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Office of the Minister of Transport

Cabinet Economic Development Committee

Release of the Government Policy Statement on land transport 2021

Proposal

- 1 This paper seeks agreement to release the final Government Policy Statement on land transport 2021/22-2030/31 (GPS 2021).

Executive Summary

- 2 The GPS is the Government's main statutory lever to ensure investment in land transport reflects Government priorities over ten years. It provides guidance on how more than \$4 billion is spent on land transport activities through the National Land Transport Fund (NLTF) each year¹.
- 3 On 16 March 2020, Cabinet agreed to release the draft GPS 2021 for public engagement (CAB-20-SUB-0095 refers). Representative groups of transport users and providers, and members of the public provided useful feedback, which I have considered in finalising the GPS 2021. I have also formally consulted the Waka Kotahi Board, as required by the *Land Transport Management Act 2003*.
- 4 The final GPS 2021 retains four strategic priorities for investment:
 - 4.1 a safer transport system with no fatalities or serious injuries
 - 4.2 better transport options that improve people's access to social and economic opportunities
 - 4.3 improved freight connections to support economic development
 - 4.4 climate change – transforming to a low carbon transport system.
- 5 These priorities will be advanced through the funding allocated to roads, rail, public transport, walking and cycling infrastructure, and coastal shipping. The total investment over the decade will help to give certainty to the transport construction industry during the challenging economic period we are in as a result of COVID-19.
- 6 Feedback on the draft GPS was largely supportive of the proposed direction and funding allocations. While COVID-19 may result in some changes in the sector, I do not see a need to significantly change the GPS, as the Government has addressed the financial impacts on the National Land Transport Fund (NLTF) separately. The additional support also means there will be sufficient funding to enable the GPS 2021 to continue despite some short term revenue reductions as a result of COVID-19.
- 7 If Cabinet agrees, I propose to release the final GPS 2021 on 11 August 2020. The GPS is usually released at least a year before it comes into effect to give councils and Waka Kotahi time to incorporate it into their transport plans. My proposed final GPS 2021 is attached.

¹ Local government also invests over \$1 billion each year in land transport projects that are eligible for funding assistance if they contribute to GPS priorities.

Purpose of the GPS

- 8 The GPS is the Government’s main statutory lever to signal the objectives of investment in land transport. It is issued under the *Land Transport Management Act 2003* (LTMA) and ensures that land transport expenditure and planning by Waka Kotahi and local government are consistent with Government priorities over the next three to ten years.
- 9 The GPS guides land transport investment by signalling:
 - 9.1 how Government wants the land transport system to contribute to achieving overall Government objectives (by setting strategic priorities, objectives, and desired outcomes)
 - 9.2 how much revenue will be raised for the NLTF from fuel excise duty, road user charges, track user charges, and motor vehicle registration
 - 9.3 how the Government wants the funds in the NLTF to be allocated across different types of land transport system activities (for example, active transport and the rail network).

Figure 1: The relationship between the GPS and the planning and investment cycle



- 10 Through the GPS, the Government ensures that the revenue raised delivers the land transport system (infrastructure and services) that New Zealanders need. Allocations of the NLTF revenue by Waka Kotahi, combined with contributions to land transport activities from the Crown and local government, are guided by the GPS.
- 11 Following recent changes to the LTMA, the GPS 2021 will also guide investment in rail for the first time.

Overall Direction of the GPS 2021

- 12 The commitments in the GPS 2018 made clear that our Government wants to transform the land transport system to ensure safety is a critical priority, people have a range of attractive options for how they travel and transport freight, and impacts on the environment from land transport are minimal.
- 13 The GPS 2021 continues this direction and provides stronger guidance to the sector on what we are seeking from our investment in land transport. In developing the draft, my officials worked closely with Waka Kotahi to understand and advise me on the investment required to ensure the system continues running, while meeting new demand.
- 14 I have worked to strike the right balance in the GPS between our Government's priorities for land transport, the interests and needs of the sector, and the available revenue for investment. The four strategic priorities proposed in the draft GPS remain the priorities of my proposed final GPS 2021. They are:
- 14.1 **Safety:** developing a transport system in which no one is killed or seriously injured
 - 14.2 **Better travel options:** providing people with better transport options to help them access social and economic opportunities
 - 14.3 **Improving freight connections:** to support economic development
 - 14.4 **Climate change:** transitioning to a low carbon transport system that supports other Government initiatives to reduce harmful emissions.
- 15 Each strategic priority has multiple co-benefits. This means that investments may contribute towards multiple outcomes. Proposals put forward for funding from the NLTF should seek to best contribute to the aims of the GPS, rather than being designed to target funding from a specific activity class.
- 16 A large proportion of funds in the NLTF (approximately 70 percent) will continue to be focused on maintaining assets and levels of service, which are key to a safe and effective transport system. Remaining funds will deliver other activities that give effect to the strategic priorities.
- 17 The GPS makes explicit four key Government commitments for funding to provide certainty for users, and expectations for how Waka Kotahi should support them:
- 17.1 Auckland Transport Alignment Project (ATAP)
 - 17.2 Let's Get Wellington Moving
 - 17.3 Road to Zero: New Zealand's Road Safety Strategy 2020-2030 (Road to Zero)
 - 17.4 New Zealand Rail Plan (the Rail Plan).²

² Commercial rail investments in KiwiRail, such as in new locomotives or ferries, will continue to be funded as they are now through Crown allocations directly to KiwiRail. The metropolitan rail networks in Auckland and Wellington already receive funding from the NLTF.

Funding Activity Classes

- 18 The GPS 2021 retains the 11 activity classes from the draft, which set funding ranges that the Waka Kotahi Board must work within when deciding which projects to fund. Each activity class has an upper and lower range for expenditure from the NLTF. These take into account the forecast expenditure needed to deliver our priorities and give effect to the strategic direction in the GPS 2021. Waka Kotahi must set an expenditure programme with funding between the ranges for each activity class.
- 19 Most activity classes maintain or increase levels of investment signalled in GPS 2018. Two activity classes appear lower than in GPS 2018 but should not be interpreted as a reduction in investment in these areas. These are:
- 19.1 the public transport activity classes: there will be an additional ~\$1 billion investment in public services infrastructure from the New Zealand Upgrade Programme
- 19.2 local road improvements: around \$1.5 billion additional expected investment in local roads is now reflected in the Road to Zero activity class.
- 20 The ranges for most activity classes remain unchanged since engagement on the draft GPS 2021.

Engagement on the draft GPS 2021

- 21 My officials worked closely with Waka Kotahi, and met with representatives of local government and transport sector groups while developing the draft. This feedback has allowed us to test the investment levels and strategic direction of the GPS with those who implement it and benefit from it.
- 22 Since Cabinet agreed to publish the draft GPS 2021 for public engagement (CAB-20-SUB-0095 refers), over 1,270 submissions were received, and I have formally consulted with the Waka Kotahi Board on the GPS 2021. Due to COVID-19 an online presentation and extensive questions and answers were provided to explain the draft GPS 2021, in lieu of face to face engagement with local government and special interest groups. The engagement period was also extended by two weeks to give stakeholders more time to provide feedback while responding to COVID-19.

Changes to the GPS 2021 since public engagement on the draft

- 23 I have carefully considered the themes in the feedback received on the draft GPS 2021 and have assessed if any changes were needed to finalise it.

Summary of feedback from stakeholders

- 24 I do not propose to significantly change the strategic direction or funding allocations in the GPS to address issues raised by submitters. The GPS sets out an investment strategy that, based on the diverse feedback received, strikes the right balance between the expectations of different stakeholders and will make significant progress on the Government's priorities.
- 25 Generally, submitters were supportive of the strategic direction and investment levels put forward in the draft. However, there were a large number of submissions from stakeholders seeking increased investment in walking and cycling and public transport, and increased ambition for environmental and climate change objectives. The final GPS is making significant progress in achieving these objectives, including more funding in the first 3 years of GPS 2021 compared to GPS 2018 for both public transport (around 17 percent more) and walking and cycling (around 26 percent

more). On balance, I do not propose increases to funding for the Climate Change priority, as it would require reducing ambition elsewhere or raising additional revenue from land transport.

- 26 Some stakeholders were concerned that the GPS signals a move away from investment in roads and towards rail and public transport, while still utilising revenue collected from road users to fund investments. The NLTF is a fund to deliver transport outcomes, and is not limited to providing activities that purely benefit road users. Furthermore, the road investment signalled in the GPS is expected to be close to, or above the investment in the GPS 2018 because I recognise the role of rail and public transport in reducing transport emissions, road congestion, and road deaths and serious injuries.

Changes in the GPS 2021 compared to the draft

- 27 I have made some changes following stakeholder engagement and to address other matters that have arisen since the draft was published. The changes include:
- 27.1 reflecting the addition of the rail network into the land transport funding framework enacted by the passage of the *Land Transport (Rail) Legislation Act 2020*³. This includes adjusting the funding range of the Rail Network activity class [REDACTED]
 - 27.2 increases in the upper bands of the Walking and Cycling, Investment Management, and State Highway Maintenance activity classes to give Waka Kotahi additional flexibility given possible pressures in those areas.
 - 27.3 confirming the indicators that will be used to measure progress in achieving desired GPS outcomes and hold Waka Kotahi to account for investing in line with the strategic direction of the GPS
 - 27.4 updating the principles for investing to strengthen our approach to ensuring investment using the NLTF represents value for money
 - 27.5 noting the additional Crown investment in land transport separate to the NLTF, such as Budget allocations and additional funding and borrowing from the COVID-19 Recovery Fund
 - 27.6 noting the current work to update ATAP, which could result in a future change to the Government's funding commitment towards the ATAP programme
 - 27.7 minor changes to the wording throughout to clarify the intentions for the investment.

Impacts of COVID-19 on the GPS

- 28 COVID-19 has had a wide ranging impact across New Zealand. Transport has been a key service throughout to ensure people could continue to get to where they needed to go. The system was affected in a number of ways, including a reduction in the levels of revenue collected from FED and RUC as a result of lower vehicle use.
- 29 The Government has undertaken a wide programme of response and recovery measures, including promoting economic stimulus. As part of this, we have funded

³ The *Land Transport (Rail) Legislation Act 2020* came into effect on 1 July 2020.

specific transport projects through the New Zealand Upgrade Programme and a selection of shovel-ready projects collated by the Infrastructure Reference Group.

30 The GPS itself provides an opportunity for economic growth as many of the projects it funds are shovel ready.

31 However, COVID-19 will impact the GPS 2021 funding availability, creating:

31.1 additional costs to the NLTF in 2019/20 and 2020/21, some of which will be covered by Waka Kotahi borrowing funds (up to \$1.0 billion plus interest) that will be repaid in the GPS 2021 period

31.2 less revenue to the NLTF from FED and RUC than forecast due to less driving and vehicle registrations during Alert Level Four, and lower economic growth through the COVID-19 recovery.

32 I consider that borrowing repayments and the impact of the reduced revenue can be managed within the existing investment strategy proposed by the draft GPS 2021. The GPS 2021 sets out the Crown's policy on borrowing for the purpose of managing the national land transport programme. It summarises the current borrowing available to Waka Kotahi and the principles for reporting and repayments.

Legal advice

33 [REDACTED]

Financial Implications

34 There are no direct financial implications arising for the Crown from the publication of the final GPS 2021.

Regulatory Impact Analysis

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

Legislation Implications

36 There are no legislative implications associated with this paper.

Climate Implications of Policy Assessment

37 The GPS 2021 is an investment strategy with strategic objectives of Safety, Better Travel Options, Improving Freight Connections, and Climate Change. It sets expectations for investment and references other Government commitments for land transport that are separate to the GPS (for example, Road to Zero).

38 The GPS requests that those who implement it consider the Government's ambition to reduce greenhouse gas emissions when selecting investments to give effect to the strategic objectives. The GPS cannot decide specific projects, rather, it sets a direction for investments by Waka Kotahi and local government. It is at this project level that I would expect Climate Impact Assessments to be completed.

- 39 The indicators in the GPS will be used to measure progress in reducing greenhouse gas emissions from land transport, including the number of tonnes emitted from land transport per year.

Population Implications

- 40 The GPS does not include specific proposals that could impact on particular populations. The needs of, and impacts on population groups of activities in the transport system will continue to be considered by local authorities when developing proposals for funding from the NLTF. Therefore, there are no human rights or gender, issues or implications associated with releasing (and subsequently implementing) the GPS 2021.

Disability Perspective

- 41 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 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 the Total Mobility Scheme. Activities funded more generally under the GPS, like public transport and pavement maintenance will continue to improve accessibility for disabled people.
- 42 Disability perspectives will be considered as part of the normal decision-making processes carried out by local bodies in their own planning, from which Waka Kotahi prioritise projects for investment.

Consultation

- 43 The following departments and agencies have been consulted on this Cabinet paper and the final GPS 2021: Waka Kotahi, 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, and the Treasury.
- 44 The Department of the Prime Minister and Cabinet and Te Puni Kōkiri have been informed.

Communications and Proactive Release

- 45 Following Cabinet agreement to release GPS 2021, a press release will be issued by my office to announce the finalisation.
- 46 In having regard to the Cabinet Office Circular CO (20) 1: *Government Decisions and Actions in the Pre-election Period*, the Ministry of Transport's proposed communications approach will be:
- 46.1 to publish the final GPS 2021 on its website, alongside communications material summarising the GPS, a summary of submissions, questions and answers, and GPS development documents
 - 46.2 to update stakeholders involved in the engagement process
 - 46.3 to run a limited print run to provide sufficient copies as required by legislation and sufficient copies for internal government use

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46.4 not to undertake any additional advertising or promotion of the GPS 2021.

47 The Chief Executive of the Ministry is satisfied that the publication of the final GPS 2021 meets the guidelines for Government advertising and would not risk a perception that public funds are being used to fund publicity for political party purposes. The reasons for this are that:

47.1 It is important that the GPS 2021 is released as soon as possible to give Waka Kotahi and local government sufficient time to prepare their respective transport plans in line with the GPS before it is implemented. Best practice is that the GPS is released at least one year before it comes into effect.

47.2 The content of the GPS and the supporting information (that will be published online) are accurate, factual, and strictly impartial. This material is presented in unbiased and objective language, in a manner free from partisan promotion of government policy and political argument.

Recommendations

48 I recommend the Committee:

- 1) **note** that in January 2020, Cabinet agreed to publicly release a draft Government Policy Statement on land transport 2021/22–2030/31 (GPS 2021) for engagement (CAB-20-SUB-0095 refers)
- 2) **note** that the Minister of Transport has consulted the Waka Kotahi New Zealand Transport Agency (Waka Kotahi) Board and engaged the public and transport sector on the draft GPS 2021, and subsequently prepared a final GPS 2021
- 3) **note** the contents of the attached GPS 2021 (which includes the following key features) will guide land transport investment over 2021/22 to 2030/31:
 - a. an overall strategic direction that prioritises safety, better travel options, improving freight connections, and climate change
 - b. total funding available for allocation from the National Land Transport Fund (NLTF) is projected to increase from around \$4.5 billion in 2021/22 to \$5.1 billion in 2030/31 based on current forecasts and no petrol excise duty or road user charges increases
 - c. funding allocations to activity classes, that will enable:
 - delivery of already announced government commitments: Auckland Transport Alignment Project, Let's Get Wellington Moving, Road to Zero and contribution to implementing the New Zealand Rail Plan
 - mode shift away from single-occupant car journeys
 - a reduction in greenhouse gas emissions
 - support to coastal shipping
 - d. Ministerial expectations as to how Waka Kotahi gives effect to the GPS 2021.

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- 4) **note** additional Crown funding alongside NLTF investment from 2023/24 will be required to enable the delivery of a resilient and reliable rail network
- 5) **agree** that the Minister of Transport can publicly release the GPS 2021 in August 2020, in line with the Guidelines for Government Advertising Cabinet Office Circular CO (20) 1: Government Decisions and Actions in the Pre-election Period
- 6) **authorise** the Minister of Transport to make editorial and other changes to the GPS 2021 in line with the policy intent, prior to its publication.

Hon Phil Twyford
Minister of Transport

Dated:

PROACTIVELY RELEASED BY
THE MINISTRY OF TRANSPORT