is a forum of officials and industry representatives concerned with improving facilitation.

In this context, the Ministry has a role in resolving the government's concerns about congestion and infrastructure at Auckland International Airport.

UNCITRAL Convention on the Carriage of Goods by Sea

The Ministry is participating in the working group of the United Nations Commission on International Trade Law (UNCITRAL) looking at a new Convention on the Carriage of Goods by Sea.

The new convention covers matters such as liability and shipping documentation and is intended to replace existing conventions including the 1968 Hague-Visby Rules. The existing conventions are not universally adopted and do not adequately deal with matters such as containerisation, multi modal transport, or electronic documentation.

The Working Group is looking to complete its consideration of the draft instrument in 2006 with a view to it being adopted in 2007. If New Zealand was to become a party to the convention, legislation would be required.

Current work programme: Assisting safety and personal security

13. Safety Strategy

The key strategic issue is the level of effectiveness of primarily legislation and enforcement-based approaches to safety and security in today's increasingly complex society. The legislative framework does need tightening, but carefully and in a way that is most likely to result in individuals, communities and organisations taking greater responsibility for safety.

For many years' legislative and enforcement measures in all transport modes worked very successfully to change individual, organisational and community behaviour. More recently, it has become evident that factors such as an increasingly diverse New Zealand society, rapid technological change and an ever more complex transport environment have combined to blunt the impact of this approach. Legislation and enforcement alone cannot reach the risks that are part of day to day activities across the transport spectrum. The key to addressing those risks is to cultivate an improved understanding of the risks and how to minimise them. In short, what is required is attitudinal change that reaches individuals, communities, organisations and, ultimately NZ society as a whole.

To provide the right backdrop to this wider strategic dimension, it will be necessary to clarify, strengthen and align strategies and accountabilities across the transport modes. Then, effective communication and education will be vital to reaching the target audiences necessary to establish an effective, sustainable safety and security culture.

The development of such a culture requires:

- Co-operation and collaboration across all agencies;
- Modification of attitudes at individual, community, organisational and societal levels; and
- Consistent standards, education, practices and incentives, including funding regimes.

Within the broader sweep of this key strategic concern, a number of more specific critical issues are exercising the safety and security group. These fall under three main headings:

- Safety and security imperatives
- Funding issues
- Complying with international obligations

14. Road safety

The Issue

In 2002 the government established, in its *Road Safety to 2010* strategy, a set of ambitious road safety goals: no more than 300 deaths and 4500 hospitalisations a year by the end of 2010. These goals were developed after an extensive process of public consultations in 2000 and based on a research led analysis of what international best practice interventions could achieve in New Zealand. However, the strategy has only been partially implemented and is still short in respect of critical interventions. For example significant further reductions in travel speed will be required to achieve the goals. An independent review of the strategy provided to Ministers in February this year, indicated that the goals will not be achieved unless implementation is completed.

Between 1990 and 2002 the road toll tracked steadily downwards, despite a considerable increase in the volume of traffic and number of kilometres travelled on our roads. Over that time a range of education and enforcement measures were introduced, for example, best practice advertising and community programmes which support enforcement, and targeted enforcement measures like compulsory breath testing, speed cameras, lower speed tolerances, and the highway patrol. These have been backed up by steady improvement in road and vehicle engineering standards.

There are now indications that the rate of road safety improvement is levelling off. The independent strategy review and an associated review of the Safety Administration Programme which funded the education and enforcement elements of the strategy, also confirmed that there would be increasingly less value from every additional dollar spent on road safety enforcement interventions without new policy initiatives.

Over the last three years there is increasing reluctance to legislate for tougher behavioural interventions aimed at the general driving public. At the same time there is a developing pattern of public resistance to established behavioural interventions such as introducing demerit points on speed cameras and lowering the blood/alcohol level, and raising the driving age closer to the international best practice norms.

Addressing the Issue

The New Zealand Transport Strategy and the Transport Sector Review provide us with the opportunity to build safety into road funding and planning decisions, and to develop vehicle interventions that meet both safety and environmental needs.

Work is underway on developing a road engineering programme for safety through to 2010, and exploring options for improving safety and lessening the environmental impact of vehicles without impacting negatively on access and mobility.

A range of human factor initiatives could be implemented but before any such changes can be worked through, we need to engage intensively with road safety stakeholders and the broader community.

The National Road Safety Committee (NRSC) is an officials committee established to enhance coordination and co-operation across the range of agencies charged with achieving the government's road safety goals. The committee is convened by the Secretary for Transport and includes the Commissioner of Police and the Chief Executives of Land Transport NZ, Transit NZ, the Accident Compensation Corporation, and Local Government NZ. The Secretaries for Justice and Labour and the Chief Executive of the Ministry of Health are associate members of the Committee. In February 2005, the National Road Safety Committee, convened by the Secretary for Transport, proposed the release of the independent review of the *Road Safety to 2010* strategy, and the subsequent discussion of the issues it raises in a series of public workshops. That advice remains the same. Community support and buy-in are essential for the effectiveness of road safety initiatives. A process of engagement with the community will build up awareness of risk and the responsibilities of driving and using the road network safely. It will also be critical to improve the responsiveness of public and private organisations to community demands for improved safety.

The government's early consideration of the NRSC's proposals is crucial to the road safety effort and to the resumption of progress towards the 2010 road safety goals. A draft Cabinet paper has been prepared following discussion between the former Minister of Transport, the Minister for Transport Safety and the Minister of Police, which seeks support from Cabinet on the way forward.

15. Older Driver Licensing

Older person stakeholder groups are concerned about the older driver on-road test, which is currently required at age 80 and two-yearly thereafter. Many older persons find the on-road test stressful and costly. Grey Power has a complaint before the Human Rights Commission arguing that the mandatory age-based on-road test constitutes age-based discrimination. Few overseas jurisdictions have mandatory age-based road tests, and there appears to be little difference in safety outcomes between those that do and those that have no on-road test.

In July 2004, the Minister of Transport, and the Ministers for Transport Safety and Senior Citizens directed the Ministry of Transport to establish and lead a Stakeholder Consultative Group (SCG) to examine and review the Older Driver Test regime and its operational framework. The Review was to look at the long term future of older driver licensing, and seek to balance the key New Zealand Transport Strategy objectives of assisting safety and security and improving access and mobility.

The Review reported back to joint Ministers at the end of June 2005. Its major recommendation is to remove the mandatory age-based on-road test and to replace this with a range of measures including medical assessment and education. This change will constitute a major change of policy for older driver licensing and has a number of risks, including:

- Meeting the proposed timeframe for introduction of the new system by December 2006. A 'Rule' change is required to establish a new older driver licensing regime without a mandatory age-based on-road test;
- The results of consultation on the Rule change need to be considered by joint Ministers (Minister for Transport Safety, Minister of Transport, Minister for Senior Citizens), and then referred to Cabinet, prior to sign off by the Minister for Transport Safety. Any delays in the very tight timeframe for decision making will mean that Land Transport New Zealand will be unable to implement the Rule change by the planned introduction date of December 2006; and

- Uncertainties about how GPs will change the way they approach medical certificates for their older patients in the new environment. An overly conservative approach could lead to over-referrals for further assessment or on-road tests.

One policy issue that will require further government decision is:

- Whether government will subsidise occupational therapist driving assessments and GP visits, and if so through which Vote that funding should go. A separate Cabinet paper on this issue is being drafted by the Ministry of Transport in consultation with the Ministry of Health; and
- Retaining the on-road test fee at the current level could require changes in the current level of government subsidy.

16. Rail safety

Issue

The Railways Act came into force on 20 July 2005. During the first 12 months of its enactment railway operators, to be licensed under the act, must submit safety cases for approval by the rail safety regulator, the Director of Land Transport. The safety case regime requires operators to identify risks and the measures in place to mitigate those risks. This more contemporary, risk focused approach will require considerable change to the safety culture of many current licence holders. There will be approximately 80 licensed operators under the Railways Act 2005.

In the last seven years, there has been an annual average of 22 fatalities, 15 serious injuries and 43 minor injuries on the NZ rail network. Comparisons with overseas jurisdictions show that New Zealand's rail safety performance should be improved.

The *National Rail Strategy to 2015* (NRS) was released in May 2005 and articulates government's objective to realise the full potential of rail as a properly integrated part of New Zealand's transport infrastructure and a clear shift of commuter and freight traffic from road onto rail, where appropriate.

The development of a rail safety strategy is a key safety initiative in the NRS and will provide a framework to help ensure that any safety risks arising from a greater focus on rail (such as increases in the number and frequency of trains) are properly managed.

The cost of rail safety regulation under the new regime has been assessed, and it is proposed the current Regulation for rail fees and charges be updated to recover these costs. The proposed fees cover the annual monitoring fee, including safety case approvals and annual assessments. Initial consultation with industry has taken place, with major industry participants objecting to major fee increases which are proposed.

As a first step in the development of a rail safety strategy, the Ministry of Transport has developed a paper that outlines proposed rail safety targets and discusses the roles and responsibilities for improving rail safety in New Zealand. The paper proposes either a 15 or a 25 percent reduction in the number of injury accidents. Separate targets will be derived for level crossing injury accidents, trespasser/vandalism injury accidents and rail operations injury accidents. Submissions closed on 3 March 2006 and are currently being analysed.

17. Aviation and Maritime Security

International Standards

Government faces a challenging task with the need to enhance security as required by international standards. Both the Aviation and Maritime sectors have faced increased international security regulations with which they must comply. For the Maritime sector, these come through the International Maritime Organisation (IMO), which adopted a new

international framework to improve the security of ships and ports, and for the Aviation sector, these regulations are set out in Annex 17 to the Convention on International Civil Aviation.

As a contracting State to the Convention on International Civil Aviation, New Zealand is obliged to conform to the Convention's standards unless it is deemed impracticable to do so. Choosing not to comply would require a careful assessment of the potential reaction of our key trading partners, and could have a negative financial impact. For example, if non-compliant with regards to security, New Zealand ports could suffer a decrease in aviation and maritime services from other jurisdictions.

Compliance with international standards can be a balancing-act domestically. The risks to transport security in other jurisdictions will differ from those existing in New Zealand, where the security risk is low. Thus, international requirements may be more rigorous than those actually needed in New Zealand, and yet compliance with the measures is required for the reasons detailed above. Complying with these international security measures has brought some significant costs to the maritime and aviation industries. The Aviation Industry in particular contains some powerful lobby groups, most notably, the Board of Airline Representatives (BARNZ), who represent 27 international airlines who fly to and from New Zealand.

The development of legislation to fully implement ICAO standards in New Zealand is underway. There is particular pressure to put in place a proposed new ICAO standard for screening a proportion of airport workers, which will come into effect on 1 July 2006. In addition, the Civil Aviation Authority has been formally advised by ICAO that as part of the Universal Security Audit Programme, New Zealand is scheduled to be audited in September 2006.

Civil Aviation (Security) Bill

The Civil Aviation (Security) Bill is currently under development with Cabinet having made some decisions on policy in March 2006. The international aviation security regime has been significantly upgraded since September 2001, and some amendments to New Zealand's legislation are required to support our ICAO obligations and to meet the requirements of foreign governments for aircraft originating from New Zealand.

In light of New Zealand's upcoming ICAO audit in September 2006 the government's early consideration of this Bill is crucial.

A number of Civil Aviation Rules are also under development to ensure compliance with ICAO standards, for example Rule Part 109, which concerns the security screening of air cargo.

Maritime Security Act

In terms of addressing international standards for maritime security, the Maritime Security Act came into force on 1 July 2004. This Act established a maritime security framework for ships and port facilities serving New Zealand's international trade in New Zealand. Maritime New Zealand has been appointed as the Designated Authority under the Maritime Security Act and is therefore responsible for ensuring that the provisions of the International Ship and Port Facility Security Code are complied with. This Code applies to New Zealand's international trading ports and some New Zealand ships as well as commercial freight and passenger vessels visiting New Zealand. Maritime New Zealand's role involves managing the risk assessment process, setting the operational security level and approving and auditing port facility and ship security plans. Maritime New Zealand also provides and co-ordinates security information to ships and ports and exercises port state control measures in respect of compliance by foreign vessels arriving in New Zealand.

18. Maritime New Zealand Funding

Due to a decline in revenue from third party charges since mid-2003, Maritime New Zealand (Maritime New Zealand) has incurred operating deficits of \$.6M in 2003/04, \$.9M in 2004/05

and is forecasting deficits exceeding \$1m. Deficits to date have been met from reserves but that is no longer feasible.

The marine safety charge (MSC) is a statutory charge levied on all commercial ships to provide funding for safety services to shipping. Due mainly to structural changes to international liner shipping services in recent years, Maritime New Zealand has experienced a sustained decline in revenue from MSC on foreign-going ships.

Though the revenue decline has been the catalyst for operating deficits, the situation has highlighted other factors that also affect Maritime New Zealand's ability to fund its operations. For example, the organisation receives only limited funding to support recreational boating-related functions, while new or expanded statutory functions and expectations of the organisation have greatly increased pressures on its administrative and support resources.

Maritime New Zealand cannot continue to provide its existing level of safety services without becoming technically insolvent.

Addressing the Issue

A two-stage process has been initiated to address Maritime New Zealand's funding situation.

First, the MSC payable by foreign-going ships has been increased by 15% to restore revenue to a level sufficient to cover the cost of existing safety services pending an overhaul of Maritime New Zealand funding.

Second, the Ministry of Transport has initiated a full review of Maritime New Zealand funding, undertaken by an independent reviewer with support from the Ministry, Treasury and Maritime New Zealand. The review considered all aspects of the entity's funding, including the efficiency with which the organisation uses its resources, the relationship between income streams and what they pay for, future capability needs, and options for placing future funding on sound footing in at least the medium term.¹ Implementation of the recommendations is currently being considered.

The reviewers found that Maritime New Zealand is, generally speaking, a well-performing organisation that operates effectively and efficiently. The reviewers identified that although there were some opportunities for cost savings and better resource utilisation, overall Maritime New Zealand was under-resourced. They recommended that the Crown fund the capital costs for relocation and IT upgrade that could not be met out of reserves (estimate at \$3.9m for 2006/07, \$2.0m for 2008/08 and \$0.9m in 2008/09). The reviewers also recommended that Crown appropriations to Maritime New Zealand increase by \$2.0m in 2006/07, \$2.5m in 2007/09 and \$2.8 in 2008/09 and out years and that industry contribute slightly less (\$0.5m) in safety levies and pay an extra \$1.7 through increased direct charges. Ministers are considering a budget bid. and a work programme to progress the review is being prepared.

19. Search and Rescue (SAR)

SAR in New Zealand relies heavily on volunteer organisations that are financially vulnerable despite their importance to a cohesive SAR system, while the funding available to government SAR providers affords little scope to refine and improve their operations. The future integrity of the national SAR system will rely on secure funding arrangements that support all its key components.

¹ Linkages to the Ministry's operations:

Agency relations – primary Ministry of Transport responsibility for the funding review

Finance – Crown funding-related implications

Safety & Security – implications for Maritime New Zealand safety and security roles

Environment – implications for Maritime New Zealand marine environment protection role

Following a review of New Zealand Maritime SAR in 2001 and subsequent major upgrades of strategic governance and SAR rescue co-ordination, the focus has turned to the sector's strategic funding needs.

The New Zealand SAR Council (comprising the CEs of Transport, Police, NZ Defence Force, Maritime New Zealand and Civil Aviation Authority) has recently assessed the long-term strategic funding arrangements of all aspects of the New Zealand SAR system. Following on from this the Officials Domestic and External Security Coordination Committee (ODESC) recently considered a long term strategic funding proposal which was endorsed. That proposal is currently being refined and prepared for submission to Ministers prior to consideration by Cabinet.

Search and Rescue and Review

Currently the SAR Council has an inquiry underway into the ZKHTF helicopter crash. This review is being undertaken by Paul Fitzharris (ex Police) with a completion date of 31 March 2006.

20. Transport Security

Counter-Terrorism for Land Transport

In terms of New Zealand's current threat environment, a terrorist attack on New Zealand's land transport system (including road and rail infrastructure services and the Auckland harbour ferries) is unlikely. However, as New Zealand's land transport infrastructure is a significant economic asset there would be a considerable financial cost in the event of an incident affecting land transport networks.

Furthermore, land transport systems have come under increased focus internationally, and will continue to do so in the wake of events such as the London train bombings of July 2005. It is important that the terrorism risk to New Zealand land transport is assessed and addressed adequately, as this will help to ensure tourist and trading partner confidence.

Counter-Terrorism for Domestic Maritime Transport

The Maritime Security Act, which came into force on 1 July 2004, implements international security requirements for ships and port facilities serving New Zealand's international trade in New Zealand. Cook Strait ferry services are not subject to the international security requirements but are essentially considered to be an extension of the national land transport system. There are potential security vulnerabilities with these services and a security-related incident could have negative effects on tourism and trade operations across the Strait.

Addressing the Issue

The Ministry has set up a specific transport security team within the Safety and Security group. This is a multi-modal group covering land, air and sea security. Land transport security and the Cook Strait ferry service will be part of its security focus. Transport Security team members are establishing and maintaining links overseas in terms of land transport security initiatives, including attending appropriate international forums and have begun preliminary scoping work on land transport security.

In early 2005 the Ministry established a Transport Emergency Management Co-ordination Cluster Group comprising representatives from across the transport sector (land, air and sea). Through this Group members will strive for effective risk management across the transport sector. This Group will focus on both natural and man-made hazards affecting the land transport system. Several meetings have been held and there is strong support for this Group from its members. Linked to the purpose of this Group, early in 2005 the Ministry commissioned work on a stock-take of how well New Zealand is prepared to respond to natural or man-made hazards involving threats, or actual damage, to critical land transport infrastructure. Members of the Cluster Group have this report and it will be more widely available once an action plan for the recommendations has been agreed.

21. Motor Vehicle Registration and Licensing

Contract with Land Transport New Zealand

The Secretary for Transport contracts with Land Transport NZ for the management and administration of Motor Vehicle Registration and Revenue Management (essentially the Transport Registration Centre in Palmerston North and related services).

Personal Information Held on the Motor Vehicle Register

The Motor Vehicle Register contains the name and address of the 2.3 million people registered as the owners of motor vehicles. Any person may, on paying a small fee and specifying a vehicle, obtain the name and address of the person registered as the owner of that vehicle. The information may be provided over the counter or by electronic download. Of all the public registers, the Motor Vehicle Register is the most accessible to public enquiry.

Why is this an Issue?

More than 8 million owner records were provided to the public on 2004/5, the majority by electronic download. Direct marketers are heavy users of the Register, the largest user among them downloads around 250,000 records per month. These records are used to compile mailing lists for advertising or market research. Many people resent the fact that personal details which they are compelled by law to provide are made available for commercial purposes. The Minister for Transport Safety, the Privacy Commissioner and the Registrar of Motor Vehicles have all received complaints on this matter. The Privacy Commissioner has called for a ban on release of personal information from public registers for commercial purposes.

Further, car thieves and stalkers have used the Register to track people or target their vehicles. Angry motorists, in the aftermath of a road rage incident, have used the Register to trace the driver of the other vehicle involved in the incident.

What to do about it?

In response to a directive from Cabinet Policy Committee, a Cabinet paper has been drafted, in consultation with the Ministry of Justice and the Office of the Privacy Commissioner, proposing an access regime which will provide protection for personal information from use for commercial or criminal purposes.

The access regime recognises that some forms of public disclosure are beneficial. Therefore it will permit access by insurance companies for the purposes of pursuing an insurance claim and by solicitors for pursuing civil claims generally. Provision is also made for advising owners of manufacturers' safety recalls.

The proposed access regime will require an amendment to the Transport (Vehicle and Driver Registration and Licensing Act). A number of other amendments to this statute already agreed by Cabinet (relating to enforcement of vehicle change of ownership requirements and the use of trade plates) will be included in the amending legislation.

22. Compulsory Third Party Property Damage Insurance

New Zealand has a form of compulsory insurance for personal injury from road crashes. This is through ACC 'premiums' in the annual relicensing fees for motor vehicles, and also a small ACC levy on petrol. New Zealand does not, however, have compulsory insurance for property damage from road crashes. This means that some uninsured drivers may avoid paying for property damage they have caused, especially if they have little or no financial means.

Most insurance policies include an Uninsured Motorist Extension (UME), which covers policyholders from damage caused by uninsured drivers. The Ministry has been asked to

look at whether compulsory third party insurance would provide better coverage at lower cost than UMEs, and whether it might also encourage drivers, especially young high-risk drivers, to adopt safer driving habits.

Current work programme: Improving access and mobility

23. Walking and Cycling

The national strategy "*Getting there - on foot, by cycle*" to increase walking and cycling in New Zealand transport was launched by the Government in February 2005.

The Ministry is responsible for leading and monitoring the implementation of the strategy and is currently engaged in a number of implementation activities. These include strategic planning for 2006-2008 for walking and cycling, developing initial strategy performance indicators and ensuring the first annual national inter-agency action plan for July 2006 to June 2007 is in place. Collaboration and cooperation between all stakeholders including the government transport sector, regional and local government and advocacy groups is required for the success of the strategy.

24. Public Transport Procurement Legislation Review

This review of Part Two of the Transport Services Licensing Act 1989 is being undertaken by a joint central and local government working group, led by the Ministry, as part of the 'Sustainable Development Programme of Action'. The review is to focus on the current legal right of operators to register and provide commercial services, and the limited control that local government has over these services. This review will not consider funding issues. The Ministry will circulate a consultation report in May 2006, and make recommendations to you by the end of June 2006.

25. Total Mobility Review

The Total Mobility Scheme provides a subsidised taxi transport service to people with serious mobility constraints. This scheme is operated by local authorities and funding is jointly provided by Land Transport NZ and local authorities. The Ministry, in partnership with Land Transport NZ completed a review of the scheme in August 2005. A number of recommendations were made which will strengthen the foundations of the Scheme, improve national consistency and improve service provision. Government also agreed to increase the level of central government funding for the scheme. While Land Transport NZ will have primary responsibility for implementing these recommendations, the Ministry will retain strategic oversight of this project.

26. Human Rights Commission Inquiry into Accessible Public Transport

The Human Rights Commission commenced this inquiry in July 2003. In February 2005 the Commissioner met with the Ministers' of Transport and Disability Issues to outline key findings and likely recommendations. In July 2005 a draft report was released to key stakeholders. This made a number of recommendations, some of which cannot be implemented within the existing legislative and governance arrangements. Key recommendations include ensuring that disabled people participate in all transport planning processes, and developing and implementing mandatory national accessibility design standards for all infrastructure and public transport vehicles. The Ministry is working with Land Transport NZ to develop a rule which will ensure that all new buses to be used for scheduled passenger transport services will be accessible.

27. Transport Demand Management

Until recently, transport planning and improvement activities have focussed on a 'predict and provide' approach, whereby investment in infrastructure has been driven by projected demand for transport. With the release of the NZTS and the passing of the Land Transport Management Act (2003) the focus was shifted from supply of transport infrastructure to influencing demand for transport services. Transport Demand Management (TDM) comprises a series of interventions designed to influence transport demand without unduly impinging on the ability of people and goods to move relatively freely. Pricing, planning, market and

political levers can be used to encourage people and freight to be moved by the most efficient mode. The Ministry is currently working with other government transport agencies and regional authorities to identify what measures are currently being used and where further TDM tools could be used to influence transport demand.

28. Heavy Vehicles – Mass and Dimension Limits

Over the past five years, the growth of heavy vehicle road movements has been higher than the overall growth in road transport activity. In 1992, Transit NZ undertook a series of studies to assess whether it would be feasible and economically beneficial to increase the mass and dimensions of heavy vehicles. The study assessed the impact of two scenarios. Scenario A proposed that the mass should be increased to 50 tonnes for vehicles on all public roads, while Scenario B proposed that mass should be increased to 62 tonnes on longer vehicles on selected routes. Although this study showed that both scenarios had a positive benefit/cost ratio (BCR), it assumed that modal shift from rail would not occur.

A further study was undertaken in 2004 to test the earlier findings and to assess the impact of the two scenarios on rail. This study showed that Scenario A still had a positive BCR, although there would be a significant financial impact on rail. Both the Ministry and Transit NZ believe that economic gains could be made by allowing heavier trucks carrying specific commodities on specific routes where rail will not be affected. The Ministry, in collaboration with Transit NZ, is proposing to report to you in 2006 on the way forward.

Current work programme: Protecting and promoting public health

29. Pandemic Planning

The Ministry has been involved in interdepartmental planning to take all possible steps to prevent the arrival of a pandemic flu virus in New Zealand, consequent to an outbreak offshore, and if such a virus did arrive in New Zealand, to contain and manage its spread and effect. The Ministry's work has primarily been directed into the border group, looking at issues surrounding aircraft arrivals in the context of a border closure; the Infrastructure Group, looking at communication strategies and sustaining transport services; and the civil defence emergency group looking at community support.

30. Vehicle Emissions

Background

In 2002 a report was released that had been prepared by National Institute of Water Atmospheric Research for the Ministry of Transport on the health impacts of air pollution. The report found that up to 399 additional deaths were caused each year from the effects of vehicle emissions. The report's findings were the trigger for a decision by the government, in 2003, to announce its intention to proceed with emission testing of vehicles: both in-service and at the border in 2006. The government also agreed to prepare reports on the effectiveness of the tests proposed (The Vehicle Emissions Pilot Project report see below) and on the social and economic impacts of the testing, before finalising the testing regime.

In April 2005, the Associate Minister of Transport announced that the draft findings of the Pilot testing programme showed the proposed tests would not be effective in reducing emissions and would cost more than originally anticipated. A significant shortage of skilled labour in the transport sector to both perform tests and carry out any repairs necessary to bring vehicles up to standard was also identified. The Associate Minister also announced a series of measures that would be implemented quickly, and that the Ministry of Transport would continue to develop longer term options to reduce emissions.

In May 2005, Cabinet instructed the Ministry to:

- Carry out further work on identifying appropriate emission standards for both new and used vehicles entering the fleet; and
- Further investigate improvements in the effectiveness of the visible smoke check at Warrant of Fitness/Certificate of Fitness (WoF/CoF) and advise on any necessary changes to the Land Transport Rule: Vehicle Exhaust Emissions 2003.

Cabinet also agreed that tampering with emission control technologies should be prohibited.

In December 2005, Cabinet instructed the Ministry to:

- Carry out investigations into improved emission standards for imported used vehicles, including the environmental, economic and social impacts; and
- Continue work on updates to existing new-vehicles exhaust emissions standards.

A brief update on the separate strands within the work programme is provided below.

Vehicle Emissions Pilot Project Report

In July 2004, the Ministry signed a contract with Andrew Campbell of Fuel Technology Ltd and Energy and Fuels Research Unit of Auckland UniServices Ltd (the Consultants) to carry out a study on emission testing in New Zealand. The contract was initially to be completed by December 2004, however, the consultants experienced a number of difficulties and the project completion was delayed.

On 8 March 2005 the Ministry received the final draft of the report Vehicle Emissions Pilot Project from the Consultants. The practical advice and experience collected while implementing the testing programme was part of the basis for the announcement in April 2005 that nationwide in-service emissions testing would not proceed at this time.

Following international peer review and internal review, the Consultants undertook to revise the structure and presentation of the draft report. It was also agreed to separate the petrol and diesel components and to deliver the new petrol report first.

The Ministry accepted the final petrol section for the report in early March 2006. The Consultants are now working on the diesel report and indicate the next draft of this will be available in mid-2006. Key stakeholders will be informed and it will be made available through the Ministry's website.

Social and Economic Impact Report

The Social and Economic Impact report found the impacts of a vehicle emissions test failure would vary according to the vulnerability of the household. Those most at risk are low income households—most likely to own a failing vehicle and least able to pay for the repairs—and those who rely on vehicles for their ongoing participation in work and other activities. Analysis suggests that the communities at greatest risk are young and old people, and sole parents particularly of Māori and Pacific Island descent.

This report is available on the Ministry website.

The second phase of this study, which was to determine the effects of a specific testing regime, was not conducted as it was superseded by the announcement not to proceed with in-service testing. Following the decision not to proceed with in-service testing, Cabinet requested investigation into social and economic, as well as environmental impacts, from the introduction of minimum emissions standards for imported used petrol and diesel vehicles and requested the Ministry investigate how these standards might be raised over time. Results of these investigations will be reported back to Cabinet by September 2006.

Future Emissions Policies

In May 2005, Cabinet agreed to immediate actions to reduce harmful emissions from petrol and diesel vehicles. These included the introduction of a visual smoke check at Warrant of Fitness or Certificate of Fitness; prohibitions on the tampering with emission control requirements; and to strengthen the emission control requirements on imported vehicles. Programmes are underway in the Environment Group to prepare the necessary arrangements to implement these decisions.

Further medium and long term policies which the Environment Group is investigating include:

- Monitoring emissions using the vehicle's onboard electronic monitoring equipment which is now built into most new vehicles;
- Speeding up the evolution of the vehicle fleet to remove older and high emitting vehicles and encourage faster uptake of low emission vehicles;
- Voluntary emission testing programmes for truck and bus operators and for other high kilometre travelling vehicles, such as taxis and couriers; and
- Educating drivers to reduce emissions.

Policies which will need more research for consideration to take forwards:

- Use of remote sensing devices, both for education and possibly for enforcement, especially in areas with known air pollution problems.
- Requirements to fit, or possibly in some cases retrofit, filters or catalysts to certain types of diesel vehicles in order to reduce their tail-pipe emissions.

Visible Smoke Check at WoF/CoF

In May 2005 Cabinet agreed to development of a rule to check for visible smoke at WoF/CoF. Rule development has proceeded for this. A “yellow” draft rule for the visible smoke check and also an amendment to the implementation date for the emissions standard known as “Euro 4” for heavy diesel vehicles was released by Land Transport NZ on 16 January 2006. Submissions closed on 24 February. As at 15 March, over 100 responses had been received. An analysis is being completed. Most submissions are supportive of the intent of the 5 second test, but most also want the government to take much stronger actions. There has been little comment on the delay to Euro 4. Several submissions focus on noise, which was not discussed. The rule is on track to be implemented before the end of 2006.

Stakeholder Involvement

Following the May 2005 Cabinet decisions, working groups from central and local government, with industry and other stakeholders, have been established. These are providing input towards implementing the agreed policies and are assisting with development of further options to reduce harmful emissions, including those discussed above.

Groups met during August and October 2005. A further meeting is planned for May 2006.

Public Education and Awareness Programme

In May 2005, Cabinet also reconfirmed a prior agreement that the Ministry would manage a programme of public education and awareness over the period 2004 – 2007 that would inform vehicle owners, users, retailers and service personnel of the emissions control policy and advantages of proper vehicle maintenance.

The programme includes funding of surveys on the public’s understanding of vehicles emissions and their effects. The results of the survey were received in October 2005 and presented to key stakeholders at the October 2005 stakeholder meetings.

The Ministry has contracted Clemenger BBDO to undertake out a major publicity campaign using national media in the second half of 2006. This will publicise the visible smoke vehicle check at WoF/CoF and provide advice on how to lower emissions.

Health and Air Pollution in New Zealand Report

The Health and Air Pollution in New Zealand (HAPINZ) study is a three year programme that aims to identify the effects of air pollution, link these effects to the various sources of air pollution, examine the costs of the effects, and formulate cost effective policy options that will lead to improvements in health outcomes. The study is funded under a joint initiative from the Health Research Council, the Ministry for the Environment and the Ministry of Transport. This builds on the work published in 2002 by NIWA that estimated 399 deaths were caused by vehicle emissions.

The first phase of the project is a pilot study on Christchurch. The purpose of the pilot study is to test the study’s methodology and present it for evaluation and comment before the methodology is applied across New Zealand. The report was originally scheduled for completion in early 2005 but was delayed due to the release of several important new studies on air pollution and its effects that the authors of the report felt needed to be included.

The final version of the Christchurch Pilot Study report has been released. The final report on the whole of New Zealand is yet to be received.

31. Objective Noise Testing - Vehicle Based Measures

Issue

A small number of excessively noisy vehicles are creating a great deal of public nuisance and distress. There is a need to address the impacts of excessive noise from vehicles and to identify acceptable levels of vehicle noise. Ministerial correspondence received from the general public, local government officials and fellow Members of Parliament support action to address noisy vehicles and largely support the implementation of an objective noise test.

Background

New Zealand has legislation in place which empowers the New Zealand Police (NZ Police) and WoF testing officers to address noisy vehicles.

Section 7.4 of the Land Transport (Road User) Rule 2004 (Road User Rule) provides for on-road enforcement of vehicle noise. The Road User Rule empowers NZ Police to issue an instant \$250 infringement offence and impose 10 demerit points if a person operates a vehicle that creates noise which, having regard to all the circumstances is excessive, including noise from stereos and "boom boxes".

In addition to roadside enforcement, all vehicles undergo a subjective opinion-based noise test during WoF/CoF checks. Vehicles for first registration in New Zealand also undergo a subjective noise test. Clause 2.7(3) of the Land Transport Rule: Vehicle Equipment 2004 states that noise from an exhaust system must not be noticeably and significantly louder than it would have been when the motor vehicle was manufactured with its original exhaust system. Under section 115(1) of the Land Transport Act 1998, a Police officer can also 'green sticker' a vehicle that is seen to breach the noise requirements of the Vehicle Equipment Rule 2004, directing that the vehicle is not to be driven on a road until it has passed a WoF/CoF test at an independent testing station.

Problems

The level of roadside enforcement of noisy vehicles is dependent on the prioritisation of Police resources. NZ Police are aware of the provisions of the Road User Rule and over the past five years the number of infringement notices issued has been steadily increasing.

NZ Police has expressed its desire for a roadside objective noise test. Due to the nature of noise testing, an appropriate, easy to undertake, robust and repeatable objective noise test is currently unavailable.

WoF/CoF testing and the testing of vehicles 'green stickered' for noise, only examines the vehicle in the condition in which it is presented. Some vehicles are being made compliant before testing and then re-modified once the WoF/CoF test has been passed. For example, before the vehicle is presented at WoF/CoF, an excessively noisy sports exhaust can be replaced with a compliant exhaust, once passed the owner then replaces the compliant exhaust with the excessively noisy one.

Complaint to the Regulation Review Committee

In early 2005, a complaint was made by a member of the public to the Regulation Review Committee (RRC), regarding the wording of the Land Transport Rule: Vehicle Equipment 2004 (which came into force on 27 February 2005). Although the complaint was overruled by the RRC, the Committee encouraged the Ministry of Transport to work quickly to find practical and enforceable solutions to further address this issue and felt that the development of a workable objective noise test may help to achieve this.

Objective Noise Testing

Regulation 29 (2) of the Traffic Regulations 1976, legislates for an objective noise test for vehicles for first registration in New Zealand. Under Schedule 1 of the Regulation, the British Standard 3425 (considered obsolete) or the more modern ISO Recommendation 362 test can be used. Neither of these tests is currently applied or available in New Zealand. New Zealand has never had an objective test in place for in-service vehicles.

In October 2005, the Ministry, in agreement with NZ Police and Land Transport NZ, formally contracted an acoustical consultant, Malcolm Hunt Associates (MHA), to investigate international objective methods that could be used in New Zealand as an objective measure of in-service vehicle noise emission levels. The study compared the New Zealand WoF and enforcement situation and current subjective assessments with international practices.

MHA found that increased roadside enforcement would address the small number of excessively noisy vehicles. This could be supplemented by introducing an objective noise test using the ISO 5130 test at WoF/CoF to reinforce the current subjective noise test.

In July 2005, the Ministry of Transport received direction from the Minister for Transport Safety to investigate the feasibility of establishing and implementing an objective (science-based) noise test and specific decibel limit for vehicles, based on the international ISO 5130 measurement of exhaust sound level emitted by stationary road vehicles and the Australian National Stationary Exhaust Noise Test Procedure. The proposed objective noise test would supplement the subjective noise test currently being used by WoF/CoF testing agents.

Interim measures have been proposed to allow for the introduction of an ISO 5130 objective noise test under existing legislation. These measures will enable the ISO 5130 test to be implemented in considerably less time than a change to relevant legislation. While the interim measures are in place, officials will be processing a proposed amendment to the Land Transport Vehicle Equipment Rule 2004 to reinforce the government's commitment to addressing noisy vehicles.

Land Transport NZ is working with the Ministry to implement the objective noise test. Land Transport NZ will have a funding proposal to purchase the sound equipment necessary to implement the objective noise test considered by its Board in late April. Once the funding has been approved, an order for the sound equipment will be placed.

The Ministry engaged MHA to undertake a second vehicle noise report, which has now been completed. The report and brief analysis will be forwarded to the Minister for Transport Safety shortly. This research provides information on the practical experience of using the ISO 5130 test methodology and applying the test to a range of New Zealand vehicles. The research also provides valuable noise level data on the current New Zealand fleet, which will be useful in estimating the impact of imposing specific decibel limits.

32. Stormwater Issues (Water Quality and Water Quantity)

In February 2005, the Ministry released a CD-ROM to all local authorities entitled: "The Effects of Road Transport on Freshwater and Marine Ecosystems", which contained a range of reports produced for the Ministry since 1996. As outlined in this series of reports, the stormwater from roads in most locations does not just transport the contaminants generated by motor vehicles. Roads are typically surrounded by other activities that have a significant influence on the nature of runoff from various land uses. This series of reports provides information as part of the overall Ministry of Transport study on the effects of road transport on aquatic ecosystems.

Further work is required on this matter and the Ministry, in conjunction with the Ministry for the Environment, will investigate the possibility of a National Environmental Standard for stormwater runoff roads.

This work links with the Ministry's work programme to update its vehicle fleet model, which will be used to assist in determining the environmental effects from stormwater runoff, in particular the effects from stormwater contaminants derived from land transport.

There is a need to know "whole of life" costs for stormwater devices and the Road Controlling Authority Forum is concerned about this issue. This research may be undertaken by an interested party in the future. At this time, the Ministry should keep a watching brief on any developments.

33. Land Transport Noise: The Wider Perspective

The effects of land transport noise on human health and the environment are one of the biggest environmental effects of the land transport system. Noise mitigation is very expensive to undertake and requires a range of solutions such as quiet road surfaces, speed limit restrictions, insulation, double-glazing in buildings and construction of barriers or screening along transport corridors. Much of the problem is not from the individual vehicle, but from the sheer volume of vehicles travelling along a road over a 24 hour period.

The Ministry of Transport has undertaken a 6 year research project into land transport noise impacts. Most of the research has indicated that national standards would be an appropriate mechanism for managing the effects of land transport noise. Accordingly, the Ministry supported the Cabinet paper in November 2004 that agreed the Ministry would undertake a feasibility study into a National Environmental Standard (NES) (under the RMA) for land transport noise. This Cabinet request was an outcome of the wider review of the Resource Management Act 2005. National environmental standards for land transport noise will need to consider wide-ranging legislative, fiscal, environmental and human health matters. The NZTS and the recent Land Transport Management Act will guide the outcomes.

Cabinet has approved one-off contingency funding to progress this work. The Ministry is treating this matter as a priority. The feasibility study is being jointly project managed by the Ministry of Transport and Ministry for the Environment, with a report back to Cabinet due in 2006.

Some of the issues that could occur in the future include the following:

- Ascertaining Cabinet/government commitment to high costs of noise mitigation - in order to progress a NES for land transport noise;
- Whether an NES for *new* transport networks and designations is more appropriate than an NES for the *existing* transport network;
- What extent should rail corridors be included in NES development, given the likelihood of substantial costs for mitigation; and
- The liability risks under the RMA and LTMA with progressing/committing to an NES for land transport noise.

34. Development of the Environmental Work Programme

The current work programme focuses on road-related environmental impacts. However with an increasing public awareness around environmental issues, the Ministry is developing an environmental work programme to encompass other modes. This work will be built on previous research and will need to shift the current focus from managing transport impact on the environment to ensuring environmental sustainability.

35. Climate Change

In New Zealand, as in other developed countries, transport relies on products derived from fossil fuels – e.g. predominantly petrol and diesel but also liquified petroleum gas (LPG). The transport sector contributes significantly to emissions of greenhouse gases by producing carbon dioxide (CO₂). Of total greenhouse gas emissions, 18% come from transport and, of the rest, half (49%) come from agriculture.

The amount of petroleum based fuel consumed is directly proportional to the amount of CO₂ emitted. Most of the transport emissions (88%) are from petrol and diesel use for road transport with rail, aviation and marine transport making up the rest. With a growing economy, our demand for transport has been increasing and greenhouse gas emissions are growing rapidly, increasing 62% between 1990 and 2003.

Following the review of climate change policies and Cabinet decision for departments to prepare a cross-government work programme, the Ministry has proposed an integrated, cross-modal work programme for the report back to Cabinet on 3 April 2006. The proposed work programme is structured as outlined below:

A Project Categories Within Work Programme

Projects have been categorised as follows:

- Category 1: Existing initiatives (includes opportunities to accelerate existing activities)
- Category 2: New initiatives (commencement date subject to resources)
- Category 3: Long-term initiatives (includes “building-block” approaches; commencement may be subject to progress on previous actions)

B Priority Areas Within Project Categories

The priority projects within each of the categories are as follows:

- Category 1: Continuation of Vehicle Fuel Consumption Information; Import Controls - Emissions Standards; Enabling Biofuels
- Category 2: Investigation and development of: Import Controls – Fuel Efficiency; Fleet Operators’ Commitment Programme; Offset Schemes
- Category 3: Investigation and development of: Economic Instruments

Category 1 priority projects will proceed within baseline funding according to current project deliverables and timeframes. Opportunities to fast-track or extend delivery will be taken up wherever possible.

The priority Category 2 and 3 projects will require detailed project scoping for report back to Minister of Transport on resource requirements and timing of deliverables. Report back dates are as follows:

- By end of June 2006 Import Controls – Fuel Efficiency
- By end of September 2006 Economic Instruments
- By end of November 2006 Fleet Operators’ Commitment Programme; Offset Schemes

36. Improving Vehicles and Fuels

Promoting Bio-fuels

The increased use of bio-fuels will have the following benefits:

- Security of fuel supply as the bio-fuels would not be imported;
- Reduced greenhouse gas emissions from the transport sector as production is from renewable sources;
- Increased economic development associated with production of bio-fuels (as opposed to simple extraction/import of existing fuels); and
- Improvements to air quality and health through reduced harmful emissions especially for bio-diesel.

In order to promote the uptake of bio-fuels, in August 2005 Cabinet agreed in principle to a mandatory bio-fuels sales target, i.e. a percentage of all transport fuel sales being bio-fuel(s) rather than requiring a fixed percentage blend. To achieve this, new transport fuels legislation will be prepared to, amongst other things, make regulations to set quality specifications for bio-fuels as well as to impose the proposed mandatory sales targets. The Ministry of Economic Development (MED) is the lead agency on the development of the legislation. The Ministry will provide input as necessary. The sales-target approach is subject to further policy investigations by the Ministry on the costs, benefits, risk and implementation issues.

The main factor preventing the immediate uptake of bio-fuels is the risk (both real and perceived) of vehicle damage from ethanol in petrol at levels above 3% (the level approved in Japan). However, oil companies have indicated that levels below 5% are unlikely to be economic. The Energy Efficiency and Conservation Authority (EECA) is working with the motor industry to resolve issues of risk from the use of ethanol. The Ministry has undertaken preliminary analysis identifying potentially vulnerable section of the New Zealand fleet. Further analysis is required to quantify this risk and propose risk mitigation measures. A consultation paper on biofuels sales obligation is planned for release in the latter part of this year.

Vehicle Fleet Model

The Ministry maintains a Vehicle Fleet Model (VFM) which translates vehicle fleet composition profiles into environmental performance measures, including emission rates and fuel consumption levels. The current VFM was originally created in 1998 and appears to have been constructed and amended on an ad hoc basis since then, responding to specific policy requirements at the time. While the VFM is acknowledged as a powerful environmental tool, central and regional government stakeholders have identified a number of shortcomings which prevent the effective uptake and use of the model.

We are currently in the process of re-designing and updating the model to enable greater uptake and use.

Vehicle Entry Controls

The Ministry is investigating a suite of mechanisms (regulatory and non-regulatory) to tighten controls on the entry of vehicles into New Zealand in the context of developing a 'whole of life' vehicle fleet strategy. In 2006/07 the Ministry will be developing vehicle importing rules, including fuel efficiency standards and will be investigating improved standards for vehicles emissions.

Govt³ - Vehicle Fleet

In 2003, Cabinet requested options for demonstrating government leadership in the purchase of clean, fuel efficient vehicles. It was subsequently agreed with Cabinet that the cross-government Govt³ programme coordinated by the MfE was the appropriate programme for progressing this work.

Govt³ helps government agencies improve the sustainability of their activities by providing information, practical tools and encouragement in key sustainability areas. The Ministry is working with MfE and EECA on a government vehicle fleet project to reduce the environmental footprint of government vehicle use.

A consultant has been engaged to gather and assess information about the current government fleet and procurement practices, and identify ways of improving the overall sustainability of government fleets, particularly in the areas of energy efficiency, vehicle emissions, recyclability and safety. The contract has been jointly funded by MfE and the Ministry. The final report was received in March 2006. Case studies identifying best practice and other tools to assist fleet managers improve fleet sustainability will be made publicly available. Next actions will be determined as part of the proposed Climate Change work programme.

Vehicle Fuel Consumption Information project

From March 2005 the fuel consumption figures for new vehicles and used Japanese vehicles entering the fleet have been recorded in the Motor Vehicle Register. Analysis of this information will provide statistics upon which New Zealand can benchmark vehicle fuel economy against international levels and set targets. The information applies to light duty vehicles up to three and a half tonnes, running on diesel or petrol, including sports utility vehicles. Information for Japanese used vehicles applies only to those manufactured from 2000.

A fuel consumption website is under development, which will allow consumers to search and compare efficiencies of different vehicles. The site will provide a calculator to illustrate total vehicle running costs, and how they depend on: fuel consumption for a particular model, fuel prices, distance travelled, and driving behaviour. The site is scheduled for launch on 3 May 2006 by Hon Harry Duynhoven. Emissions, and possibly safety ratings, on vehicle models are planned as additions to the site in 2006.

In conjunction with other ways of providing fuel consumption information to consumers, the Ministry is considering options for a labelling scheme for new vehicles at point of sale. A large proportion of new vehicles are sold to fleet buyers, who have been identified as a target audience for a promotional campaign expected in 2006. This group includes government fleet managers accessed via the Govt3 initiative (discussed above).

Other Projects and Working Groups

The Ministry is actively engaged in a wide range of groups and projects, that will contribute towards a reduction of vehicle emissions. These include the National Air Quality Working Group, the Sustainable Cities work programme, the New Zealand and Australian joint Land Transport Environment Committee, and the Chief Executives Environment Forum and its Air Quality Working Group. The Ministry is also working with MED on its project to improve New Zealand's fuel quality.

37. Urban Policy

Many issues in transport are at their most intricate when they occur in cities. The provision of infrastructure; road pricing; traffic congestion; air and water pollution; land use and the location of transport networks and terminals in relation to land use; noise; public transport; walking and cycling; the social impacts of transport change – all these issues are at the forefront of the future development of our cities.

The Ministry is increasingly involved in a number of initiatives related to urban policy at a national level:

- Membership of the Deputy Secretaries Group (led by the Department of Prime Minister and Cabinet) that links a number of departments with strategic interests in urban policy;

- Development of the work programme for the Urban Affairs portfolio (led by MfE);
- The Urban Design Protocol, to which the Ministry is a signatory; and
- The economic transformation agenda.

and at a regional level:

- The Sustainable Cities programme, with special reference to Auckland issues such as walking school buses, reducing bus emissions and a review of public transport procurement;
- Review of the Auckland Regional Growth Strategy, due to take place over the next two years; and
- The development of a longer term framework with Auckland local government.

To ensure consistency across these activities, and to provide a longer term policy focus, the Ministry is developing an agreed approach to urban transport. This is being undertaken in concert with the Urban Affairs portfolio, and will be put to you for consideration in 2006.

38. Environmental Issues in Other Modes

Development of an Oceans Policy for New Zealand

The Ocean's Policy project was renewed in December 2005 by the Minister of the Environment to review how New Zealand's oceans are managed. The main aim of this project is to improve and integrate the way decisions are made about the marine environment and resources. The Minister for Transport Safety is a member of the Ministerial Advisory Groups for Oceans Policy.

A draft Cabinet paper has been circulated to departments for consultation, and is intended to be submitted to the Ministerial Advisory Group on 31 March 2006. The Cabinet paper proposes policy options for an Oceans Policy and seeks Minister's agreement to undertake consultation on the policy with key stakeholders. The Ministry of Transport has been actively involved in the development of the draft Cabinet paper and other background policy papers, and is represented on the two Senior Official's groups guiding the work.

Future environmental management within the Exclusive Economic Zone (EEZ) is one of the key policy areas an Oceans Policy is seeking to address. One option being considered is the need for an agency to carry out the role of assessing and managing environmental effects within the EEZ (in a similar manner to how regional councils currently manage the coastal marine area). Maritime New Zealand could, subject to adequate funding and an appropriate legislative amendment, carry out this role as it is consistent with its current responsibilities. This option is being considered for analysis along with others.

No changes are being proposed to the current legislative regime that provides for navigation and the right of passage within the ocean environment.

Maritime Transport Act Amendment (Conventions Component)

The Ministry is progressing the 'Conventions component' of the current Maritime Transport Act Amendment project in conjunction with the Safety and Security policy group, and with support from Maritime New Zealand.

New Zealand maritime liability, oil pollution planning, preparedness and response, and intervention law is set out in the Maritime Transport Act 1994 and in delegated legislation

under that Act. The law gives effect to five international conventions to which New Zealand is a party.

In recent years a number of new instruments have been agreed. These instruments complement, extend and enhance the provisions of those maritime instruments currently given effect to in New Zealand maritime law, and comprise:

- The International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea, 1996 (“1996 HNS Convention”) – concerned with shipowner liability for pollution and other types of damage from substances other than oil (and provision for oil related non-pollution risks, such as damage caused by fire and explosion) and provision of supplementary compensation from an international fund built up from levies on shippers (cargo receivers/owners) of such substances;
- The Protocol on Preparedness, Response and Cooperation to Pollution Incidents by Hazardous and Noxious Substances, 2000 (“2000 HNS Protocol”) – concerned with planning, preparedness and response to arrangements to incidents involving substances other than oil;
- The Protocol of 1996 to Amend the Convention on Limitation of Liability for Maritime Claims (“1996 LLMC Protocol”) – concerned with raising the limits of shipowner liability including claims for oil pollution damage from ships other than tankers and providing a simplified mechanism for raising the instrument’s limits of liability;
- The Protocol Relating to Intervention on the High Seas in Cases of Marine Pollution by Substances other than Oil (“1973 Intervention Protocol”) – concerned with the entitlement of coastal states to deal with grave and imminent danger to coastal and related interests from pollution from substances other than persistent oil consequent on a maritime casualty; and
- The International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001 (“2001 Bunkers Convention”) – concerned with liability and compensation from bunker oil pollution involving ships other than oil tankers.

It is proposed that New Zealand give effect to these new conventions in order to:

- Create certainty as to liability, liability limits, and compensation arrangements for pollution and property damage consequent on maritime transport, including discharges of bunker oil and other harmful substances, and hazardous and noxious substances (HNS);
- Align planning, preparedness and response arrangements for combating marine pollution arising from the sea carriage of HNS with those for marine oil pollution; and
- Entitle New Zealand to intervene on the high seas to deal with grave and imminent danger to coastal and related interests from pollution from substances other than oil consequent on a maritime casualty.

The Ministry expects to brief you on this matter, including the proposed process, in 2006 once Maritime New Zealand has completed a check of the scope and content of the instruments and reviewed the source data for the HNS risk assessment that took place in 2000.

International Convention for the Control and Management of Ships’ Ballast Water and Sediments

The uncontrolled discharge of ballast water and sediments from international shipping is one of the main avenues by which harmful aquatic organisms and pathogens have been

dispersed into the world's oceans. Organisms carried in ballast water can significantly affect all values associated with the marine environment.

In February 2004, an international conference convened by the International Maritime Organisation (IMO) adopted the Ballast Water Convention. The Convention is now open for accession. Its purpose is "to prevent, minimise and ultimately eliminate the risks to the environment, human health, property and resources arising from the transfer of Harmful Aquatic Organisms and Pathogens through the control and management of Ships' Ballast Water and Sediments".

The Ministry of Agriculture and Forestry (MAF) is leading an inter-agency officials group, including officials from Maritime New Zealand and the Ministry, to determine the implications for New Zealand of acceding to the Convention, and to provide Ministers with advice on accession to the Convention. The officials group is to provide the Associate Minister for Biosecurity with an analysis of the national interest in acceding to the Ballast Water Convention.

Ratification of MARPOL Annex IV (Prevention of Pollution by Sewage from Ships)

The most important convention regulating and preventing marine pollution by ships is the IMO International Convention for the Prevention of Pollution from Ships, 1973, as modified by the Protocol of 1978 relating thereto, and known as MARPOL 73/78 or simply MARPOL.

MARPOL covers accidental and operational oil pollution as well as pollution by chemicals, goods in packaged form, sewage, garbage and air pollution and currently includes six technical Annexes. New Zealand needs to decide whether to ratify MARPOL Annex IV (Prevention of Pollution by Sewage from Ships). Officials from Maritime New Zealand discussed this matter with MfE officials on 17 August 2005 in relation to technical issues relating to the Resource Management (Marine Pollution) Regulations 1998. It was agreed that, subject to further dialogue with the Ministry on the proposed process and the preparation of an explanatory brief from Maritime New Zealand, the Ministry's Environment Group would lead the development of a paper in conjunction with Maritime New Zealand and MfE seeking Cabinet agreement in principle to New Zealand accession to Annex IV.

Ratification of MARPOL Annex VI (Prevention of Air Pollution from Ships)

New Zealand also needs to decide whether to ratify MARPOL Annex VI (Prevention of Air Pollution from Ships). The Environment Group and Maritime New Zealand officials are considering this matter, and further dialogue is required with MfE before an inter-agency position is reached.

Civil Aviation Act Review

The Civil Aviation Act was passed in 1990 and has been amended a number of times since then. From a recent meeting between the Ministry and Civil Aviation Authority officials, it appears that it is timely to review the Act, although the extent of the proposed review is still being determined.

The Ministry's Environment Group is involved in the scoping exercise and is set to provide policy resource in relation to any aspects of the review relating to environmental sustainability. In this regard there is scope for minor amendments to certain provisions of the Act relating to rule making and offences.

Appendices

Appendix A: Board appointments

Transport Crown Entity Board Membership: June 2005

Red text = membership expired in 2005 or early 2006

* = previous reappointment dates

= The process for reappointing these members or appointing new members has begun and interviews are underway. Letters have been sent asking these members to stay on until 31 May 2006 to allow time for completing this process. Pauline Barratt's terms ends on 31 March 2006 as she does not want to be reappointed.

| Board | Term ends | First Appointed | Special status |
|--|------------|--|----------------|
| Transit NZ: | | | |
| David Stubbs (Chair) | 28/02/06 # | 2000, (10/02/04)* | |
| Sir Tipene O'Regan (Dep) | 28/02/06 # | 2000 (10/02/04)* | |
| Mike Williams | 30/11/05 # | 1/11/00 (01/12/02)* | |
| Janice Wright | 30/11/06 | 2000 (01/11/01)(31/10/04)* | |
| John Wright | 30/11/05 # | 01/12/02 | |
| Gary McIver | 28/02/06 # | 10/02/04 | |
| Land Transport New Zealand: | | | |
| Janice Wright (Chair) | 30/11/07 | 01/12/04 | |
| Paul Fitzharris | 01/12/08 | 15/05/05 | |
| Bryan Jackson | 30/11/06 | 01/12/04 | |
| David Stubbs | 30/11/07 | 01/12/04 | |
| Janet Stephenson | 30/11/07 | 01/12/04 | |
| Gerald Coates | 30/11/06 | 01/12/04 | |
| Greg Presland | 30/11/06 | 01/12/04 | |
| Maritime New Zealand: | | | |
| Susie Staley (Chair) | 30/11/07 | 1999 (01/12/02)(02/11/04)* | |
| Dave Morgan (Dep) | 30/11/05 # | 01/12/02 | |
| Ken Gilligan | 31/05/06 | 01/06/03 | |
| Pauline Barratt | 30/11/05 # | 01/12/02 | |
| Adrienne Young Cooper | 30/11/07 | 01/07/2004 (02/11/04)* | |
| CAA: | | | |
| Ron Tannock (Chair) | 30/11/06 | (01/01/03, 01/01/05)* | |
| Hazel Armstrong (Dep Chair) | 30/11/06 | (01/07/01, 01/07/04, 02/11/04)* | |
| Susan Hughes | 30/11/07 | 02/11/04 | |
| Robyn Reid | 30/11/06 | 02/11/04 | |
| Darryl Park | 30/11/07 | (03/10/03, 02/11/04)* | |
| AvSec: | | | |
| Ron Tannock (Chair) | 30/11/06 | (01/01/03, 01/01/05)* | |
| Darryl Park (Dep Chair) | 30/11/07 | (02/11/04) | |
| Susan Hughes | 30/11/07 | 02/11/04 | |
| Robyn Reid | 30/11/06 | 02/11/04 | |
| Hazel Armstrong | 30/11/06 | (02, 02/11/04) | |
| TAIC: | | | |
| Hon Bill Jeffries (Chief Commissioner) | 30/11/05 # | 1997 (10/09/00, 01/07/2003, 01/07/04, 02/11/04)* | |
| Pauline Winter (Dep) | 30/11/07 | (01/09/01, 02/11/04)* | |
| Bryan Wyness | 30/11/07 | 02/11/04 | |

| Board | Term ends | First Appointed | Special status |
|---|------------------|--------------------------------|-----------------------|
| Road Safety Trust: | | | |
| Suzanne Sinclair (Chair) | 31/12/06 | 01/01/01 (01/01/04)* | |
| Wayne Donnelly | N/A | N/A | Ex officio |
| Yani Johanson | 30/11/07 | (01/07/04, 02/11/04)* | Youth Affairs |
| Tony Knight | 30/11/07 | (01/08/01, 01/07/04, 02/11/04) | NZAA |
| Pacific Forum Line: | | | |
| Dave Morgan | 30/04/07 | 2001 | |
| Maritime Appeal Authority: | | | |
| Garry Evans | 30/04/2006 | 1985 | |
| Aviation Medical Convener: | | | |
| Alison Drewry (Convener) | 07/12/2006 | 08/12/03 | |
| (Deputy Convener) | Vacant | | |
| Oil Pollution Advisory Committee | | | |
| No expiry dates for this committee | | | |
| Russell Kilvington (Chair) | | | |
| Peter Williams | | | |
| Ray Barlow | | | |
| Mike Pryce | | | |
| Paul Dell | | | |
| Ian Wilson | | | |
| Peter Logan | | | |
| Mike Patrick | | | |
| Ivan Skibinski | | | |
| Frank Wall | | | |
| Peter Dawson | | | |
| Jim Elkington | | | |
| Ray Lipscombe | | | |

Appendix B: Legislative responsibilities

Acts for which the Ministry of Transport is responsible

Air Facilitation Act 1993
Air Facilitation (Domestic Passengers and Cargo) Act 1994
Airport Authorities Act 1966
Auckland Airport Act 1987
Auckland Harbour Bridge Authority Dissolution Act 1983
Boilers, Lifts, and Cranes Act 1950
Christchurch-Lyttelton Road Tunnel Authority Dissolution Act 1978
Civil Aviation Act 1990
Customs Law Act 1908
Land Transport Act 1998
Land Transport Management Act 2003
Maritime Security Act 2004
Maritime Transport Act 1994
Meteorological Services Act 1990
Ministry of Transport Act Repeal Act 1990
New Zealand National Airways Corporation Dissolution Act 1978
Port Companies Act 1998
Railways Act 2005
Road User Charges Act 1977
Ship Registration Act 1992
Shipping Act 1987
Shipping Corporation of New Zealand Act Repeal Act 1988
Submarine Cables and Pipelines Protection Act 1996
Taranaki Harbours Act 1965
Transit New Zealand Act 1989
Transport Accident Investigation Commission Act 1990
Transport Act 1962
Transport Services Licensing Act 1989
Transport (Vehicle and Driver Registration and Licensing) Act 1986
Waterfront Industry Restructuring Act 1989
Wellington Airport Act 1990

Regulations for which the Ministry of Transport is responsible

Airport Authorities (Airport Companies Information Disclosure) Regulations 1999
Carriage by Air (New Zealand Currency Equivalent) Notice (No 2) 1998
Civil Aviation (Aeronautical Information Service) Levies Order 2001
Civil Aviation Charges Regulations (No 2) 1991
Civil Aviation (Offences) Regulations 1997
Civil Aviation (Safety) Levies Order 2002
Coromandel County Foreshore Licence Order 1973
Engine Drivers' Examination Regulations 1952
Foreshore Licence Regulations 1960
Harbour and Container Works Capital Expenditure Regulations 1980
Heavy Vehicle Regulations 1974
Land Transport (Approved Laboratory and Analyst in Charge) Notice 2000
Land Transport (Assessment Centre and Accident Report Fees) Regulations 1998
Land Transport (Infringement and Reminder Notices) Regulations 1998
Land Transport (Certification and Other Fees) Regulations 1999
Land Transport (Driver Licensing and Driver Testing Fees) Regulations 1999
Land Transport (Offences and Penalties) Regulations 1999
Land Transport (Ordering a Vehicle off the Road) Notice 1999

Land Transport (Requirements for Storage and Towage of Impounded Vehicles) Regulations 1999
Land Transport (Storage and Towage Fees for Impounded Vehicles) Regulations 1999
Land Transport Management (Apportionment and Refund of Excise Duty and Excise-Equivalent Duty) Regulations 2004
Land Transport Management (Road Tolling Scheme for ALPURT B2) Order 2005
Land Transport Management (Road Tolling Scheme for Tauranga – Mt Maunganui Harbourlink) Order 2005
Marine Protection (Offences) Regulations 1998
Marine Safety Charges Regulations 2000
Maritime (Offences) Regulations 1998
Maritime Security Regulations 2004
Maritime Security (Designated Authority) Order 2004
Maritime Security (Maritime Security Organisations) Order 2004
Maritime Transport Act (Conventions) Order 1994
Maritime Transport (Certificates of Insurance) Regulations 2005
Maritime Transport (Fund Convention) Levies Order 1996
Maritime Transport (Infringement Fees for Offences Relating to Major Maritime Events) Regulations 1999
Maritime Transport (Marine Protection Conventions) Order 1999
Maritime Transport (Maximum Amounts of Liability for Pollution Damage) Order 2003
Notice of Direction to Require Screening 2002
Oil Pollution Levies Order 1998
Passenger Service Vehicle Construction Regulations 1978
Road User Charges (Rates) Order 2005
Road User Charges Regulations 1992
Ship Registration (Fees) Regulations 1992
Shipping (Charges) Regulations 2000
Submarine Cables and Pipelines Protection Order 1992
Traffic Regulations 1976
Tram-Drivers Regulations 1947
Transport Services Licensing Regulations 1989
Transport (Breath Tests) Notice 1989 (No. 2)
Transport (Change of Ownership) Regulations 1995
Transport (Fees for Details of Register) Regulations 1989
Transport (Towage Fees) Notice 2004
Transport (Vehicle Registration and Licensing) Notice 1995
Transport (Vehicle Registration and Licensing) Regulations 1994
Transport (Vehicular Traffic Road Closure) Regulations 1965

Various airport authorities orders
Various airport and harbour vesting orders

Regulations in progress

Civil Aviation Charges Regulations

Various regulations consequential on Rule changes

Current Transport Rules

The Minister of Transport is empowered under aviation, maritime and land transport sector statutes to make rules. These rules and accompanying regulations prescribe the standards, practices and procedures that regulate operations within the transport system.

The Ministry is currently involved in a project looking at simplifying and streamlining the rule-making process.

Civil Aviation

Definitions and Interpretation

Part 1 Definitions and Abbreviations

Procedures

Part 11 Procedures for Making Ordinary Rules and Granting Exemptions

Part 12 Accident, Incident and Statistics

Administration

Part 19 Transition Rules

Aircraft

Part 21 Certification of Products and Parts

Part 26 Additional Airworthiness Requirements

Part 39 Airworthiness Directives

Part 43 General Maintenance Rules

Part 47 Aircraft Registration and Marking

Personnel

Part 61 Pilot Licences and Ratings

Part 63 Flight Engineer Licences and Ratings

Part 65 Air Traffic Services Personnel Licences and Ratings

Part 66 Aircraft Maintenance Personnel Licensing

Part 67 Medical Standards and Certification

Airspace

Part 71 Designation of Airspace

Part 77 Objects and Activities Affecting Navigable Airspace

Rules of the Air and General Operating Rules

Part 91 General Operating and Flight Rules

Part 92 Carriage of Dangerous Goods

Part 93 Special Aerodrome Traffic Rules and Noise Abatement Procedures

Part 101 Gyrogliders and Parasails; & Unmanned Balloons, Kites, Rockets and Model Aircraft

Part 103 Microlight Aircraft – Certification and Operating Rules

Part 104 Gliders – Operating Rules

Part 105 Parachuting – Operating Rules

Part 106 Hang Gliders – Operating Rules

Part 108 Air Operator Security Programme

Certificated Operators and Other Flight Operations

Part 119 Air Operator – Certification

Part 121 Air Operations – Large Aeroplanes

Part 125 Air Operations – Medium Aeroplanes

Part 129 Foreign Air Transport Operator – Certification

Part 133 Helicopter External Load Operations

Part 135 Air Operations – Helicopters and Small Aeroplanes

Part 137 Agricultural Aircraft Operations

Certificated Organisations and Agencies

Part 140 Aviation Security Service Organisations – Certification

Part 141 Aviation Training Organisations – Certification

Part 145 Aircraft Maintenance Organisations – Certification

Part 146 Aircraft Design Organisations – Certification

Part 148 Aircraft Manufacturing Organisations – Certification

Part 149 Aviation Recreation Organisations – Certification

Aerodromes

| | |
|----------|--|
| Part 139 | Aerodromes – Certification, Operation and Use |
| Part 157 | Notice of Construction, Alteration, Activation, and Deactivation of Aerodromes |

Certificated Airways Services

| | |
|----------|--|
| Part 171 | Aeronautical Telecommunication Service Organisations – Certification |
| Part 172 | Air Traffic Service Organisations – Certification |
| Part 174 | Aviation Meteorological Service Organisations – Certification |
| Part 175 | Aeronautical Information Services Organisations – Certification |

Land Transport

| |
|---|
| Dangerous Goods 2005 |
| Door Retention Systems 2001 |
| External Projections 2001 |
| Frontal Impact 2001 |
| Glazing, Windscreen Wipe and Wash, and Mirrors 1999 |
| Head Restraints 2001 |
| Heavy Vehicles 2004 |
| Interior Impact 2001 |
| Land Transport (Driver Licensing) Rule 1999 |
| Land Transport (Road User) Rule 2004 |
| Light-vehicle Brakes 2002 |
| Passenger Service Vehicles 1999 |
| Seatbelts and Seatbelt Anchorages 2002 |
| Seats and Seat Anchorages 2002 |
| Setting of Speed Limits 2003 |
| Steering Systems 2001 |
| Traffic Control Devices 2004 |
| Tyres and Wheels 2001 |
| Vehicle Dimensions and Mass 2002 |
| Vehicle Equipment 2004 |
| Vehicle Exhaust Emissions 2003 |
| Vehicle Lighting 2004 |
| Vehicle Repair 1998 |
| Vehicle Standards Compliance 2002 |

Maritime Transport

Rules Relating to Ship Operations

| | |
|----------|---|
| Part 20 | Operating Limits |
| Part 21 | Safe Ship Management |
| Part 22 | Collision Prevention |
| Part 23 | Operational Procedures & Training |
| Part 24A | Carriage of Cargoes - Dangerous Goods |
| Part 24B | Carriage of Cargoes - Stowage & Securing |
| Part 24C | Carriage of Cargoes - Specific Cargoes |
| Part 24D | Carriage of Cargoes - Convention Containers |
| Part 24E | Carriage of Cargoes - Offshore Containers |
| Part 25 | Nautical Charts & Publications |

Rules Relating to Ships' Personnel

| | |
|----------|---|
| Part 31A | Crewing & Watchkeeping - Unlimited, Offshore & Coastal (Non-Fishing Vessels) |
| Part 31B | Crewing & Watchkeeping - Offshore, Coastal & Restricted (Non-Fishing Vessels) |
| Part 31C | Crewing & Watchkeeping - Fishing Vessels |

- Part 32 Qualifications + Amendments 1 & 2
- Part 34 Medical Standards
- Part 35 Audits & Examinations

Rules Relating to Design, Construction & Equipment

- Part 40A Design, Construction & Equipment - Non-SOLAS Passenger Ships
- Part 40B Design, Construction & Equipment - SOLAS Ships
- Part 40C Design, Construction & Equipment - Non-SOLAS Non-Passenger Ships
- Part 40D Design, Construction & Equipment - Fishing Ships
- Part 40E Design, Construction & Equipment - Sailing Ships
- Part 40F Design, Construction & Equipment – Hovercraft
- Part 40G Design, Construction & Equipment - Others
- Part 41 Anchors & Chain Cables
- Part 42A Safety Equipment - Lifesaving Appliance Performance Standards
- Part 42B Safety Equipment - Fire Appliance Performance Standards
- Part 43 Radio
- Part 45 Navigational Equipment
- Part 46 Maintenance & Surveys
- Part 47 Load Lines
- Part 48 Tonnage Measurement
- Part 49 Ships' Lifting Appliances

Rules Relating to Health, Safety & Welfare of Ships' Personnel

- Part 50 Medical Stores
- Part 51 Crew Accommodation
- Part 53 Pilot Safety

Rules Relating to Documentation

- Part 73 Logbooks

Rules Relating to Marine Craft

- Part 80 Marine Craft involved in Adventure Tourism

Rules Relating to Pilotage

- Part 90 Pilotage (Appointment of Pilots & Pilotage Exemptions)

Rules Relating to Navigation Safety & Water Recreation

- Part 91 Navigation Safety Rules

Rules in progress

Development of, or amendments to, the following rules:

Civil Aviation

- Part 11 Review
- Part 19 Airport I.D Cards
- Part 21 Airworthiness
- Part 43/119 General Maintenance and Airworthiness requirements
- Part 61 Pilot Licenses and Ratings
- Part 67 Medical Certification Standards
- Part 91 406 MHz ELT
- Part 91 Operations in RVSM airspace

| | |
|--------------------|--|
| Part 93 | Special Aerodrome Traffic Rules – removal of right hand circuits |
| Parts 139 | Hold Stow Baggage |
| Part 109 | Air Cargo Security |
| Part 115 | Adventure Tourism Aviation |
| Parts 121 & 125 | Extended Diversion Time Operations (EDTO) |
| Part 121/125/135 | Training requirements |
| Part 121/125/135 | Standards for Use of Simulators |
| Part 125 | Appendix B8, SEIFR HUMS |
| Part 135 | TAWS |
| Part 135 | Experience Levels |
| Part 139 | Aerodromes – Certification, Operation and Use |
| | Runway End Safety Area (RESA) |
| Part 141 | Aviation Training Organisations – Certification |
| Omnibus 2 | Various minor technical changes |
| Various Rule Parts | Editorial and Technical Corrections |

Land Transport

Driver Licensing Amendment No 2 Rule
 Driver Licensing Amendment No 3 Rule
 Frontal Impact Amendment Rule (4WD)
 Heavy Vehicle Brakes Rule
 Heavy Vehicle Load Security Rule
 Omnibus Amendment No 2 Rule
 Operator Licensing Rule
 Operator Safety Rating Rule
 Passenger Service Vehicle Amendment Rule
 Revised Vehicle Exhaust Emissions Rule
 Vehicle Equipment Amendment Rule (Vehicle immobiliser)
 Work Time (Driving Hours) and Logbooks Rule.

Maritime and Marine Protection

| | |
|---------------------|--|
| Part 21 | Safe Ship Management Systems |
| Part 22 | Collision Prevention – amendment |
| Part 24A | Dangerous Goods |
| Parts 31A, 31B, 31C | Crewing and watch keeping |
| Part 31C | Crewing and watch keeping fishing vessels |
| Part 32 | Qualifications |
| Part 34 | Medical standards |
| Parts | |
| 40A and Appendix 5 | Radio – to reflect the demise of the 121.5 MHz |
| 40C and Appendix 4 | radio beacons and to update reference to |
| 40D and Appendix 5 | international standards |
| 43 | |
| Part 40D | Design Constructions and Equipment – Fishing Ships |
| Part 40E | Design, Construction and Equipment – Sailing ships |
| Part 40G | Ship Design, Construction and Equipment – other ships |
| Part 42A | Lifesaving appliance performance standards |
| Part 42B | Fire appliance performance standards |
| Part 47 | Load Line Amendment |
| Part 80A & 80B | Adventure Tourism |
| Part 90 | Pilotage |
| Part 91 | Navigational Safety |
| Part 121A | Ship Design and Construction – Oil Tankers |
| Part 123A | Documents - Oil |
| Part 130B | Oil Transfer Site Marine Oil Spill Contingency Plans |
| Part 130C | Regional Oil Spill Contingency Plans |
| Part 140 | discharge of noxious liquid substances carried in bulk |

| | |
|------------------------|---|
| Part 143 | Shipboard Marine Pollution Plans for Noxious Liquid Substances |
| Part 160 | Discharge of Sewage – amendment |
| Part 200 | Discharges from Offshore installations |
| Omnibus amendment 2005 | various parts including 20, 22, 24A, 32, 40A, 40B, 40C, 40D, 40F, 41, 43, 45, 47, 48, 50 & 91 |