

Draft Government Policy Statement on land transport (GPS) 2024

Release of draft for consultation – August 2023

Frequently Asked Questions

About the GPS

What is the GPS?

The GPS is the Government Policy Statement on land transport. It outlines what the Government wants to achieve in land transport, and how it expects to see funding allocated between types of activities (for example, roading, public transport and road safety) across the land transport system.

Each GPS sets out the priorities for a 10-year period and is updated every three years.

What is in the GPS?

The GPS guides Waka Kotahi and local authorities on land transport investment.

The GPS describes:

- the results the Government wishes to achieve from its investment in land transport through the National Land Transport Fund (NLTF) over the next ten years
- how much funding will be provided to the NLTF for Waka Kotahi to allocate to transport investments
- how the NLTF funding will be raised
how the government wants NLTF funding to be allocated across areas of investment known as activity classes (for example, safety, state highway improvements, walking and cycling improvements).

Where does the money outlined in the GPS come from?

The GPS provides guidance to Waka Kotahi on how the NLTF should be spent. The NLTF is largely made up of revenue from fuel excise duty and road user charges.

Smaller amounts of NLTF revenue come from motor vehicle registration and licensing fees, the sale of surplus land and property, road tolls and freight rail track user charges.

The draft GPS 2024 is proposing that additional Crown funding and financing will be injected into the NLTF over 2024/25 – 2026/27.

The NLTF funds transport projects, often with the support of co-investment from local government for projects that benefit their communities.

How does the GPS inform which projects get funding?

The GPS sets the strategic direction and the funding envelope and provides guidance on how to invest the NLTF. Waka Kotahi has responsibility for which projects or investments can get funded through the development of the National Land Transport Programme (NLTP), which gives effect to the GPS.

To be considered for funding from the NLTF, an activity or transport project needs to be referenced in a Regional Land Transport Plan (RLTP). RLTPs are developed by local authorities and identify investment priorities at a regional level and must be consistent with the GPS.

Why do we need the GPS?

Transport investments have long lead times, high costs and leave long legacies. Transport planning and investment need to be guided by a long-term strategic approach, with a clear understanding of what outcomes the Government is seeking to achieve. The GPS influences decisions on how money will be invested and guides local government and Waka Kotahi on the type of activities that should be considered for inclusion in RLTPs and the NLTP.

GPS 2024

When will GPS 2024 take effect?

GPS 2024 will take effect from 1 July 2024, and replaces GPS 2021.

What are the strategic priorities in the draft GPS 2024?

The results the Government wishes to achieve from NLTF investment are expressed via a set of strategic priorities and a strategic investment programme. The strategic priorities for the draft GPS 2024 are:

- maintaining and operating the system
- increasing resilience
- reducing emissions
- safety
- sustainable urban and regional development.
- an integrated freight system.

What is the strategic Investment Programme and what projects are included in it?

The draft GPS 2024 signals a Strategic Investment Programme containing several projects that the Government considers will help advance the strategic priorities in the draft GPS 2024. These are:

- Warkworth to Whangārei – State Highway 1, including:
 - Te Hana to Brynderwyns
 - Warkworth to Wellsford
 - Whangarei to Brynderwyns
- Auckland Northwest Rapid Transit
- Auckland rail third and fourth rail mains
- Avondale to Onehunga rail link
- Level crossing removal programme
- Golden triangle electrification
- Cambridge to Piarere – State Highway 1
- Tauranga to Tauriko – State Highway 29
- Wellington CBD to Airport – State Highway 1 – Second Mt. Victoria Tunnel and Upgrades to Basin Reserve/Arras Tunnel
- Wellington CBD to Island Bay – Mass Rapid Transit
- Napier to Hastings – State Highway 2
- Nelson (Rocks Road) shared path – State Highway 6
- Nelson – Hope Bypass – State Highway 6
- Christchurch Northern Link – State Highway 1

- Ashburton Bridge – State Highway 1

For non-rail projects, decision rights for funding from the NLTF rest solely with Waka Kotahi. The authority to approve a Rail Network Investment Programme (RNIP) and NLTF funding for an RNIP sits with the Minister of Transport.

By highlighting these projects, the Government expects that their strategic importance will be given particular consideration during NLTP development, given their alignment and potential impact on the wider government priorities outlined in the GPS.

What has changed since GPS 2021?

The draft GPS 2024 builds on the strategic priorities of GPS 2021, including supporting improved transport choice, improving safety, improving freight connections and reducing the impact of travel on our environment. It proposes a strengthened focus on resilience, recognising recent flood and weather-related recovery efforts.

The draft GPS 2024 includes a new strategic priority for maintaining and operating the system. This reflects the need to manage our current roading network and operate existing public transport services. There is also a new sustainable urban and regional development priority, which emphasises the need for our cities and towns, large and small, to have transport networks that are fit for the future, and that promote integrated land-use and transport planning.

Will local government and Waka Kotahi have time to incorporate the GPS into their plans?

The Government is releasing the draft GPS 2024 now to provide Waka Kotahi, local government and the sector with an indication on what activities to include in their transport planning and funding strategies.

The final GPS is required to be released by July 2024, and the current consultation process will allow us to meet that timeframe.

Funding

How much funding is forecast under the draft GPS 2024?

The draft GPS 2024 signals the Government's transport priorities and guides investment in land transport of \$60 billion over a 10-year period. This is made up of \$6 billion from the NLTF per annum, and is supported by \$1.5 billion from local government, each year. In addition to this the Government has committed a further \$10 billion Crown funding over the next decade.

What changes to NLTF revenue are being proposed through the draft GPS 2024?

The Government recognises the significant cost pressures that the NLTF is facing and proposes to increase revenue by \$5.3 billion from \$15.5 billion in 2021/22-2023/24 to \$20.8 billion in 2024/25-2026/27, an increase of 34 percent.

To increase revenue in by \$5.3 billion, we require a funding package of \$7.7 billion. This is because revenue over 2021/22-2023/24 was propped up by a \$2 billion Crown loan.

The proposed \$7.7 billion funding package is made up of:

- Semi-regular increases in fuel taxes for three years (\$1.4 billion), consistent with historic

norms prior to 2020

- Crown funding and financing (\$6.3 billion) to limit cost pressures on household and business budgets

The \$6.3 billion of Crown funding and financing includes a contribution of \$500 million of the Climate Emergency Recovery Fund, transferring the traffic infringement fee revenue to the NLTF, \$2.4 billion of direct Crown funding and a \$3.1 billion Crown loan.

Why are you proposing to raise fuel taxes?

Given the real cost pressures facing households and businesses, the Government is proposing a 2 cent increase in petrol taxes and equivalent increase in road user charges on July 2024 and again in January 2025. This will be followed by 4 cent increases on July 2025 and again in July 2026. To keep the increases as small and gradual as possible, we are also proposing to top up the NLTF with other Crown funding over the next three years.

Contributions to the NLTF through Fuel Excise Duty and Road User Charges do not automatically increase to keep up with cost pressures. This means as costs increase or emergency events occur, we have to either find ways to do more with less or increase Fuel Excise Duty and Road User Charges.

A 2 cent increase would add 44 cents a week to the average motorist's spend, increasing to \$2.64 per week at 12 cents by July 2026. These increases would generate around \$1.4 billion in revenue over three years, dedicated to improving our transport network.

How will the draft GPS 2024 ensure value for money?

The draft GPS 2024 outlines how value for money should be considered, looking beyond the traditional economic value to the standards, practices, capabilities and strategic alignment of investment. A performance framework will be established to support monitoring of value for money.

What are you doing to ensure there is enough revenue in the land transport system?

The land transport funding system is facing significant pressure due to rising demands and costs. This includes historic deferral of maintenance, increasing severity and frequency of extreme weather events, workforce pressures, and a period of heightened inflation.

The Government has provided additional funding to meet these pressures in the short term. Longer term, a project is already underway to look at the future of revenue in the transport system, and it is considering how to make the system more sustainable in the context of climate change and increasing cost pressures.

Draft GPS 2024 – Details

Are there any new activity classes in the draft GPS 2024?

The draft GPS 2024 proposes a new activity class for inter-regional public transport, which will play a crucial role in achieving the government's emissions reduction targets. This activity class provides for investment in existing and new inter-regional services, encouraging regional councils and unitary authorities to work together to expand and improve the inter-regional public transport service offerings.

The Safety Activity Class proposed in the draft GPS 2024 represents an update to the Road to Zero Activity Class introduced through GPS 2021. Investment through the Safety Activity Class will be targeted towards interventions that support reductions in deaths and serious injuries, including in

Road Policing, Automated Enforcement, and Road Safety Promotion.

Safety infrastructure and speed management will now be funded from the State Highway Improvements and Local Roads Improvements Activity Classes. This will better integrate the wider network and deliver a wider range of outcomes. In addition, many safety investments occur as part of investments in other activity classes. For example, intersection improvements, wider road shoulders, rumble strips, and improved skid resistance.

How does the Emissions Reduction Plan impact the GPS?

Reducing transport emissions is critical for reaching New Zealand's net zero emissions target by 2050. In 2019, transport was responsible for 39 percent of carbon emissions and 17 percent of New Zealand's total gross emissions, with most of these emissions coming from light vehicles (eg, cars) with internal combustion engines.

Under the Emissions Reduction Plan (ERP), we need to reduce transport emissions by 41 percent (from 2019 levels) by 2035 and reach net zero emissions by 2050.

Reducing emissions is a strategic priority of the draft GPS 2024. The draft GPS 2024 outlines the Minister's expectations for Waka Kotahi to manage the risk that NLTF investment conflicts with emissions reductions objectives.

Why is rail/coastal shipping being funded by road users?

Investment from the NLTF will help make rail and coastal shipping a more competitive way of carrying freight. This should help reduce the number of trucks on the roads. Road users will also benefit from reduced emissions, more resilient freight options, safer roads with fewer trucks and less damage to roads.

Track user charges from rail operators also contribute to the NLTF.

How will the draft GPS 2024 support the efficient movement of freight?

The draft GPS 2024 has been developed alongside the draft Freight and Supply Chain Strategy and the New Zealand Rail Plan. In addition, the ERP has a number of actions relating to decarbonising the freight sector including providing funding to support the freight sector to purchase zero- and low-emissions trucks.

The Low Emissions Transport Fund has already begun co-funding a range of initiatives to accelerate transport decarbonisation. So far, funding has been provided for battery-swap electric truck technology for milk tankers and concrete mixers.

Maritime transport will play an important role for our economy to increase the resilience of our supply chains and to achieve our goal of reducing emissions from freight transport.

Feedback and next steps

What are the next steps and when will the final GPS 2024 be available?

We're releasing the draft GPS 2024 as a signal to the sector and to help with their strategic planning. We expect to release the final following the election.

How do I provide feedback?

Public consultation on the draft GPS 2024 is now open, please visit [The Ministry of Transport website](#) to provide your feedback via our questionnaire.

Feedback on the draft GPS 2024 closes at 5pm on 15 September 2023.

If you have any questions contact us on GPS@transport.govt.nz