

Chair
Cabinet Economic Growth and Infrastructure Committee

DRAFT GOVERNMENT POLICY STATEMENT ON LAND TRANSPORT 2018: FORMAL ENGAGEMENT

Proposal

1. I am seeking Cabinet's agreement to undertake formal engagement with stakeholders about the proposed content of the next Government Policy Statement on land transport (GPS 2018).

Executive summary

2. The Government Policy Statement is the main statutory lever for guiding land transport investment. It ensures that land transport expenditure undertaken by the New Zealand Transport Agency (NZ Transport Agency) and local authorities reflects Government priorities over the next three to ten years.
3. The attached draft GPS 2018 has been prepared for formal engagement with transport sector stakeholders to occur from February 2017 to March 2017.
4. The draft GPS 2018:
 - 4.1. continues to give effect to the Government's three strategic priorities for land transport; these being economic growth and productivity, road safety, and value for money
 - 4.2. carries forward the six national land transport objectives from the current GPS 2015, these being a land transport system that:
 - addresses current and future demand for access to economic and social opportunities
 - provides appropriate transport choices
 - is resilient
 - is a safe system, increasingly free of death and serious injury
 - increasingly mitigates the effects of land transport on the environment¹
 - delivers the right infrastructure and services to the right level at the best cost.

¹ In order to address the cumulative harmful effects of land transport on the environment and enable a wider approach to mitigating these effects, I have added "increasingly" to this objective for GPS 2018.

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- 4.3. updates the focus for economic growth and development to be on:
 - high urban growth areas (including Auckland)
 - freight efficiency (including inter-regional corridors)
 - regions (intra-regional freight, tourism and resilience)
 - resilience.
- 4.4. outlines expectations that technology, a one transport system approach, as well as an ongoing expectation about value for money, are to be embedded in the delivery of the GPS 2018 investments.
5. allocates funding. Funding is increasing across all activity classes from 2015/16 to 2020/21. The exception is local road improvements (which has been under-subscribed in previous GPSs) where there is a transfer to regional road improvements. Note: both the walking and cycling and local road maintenance funding ranges have an additional increase over the trend in 2017/18 to meet needs as specified in the GPS 2015 amendments.
 - 5.1. To encourage more local road regional improvements I am also proposing that there be a greater National Land Transport Fund (NLTF) share of funding for regional improvements.
 - 5.2. Funding allocations in the draft GPS 2018 assume that the Crown will fund the recovery of key roads affected by the Kaikoura earthquakes. Final funding decisions on Auckland Transport Alignment Project (ATAP) have not yet been made and are not included in the draft GPS 2018. Once final funding decisions are made for ATAP, they will be incorporated in the final GPS 2018.
6. I propose to release the draft GPS 2018 in February 2017 for engagement until March 2017. I intend to report to Cabinet with a final GPS 2018 in mid-2017 and release the final GPS 2018 in the second half of 2017. I also propose to release this Cabinet paper to support the engagement process.

Purpose of the GPS

7. The GPS is the main statutory lever the Government uses to guide land transport investment. It ensures that land transport expenditure undertaken by the NZ Transport Agency and local authorities reflects Government priorities over the next three to ten years, as required by the Land Transport Management Act 2003.
8. The GPS represents an agreement between the Government, road users, and the New Zealand public. Over \$3.4 billion in transport duties and charges is currently collected from road users each year. This investment is supplemented by a further \$1 billion of local government investment.
9. Through the GPS, the Government ensures that the revenue raised from road users delivers the best possible land transport system (infrastructure and services) to support economic growth and productivity, and the needs of New Zealanders.

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10. The GPS guides NZ Transport Agency and local authority investment in land transport by signalling:
 - 10.1. what the Government wants the land transport system to achieve (by setting strategic priorities, objectives and results)
 - 10.2. how much revenue will be raised for the NLTF from petrol excise duty, road user charges, and motor vehicle registration
 - 10.3. how the Government wants the funding to be allocated across different types of land transport system activities (for example, roads, public transport, active transport, or road policing).
11. The GPS is reviewed every three years. I intend to release the final GPS 2018 in the second half of 2017 to inform local authority and NZ Transport Agency planning.

Context for the draft GPS 2018

Kaikoura earthquakes

12. In November 2016, New Zealand experienced significant earthquakes. These have disrupted transport connections in the South Island, particularly State Highway 1 around Kaikoura. Support for the recovery from the Kaikoura earthquakes has been included in the draft GPS 2018.
13. In December 2016, Cabinet agreed to reinstate State Highway 1 and the main trunk rail line with improvements to safety and resilience of the route. At that time, Cabinet agreed in principle that the Crown will fund the road component of the reinstatement costs [CAB -16-MIN-0675 refers].

Land transport demand is rising

14. As in previous GPSs, a key driver for the level of investment in land transport is transport demand.
15. The draft GPS 2018 has been developed in the context of strong increases in commercial vehicle travel and public transport use. There has been a small increase in light vehicle travel demand in the shorter term. In the medium term, demand pressures from freight, tourism, and population growth are expected.
16. In the longer term, the outlook is less certain. Technology and innovation could influence the level and type of demand for transport infrastructure and services. However, at this point it is difficult to predict what magnitude of change technology may deliver.

GPS 2015 investments have delivered across a range of land transport activities

17. Under the three priorities of economic growth and productivity, road safety, and value for money, the GPS 2015 and the GPS 2012 have delivered a number of important

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land transport investments that are identified below. This section also identifies how GPS 2018 builds on these areas.

Roads of National Significance (RoNS)

18. The RoNS are lead infrastructure projects that support large traffic volumes, reduce congestion, improve safety, and support economic growth. The majority of the seven RoNS are under construction with most completed or scheduled to be completed by 2018.
19. The GPS 2018 will provide the funds to complete the RoNS programme.

Regional transport investment

20. Regions have been supported through the Accelerated Regional Rooding Package. The package provided funding to bring forward 14 regionally important state highway projects, drawing on the Future Investment Fund and the NLTF.
21. The draft GPS 2018 has an increased focus on regional land transport investment. This includes a proposed transfer from local road improvements of \$50 million in each year of GPS 2018 to support regional improvements. I am also proposing that the NLTF share of funding for these projects be increased, resulting in the local share for regional improvements being decreased. My officials are investigating options that do not require legislative change.

Greater value for money in maintenance expenditure

22. The NZTA's asset management approach has resulted in significant savings for state highway maintenance expenditure. Although local road maintenance expenditure is still at the upper point of the activity class, variability across regions appears to be reducing.
23. While it is important to maintain roads that are fit for purpose, it is also important to secure productivity gains from improved asset management practices. Improving the efficiency of maintenance expenditure was a focus for the GPS 2012 and the GPS 2015, and I propose that this continue under the GPS 2018. This continued focus on asset management practices will allow the current efficiency gains to be embedded and encourage further efficiency gains.

The Auckland Transport Package 2014

24. Budget 2014 provided \$375 million of new capital funding for the NZ Transport Agency to accelerate \$815 million worth of Auckland transport projects. The additional funding accelerated key Auckland transport projects by up to 10 years.
25. Under the Auckland Transport Package:
 - 25.1. Northern Corridor Improvements have been progressed with the project expected to be completed by December 2021.

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- 25.2. Southern Corridor Improvements remain on track for completion by October 2018.
 - 25.3. Upgrades to State Highway 20A to Auckland Airport are on track for completion by December 2017.
 - 25.4. In September 2016, work began on Auckland East-West Connections (that is, widening a section of the South-western Motorway, as well as the planning and consent processes for the wider project). The project is expected to be completed by July 2025.
26. Implementation of the more recent ATAP project is supported in the draft GPS 2018 and any funding decisions will included in the final GPS 2018.

Urban Cycleways Programme

27. The Urban Cycleways Programme was announced by the Prime Minister on 18 August 2014, with the aim of making significant improvements to cycling infrastructure in the main urban centres. The \$100 million Urban Cycleway Fund (UCF) has helped generate an overall investment of \$333 million in cycling across 15 regions. The UCF has enabled the main urban areas to progress their planned networks to levels ranging from 15 percent to 100 percent completion.
28. The continued development of cycleways is supported in the draft GPS 2018 with an increase to the funding allocated for walking and cycling. [REDACTED]

withheld under section 9(2)(f)(iv)

GPS 2015 amendments

29. In December 2016, Cabinet agreed to:
- amend GPS 2015 to assist the implementation of Housing Infrastructure Fund and the New Zealand Business Number, and to
 - amend funding ranges for walking and cycling (supporting increased delivery of urban cycleways and tourism Great Rides), and local road maintenance (to support the Kaikoura emergency response) [CAB-16-MIN-0683 refers].
30. The draft GPS 2018 takes into account these changes.

GPS 2018 priorities and focus of investment

The three Government strategic priorities for land transport will continue under the draft GPS 2018

31. The draft GPS 2018 continues to give effect to the three key priorities of economic growth and productivity, road safety, and value for money.

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32. The draft GPS 2018 also continues the six national land transport objectives that were developed in the GPS 2015. The GPS 2018 seeks a land transport system that:
- addresses current and future demand for access to economic and social opportunities
 - provides appropriate transport choices
 - is resilient
 - is a safe system, increasingly free of death and serious injury
 - increasingly mitigates the effects of land transport on the environment²
 - delivers the right infrastructure and services to the right level at the best cost.

Steering the development of the land transport system to achieve the three strategic priorities

Economic growth and productivity

33. The draft GPS 2018 addresses economic growth and productivity by steering investment in the following areas:

High urban growth areas (including Auckland)

- 33.1. Well-connected and accessible cities are critical to our economic and social prosperity. The draft GPS 2018 focuses on assisting high growth areas through supporting the Housing Infrastructure Fund and ATAP.
- 33.2. The draft GPS 2018 includes the four critical Auckland challenges identified by ATAP to:
- o enable a faster rate of housing growth, particularly in new greenfield growth areas
 - o address projected declines in access to jobs and education, particularly for people living in the west and the south
 - o address increasing congestion on the motorway and arterial road network, particularly at inter-peak times
 - o increase public transport patronage on congested corridors.

Freight

- 33.3. The draft GPS 2018 continues to emphasise the need for freight to move efficiently to support economic growth and productivity. This is important given increased demand in this area, including more frequent and heavier freight vehicle movements.

² In order to address the cumulative harmful effects of land transport on the environment and enable a wider approach to mitigating these effects, I have added “increasingly” to this objective for GPS 2018.

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33.4. The NZ Transport Agency has been developing a long-term strategic view of inter-regional routes. This long term view is developed collaboratively with key stakeholders to identify appropriate levels of service on inter-regional routes. Further work with local government is required to determine the optimal timing, mix of interventions and funding arrangements.

Regions (intra-regional freight, tourism and resilience)

33.5. The draft GPS 2018 contains an increased focus on regional development to support the Business Growth Agenda and Regional Growth Programmes. The Government is working to build on each region's strengths, attract new investment, and diversify regional economies.

33.6. The draft GPS 2018 increases the emphasis on regional freight, tourism, and resilience with associated short and medium term results that will drive change. As noted in paragraph 21, the level of funding and the operation of the Regional Improvements activity class have been adjusted to enable this emphasis on regional improvements to be given effect, particularly at a local level.

Resilience

33.7. The draft GPS 2018 increases the focus on resilience. The Kaikoura earthquakes have highlighted the importance of resilience. The draft GPS 2018:

- o focuses on resilience at the most critical points based on:
 - the routes importance and the availability of appropriate alternative routes
 - the risk of transport disruption
 - the effectiveness of any solution (transport or non-transport solutions are to be considered)
- o gives priority to investment that improves the resilience of routes where disruptions pose the highest economic and social costs. This includes the recovery of the land transport system into and across North Canterbury and for urban areas, which are vulnerable to high impact low probability natural events.
- o supports the development of regional plans to improve resilience.

Road safety

34. Since 2014, road fatalities and injury trends have worsened. The draft GPS 2018 supports the implementation of a new Safer Journeys Road Safety Action Plan (2016-2020).

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Value for money

35. The draft GPS 2018 recognises the progress made in value for money and increases the emphasis through the expected results and the expectations of the NZ Transport Agency.

Ministerial expectations also guide investment in the land transport system

36. The draft GPS 2018 contains Ministerial expectations to guide how the NZ Transport Agency gives effect to the GPS. Expectations apply to, and condition, all investments made from the NLTF. Expectations must be consistent with the purpose of the Land Transport Management Act 2003 and cannot require specific projects to be funded.
37. In GPS 2018, my expectations include the following additional areas of focus:
 - 37.1. supporting the ATAP
 - 37.2. investment in technology, where I am asking the NZ Transport Agency to seek gains from digital, as well as physical, investment in land transport to deliver better transport outcomes. I am expecting that the ability of technology to improve transport outcomes will be considered when investments are made
 - 37.3. a “one transport system” approach with increased emphasis on integrated planning, and on investment in multi-modal solutions where these are the best solutions for land transport. This will enable the NZ Transport Agency to consider, among other things, the best approach to resilience issues (a particular concern raised by regions) as well as achieving potential efficiency gains from improved connectivity within land transport systems and to other transport systems.

Funding considerations

Revenue forecasts as at the Half Year Economic and Fiscal Update (prepared before the Kaikoura earthquakes)

38. The expected funding available for allocation from the NLTF in 2018/19 is \$3,700 million, increasing to \$3,850 million in 2020/21 based on current level of fuel excise and road user charges. This is less than forecast in the GPS 2015 by about \$50 million in the first three years of the GPS 2018 (i.e. in 2018/19, 2019/20, and 2020/21) as the GPS 2015 included a Consumer Price Index increase for Petrol Excise Duty and Road User Charges that did not take place.
39. The final GPS 2018 needs to include revenue forecasts for ten years. How the longer term revenue situation is indicated in the final GPS 2018 will need to be considered before it is released.

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| | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 |
|--|-------|-------|-------|-------|-------|-------|
| | \$m | \$m | \$m | \$m | \$m | \$m |
| Total Net Revenue/ Expenditure Target | 3,700 | 3,800 | 3,850 | 3,900 | 3,900 | 3,950 |
| Maximum Expenditure | 3,950 | 4,050 | 4,100 | 4,150 | 4,150 | 4,250 |
| Minimum Expenditure | 3,150 | 3,250 | 3,250 | 3,300 | 3,300 | 3,350 |

The GPS 2018 will be supported through ten activity classes

40. The draft GPS 2018 has ten activity classes with funding allocations that reflect recent performance and expected demand trends.
41. Funding for all activity classes is increasing with the exception of local road improvements. Some funding from local road improvements has been transferred to regional road improvements. Note: I have asked my officials to provide options for the NLTF providing a much greater share of funding for regional projects.
42. The following table (Table 3 from the draft GPS 2018) shows my proposed changes and the reasons for these changes. These funding allocations assume funding to reinstate State Highway 1 from the Kaikoura earthquakes will be from the Crown. The allocations do not fully take into account the ATAP. Once final funding decisions are made for the ATAP, they will be incorporated in the final GPS 2018.

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From the draft GPS 2018: Table 3 Activity classes and proposed funding ranges

| Activity Class | Expenditure reporting line | Definition | | Existing funding | | | Proposed GPS 2018 funding | | | Rationale (Note: these funding ranges do not reflect funding requirements for the Auckland Transport Alignment Project) |
|----------------------------------|----------------------------|--|-------|------------------|----------------|------|---------------------------|------|----------------|---|
| | | | | \$m | 2016/17 \$m | \$m | \$m | \$m | 2020/21 \$m | |
| State highway improvements | Existing | Investment in improving the capacity or service levels of existing State highways | Upper | 1400 | 1450 | 1500 | 1550 | 1600 | 1650 | State highway funding levels have increased significantly over recent years to fund large nationally significant projects. Many of these are coming to completion (e.g. the Roads of National Significance (RoNS)). The benefit cost ratios (BCRs) have been diminishing in this activity class over recent years. The proposed funding levels are to enable the completion of the RoNS, changes to support high productivity motor vehicles (HPMV) and 50 Max vehicles. It also enables funding towards strategic corridor projects and safety and technology investments. |
| | New | Investment to create new State highway assets that improve capacity or service levels | Lower | 1000 | 1050 | 1100 | 1100 | 1150 | 1200 | |
| Local road improvements | Existing | Investment in improving the capacity or service levels of existing local roads | Upper | 230 | 240 | 250 | 210 | 220 | 235 | This activity class has been consistently under spent over recent years and is currently below the lower limit of the funding band. This indicates that local authorities may be investing elsewhere (including prioritising maintenance or other local services) or the projects put forward for funding have low BCRs or low strategic fit. The activity class funding levels have been decreased to reflect expected demand. As shown below the regional improvements activity class has increased to reflect local road improvements needed to support regional development. The regional improvements class will have different criteria and will not be a straight shift of funding or projects. |
| | New | Investment to create new local assets that improve capacity or service levels | Lower | 150 | 155 | 160 | 120 | 120 | 120 | |
| Regional improvements | Regional | Investment in transport improvements outside of major metropolitan areas, to support regional economic development | Upper | 90 | 90 | 90 | 140 | 140 | 145 | Expenditure in this activity class has almost exclusively been spent on State highways. The proposed increase in funding ranges is to support regional development. The focus is on projects to support transport, tourism, and resilience needs across regions. This change would need to be accompanied by assessment criteria that supports regional priorities and enables the most valuable, integrated projects to proceed first. Consideration is being given to lowering the local share to provide additional funding support. |
| | | | Lower | 50 | 60 | 70 | 70 | 70 | 75 | |
| Walking and cycling improvements | Walking and cycling | Investment in walking and cycling that improves capacity and service levels, including promotional activities | Upper | 38 | 55 | 74 | 65 | 65 | 65 | There has been increased walking and cycling expenditure in response to the Urban Cycleway Fund (UCF) and the high BCR value of these projects. This has seen the development of local cycling infrastructure planning and promotion. In December 2016, the upper ranges for walking and cycling improvements were increased for 2015/16, 2016/17 and 2017/18 to give effect to an additional \$65 million of investment to support cycling and tourism. The funding range for this activity class in GPS 2018 is based on the continuation of the current level of urban cycleway development. This will enable movements towards completion of the network. |
| | | | Lower | 15 | 15 | 16 | 16 | 17 | 17 | |
| State highway maintenance | Operate | Investment in the operation of existing State highway capacity and services | Upper | 585 | 605 | 620 | 640 | 660 | 680 | State highway maintenance costs have been controlled with increased efficiency and extending the life of assets. This is despite a longer and more complex State highway network, which creates higher operating and maintenance costs. The increase will enable investment to focus on the implementation of the One Network Road Classification and address increased freight VKT that may cause increased damage to the network. |
| | Maintain | Investment in the maintenance of existing State highway capacity and services, excludes asset upgrades | | | | | | | | |
| | Renew | Investment in renewal of existing State highway assets, excludes asset upgrades | | | | | | | | |
| | Emergency | Urgent response to transport network disruptions | | | | | | | | |
| | | | Lower | 445 | 450 | 455 | 455 | 460 | 465 | |

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| Activity Class | Expenditure reporting line | Definition | | Existing funding | | | Proposed GPS 2018 funding | | | Rationale (Note: these funding ranges do not reflect funding requirements for the Auckland Transport Alignment Project) |
|------------------------|----------------------------|---|-------|------------------|----------------|-----|---------------------------|-----|----------------|--|
| | | | | \$m | 2016/17 \$m | \$m | \$m | \$m | 2020/21 \$m | |
| Local road maintenance | Operate | Investment in the operation of existing local road capacity and services | | | | | | | | <p>Local road maintenance expenditure has historically been close to the upper limit of the activity class funding range. The last GPS noted concern about value for money from maintenance (including the regional variability of the costs per kilometre). However, there have now been gains in controlling maintenance expenditure through increased efficiency and extending the life of assets.</p> <p>In December 2016, GPS 2015 local road maintenance ranges for 2016/17 and 2017/18 were adjusted to raise the upper range by \$25 million and \$50 million respectively. This ensures any additional flexibility required for the Kaikoura earthquake response is available.</p> <p>The unexplained variability in maintenance expenditure between regions has been reducing and is expected to reduce further with improved procurement, information sharing, and capability building that is being driven by the Road Efficiency Group and One Network Road Classification.</p> <p>Increases in the funding ranges from 2018/19 onward will support One Network Road Classification implementation and reduce pressure where genuine service standard issues exist. Increases are moderate to continue to embed recent good practice.</p> |
| | Maintain | Investment in the maintenance of existing local road capacity and services, excludes asset upgrades | Upper | 565 | 605 | 645 | 625 | 635 | 655 | |
| | Renew | Investment in renewal of existing local road capacity and services, excludes asset upgrades | Lower | 405 | 410 | 415 | 420 | 430 | 435 | |
| | Emergency | Urgent response to transport network disruptions | | | | | | | | |
| Public transport | Infrastructure operation | Investment in public transport infrastructure operation | | | | | | | | <p>Patronage levels have increased recently and are forecast to increase in Auckland and Wellington over the short term (and in Christchurch in the medium term). Although forecasts of increased patronage have typically been overly optimistic. Auckland and Wellington public transport plans are based on an increased public transport task.</p> <p>Farebox recovery rates have improved in Auckland and Wellington.</p> <p>Currently expenditure is in the middle of the funding range.</p> <p>The proposal is for a gradual increase in the funding range to cover forecast patronage growth and for some public transport infrastructure work (such as park and ride facilities).</p> <p>There is a need to keep focus on value for money, and ensure farebox recovery rates are at the expected levels.</p> |
| | Infrastructure improvement | Investment in improving public transport infrastructure | Upper | 390 | 405 | 420 | 435 | 450 | 465 | |
| | Service operation | Investment in the operation of existing public transport services | Lower | 275 | 290 | 300 | 315 | 315 | 320 | |
| | Service improvement | Investment in new public transport services | | | | | | | | |
| Road policing | Road policing | Investment in road policing | Upper | 320 | 325 | 330 | 345 | 355 | 360 | <p>Road policing and road safety promotion are at the top of the funding ranges. There is a need to keep the focus on value for money and cost effective road safety expenditure. However, there has been a recent increase in deaths and serious injuries from road crashes.</p> |
| | | | Lower | 280 | 285 | 290 | 295 | 300 | 305 | |
| Road safety promotion | Safety promotion | Investment in road safety promotion | Upper | 37 | 38 | 38 | 41 | 41 | 42 | <p>The proposal is to increase the funding for road safety to see more progress on reducing death and serious injuries on roads.</p> |
| | | | Lower | 30 | 31 | 31 | 33 | 33 | 33 | |
| Investment management | Planning | Investment in the transport planning research and management | Upper | 59 | 61 | 65 | 65 | 63 | 64 | <p>In December 2016, GPS 2015 investment management ranges for 2016/17 to 2018/19 were adjusted to raise the upper ranges to partly cover the implementation costs for the NZTA of the New Zealand Business Number.</p> <p>The proposal is for a slight increase to support a continued focus on reporting, research and particularly investing in safety research and in technology trials.</p> |
| | | | Lower | 53 | 54 | 55 | 56 | 57 | 58 | |

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Borrowing policy

43. The borrowing policy relating to management of cash flow within the NLTF is substantially the same as under the GPS 2015.
44. The borrowing provisions were extended in the GPS 2015 to include a more comprehensive set of expectations around financing that commits future NLTF revenues.

Informal stakeholder engagement

45. As part of the preparation of the draft GPS 2018, Ministry of Transport officials:
 - 45.1. organised 14 listening sessions with local authorities between July and September 2016. These sessions identified a number of issues common to all regions. This included the importance of moving freight between and within regions, the importance of tourism to regional economic growth, and the economic and social importance of resilience and connectivity
 - 45.2. undertook a survey of the public that identified safety and household costs as priorities for most users. It also identified the importance of the environment (CO₂ emissions) although respondents were divided as to whether it was the most important or least important issue
 - 45.3. set up an online forum to enable non-government stakeholders to express their views on what a GPS should contain. The main issues debated included improving the relationship between land use policy and transport investment (for example, stronger integration of land use policy and planning within the GPS framework) and better integration of land transport modes.
46. Ministry of Transport officials have also met with the Road Transport Forum, the Automobile Association, Infrastructure New Zealand, and the Disabled Peoples' Organisations. These groups provided a range of views around levels of funding and provided different user perspectives.
47. Many of these issues have been addressed in the draft GPS 2018.

Formal engagement on the draft GPS 2018 will start in February 2017

48. Under the Act, before issuing a GPS, I am required to have regard to the views of Local Government New Zealand and representative groups of land transport users and providers.
49. I propose to formally engage with these stakeholders during February 2017 to March 2017 on the attached draft GPS 2018. To facilitate that process, I also propose to release this Cabinet paper.

Finalising the GPS 2018

50. The GPS 2018 must come into effect on 1 July 2018. However, the practice has been to issue the document a year earlier. This is because local authorities and the NZ Transport Agency must develop transport plans that must align with the GPS and are required, by statute, to come into effect very soon after the GPS is issued.
51. I propose to formally consult with the Board of the NZ Transport Agency after stakeholder engagement has been completed in early 2017. However, I am also inviting the Board to provide feedback on this draft GPS 2018.
52. I will report back on the final GPS 2018 in mid-2017 with the aim to issue GPS 2018 in the second half of 2017.

Departmental consultation

53. The following departments and agencies have been consulted on a draft of the GPS 2018: Department of Conservation, Department of Internal Affairs, Energy Efficiency and Conservation Authority, Ministry of Business, Innovation and Employment, Ministry for the Environment, Ministry for Primary Industries, Ministry of Social Development, Ministry of Health, Ministry of Education, NZ Police, NZ Transport Agency, the Office of Disability Issues, and the Treasury.
54. The Department of the Prime Minister and Cabinet has been informed.

Financial implications

55. There are no direct financial implications arising from engagement on the draft GPS 2018.
56. The draft GPS 2018 raises significant financial issues, but makes no financial commitments at this point. Decisions on financial issues affecting the GPS 2018 will be dealt with in the Cabinet paper accompanying the final GPS 2018 in mid-2017.

Crown appropriations

57. The GPS is required to outline any Crown appropriations that are outside the NLTF. The draft GPS 2018 provides Crown appropriations based on Budget 2016. The final GPS 2018 will update the Crown appropriations to reflect Budget 2017.

Human rights, gender or disability implications

58. There are no specific human rights or gender implications arising from this paper.
59. There is reference in the draft GPS 2018 to transport facilities for people with disabilities. Activities funded under the GPS, such as public transport and the Total Mobility Scheme, will continue to assist with improving accessibility for disabled people. Disability perspectives will be considered as part of the normal decision-

making processes carried out by local bodies when determining regional land transport plans.

Legislative and Regulatory Impact Assessment implications

60. There are no legislative implications arising from this paper. A regulatory impact statement is not required with this paper, as it does not result in changes to legislation or regulations.

Publicity

61. Following Cabinet's consideration of this paper, formal engagement will occur with local government and groups representing system users and providers.
62. As noted earlier, I also propose to release this Cabinet paper to help inform engagement on the draft GPS 2018.

Recommendations

63. I recommend that the Committee:
- 1) **note** that the Government Policy Statement on land transport (the GPS) guides over \$4 billion of central and local government expenditure on land transport each year;
 - 2) **note** that the GPS 2015 has been reviewed, as required by the Land Transport Management Act 2003, and I propose to issue a new GPS (GPS 2018) in the second half of 2017;
 - 3) **note** that good progress has been made under the GPS 2015 including delivering priority investments such as the Roads of National Significance, regional transport investment, increased value for money in road maintenance, Auckland Transport Package projects, and urban cycleways;
 - 4) **note** the contents of the attached draft GPS 2018 includes the following key features that will guide land transport investment over 2018/19 to 2028/29:
 - a. an overall strategic direction that carries forward the three strategic priorities from the GPS 2015 of:
 - supporting economic growth and productivity;
 - improving road safety;
 - improved value for money;
 - b. national land transport objectives for a land transport system, carried forward from the GPS 2015, that:
 - addresses current and future demand;
 - provides appropriate transport choices;
 - is resilient;

- is a safe system, increasingly free of death and serious injury;
- increasingly mitigates the effects of land transport on the environment;
- provides the right infrastructure at the right cost;

c. *clear signals on the investment areas* that will give effect to economic growth and productivity priority:

- high urban growth areas (including Auckland);
- freight (including inter-regional corridors);
- regions (intra-regional freight, tourism and resilience);
- resilience;

d. *expectations* for use of technology, taking a “one transport system” approach and achieving value for money;

e. *increased funding allocations* to activity classes:

- that will enable delivery of priority projects, funding of regional improvements, a continuing focus on road safety improvements, and a continued emphasis on securing efficiency gains from investment;
- that will be amended for the final GPS 2018 when decisions on the final response to Auckland Transport Alignment Project funding have been made;

- 5) **agree** that I release the attached draft GPS 2018 for formal engagement during February 2017 to March 2017;
- 6) **note** that I also intend to proactively release this Cabinet paper at the same time to help inform engagement;
- 7) **invite** the Minister of Transport to report back, following stakeholder engagement, on the final GPS 2018, in time for GPS 2018 to be issued in the second half of 2017.

Hon Simon Bridges
Minister of Transport

Dated: _____