

In Confidence

Office of the Minister of Transport

Chair, Cabinet Economic Development Committee

Government Policy Statement on Land Transport 2021 – release of draft for public engagement

Proposal

1. This paper seeks Cabinet agreement to undertake public engagement on the proposed content of the draft Government Policy Statement on Land Transport (GPS) 2021/22–2030/31.

Executive summary

The purpose of the GPS

2. The GPS provides guidance on how over \$4 billion is spent through the National Land Transport Fund (NLTF) each year, and guides co-investment from local government and any additional financing. It is the Government's main statutory lever to ensure that investment in land transport reflects government priorities over the next ten years. The GPS must be reviewed every three years.
3. Government has high ambitions for a limited pot of funding (the NLTF), which has no built in increases beyond this year¹ and faces construction costs that are rising higher than the rate of inflation. Despite contributions to land transport infrastructure from the Crown through the New Zealand Upgrade Programme (the Programme) and contributions to rail (to be determined by Budget 2020), funding pressures will remain. The investment strategy set out in the draft GPS 2021 has been carefully considered in light of these pressures.

Priorities of the draft GPS 2021 and delivering Government commitments

4. The draft GPS 2021 (attachment 1) consolidates the direction of GPS 2018, with stronger direction on what the Government is seeking from land transport investment. It incorporates transport strategies that Cabinet has endorsed since GPS 2018 was released.²
5. I propose four strategic priorities for land transport investment over the next ten years.
 - 5.1. **Safety**: developing a transport system where no-one is killed or seriously injured.
 - 5.2. **Better travel options**: providing people with better transport options to access social and economic opportunities.

¹On 28 June 2018, the Government announced increases in petrol excise duty of 3.5 cents per litre to take effect from 30 September 2018, on 1 July 2019 and 1 July 2020. Road user charges are to increase by an equivalent amount.

² Auckland Transport Alignment Project, Let's Get Wellington Moving, Road to Zero and the below rail components of the Rail Plan.

- 5.3. **Improving freight connections:** to support economic development.
- 5.4. **Climate Change:** developing a low carbon transport system that supports emission reductions aligned with national commitments, while improving safety and inclusive access.
6. Each strategic priority will guide investment to meet multiple outcomes. The principle of achieving value for money applies across all priorities, programmes and activity classes, which is emphasised throughout the draft GPS 2021.
7. A large proportion of the NLTF will continue to be focused on maintaining levels of service in line with forecast growth in demand (for both passengers and freight). I propose the GPS 2021 is explicit about the investment commitments that the Government has made for new investment, to provide certainty for users and make clear how I expect Waka Kotahi the NZ Transport Agency (the NZTA) to support the following commitments:
- 7.1. Auckland Transport Alignment Project (ATAP)
 - 7.2. Let's Get Wellington Moving (LGWM)
 - 7.3. Road to Zero
 - 7.4. enabling a reliable and resilient rail network as outlined in the draft New Zealand Rail Plan (the Rail Plan).³
8. The strategic direction section of the draft GPS 2021 explains how regions will benefit from the Road to Zero strategy (where 70 percent of improvements will be outside of Wellington and Auckland), a better maintained network, and improved freight connections for primary producers to reach markets.

Engagement

9. I propose to engage with stakeholders during March and April 2020 on the attached draft GPS 2021. I will report back to Cabinet on the final form of the GPS 2021 in June 2020, prior to its release in July 2020. This timeline gives local authorities and the NZTA a year to reflect the final GPS 2021 in their transport investment plans, before it comes into effect.

³ Commercial rail investments in KiwiRail, such as in new locomotives or ferries, will continue to be funded as they are now through Crown injections directly into KiwiRail. The metropolitan rail networks in Auckland and Wellington already receive funding from the NLTF through Auckland Transport and Greater Wellington Regional Council.

The purpose of the GPS

10. The GPS is the main statutory lever for Government to indicate how the NLTF should be invested, and to guide co-investment from local government and any additional financing.
11. As required by the Land Transport Management Act 2003 (LTMA 2003), the GPS sets out what the Government wants land transport to achieve over ten years through investment in different types of activity (for example, roads, road policing and public transport) and how much funding will be provided to do this. The GPS must be reviewed every three years.
12. The NZTA gives effect to the GPS through the National Land Transport Programme (NLTP), which sets out the projects that the NLTF will be invested in to fulfil the Government's aims for land transport. This is made up of projects from Regional Land Transport Plans (RLTPs), which must be consistent with the GPS, and projects proposed by the NZTA.

Funding context of GPS 2021

13. The GPS provides guidance on how over \$4 billion is spent through the NLTF each year, and guides co-investment from local government and any additional financing.
14. GPS 2018 set high expectations to initiate a shift in investment away from state highways and towards public transport and walking and cycling. Some of this shift was achieved through rebalancing investment between modes through activity classes. Some will be achieved by changing the way the NZTA assesses investments. This work is being progressed through a joint Ministry of Transport and NZTA programme to revise the NZTA's Investment Decision Making Framework and Economic Evaluation Manual to account for the wider transport outcomes this Government is seeking. This new framework should be in place by the time GPS 2021 comes into effect.
15. The Ministry will also soon release its first, holistic report on progress against GPS 2018 priorities, objectives, and desired results. This is the first step in a wider shift in the system to understand and monitor the impact of government decisions. Reporting is important to determine if government's transport priorities, objectives and results are being achieved, and to ensure New Zealanders can be confident that government is investing in transport efficiently and effectively. It is also necessary in order to continually improve the GPS and the transport investment appraisal system to achieve effective transport outcomes.
16. In forming the draft GPS 2021, I have worked closely with the NZTA to understand the base investment required to maintain current levels of service in the land transport system in line with forecast growth in demand, complete already committed projects, and meet additional pressures on the NLTF. I have also reflected upon the lessons learned from the first year of implementing GPS 2018.
17. The size of the NLTF does not automatically rise in line with cost increases. Construction costs are rising faster than the NLTF (and faster than general inflation). With no planned increases to Fuel Excise Duty (FED), Road User Charges (RUC) to help meet this pressure, the purchasing power of the NLTF will decrease – it will “buy” less for the same amount. The NLTF is also under pressure from increasing demand on the land transport system (from both freight and passengers) and increasing costs resulting from extreme weather events, which to date have

been insured against by investing in a resilient network and setting aside funding for reactive emergency work.

18. This committee has also taken decisions to provide for a portion of the NZTA's regulatory activities and the Ministry's monitoring function to be top-sliced from land transport revenue prior to inclusion in the NLTF [DEV-19-MIN-0261 refers]. This further reduces funds available to implement the GPS.
19. In addition, the NLTF is expected to pay for bigger investments. For example, some of our cities are growing beyond the ability of their public transport networks to support them. The necessary change to transport services and networks will add to pressures on the NLTF. While the NLTF has always played a role in funding passenger rail services, it is also now being used to help fund rail infrastructure for freight as well as passengers. Although these changes will help integrate rail into planning and investment for the wider land transport system, they also create a new cost pressure on the NLTF.
20. This committee recognised the need for ongoing Crown contributions in order to implement the rail plan [DEV-19-MIN-0225 refers]. The funding provided through the GPS will therefore be supported by additional funding being sought through Budget 2020.
21. In December 2019, Government announced a programme of investment across health, education and transport to modernise New Zealand's infrastructure, prepare for climate change and help grow the economy. The New Zealand Upgrade Programme (the Programme) provides \$6.8 billion for specific transport projects across New Zealand from 2019/20, confirmed in January 2020. These projects were chosen because there is a need to progress them as key infrastructure priorities, but some were not funded through GPS 2018 and would be unlikely to be funded through GPS 2021 due to funding constraints and focus on more immediate priorities.
22. The Ministry of Transport's modelling for GPS 2021 indicated that around \$1.8 billion would be spent over the next 10 years on projects that have now been included in the Programme (many of which will now be funded earlier). This relieves some pressure that the NLTF would have otherwise faced in delivering new Government commitments such as the Road to Zero strategy, which involve significant cost. It may also enable faster delivery of some of the Government's existing priorities, such as the ATAP.
23. I have carefully formed the investment strategy proposed in the draft GPS 2021 to take account of both the ongoing needs of the transport system and the steps still needed to achieve the vision this Government has for the future system. The NZTA will need to manage the NLTF to meet these challenges and also fund the ambitious objectives this Government has for the land transport system. The difficulty of balancing funding to meet these challenges during GPS 2021, without FED and RUC increases, should not be underestimated.

The current GPS 2018

24. The Government published the current GPS in 2018. Safety and access were the key strategic priorities, with the environment and value for money as supporting priorities. For the first time,

the GPS brought mode neutrality⁴ and liveable cities to the forefront of land transport investment. A decrease in funding for state highway improvements aimed to correct the structural imbalance of funding, while enabling funding to support this Government's focus across all transport modes.

25. GPS 2018 was developed and published at pace to ensure that implementation of this Government's priorities could begin during this term of government. There were a number of issues that were unable to be included in GPS 2018, due to timing constraints. These were:

- enabling funding for alternate modes such as the rail network (outside of metropolitan rail areas) and coastal shipping
- a new safety strategy
- further defining the role of transport in urban growth and the regions
- considering the affordability of public transport
- reflecting further action to reduce greenhouse gas emissions from transport
- reflecting work undertaken to investigate the appropriateness of current evaluation practices.

26. I initially considered publishing a second stage GPS 2018 to incorporate these areas, but given the large step-change in investment direction between the GPS 2015 and GPS 2018, I decided that incorporating these areas into the draft GPS 2021 would better allow local government and the NZTA to adapt and deliver the Government's priorities. Some areas are already being addressed outside the GPS, for example the NZTA and Ministry of Transport are undertaking a review of current investment assessment and prioritisation practices.

Overview of the draft GPS 2021

27. The draft GPS 2021 consolidates the direction of GPS 2018 and reflects strategies Government has released since GPS 2018. It has a new, clearer format to improve understanding and implementation of the Government's priorities and direction. I propose publishing the draft GPS 2021 Transitions Guide (attachment two), which should help users understand the differences and similarities between GPS 2018 and GPS 2021. Once users are familiar with the new GPS, the guide will no longer be needed, which is why I propose publishing it as a separate document.

Roles and Responsibilities

28. The draft GPS 2021 starts with a new section outlining the role of the GPS and the responsibilities of each of the relevant parties in the land transport sector in relation to the GPS. This follows feedback gathered from local government during the Ministry of Transport's regional roadshows in early 2019.

29. This new section strengthens the information that was annexed in the previous GPS to provide further clarity on the role of the GPS, NLTP and RLTPs in land transport investment. It reinforces the need for joint planning and cooperation, including work with the Ministry of Housing and

⁴ Defined as considering all modal options, appraising them in a neutral way, increasing funding for some modes to reflect past imbalances, and making costs more transparent to users to influence their decision making.

Urban Development (MHUD), so that transport and land-use policy have a consistent strategic direction. This is essential to achieve an integrated land transport system that works for the New Zealand of the future. The Ministry of Transport continues to work closely with the MHUD as they develop the HUD GPS.

Strategic direction: strategic priorities

30. The relationships between the GPS 2021 and the GPS 2018 priorities are set out in table 1. The strategic priorities of environment and safety have been updated to reflect policy work that has taken place since GPS 2018 was published, such as the development of Road to Zero. Access has been separated into Better Travel Options and Improving Freight Connections. Value for money is expressed as a principle that applies to all investments, rather than a strategic priority that could change as Government changes.

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Table 1: Comparison of GPS 2018 priorities with GPS 2021 priorities

| GPS 2018 Priorities | GPS 2021 Priorities | Notes |
|--|---|--|
| Safety <ul style="list-style-type: none"> a safe transport system, free of death and serious injury | Safety Developing a transport system where no-one is killed or seriously injured while travelling | <i>Safety remains a priority, with the wording updated to reflect the Road to Zero strategy.</i> |
| Access <ul style="list-style-type: none"> providing increased access to economic and social opportunities enabling transport choice and access resilient | Better travel options Providing people with better transport options to access social and economic opportunities. | <i>Access remains a priority, but is now covered in two parts to provide clearer guidance. GPS 2021 continues to support better urban transport options and well-connected freight routes. The detailed descriptions of these priorities explain the role of choice, access and resilience.</i> |
| | Improving freight connections Improving freight connections to support economic development. | |
| Environment <ul style="list-style-type: none"> reduces greenhouse gas emissions, as well as adverse effects on the local environment and public health | Climate Change Developing a low carbon transport system that supports emissions reductions, while improving safety and inclusive access. | <i>Environment remains a priority, with a focus on investments that align with Government's greenhouse gas reduction targets. Improvements to public health will be a co-benefit of investment decisions that support the transition to a low carbon transport system. There is no longer separation into 'key' and 'supporting' priorities.</i> |
| Value for money <ul style="list-style-type: none"> delivers the right infrastructure and services to the right level at the best cost | <i>GPS 2021 embeds value for money throughout the GPS as a principle that should always be expected from investments. GPS 2021 encourages co-benefits to be considered when developing business cases (e.g. for health, resilience, or environmental sustainability).</i> | |

31. Under each strategic priority, GPS 2021 highlights the short to medium term results the Government expects to see as a result of investment (such as a reduction in the number of deaths and serious injuries), and how to deliver these outcomes (such as implementing Road to Zero). These can be found in section 2.2 to 2.5 of the draft GPS 2021.
32. Indicators that will be used to measure progress towards results have been included in the draft GPS 2021. They are largely similar to those used in GPS 2018. The final list of appropriate indicators that will measure whether the aims of the GPS have been achieved will be provided in the final GPS 2021 when the strategic direction has been determined after public engagement. These indicators will be used to complete holistic, high level reporting against GPS 2021 annually. This will complement existing programme-level reporting (on ATAP for example) and regular NZTA reporting on the NLTF. The first report on progress against GPS 2018 indicators will be released by the Ministry of Transport in the first half of 2020.

How regions will benefit from GPS 2021

33. During the Ministry of Transport's regional roadshows in early 2019, local government requested further clarity in future GPSs around how the priorities apply to regions. NZTA produced regional summaries for the 14 regions of New Zealand that detailed likely investment they would benefit from during the course of the NLTP. I will encourage them to do the same when they implement GPS 2021. It is important that each region understands how the NZTA are giving effect to the GPS in their area.
34. Page 15 of the draft GPS 2021 acknowledges the different needs of regional New Zealand, and the enabling role transport plays in regional development. It sets out that the GPS is just one form of funding that benefits the regions. GPS investment supports other regional investment programmes such as the Provincial Growth Fund, Billion Trees and Aquaculture Planning Fund.
35. I have taken into account feedback from regions during the roadshows that highlighted resilience, safety and preserving and smoothing access on key routes as areas of most importance.
36. In recognition of the high contribution regional New Zealand's primary production makes to this country's economy, I have proposed Improving Freight Connections as a priority for GPS 2021. Efficient, reliable, safe, mode-neutral and resilient freight transport – within cities, between regions and to ports – is vital for this. The transport system needs to support the movement of freight by the most appropriate mode, improving interregional corridors, and increasing resilience. Over the next ten years, this GPS will:
- maintain the roads and railways that are crucial for linking production points with key distribution points
 - manage resilience risk on important regional corridors where disruptions cause the highest economic and social costs
 - support implementation of the New Zealand Rail Plan to enable a reliable and resilient rail network that supports freight movements in a mode-neutral system
 - Improve mode choice for moving freight by coastal shipping, through investing in infrastructure, support to domestic start-ups and relevant research

- improve the safe and efficient movement of freight through logistics planning and network optimisation.
37. We need to create a transport system in both urban and regional areas that protects people. Regions will benefit from the Government's focus on road safety through the Road to Zero strategy, which will see \$10 billion invested over the next 10 years. 70 percent of improvements through this commitment will be outside of Wellington and Auckland.
38. This draft GPS recognises Climate Change as a strategic priority and seeks investment decisions that help progress to a low carbon transport sector. The actions taken across the country to achieve this will benefit the most vulnerable communities, who can often acutely feel the consequences of climate change.

GPS contribution to reducing and avoiding emissions

39. New Zealand signed up to the Paris Agreement on Climate Change. That means during the course of this GPS the country is set to reduce greenhouse gas emissions by 30 percent below 2005 levels (by 2030). The Government has reiterated its commitment to the environment with a target for New Zealand to be net zero carbon by 2050.
40. Nearly 20 percent of New Zealand's domestic emissions currently come from transport. With 90 percent of these emissions from road transport, so there is a particularly important role for the GPS to play in setting the right example to encourage the land transport sector to play its part and make it easy for people to transition to low carbon transport.
41. In order to achieve these targets Government will need to use all tools available to it, and encourage all parts of the Transport sector to work together. Emissions budgets will set incremental targets that need to be met to work towards New Zealand's emissions reduction goals and Government will develop an action plan detailing how it will meet those targets. The action plan is not due until 31 December 2021. The release of the draft GPS 2021 will precede this so I have made sure that the draft GPS 2021 highlights that investment decisions support the transition to a low carbon transport system consistent with the targets.
42. There are three areas under the strategic priority of Climate Change that this GPS should deliver over the next ten years:
- 42.1. A reduction in greenhouse gases
 - 42.2. A reduction in harmful emissions
 - 42.3. Improved resilience to the effects of climate change
43. The draft GPS 2021 expects NZTA to implement the Sustainability Strategy and Action Plan and undertake relevant actions identified in the National Adaptation Plan to adapt to climate change. New investment in rail and coastal shipping will lay the ground work for a greater shift to low carbon forms of freight transport. Land-use planning and investment in public transport should also make it easy for people to make transport choices that that do not lead to greenhouse gas emissions and harmful emissions.

44. To meet the emissions reduction targets coordinated action beyond the GPS will be needed, and beyond the investment the NLTF can offer. I look forward to working with Cabinet colleagues on an action plan to achieve a low carbon future.

Investment strategy

45. The investment section of the draft GPS 2021 describes investment in land transport to deliver the strategic priorities. This is primarily through the NLTF, which is collected from FED, RUC and Motor Vehicle registration, with co-investment from local government and alternative funding and financing.

46. The draft GPS 2021 sets the expectation that the sector and central government will work better together to ensure that all appropriate funding and financing approaches are considered, beyond the NLTF, for largescale and long-term programmes. The draft GPS provides further detail on when alternative funding and financing is appropriate and highlights that a funding and financing toolkit will be released with further guidance.

Principles for investing

47. It is important to me that value for money is considered for all investments made under GPS 2021. The principles for investing section (section 3.2) explains that when investing the NLTF, investments must align with the strategic direction of the GPS and make a meaningful contribution to the results identified in the GPS at an appropriate cost.

48. The principle of optimising the existing transport network, employing land use management, and encouraging behaviour change to manage demand is described. Taking advantage of the opportunities arising from innovation is encouraged as it can support value for money by providing alternatives or better choices in the way investments are made and used.

49. Finally this section explains that lead investments (investing in infrastructure and services ahead of demand) may represent value for money to support future developments. In GPS 2021, lead investment will help provide access to serviced land for housing development in high growth urban areas.

Dedicated funding and activity classes

50. The GPS sets activity classes with funding ranges and expenditure targets for the NLTF. As table 2 shows, most activity classes continue or increase levels of investment signalled in GPS 2018. Two activity classes appear lower than in GPS 2018. These are:

50.1. the public transport activity classes – there will be an additional ~\$900 million investment in public services infrastructure from the Programme

50.2. local road improvements – \$1.2 billion additional expected investment on local roads is instead reflected in the Road to Zero activity class, and the Programme will fund around \$360 million for local road projects previously assumed to require funding from the NLTF. When taking local road improvements and maintenance together, GPS 2021 provides investment in local roads that is consistent with previous years.

51. The Programme brings overall investment in land transport currently planned to around \$54 billion over 10 years (2021/22 to 2030/31). The combined investment is explained in the draft GPS 2021 but is not evident by focusing on the GPS activity classes (table 2) alone, which only show NLTF funding.
52. As set out in section 2.1 of the draft GPS 2021, I have made clear the specific areas of GPS 2021 from which regional New Zealand should benefit. This will be achieved through investment across multiple activity classes in the GPS so I propose that the regional improvements activity class is removed.
53. Funding ranges reflect the ATAP funding assumptions in respect of City Centre to Māngere rapid transit. I expect the final GPS will reflect the result of the process that is currently underway to select a project delivery partner.

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Table 2: Activity classes and proposed funding ranges for draft GPS 2021

| Activity Class | Expenditure reporting line | Definition | | GPS 2021 funding ranges | | | | | | Forecast funding ranges | | | |
|----------------------------------|----------------------------|--|----------------|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------------------|--------------|--------------|--------------|
| | | | | 2021/22 \$m | 2022/23 \$m | 2023/24 \$m | 2024/25 \$m | 2025/26 \$m | 2026/27 \$m | 2027/28 \$m | 2028/29 \$m | 2029/30 \$m | 2030/31 \$m |
| Road to Zero | Safety Infrastructure | Investment in safety infrastructure and speed management treating high risk corridors and intersections. | Upper Lower | 910 820 | 940 840 | 980 870 | 1000 900 | 1040 930 | 1070 960 | 1080 970 | 1110 1000 | 1140 1020 | 1170 1050 |
| | Road policing | Investment in road policing and associated equipment | | | | | | | | | | | |
| | Automated enforcement | Investment in automated enforcement | | | | | | | | | | | |
| | Road safety promotion | Investment to support behavioural changes to improve road safety outcomes | | | | | | | | | | | |
| Public transport services | Service operation | Investment in the operation of existing public transport networks and services to improve utilisation and maintain existing levels of service. | Upper Lower | 600 390 | 630 410 | 700 420 | 820 430 | 900 440 | 920 450 | 950 470 | 970 480 | 1000 490 | 1030 510 |
| | Service improvement | Investment in new public transport services to improve the level of service and encourage the uptake of public transport. | | | | | | | | | | | |
| Public transport infrastructure | Existing | Investment in maintaining the level of service of existing public transport infrastructure. | Upper Lower | 770 500 | 650 450 | 660 370 | 780 340 | 830 340 | 850 350 | 810 350 | 810 350 | 850 370 | 870 380 |
| | New | Investment in new public transport infrastructure to improve the level of service. | | | | | | | | | | | |
| Walking and cycling improvements | Walking and cycling | Investment to improve the level of service and increase uptake for walking and cycling including promotional activities | Upper Lower | 145 95 | 140 90 | 160 105 | 115 75 | 115 75 | 115 75 | 120 80 | 120 80 | 120 80 | 120 80 |
| Local road improvements | Existing | Investment in improving the capacity or level of service on existing local roads | Upper Lower | 300 120 | 250 100 | 260 100 | 260 110 | 130 50 | 130 50 | 140 50 | 140 60 | 140 60 | 150 60 |
| | New | Investment to optimise utilisation, improve level of service and improve capacity where needed | | | | | | | | | | | |
| State highway improvements | Existing | Investment in improving the capacity or level of service on existing state highways | Upper Lower | 1250 1000 | 1000 800 | 1000 800 | 950 750 | 900 700 | 800 600 | 650 450 | 550 350 | 450 350 | 450 300 |
| | New | Investment to optimise utilisation, improve level of service and improve capacity where needed | | | | | | | | | | | |

| Activity Class | Expenditure reporting line | Definition | | GPS 2021 funding ranges | | | | | | Forecast funding ranges | | | |
|---------------------------|----------------------------|--|-------|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------------------|-------------|-------------|-------------|
| | | | | 2021/22 \$m | 2022/23 \$m | 2023/24 \$m | 2024/25 \$m | 2025/26 \$m | 2026/27 \$m | 2027/28 \$m | 2028/29 \$m | 2029/30 \$m | 2030/31 \$m |
| State highway maintenance | Operate | Investment in the operation of existing state highways to optimise existing infrastructure and deliver an appropriate level of service | | | | | | | | | | | |
| | Maintain | Investment in the maintenance of existing state highways to deliver an appropriate level of service, excluding asset upgrades | Upper | 860 | 880 | 900 | 940 | 970 | 1020 | 1060 | 1110 | 1150 | 1190 |
| | Renew | Investment in renewal of existing state highways to deliver an appropriate level of service | Lower | 740 | 750 | 770 | 800 | 830 | 870 | 910 | 950 | 980 | 1020 |
| | Emergency | Urgent response to transport network disruptions to restore an appropriate level of service | | | | | | | | | | | |
| Local road maintenance | Operate | Investment in the operation of existing local roads to deliver an appropriate level of service | | | | | | | | | | | |
| | Maintain | Investment in the maintenance of existing local roads to deliver an appropriate level of service, excluding asset upgrades | Upper | 760 | 780 | 800 | 820 | 840 | 860 | 880 | 900 | 930 | 950 |
| | Renew | Investment in renewal of existing local roads to deliver an appropriate level of service | Lower | 650 | 670 | 680 | 700 | 720 | 730 | 750 | 770 | 790 | 810 |
| | Emergency | Urgent response to transport network disruptions to restore an appropriate level of service | | | | | | | | | | | |
| Investment management | Planning | Investment in the transport planning research and funding allocation management | Upper | 80 | 85 | 90 | 90 | 90 | 95 | 95 | 95 | 100 | 100 |
| | Sector Research | | Lower | 70 | 75 | 75 | 75 | 80 | 80 | 80 | 85 | 85 | 85 |
| | Management | | | | | | | | | | | | |
| Coastal Shipping | Coastal shipping | Investment in coastal shipping | Upper | 15 | 15 | 15 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | Lower | 10 | 10 | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Funding a reliable and resilient rail network will also include funding from the Crown and those figures will be reflected in the final GPS 2021, following Budget 2020.

| | | | | | | | | | | | | | |
|--------------|--------------|--|-------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Rail network | Rail network | Investment to enable a reliable and resilient rail network | Upper | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| | | | Lower | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

A new focus on delivering Government commitments

54. Since GPS 2018 was released, the Government has completed further work on areas that require NLTF funding. To make clear that I expect funding to be made available for these commitments, GPS 2021 identifies four areas that I expect to be factored into the NLTP and have robust monitoring and reporting arrangements to demonstrate achievement. This should provide certainty of funding and also provides transparency for GPS 2021 users.

55. These areas are:

- I. ATAP
- II. LGWM
- III. Road to Zero (around 70 percent of this investment should be outside of Auckland and Wellington)
- IV. enabling a reliable and resilient rail network as outlined in the draft New Zealand Rail Plan (the Rail Plan).

56. Sufficient funding has been made available in the draft activity classes to support the NLTF share of these areas (subject to Cabinet decisions on funding for the Rail Plan).

Crown Funding

57. The GPS is required to outline any Crown contributions that are outside of the NLTF. The draft GPS reflects the transport element of the Programme.

58. The final GPS 2021 will reflect any decisions relevant to land transport from Budget 2020, such as the Crown funding required to fully implement the Rail Plan.

Ministerial expectations

59. Ministerial expectations outline how the NZTA should implement the GPS. Wording has been made clearer and updated to reflect areas of focus for GPS 2021. Key changes to the Ministerial expectations on NZTA cover:

- 59.1. greater collaboration between agencies to develop NLTP and RLTPs that reflect the draft GPS 2021 priorities and deliver shared national and regional objectives
- 59.2. linkages between transport investment and broader Government outcomes such as on climate change
- 59.3. supporting a future focus in land investment, particularly around securing land and land use authorisations for future transport infrastructure
- 59.4. strengthening ability to manage delivery across projects, packages and programmes
- 59.5. supporting delivery of ATAP, LGWM and Road to Zero and working with KiwiRail to support implementation of the Rail Plan

- 59.6. playing a more proactive role in accelerating mode shift (away from single occupant car journeys in towns and cities to shared and active modes)
- 59.7. considering the most appropriate funding and financing options to deliver national and regional objectives (this would support the use of existing mechanisms available to the NZTA to negotiate cost-share of projects that would otherwise have specific Funding Assistance Rates).

Engagement on the draft GPS 2021

- 60. Under the LTMA, 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. I am also required to consult with the Board of the NZTA.
- 61. I propose to engage with stakeholders during March and April 2020 on the attached draft GPS 2021. To facilitate that process, I propose to release the attached draft GPS 2021 and the Transitions Guide to these stakeholders, and to make them available to the public on the Ministry of Transport's website. I will formally consult the Board of the NZTA on an updated GPS 2021 following public engagement.
- 62. Based on previous engagement, I anticipate that stakeholders' views on the draft GPS 2021 could include:
 - 62.1. support from local government for the focus on economic development, road safety, increased focus on the importance of maintaining the road network, and the integration of land use, housing and transport planning
 - 62.2. the reference to supporting mode shift plans in Auckland, Tauranga, Hamilton, Wellington, Christchurch and Queenstown is likely to be well received in those metropolitan areas
 - 62.3. some communities may have concerns about motorway projects not going ahead but the significant \$6.8 billion transport element of the New Zealand Upgrade Programme will advance a number of these projects
 - 62.4. the shipping sector will likely welcome the support for coastal shipping
 - 62.5. public transport users and cyclists are likely to support the increased focus on mode shift. Public transport advocates would likely object to any decrease in public transport funding. The draft GPS 2021 broadly maintains GPS 2018 investment levels.
 - 62.6. concern that the regional improvements class may reflect a change in support for regional New Zealand but new wording in the draft GPS 2021 provides clarity for how regions will benefit

Finalising GPS 2021

- 63. After the engagement process concludes in April 2020, feedback will be considered and revisions made. I will bring the final GPS to Cabinet in June 2020, seeking agreement to its release, a year ahead of it coming into effect. This timing will allow sufficient time for it to be reflected in RLTPs, so that the NLTP can be drafted to give effect to the GPS.

Departmental consultation

64. The following departments and agencies have been consulted on this Cabinet paper and the draft GPS 2021: NZTA, KiwiRail, 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, Office for Disability Issues, Ministry of Health, NZ Police, Ministry of Housing and Urban Development Te Puni Kokiri, NZTA, and the Treasury.
65. The Department of the Prime Minister and Cabinet has been informed.

Financial implications

66. There are no direct financial implications arising from engagement on the content of the draft GPS 2021. The final GPS 2021 will include any land transport investment from Budget 2020.
67. As part of funding the rail network through the NLTF, track user charges will be implemented to enable track users to contribute to the NLTF in a fair and transparent way. In addition, Crown funding will be required through the NLTF to enable it to provide sufficient funding to the rail network.

Human rights, legislative and gender implications

68. No specific human rights, legislative or gender issues have been canvassed in this paper.

Regulatory Impact Analysis

69. A regulatory impact assessment is not required with this paper as it does not result in changes to legislation or regulations.

Disability perspective

70. Accessibility, availability and safety of public transport and transport pathways is imperative to many disabled people and impacts on the ability of this population group to participate in community, work and society. The draft GPS 2021 supports the Disability Action Plan's intentions to increase the accessibility of transport and continuing investment in specialised services to support accessibility, such as 'Total Mobility'.
71. Activities funded more generally under the GPS, such as public transport and pavement maintenance, will continue to assist with improving accessibility for disabled people. The Ministry intends to make the GPS 2021 engagement accessible to all, and to provide equal access and opportunity to people with diverse abilities.
72. Disability perspectives will be considered as part of the normal decision-making processes carried out by local bodies when determining RLTPs, from which will be translated into investment in projects funded by the NLTF.

Treaty of Waitangi and Māori-Crown Relationship

73. The Treaty of Waitangi and Māori-Crown Relationship was considered in the development of the draft GPS 2021⁵ and Treaty obligations are indicated in the roles and responsibilities section of the draft GPS.
74. Section 18H of the LTMA requires that the NZTA must establish and maintain processes to provide opportunities for Māori to contribute to land transport decision-making processes and consider ways to foster the development of Māori capacity to contribute to the organisation's land transport decision-making processes.
75. The NZTA recently developed their Māori Strategy *Te Ara Kotahi* and is currently working on a Māori engagement approach for the development of the NLTP 2021-24 that gives effect to the draft GPS 2021. This approach also includes guidance for councils to engage with Māori as they develop RLTPs. I support this approach and consider that no further signals are required in the draft GPS 2021.

Publicity

76. Following Cabinet's consideration of this paper, the draft GPS 2021 and draft GPS 2021 Transitions Guide will be published online. Engagement will occur with local government, key stakeholders, and the general public on the draft.
77. Once the draft GPS is public, previously unreleased Road to Zero information will be released. This relates mainly to redactions on proactively released information that related to NLTF funding. This was withheld whilst the GPS was still being formed.

Proactive release

78. If Cabinet agrees, I intend to release this paper on the Ministry's website alongside the draft GPS 2021. I will determine whether any information should be withheld under the Official Information Act 1982.

Recommendations

79. I recommend that the Committee:

- 1) **note** that the Government Policy Statement on land transport (the GPS) is Government's main statutory lever to guide investment in land transport
- 2) **note** the contents of the attached draft GPS 2021 (which includes the following key features) will guide land transport investment over 2021/22 to 2031/32:
 - a. *an overall strategic direction* that prioritises safety, better travel options, improving freight connections and tackling climate change. Value for money is embedded throughout the GPS to ensure active consideration across investments.

⁵ Refer to Cabinet Office circular: CO (19) 5: Te Tiriti o Waitangi / Treaty of Waitangi Guidance

- b. *total funding* available for allocation from the NLTF is projected to increase from around \$4.5 billion in 2021/22 to \$5.1 billion in 2030/31 based on current forecasted levels of Fuel Excise Duty and Road User Charge rates.
- c. *funding allocations* to activity classes, that will enable:
- current levels of service for the land transport system (e.g. for safety and resilience) to be maintained in line with forecast growth in demand
 - delivery of already announced Government commitments: Auckland Transport Alignment, Let's Get Wellington Moving, Road to Zero and the below rail components of the Rail Plan.
 - progress on mode shift in the six cities with highest growth: Auckland, Tauranga, Hamilton, Wellington, Christchurch and Queenstown, to support reduced reliance on cars and better transport options.
 - support to coastal shipping.
- d. *draft Ministerial expectations* as to how the New Zealand NZTA gives effect to the GPS.
- 3) **note** that Crown funding will be required for the NLTF to enable it to provide sufficient funding to the rail network.
- 4) **agree** that I can make further minor amendments to the draft GPS 2021, if required, in line with direction agreed by Cabinet
- 5) **agree** that I release the attached draft GPS 2021 for engagement during March and April 2020.
- 6) **invite** the Minister of Transport to report back, following stakeholder engagement, on the final form of GPS 2021 and seek agreement of publication of the final GPS 2021 for July 2020.

Hon Phil Twyford

Minister of Transport