

Questions and answers about GPS 2012

The Government Policy Statement on Land Transport Funding 2012/13 - 2021/22 (GPS 2012) has been released. The GPS sets out the government's priorities for expenditure from the National Land Transport Fund over the next 10 years.

What is the Government Policy Statement on Land Transport Funding?

The Government Policy Statement on Land Transport Funding (GPS) sets out what the Government expects to be achieved from its investment in land transport through the National Land Transport Fund. It states how large the investment will be, broadly how it will be spent and how the revenue for it will be raised.

The GPS is issued by the Minister of Transport every three years. The Government Policy Statement on Land Transport Funding 2012/13 – 2021/22 (GPS 2012) will come into effect and replace the current GPS (GPS 2009) on 30 June 2012. GPS 2009 will continue to be in force until then.

By releasing the GPS 2012 now (July 2011), the NZ Transport Agency and local territorial councils will have almost a year to give effect to GPS 2012 in the development of the next National Land Transport Programme for 2012–2015.

How much funding is available for investment under GPS 2012?

GPS 2012 will make around \$2.95 billion available in 2012/13 for investment in the land transport sector, rising to \$3.25 billion in 2014/15. Over a 10 year period, GPS 2012 makes around \$36 billion available for land transport. This level of investment is generally the same as that envisaged in the current GPS (GPS 2009).

However, GPS 2012 makes three significant changes by:

- increasing the funding available for new and improved State highways by \$125 million for the first 3 years. This is to give further support to the State highway improvement programme including progressing the seven Roads of National Significance (RoNS)
- increasing the funding available for public transport services by \$140 million for the first 3 years. This reflects the government's commitment to upgrade and expand the metro rail systems in Auckland and Wellington
- enabling increases for new State highways and public transport services partly by reducing the funding available for some activities classes, such as, transport planning and management of the funding allocation system. These reductions are important to encouraging greater value-for-money.

What does the government wish to achieve from GPS 2012?

GPS 2012 builds on and advances the long-term programme of change put in place by the current GPS (GPS 2009). GPS 2012 has three focus areas or priorities, which are to direct land transport investment into activity that:

- supports economic growth and productivity
- improves road safety
- achieves strong value-for-money.

In advancing these priorities the government expects the following impacts to be achieved:

- improvements in the provision of infrastructure and services that enhance transport efficiency and lower the cost of transportation through:
 - improvements in journey time reliability
 - easing of severe congestion
 - more efficient freight supply chains
 - better use of existing transport capacity
- better access to markets, employment and areas that contribute to economic growth
- reductions in deaths and serious injuries as a result of road crashes
- more transport choices, particularly for those with limited access to a car
- a secure and resilient transport network
- reductions in adverse environmental effects from land transport
- contributions to positive health outcomes

What investments will be important to the priority of economic growth and productivity?

The priority of economic growth and productivity acknowledges that New Zealand's long-term growth prospects will be improved if we make economically strategic investments in land transport, and make better use of the existing infrastructure.

Within this priority GPS 2012 places particular importance on:

- investing in the State highway network generally
- continuing to progress the seven RoNS
- rebuilding the land transport system in Canterbury
- getting Auckland's transport working well
- making quality investments in public transport.

Why have a priority of value-for-money when benefit-cost analysis is already a good measure of value-for-money?

An investment of around \$3 billion per year is a substantial investment funded from New Zealanders through the National Land Transport Fund. Ensuring New Zealanders enjoy strong benefits in return, depends not only on whether the right activities are invested in, which is the decision that benefit-cost analysis informs, but also on how activities and projects are delivered, how assets are managed, and the extent to which costs are minimised.

This is why GPS 2012 is looking to place more focus on value-for-money beyond the stage of prioritising projects and activities for funding, to cover all aspects of the development, delivery and management of the National Land Transport Programme.

A good example of a value-for-money initiative arising during the development of GPS 2012 is the Road Maintenance Sector Task Force. The task force will identify opportunities for efficiencies in maintenance and renewals, including the adoption of innovative products and methods of procurement, and encourage their uptake through the country. The task force will be made up of individuals from industry, local government and the NZ Transport Agency.

Isn't road safety already one of the government's priorities?

Yes, improving road safety is already one of the government's transport priorities. The point of making it a GPS 2012 priority is to ensure that activities that implement Safer Journeys are prioritised for funding within the National Land Transport Programme 2012–2015.

GPS 2012 allows for a significant investment of around \$500 million to \$700 million each year on road safety. This investment will fund roading work with safety benefits, road policing and road safety promotion.

Guidance on where the NZ Transport Agency, local authorities, and other Approved Organisations should focus their safety effort is given in the Safer Journeys strategy and its action plan.

Why is the balance of the GPS 2012 investment tilted towards roading, particularly State highways?

The priority given to improving the State highway network reflects the role it plays in providing critical economic links for businesses, communities and tourism. The

network is only 12 percent of New Zealand's total roading network but it accounts for half of vehicle kilometres driven each year, and around two-thirds of the vehicle kilometres driven by heavy vehicles.

The high-volume highways in and around our major centres, comprise 6.5 percent of the State highway network (or about 0.8 percent of the total roading network) but carry 36 percent of the total vehicle kilometres travelled on State highways (or about 17 percent of total vehicle kilometres travelled). The RoNS programme is designed to properly address issues of congestion, journey times and safety on these high volume highways.

While a significant investment will be made in roading, the funding available for the public transport services activity class will increase by \$140 million above that available under the current GPS over the first 3 years of GPS 2012.

It is also important to note that the majority of central government funding for public transport infrastructure is provided outside of the National Land Transport Fund and so not included in the GPS. Most of this funding is for metro rail. To date more than \$2 billion in Crown appropriations has been agreed, of which \$1.6 billion is for Auckland and \$485 million for Wellington.

What changes were made in response to stakeholder feedback?

A key concern raised by some stakeholders, was that the proposed funding ranges for the maintenance and renewals of roads would be insufficient to maintain the roading networks at current levels.

In response to this feedback, the Minister increased the upper funding ranges for local road maintenance by \$40 million and local road renewals by \$10 million both from 2012/13. The Minister also raised the upper funding range for State highway maintenance by \$25 million from 2014/15.

At the same time, to encourage efficiencies in roading maintenance, the Minister took up the suggestion from the roading industry to establish a road maintenance task force. The role of the task force will be to identify opportunities for efficiencies in maintenance and renewals, including the adoption of innovative products and methods of procurement, and to encourage their uptake through the country. The task force will be made up of individuals from industry, local government and the NZ Transport Agency.

Some stakeholders also emphasised the need for a longer-term direction to give greater planning certainty to the transport sector. To address this concern, the Minister will be releasing for stakeholders a document that summarises the government's overall policy direction for transport. It is intended that this document will be released in August 2011, It will include a full summary of the key policy decisions made since the government has been in office.

Whose views were sought in developing the GPS?

The Minister of Transport sought the views of Local Government New Zealand and representatives of transport users and providers on the GPS 2012 engagement document.

When preparing a GPS, the Land Transport Management Act requires the Minister to have regard to the views of Local Government New Zealand and representative groups of land transport users and providers (including representative groups of coastal shipping users and providers). However, the Ministry of Transport accepted and considered all views received, and provided a summary to the Minister of Transport.

The summary of submissions is available on the Ministry website.

What is the relationship between the GPS and the National Land Transport Programme?

The National Land Transport Programme, developed by the NZ Transport Agency, sets out the activities that can receive funding from the National Land Transport Fund under the Land Transport Management Act. The National Land Transport Programme must give effect to the GPS and regional land transport programmes must be consistent with the GPS.

Where does the money for the National Land Transport Fund come from?

The revenue for the National Land Transport Fund comes from road users through fuel excise duty, road user charges and from motor vehicle registration and licensing fees. There are also modest contributions from sources such as the rental or sale of State highway land, and interest from cash invested.

The National Land Transport Fund is a hypothecated fund. This means that all revenue raised is ring-fenced solely for investment in land transport. Hypothecation brings with it the principle that road users' funds should be used for activities that benefit road users.

Will there be an increase in Fuel Excise Duty (FED) and Road User Charges (RUC) to pay for this?

In order to deliver the programme of investment envisaged by GPS 2012, it is likely that the government will need to increase FED and RUC in future years. These increases could be in the order of 2 cents a litre in 2012 and 1.5 cents a litre in 2013.

How will allocations affect funding at a regional level?

The actual amount of funding for each region will be worked through between regions and the NZ Transport Agency, in the development of regional land transport programmes and the 2012–2015 National Land Transport Programme.

What is happening with Regional 'R' funds?

R funds are distributed to each region on the basis of population. The amount available for distribution is the revenue derived from 5 cents per litre fuel excise duty (FED) and the equivalent in light vehicle road user charges (RUC). R funds were devised as a mechanism to assure regions of some funding for improvement activities.

There are no plans to change to R funds at this stage. R funds are due to expire on 31 March 2015. The Minister has asked officials to investigate future funding mechanisms and will consider these options before R-funding expires in March 2015.

The government's long term policy direction for transport

What is the status of the New Zealand Transport Strategy?

The New Zealand Transport Strategy was a non-statutory document released by the previous Government which has been largely superseded by subsequent policy decisions. The primary document for land transport decision-makers is the Government Policy Statement which is released every three years and provides a ten year policy view. In August the Minister will be releasing a document that summarises the government's policy direction for the overall transport sector for the benefit of stakeholders.

Christchurch Earthquake

What provision has been made for the Christchurch earthquake in GPS 2012? AND Is funding for other regions reduced due to the Christchurch Earthquake?

It is too early to know what the full cost and timescale for repairing the Christchurch local road network will be, and how it will affect transport funding over the timeframe of the GPS.

Costs to reinstate the State highway and local road network following the Canterbury earthquakes are currently estimated by the NZ Transport Agency at around \$360–\$470 million. Most of this cost, \$300–\$400 million, is for Christchurch City Council roads. This cost is likely to be spread over 4 to 5 years and will therefore impact on the 2012–2015 National Land Transport Programme.

The NZ Transport Agency will contribute to the Council's costs on the basis of a 75 percent funding assistance rate for emergency works (the Council's usual rate for maintenance spending is around 43 percent).

If the rebuild for Council roads from the 22 February quake remains within the currently estimated \$300–\$400 million, the NZ Transport Agency share should be able to be met from within the National Land Transport Programme over the projected 4 to 5 year period that the work is expected to proceed. Some of this funding will come from the existing emergency works provisions within the National Land Transport Fund, and some will come from reprioritisation of other work across the country.

What will happen to the Christchurch RoNS?

It is likely that currently planned projects in Canterbury will need to be reprioritised. The timing of parts of the Christchurch RoNS programme may need to be reconsidered and either put back, or brought forward, depending on decisions taken around new housing areas and any new commercial areas.

Activity classes

State highways

How much funding is available for State highways?

Between \$4,030 million and \$5,310 million is available for State highways over the period 2012/13–2014/15.

Why has funding for State highways increased?

The priority given to improving the State highway network reflects the role the network plays in providing critical economic links for businesses, communities and tourism. The network is only 12 percent of New Zealand's total roading network but it accounts for half of vehicle kilometres driven each year, and around two-thirds of the vehicle kilometres driven by heavy vehicles.

The high-volume highways in and around our major centres, comprise 6.5 percent of the State highway network (or about 0.8 percent of the total roading network) but carry 36 percent of the total vehicle kilometres travelled on State highways (or about 17 percent of total vehicle kilometres travelled). The RoNS programme is designed to properly address issues of congestion, journey times and safety on these high volume highways.

The RoNs are the seven projects that will significantly deliver a step change in the reliability and safety of our core State highway network.

Will funding for State highways be enough for the levels of maintenance needed?

The NZ Transport Agency advised in response to the draft GPS that expected levels of service could continue to be met for the first two years of GPS 2012 but not for 2014/15. For this reason, the upper limit of the funding range for the maintenance and operation of the State highways activity class in the final GPS has been increased by \$25 million for 2014/15 over the amount originally proposed to stakeholders.

Why are RoNS given such a high priority in the GPS?

Transport priorities from a national perspective focus on increasing economic growth and productivity. RoNs are included amongst other projects critical to improving journey time reliability (particularly on key freight, commuting and tourist routes), to addressing congestion in and around the main cities, and to contributing to improving road safety.

Does the funding for RoNS occur to the detriment of other projects?

Progressing this programme has not been done at the expense of other initiatives around the country.

Projects such as the Kopu Bridge replacement, the Matahorua Gorge realignment, Rimutaka Hill improvements and Hawke's Bay Expressway southern extension are

all regional projects that have been progressed alongside progress being made on the RoNS programme.

It is also important to note that RoNS are only part of the State highway investment programme. During the first three years of GPS 2012, non-RoNS State highway improvements are likely to receive \$1.1 billion, or 35 percent of the total proposed investment for State highway improvements.

How do RoNS and the National Infrastructure Plan fit with GPS 2012?

The National Infrastructure Plan sets out the government's expectations for how infrastructure will be planned for, funded, built and used over the next 20 years. It is part of the strategic context and guidance that has informed the development of GPS 2012. For example, GPS 2012 specifically refers to the goals that are set for transport infrastructure in the National Infrastructure Plan.

It is expected that the NZ Transport Agency will consider these longer term goals in the context of the immediate three year focus through the decisions it makes on the 2012–2015 National Land Transport Programme.

The RoNS are emphasised in the National Infrastructure Plan and in GPS 2012 because they are a critical part of the government's infrastructure and transport policy, and are strategically important for improving key bottlenecks in our land transport system.

How were the four potential future RoNS decided? (ie what criteria were used?)

GPS 2012 makes it clear that the RoNS programme will be ongoing and an important part of the National Land Transport Programme. It states that as the RoNS projects are completed new ones may be added to the programme if they are needed and as revenue allows.

No decisions have been taken on future RoNS. However, GPS 2012 identifies four routes that may be considered for future RoNS. These have been identified through the State highway classification system as routes that have high volumes of traffic and are important for freight movements.

The State highway classification system categorises State highways based on the function they perform, such as moving freight to and from ports, or linking major population centres. The classification system provides a national consensus on the

role and function of different State highways, and thus the levels of service that can be expected over a 20-year timeframe.

Road Safety and road policing

How much funding is available for road policing?

Between \$840 million to \$930 million is available for road policing over the period 2012/13–2014/15.

How is road policing affected by the GPS?

The funding range for road policing will allow expenditure to be maintained at the same nominal level as for 2011/12.

How has funding for road safety been prioritised?

There are two activity classes with a primary focus on road safety: road safety promotion and road policing which together have investment available of between \$927m and \$1038m over 2012/13 - 2014/15. In addition to these several other activity classes contribute to road safety including all six roading activity classes which are expected to provide a substantial level of safety improvement. In line with this the Minister of Transport indicates in the GPS the amount of the State highway and local roads expenditure which can be attributed to providing safety benefits. This will include a proportion of the costs of the RoNS and other large projects and is expected to bring the total expenditure on road safety to around \$1500-\$2100m over 2012/13 - 2014/15.

The total amount of funding available to improve road safety, over the first 3-years of GPS 2012 is given in the table below.

Safety related expenditure for the first three years of GPS 2012

| Expenditure area | 2012/13 \$M | 2013/14 \$M | 2014/15 \$M |
|--|--------------------|--------------------|--------------------|
| Safety related State highway expenditure | 150-240 | 150-240 | 150-240 |

*Safety related expenditure for the first three years of GPS
2012*

| Expenditure area | 2012/13 \$M | 2013/14 \$M | 2014/15 \$M |
|---------------------------------------|--------------------|--------------------|--------------------|
| afety related local roads expenditure | 80-120 | 80-120 | 80-120 |
| Road safety promotion | 29-36 | 29-36 | 29-36 |
| Road policing | 280-310 | 280-310 | 280-310 |
| Total | 539-706 | 539-706 | 539-709 |

Why has the name of the road user safety activity class been changed to road safety promotion?

The change has been made to help make it clearer that the investment in road safety occurs through many activity classes. The title “road safety promotion” makes it clearer the type of road safety activities that are funded through this particular activity class.

What is Safer Journeys?

Safer Journeys is the government’s road safety strategy for the period 2010–2020. It sets out the government’s vision for road safety in New Zealand and priority areas for focus.

The strategy lists some of the actions the government will consider introducing to improve road safety over the next decade. These actions are flexible, as we will need to monitor progress and stay aware of emerging issues to ensure our road safety effort continues to be effective for New Zealand.

The strategy is available at www.saferjourneys.govt.nz(external link)

Local roads

How much funding is available for local roads?

Between \$1,575 million to \$2,205 million is available for local roads over the period 2012/13–2014/15. This money is co-funded with local authorities so the total investment in the local roading network is approximately twice this number.

The GPS continues investment that will allow existing levels of activity to be maintained.

Will funding be enough to maintain our local roads?

Yes, while the bottom level of funding ranges has been lowered to encourage efficiency, the upper limits have been raised to allow flexibility.

In lowering the bottom level of funding ranges, the government is signalling to NZTA and local authorities the further need to encourage value for money. There is evidence that savings could be made. A road maintenance task force is being established to identify opportunities for efficiencies in maintenance and renewals, including the adoption of innovative products and methods of procurement, and to encourage their uptake through the country. The task force will be made up of individuals from industry, local government and the NZ Transport Agency.

Public transport/walking and cycling

How much funding is available for public transport and for walking and cycling?

Between \$750 million to \$1,100 million is available for public transport over the period 2012/13–2014/15. Between \$36 million to \$90 million is available for dedicated walking and cycling projects over the same period.

Does GPS 2012 make sufficient funding available for public transport and walking and cycling when these modes can also help to achieve economic growth?

The government continues to place emphasis on ongoing investment in public transport - this is reflected in the government's commitment to urban rail passenger transport in Auckland and Wellington in particular. The bulk of that funding is provided outside of the National Land Transport Fund and to date more than \$2 billion in Crown appropriations has been agreed, of which \$1.6 billion is for Auckland and \$485 million for Wellington.

In addition, the funding ranges for public transport services have been increased in GPS 2012, particularly to provide funding for additional operating costs following the upgrading, modernising and expanding of the metro rail systems in Auckland and Wellington.

The government also recognises that walking and cycling investment contributes to economic growth. For this reason, the funding ranges are being maintained at the levels set by GPS 2009. These ranges see the upper funding range increase from \$27 million in 2011/12 to \$30 million in 2012/13. It is important to note that significant additional investment in walking and cycling infrastructure occurs as part of other roading projects, including the development of both new highways and local roads.

New Zealand's main centres will need to continue to increase the use of public transport and walking and cycling in the longer term, but it is important that the investment approach to transport reflects the modal options realistically used by New Zealanders.

Currently 84 percent of journeys to work in urban areas are in private vehicles and 70 percent of freight tonne-kilometres are by road therefore the government is continuing to focus the national land transport programme to better reflect the realities of how New Zealanders get around and how we transport our goods.

What is the new operating model for public transport?

A proposed new public transport operating model, for the delivery of urban bus and ferry services, is currently being developed by the Ministry of Transport, NZ Transport Agency, Auckland Transport, Greater Wellington Regional Council and the Bus and Coach Association. The operating model aims to provide public transport services with less reliance on government subsidy. The key objectives of the proposed model are to:

- grow the commerciality of public transport services and create incentives for services to become fully commercial
- grow confidence that services are priced efficiently and there is access to public transport markets for competitors.

The model takes a wider view than legislation alone and is a planning, procurement and business development framework. A key feature of the proposed model is designing efficient public transport networks, incentivising joint public private investment and rebuilding relationships between regional councils and operators to provide the basis for a genuine partnership.

Where can I find out more about the walking and cycling model communities in New Plymouth and Hastings?

More information can be found on the [NZ Transport Agency website](#)(external link).

Sector training and research/ transport planning

How much funding is available for sector training and research and transport planning?

Between \$9 million to \$15 million is available for sector training and research over the period 2012/13–2014/15. Between \$42 million to \$69 million is available for transport planning over the same period.

Why has funding for these activity classes been reduced?

The funding available for these activity classes has been reduced to ensure the National Land Transport Fund is invested in productive activities that secure real gains within the land transport system, rather than into activities where it is less clear that these will translate into improved outcomes.

Sea freight

What has happened to the activity classes for sea freight and coastal shipping?

These activity classes will no longer receive funding through the National Land Transport Fund from 2012/13. These are commercial activities and the government does not have an investment role in the sector. The government does not believe these activities should be funded by road users.