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# GOVERNMENT POLICY STATEMENT ON LAND TRANSPORT FUNDING 2009/10–2018/19

AUGUST 2008

## FOREWORD

A time of change lies ahead for the transport sector. These changes are needed to ensure that 'people and freight in New Zealand have access to a more affordable, integrated, safe, responsive and sustainable transport system.

This vision for transport will be achieved with guidance provided by our first Government Policy Statement (GPS) for improving the land transport system and, together with the New Zealand Transport Strategy 2008 (NZTS), will start to address the challenges faced by the transport sector.

The government is required to issue the GPS under legislation that came into effect on 1 August 2008. While the NZTS 2008 has a long-term outlook, the GPS provides shorter-term targets and focuses on providing direction for the allocation of land transport funding that will assist in making progress towards the NZTS vision.

The GPS sets out detailed guidance for the six years 2009/10 to 2014/15, and broader guidance for a further four years to 2018/19. It describes what the government wants to achieve through funding in the land transport sector, how much funding will be provided for the sector, what areas of transport will be funded and how funding will be raised. Overall, funding for land transport will continue to be a shared responsibility between central and local government.

Proposed targets to 2015 focus on areas of land transport where funding is most likely to have an impact. The aim is to reduce travel by single occupancy vehicles, increase the amount of freight moved by coastal shipping and rail, reduce fatalities and hospital admissions from road crashes, increase the use of public transport, and have more people travelling on foot or by cycle. Most of these targets will have the co-benefit of reducing carbon dioxide (CO<sub>2</sub>) emissions from transport, which currently is responsible for 18 percent of New Zealand's total greenhouse gas emissions.

The GPS proposes a sum of \$2.7 billion in 2009/10, rising to \$3.6 billion in 2018/19, for land transport activity. Whereas the document aims to influence the type of projects that are carried out by providing funding guidance to the New Zealand Transport Agency (NZTA) and local government, the NZTA will be responsible for the actual allocation of these funds. The NZTA and local government need to incorporate the funding guidance into their plans and land transport programmes for 2009, therefore the GPS has been released a year before it must come into effect on 1 July 2009.

In the development of the GPS, the government has aimed to achieve an appropriate balance between the need to invest in the land transport sector with the burden that increasing fuel prices are having on New Zealanders. The country needs to invest in transport for the future, but in so doing the transport system must remain affordable for individuals, businesses, local and central government.

Feedback on land transport funding from local and regional government, national organisations with a strong interest in land transport, government agencies and some iwi organisations was considered in the development of the targets, policies, funding allocations and sources proposed in this GPS. These key stakeholders will be further consulted over the next GPS, which must be issued before 1 July 2012. The Ministry of Transport is responsible for assessing whether the GPS targets are being met and monitoring the NZTA's progress with delivery.

There are serious challenges facing the land transport sector including increasing CO<sub>2</sub> emissions, traffic congestion, the road toll and rising fuel prices. With guidance from this GPS (along with the NZTS), and the willingness of individuals and organisations to change to more sustainable ways of travelling, these challenges can be overcome to make way for a better land transport system for ourselves and future generations.



Hon Annette King  
Minister of Transport

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## **A. INTRODUCTION**

### **PURPOSE**

1. The purpose of this Government Policy Statement on Land Transport Funding (GPS) is to detail the government's desired outcomes and funding priorities for the land transport sector<sup>1</sup>. It covers the period 2009/10 to 2014/15 and more indicatively for a further four years to 2018/19. This includes the impacts the government wishes to achieve in the land transport sector, how it will achieve these by funding certain activity classes, how much funding will be provided for land transport and how this funding will be raised.
2. The land transport sector faces serious challenges including increasing carbon dioxide (CO<sub>2</sub>) emissions, congestion, the road toll and rising fuel prices. This GPS has been prepared with these challenges in mind.
3. The government has a range of measures (policy and guidance, education, infrastructure and service provision, regulation and enforcement, and economic instruments such as taxation) that can be used to guide the development of the transport system and address the challenges. Funding is one tool that will help achieve success and the GPS is the primary instrument for directing that funding in relation to land transport.
4. The GPS outlines the funding that central government will make available through the National Land Transport Programme (NLTP). The overall funding of land transport is a shared responsibility between central government and local government.

### **LEGISLATIVE REQUIREMENT TO ISSUE A GPS**

5. The requirement for the government to issue a GPS on land transport funding comes from the 2008 amendments to the Land Transport Management Act 2003 (the Act). The Act sets out requirements for the preparation and content of a GPS, and specifies when and how a GPS is to be issued, amended and distributed.
6. The key requirements and specifications of the Act relating to the GPS are listed in Appendix 1.
7. The GPS guides the NLTP which shifts from being produced annually to three-yearly. This GPS will be effective from 1 July 2009 until replaced by the next GPS which must be released before 1 July 2012.

### **CONTEXT**

#### **Land transport planning and funding system**

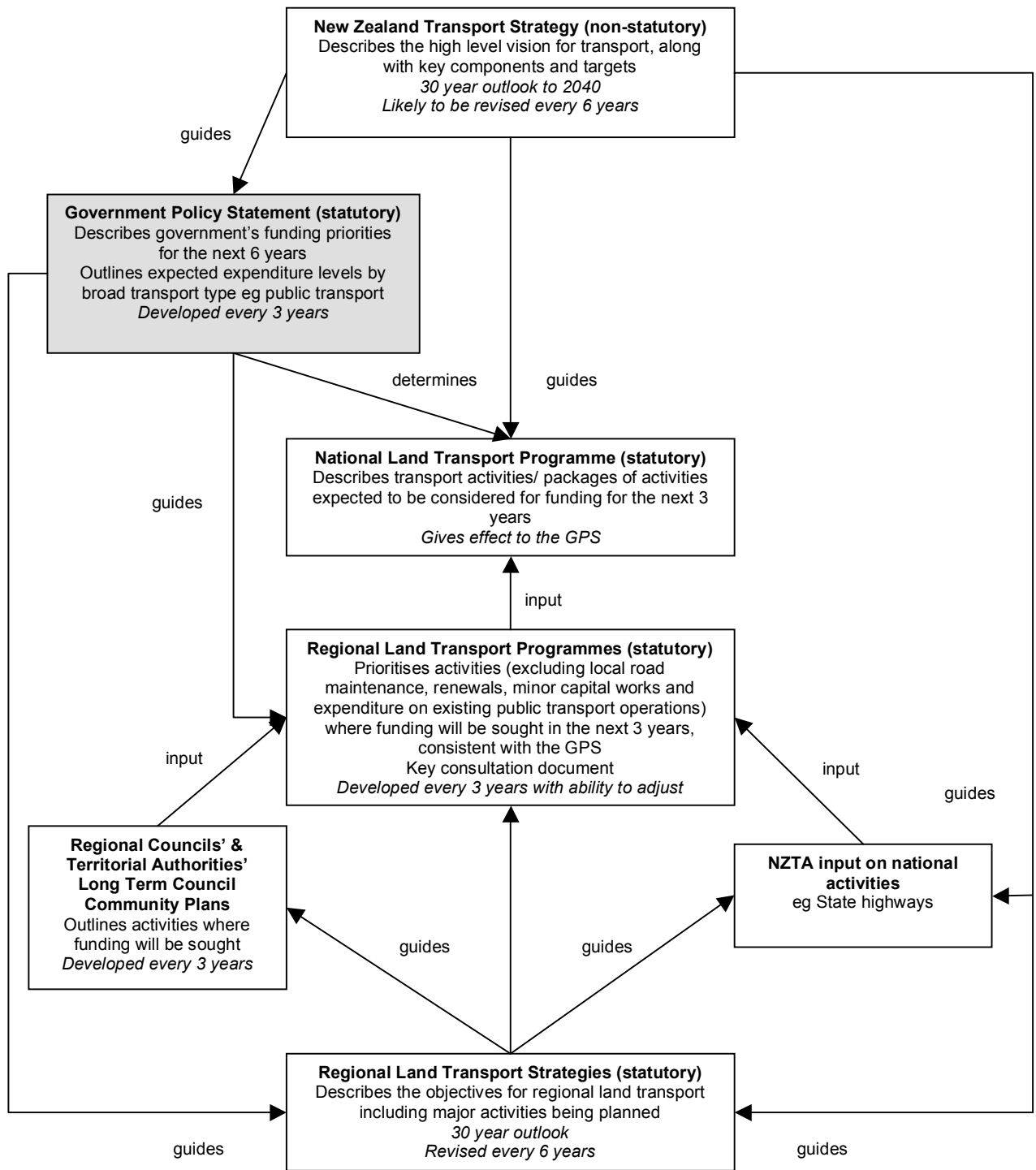
8. The Act describes how the GPS relates to certain land transport planning and funding processes including that:
  - the New Zealand Transport Agency<sup>2</sup> (NZTA) must give effect to the GPS in developing the National Land Transport Programme and take account of the GPS when approving funding for activities
  - Regional Land Transport Strategies must take account of the GPS
  - Regional Land Transport Programmes must be consistent with the GPS.
9. Expectations of how the NZTA will give effect to the GPS are provided in Appendix 2. The NZTA will issue guidance to local government on how Regional Land Transport Strategies and Regional Land Transport Programmes can meet the legislative requirements.
10. Figure 1 shows how the GPS links with other documents relating to land transport planning and funding.

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<sup>1</sup> The definition of the land transport sector includes coastal shipping.

<sup>2</sup> The New Zealand Transport Agency is the new Crown entity that took over the functions of Transit New Zealand and Land Transport New Zealand on 1 August 2008.

**FIGURE 1: LAND TRANSPORT PLANNING AND FUNDING DOCUMENTS**



## Funding for land transport

11. Central government funding for land transport is provided from a number of revenue sources:
  - fuel excise duty (FED)
  - road user charges (RUC)
  - motor vehicle registration and licensing fees (MVR)
  - general taxpayer funds.
12. FED, RUC and MVR are, legally, defined as land transport revenue and are paid into the National Land Transport Fund (NLTF) for land transport purposes only.
13. The GPS indicates likely changes to the levels of FED, RUC, and MVR and guides the allocation of the NLTF through the NLTP.
14. Land transport activities that are delivered by local government are part funded from the NLTF according to the relevant funding assistance rate (FAR). The local funding share comes from rates, development contributions, borrowing and other investments.
15. There are a number of additional funding tools available to central and local government which are not included in the NLTF. These tools are not described in detail in this GPS, but are mentioned below to provide context.
16. The Land Transport Management Act 2003 introduced the ability to put in place toll schemes for funding new land transport infrastructure. The Act also allowed for projects to be developed using private sector financing and expertise. The first tolling project, ALPURT B2<sup>3</sup>, is expected to be open in early 2009.
17. In February 2008, the government announced the establishment of a Steering Group to look into the feasibility of progressing the Waterview Connection roading project as a public private partnership (PPP). The Steering Group is expected to advise on whether procuring the Waterview Connection as a PPP is viable and could deliver value for money. The investigation is expected to be completed later in 2008.
18. The 2008 amendments to the Land Transport Management Act now allow regions to levy their own fuel taxes to bring forward capital projects that have been prioritised by the region. This mechanism could be used by the Auckland region to fund the electrification of its passenger rail network.
19. Government can make funding available for land transport outside the NLTF. The following are examples and are not incorporated into this GPS, as the expectations for these funding arrangements are set out in other documents.
  - *Rail* - the government is investing in the passenger and freight rail networks through ONTRACK. Following the repurchase of rail operations on 30 June 2008, the government is planning a major investment programme in passenger and freight rolling stock (such as locomotives and carriages) through KiwiRail.
  - *Canterbury Transport Project* – the government has announced potential funding of up to \$244 million for the Canterbury Transport Regional Implementation Plan over 10 years. The NZTA will administer this funding on behalf of the Ministry of Transport.
  - *Regional Development* – the government has appropriated \$10 million annually for 2009/10 and 2010/11 for the remaining priority projects in the Northland and Tairāwhiti regional development funding programmes. The NZTA will administer this funding on behalf of the Ministry of Transport.
  - *SuperGold card* – the government is providing free off-peak travel on bus, rail and ferry services for SuperGold card holders. The NZTA will administer this funding on behalf of the Ministry of Transport.

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<sup>3</sup> The 7.5 kilometre State Highway 1 Northern Motorway extension (ALPURT B2) will run between Orewa and Pūhoi, north of Auckland.

#### **DEVELOPMENT OF THIS GPS**

20. The GPS was developed with input from a small group of stakeholders, including local government, national organisations with significant interest in land transport, government agencies and some iwi organisations. The feedback was considered in the development of the targets, funding allocations and sources, and policies outlined in this GPS.
21. As the NZTA was not legally established at the time this GPS was finalised, officers from Land Transport New Zealand and Transit New Zealand assisted in its development. There was also informal engagement with the Establishment Board of the NZTA.



## B. WHAT THE GOVERNMENT WISHES TO ACHIEVE

22. The GPS is required to include short to medium term impacts the Crown wishes to achieve through the allocation of funding from the National Land Transport Fund. This GPS describes the impacts the Crown wishes to achieve in terms of targets. This section describes the targets and how and why they were set.

### OVERARCHING DIRECTION PROVIDED BY THE NEW ZEALAND TRANSPORT STRATEGY

23. In August 2008, the government published its New Zealand Transport Strategy 2008 (NZTS) to set the long-term direction for transport to 2040 and provide a greater degree of strategic leadership to the transport sector<sup>4</sup>. The NZTS was informed by relevant parts of the New Zealand Energy Strategy<sup>5</sup> and the New Zealand Energy Efficiency and Conservation Strategy<sup>6</sup>. It also took account of a wide range of feedback received in discussions with stakeholders.

24. The NZTS sets out the government's vision for transport to 2040 and the strategic approach to be taken.

The vision is that:

*'People and freight in New Zealand have access to an affordable, integrated, safe, responsive and sustainable transport system.'*

25. The vision is supported by five transport objectives :

- ensuring environmental sustainability
- assisting economic development
- assisting safety and personal security
- improving access and mobility
- protecting and promoting public health.

26. The NZTS identifies the following challenges to achieving the 2040 vision:

- responding to climate change
- energy security and cost
- investment in infrastructure and services while keeping transport affordable
- increases in the environmental and social impacts of transport
- changing demands arising from the ageing of the population
- how land is developed and the impact this has on demand for transport
- global terrorism.

27. The following key trends and issues have been identified as affecting the transport sector:

- Carbon dioxide (CO<sub>2</sub>) emissions from land transport increased by 64 percent between 1990 and 2006. They are expected to increase a further 30 percent by 2030, if nothing is done to reduce them.
- New Zealand is experiencing significant growth in land transport activity. For example, total annual vehicle kilometres travelled (VKT) have increased approximately 30 percent since 1995.
- New Zealand's population is predicted to grow from 4.2 million today to 5.43 million in 2041.
- Growth in vehicle use for both freight and passenger purposes has been most notable in the triangle formed by Auckland, Hamilton and Tauranga, around 'coastal sunspots' such as Nelson, and in the metropolitan cities where economic and population growth have been concentrated.
- Most transport within New Zealand is now road-based. New Zealand has one of the highest levels of per capita vehicle ownership in the world, with over 700 vehicles per 1000 people.
- The predominant users of roads are people in cars, accounting for about 80 percent of road traffic. Around 90 percent of people travelling to work in cars do so alone.
- Congestion in Auckland can be severe during peak traffic periods and is also occurring outside traditional peak periods. This affects the quality of life for Aucklanders and imposes costs in terms of lost productivity.
- The decline in the number of deaths from road crashes appears to be slowing. Hospitalisations from road crashes have increased in the last few years.
- Public transport use is estimated to have increased by almost 50 percent since 1999/2000. However, the proportion of trips by public transport relative to other forms of transport is low compared with the middle of the twentieth century.
- Transport choices appear to be associated with more sedentary lifestyles to the detriment of people's health and fitness.
- Vehicle emissions in New Zealand have been estimated to contribute to the premature mortality of 500 people annually.

<sup>4</sup> New Zealand Transport Strategy 2008, Ministry of Transport, August 2008 [www.transport.govt.nz](http://www.transport.govt.nz)

<sup>5</sup> New Zealand Energy Strategy 2007, Ministry of Economic Development October 2007 [www.med.govt.nz](http://www.med.govt.nz)

<sup>6</sup> New Zealand Energy Efficiency and Conservation Strategy 2007, Energy Efficiency and Conservation Authority (EECA) October 2007, [www.eeca.govt.nz](http://www.eeca.govt.nz)

28. The challenges and trends identified above present a significant risk to achieving the government's vision for transport. The NZTS states that a 'business-as-usual' approach will not be adequate to achieve that vision and sets out seven key components where increased emphasis needs to be applied. These will need to guide how transport is planned and delivered. The seven key components are:
- integrated planning
  - making best use of existing networks and infrastructure
  - investing in critical infrastructure and the transport sector workforce
  - increasing the availability and use of public transport, cycling, walking and other shared and active modes
  - considering options for charging that will generate revenue for investment in transport infrastructure and services
  - using new technologies and fuels
  - maintaining and improving international links.
29. The NZTS also includes targets to help set the strategic direction for the transport sector and provide a focus for many of the government's actions. In most cases, the targets within the NZTS are expressed in terms of desirable achievement by 2040. The targets address each of the five transport objectives (see paragraph 25) and provide a basis for measuring progress. The key components described above are designed to deliver the targets and vision for transport, in particular by addressing the key challenges.

### **Aligning the GPS with the NZTS**

30. The GPS targets have been directly shaped by those in the NZTS (see the following sections for more detail). Achieving the GPS targets will mean the land transport sector is moving towards achieving the NZTS targets.
31. The way the key components of the NZTS are reflected in the GPS is more complex. The NZTS key components have either guided some of the funding allocations to activity classes or have shaped the guidance on land transport planning and evaluation.

### **GPS TARGETS**

32. The message from the NZTS is that the transport system needs to change. Government is seeking gradual, but accelerating change to give the transport sector, businesses and individuals time to adapt. Major changes are anticipated in order to meet the challenges ahead and small preparatory changes need to be made now.
33. The GPS has a shorter duration than the NZTS. Therefore, the NZTS long-term targets have been translated into short to medium term targets in the GPS and are generally expressed in terms of what the land transport sector is to achieve by 2015. The baseline for the targets will be 2007 data.
34. The GPS also has a narrower range of targets than the NZTS, focusing on those areas of land transport where funding is most likely to have a positive impact. Other targets in the NZTS will be addressed by other government mechanisms where appropriate, such as regulation.
35. The aim of the GPS has been to set measurable targets. However, in some areas (because of information gaps or pending policy work) this has not been possible. It is anticipated that these gaps will be filled by the Ministry of Transport over the next few years so a full set of measurable targets can be included in the next GPS.
36. The GPS targets are national. The New Zealand Transport Agency (NZTA), with the Ministry of Transport and local government, will set regional targets. These targets will take account of the particular issues or features of the transport system in each region. However, the combined total of the regional targets will need to equal each associated national target within the GPS.

37. Targets have been developed in the following areas:

- reducing greenhouse gas emissions
- freight mode shift
- travel times and reliability on critical routes
- road safety
- public transport use
- walking and cycling use.

#### EXPLANATION OF THE GPS TARGETS

38. In the following section, each of the GPS targets is described with reasons why the target has been selected. The ways that this GPS contributes to the achievement of each target is also set out.

#### Reducing greenhouse gas emissions

39. Within the NZTS, there is a set of targets that address the overall goal of halving per capita greenhouse gas emissions from domestic transport by 2040, relative to 2007<sup>7</sup>. This GPS includes targets for public transport, walking, cycling, freight mode share and use of vehicles, all of which will contribute to reducing greenhouse gas emissions. Targets within the NZTS that relate to the vehicle fleet have not been included in the GPS, as they are less relevant to land transport planning and funding.

40. The target that relates to vehicle use is taken directly from the NZTS. It aims to reduce the kilometres travelled by single occupancy vehicles, in major urban areas<sup>8</sup> on weekdays, by 10 percent per capita by 2015 compared with 2007<sup>9</sup>.

41. Achieving this target will require changes in travel patterns in several ways, including:

- reducing the distances that need to be travelled by changing urban development patterns
- encouraging people to use public transport or walk and cycle rather than take the car, if possible
- shifting car use from single person trips to multi occupant use.

42. In the short-term, high fuel prices are likely to encourage the behaviour change consistent with achieving this target. The NZTA and local government are encouraged to develop initiatives that will make these changes in behaviour permanent.

**Target:** reduce kilometres travelled by single occupancy vehicles, in major urban areas on weekdays, by 10 percent per capita by 2015.

43. The GPS supports achieving this target by:

- a) setting funding ranges for activity classes that support -
  - increased use of public transport, walking and cycling
  - giving priority to active and shared modes<sup>10</sup> on congested road networks
  - encouraging people to change to other modes of travel
- b) encouraging the NZTA to evaluate and approve funding for programmes and strategies that facilitate -
  - the growth of homes and businesses around public transport systems
  - local community developments that make public transport, walking and cycling safe, easy and attractive options.

#### Freight

44. Freight transport is growing faster than general transport. The NZTS forecasts that there will be 2.2 times more freight needing to be moved in 2040 as compared with now.

<sup>7</sup> This target was established in the New Zealand Energy Strategy 2007.

<sup>8</sup> Major Urban Areas, as defined by Statistics New Zealand, are very large urban areas centred on a city or major urban centre with a minimum population of 30,000.

<sup>9</sup> This target had been taken directly from the New Zealand Energy Efficiency and Conservation Strategy 2007.

<sup>10</sup> A shared mode is a vehicle that contains more than one person. Measures that encourage mode sharing include public transport, ridesharing and car pooling schemes. An active mode is when transportation is powered by humans and can include cycling, walking, using a wheelchair, in-line skating and skateboarding.

45. The NZTS proposes to respond to these demands by:
- increasing the mode share of rail and coastal shipping for moving freight because they are more energy efficient than road or air transport (and emit less CO<sub>2</sub>). A shift to rail and sea modes would also reduce the level of demand for the use of roads
  - encouraging efficiency in the road freight sector by, for instance, considering vehicle weight restrictions and promoting efficient logistics management.
46. Targets related to increasing the share of particular modes are set out in the NZTS and in *Sea Change* (the government's domestic sea freight strategy<sup>11</sup>). The targets are to:
- increase coastal shipping's share of moving inter-regional freight from 15 percent currently to at least 30 percent by 2040. This will mean 3.8 times more freight being carried via coastal shipping, by 2040, than now
  - increase rail's share of moving freight from the current 18 percent to at least 25 percent by 2040. This will mean three times more freight being carried via rail, by 2040, than now.
47. Issues to do with the efficiency of road freight are dealt with through regulatory frameworks (and therefore not directly part of this GPS) or through the target focused on travel times and predictability on key routes (discussed below).
48. The NZTS notes that there are gaps in the information that has determined the targets that will increase the movement of freight by sea and rail. Further work will be undertaken so the targets can be reassessed in time for the next NZTS and GPS updates. Therefore, this GPS establishes that freight movement by rail and sea should increase, but does not set a specific 2015 target.

**Target:** increase the mode share of transporting freight by coastal shipping and rail by 2015.

49. The GPS supports achieving this target by setting funding ranges for activity classes that encourage domestic sea and rail freight initiatives.

#### Travel times

50. The NZTS target is to improve predictability and travel times on critical routes by 2040. These routes have not yet been defined. It is anticipated that they will be defined by the Ministry of Transport, together with the NZTA and local government, working with other stakeholders. This process will determine critical routes across the following dimensions:
- geography – the physical location of the route
  - type of transport link – road, public transport, rail or coastal shipping
  - type of traffic – whether all forms of transport, or only one or a few modes, use that critical route.
51. In defining what critical routes are, funding implications may also be explored (including the appropriate time frames for improvements in this target). Also, there will need to be consideration of the appropriate balance between increasing road capacity and making best use of existing infrastructure (for example, using techniques that result in better management of traffic flows and potential future options for generating revenue, such as by different forms of charging).
52. In the absence of specific measures, this GPS target has been framed as an overall target.

**Target:** no overall deterioration in travel times and reliability on critical routes by 2015.

53. The GPS supports achieving this target by:
- a) setting funding ranges for activity classes that support -
    - improved reliability and effectiveness of road networks
    - prioritisation of shared and freight modes on congested road networks
    - growth in the use of public transport and other non-car modes (such as walking and cycling)
    - travel demand management initiatives
    - growth in the use of non-road modes (such as rail and sea) for moving freight

<sup>11</sup> Sea Change, New Zealand's Domestic Sea Freight Strategy, May 2008, [www.transport.govt.nz](http://www.transport.govt.nz)

- b) encouraging the NZTA to evaluate and approve funding for programmes and strategies that facilitate -
- integrated land-use planning so the traffic load on critical routes can be managed more efficiently.

### **Road safety**

54. The NZTS targets are to reduce road deaths to no more than 200 per annum and to reduce serious injuries on roads to no more than 1,500 per annum, both by 2040.
55. For most of this decade, road safety initiatives have been guided by the government's Road Safety to 2010 Strategy<sup>12</sup>. Work is underway on developing an updated strategy that will guide the sector through to 2020. Therefore this GPS does not set a specific target for 2015.
56. However, it is clear from the road safety target and strategy (described above) that there must be a reduction in road fatalities and serious injuries. This is supported in the GPS where the target is to reduce such fatalities and serious injuries by 2015.
57. The long-term trend, over the past 30 years, has been declining numbers of road deaths and serious injuries. However, the short to medium term perspective is less favourable with data suggesting, at best, that outcomes have levelled out. Achieving and sustaining a reduction in road deaths and serious injuries through to 2015 will require renewed efforts.

**Target:** reduce fatalities and hospitalisations from road crashes by 2015.

58. The GPS supports achieving this target by:
- a) setting funding ranges for activity classes that help achieve safety outcomes through -
- road improvements, including those with safety benefits, for all road users (including pedestrians and cyclists)
  - road maintenance
  - the Road Policing Programme
  - promotional activities to support the introduction of safer and more fuel-efficient vehicles.
- b) encouraging the NZTA to evaluate and approve funding for programmes and strategies that facilitate co-ordinated decision-making at the local and regional level through Road Safety Action Plans.

### **Public Transport**

59. The NZTS target is to increase the mode share of public transport to seven percent of all trips taken by 2040 (or 111 million boardings in 2006/07 rising to 525 million boardings in 2040). Given the projected growth in population between now and 2040, this will require an approximate growth of four to five percent per year in the use of public transport through to 2040.
60. The GPS target is to increase public transport patronage by three percent per year for each year through to 2015 – a lower target compared to the long-term target in the NZTS, but an increase over what has been achieved in recent years. This target will be challenging, but has been determined for the following reasons:
- Regional Land Transport Strategies and other plans<sup>13</sup> have projected growth rates in the use of public transport at, or close to, the target.
  - International experience shows that such growth rates have been achieved in overseas cities.
  - Development of public transport services and networks assists with managing road congestion and providing people with alternatives to private car use.
  - The initiative to provide free off-peak public transport to SuperGold card holders will provide additional funding for public transport services and also boost its use.
61. Analysis within New Zealand and overseas indicates that successful growth in public transport often requires a combination of 'push' and 'pull' factors. Pull factors include expanded and improved services<sup>14</sup>, while push factors are those that will make public transport a more attractive travel choice (possibly by increasing the cost of alternatives such as cars).
62. A higher growth rate is not realistic for this GPS as there are long lead times to develop public transport services and also associated measures such as land-use changes. In the short term, high petrol prices will encourage more public transport use. Regional councils and transport operators are encouraged to develop initiatives that will make these gains permanent.

<sup>12</sup> Road Safety to 2010 Strategy 2003, Ministry of Transport/ LTSA, October 2003, [www.transport.govt.nz](http://www.transport.govt.nz)

<sup>13</sup> For instance the Auckland Transport Strategic Alignment Project.

<sup>14</sup> Not just bus and train services but also features that enhance the overall service of public transport, such as real time information or integrated ticketing.

**Target:** increase patronage on public transport by three percent per year through to 2015.

63. The GPS supports achieving this target through:

- a) setting funding ranges for activity classes that support -
  - public transport services and infrastructure
  - encouraging people to change to other modes of travel
- b) encouraging the NZTA to evaluate and approve funding for programmes and strategies that facilitate -
  - road controlling authorities, regional councils and the Auckland Regional Transport Authority (ARTA) taking an integrated approach to traffic management to improve the reliability of public transport services and co-ordinate any measures with other council policies, such as parking policies
  - the growth of homes and businesses around public transport systems
  - local community developments that make public transport, walking and cycling safe, easy and attractive transport options.

### **Walking and cycling**

64. The NZTS target is to increase the mode share of walking and cycling from around 18 percent to 30 percent by 2040. The GPS has adopted a lower short-term target (one percent growth per year) than that implied by the long-term target in the NZTS (two to three percent growth per year), because currently rates of walking and cycling are declining. The immediate task is therefore to stabilise walking and cycling rates, and then to focus on growth.
65. Feedback from stakeholders has suggested there should be separate targets for walking and cycling. It has not been possible to accommodate this suggestion in this GPS, but the proposal will be considered for the next GPS.
66. *Getting There – on foot, by cycle*<sup>15</sup> sets out the government's vision and strategy for walking and cycling. It emphasises three interconnected elements that will encourage these modes: infrastructure, personal travel choices, and improved safety and security.

**Target:** increase the number of walking and cycling trips by one percent per year through to 2015.

67. The GPS supports achieving this target through:

- a) setting funding ranges for activity classes that support -
  - walking and cycling infrastructure
  - encouraging people to change to other modes of travel
  - transport planning to assist local government develop and update their walking and cycling strategies
- b) encouraging the NZTA to evaluate and approve funding for programmes and strategies that facilitate -
  - making integrated planning a central part of achieving good transport outcomes
  - making walking and cycling safe, easy and attractive travel choices.

### **POTENTIAL AREAS FOR FUTURE DEVELOPMENT OF TARGETS**

68. Two important areas of transport activity for which targets have not been set within this GPS are road maintenance and accessibility. These areas are likely to be addressed in future GPS documents.

#### **Road Maintenance**

69. Road maintenance is a vital activity, as the quality of the roading network determines how well it performs and the achievement of many of the GPS targets. Roads are currently being maintained to standards set many years ago. Feedback during the development of the GPS suggested these standards should be revisited. In addition, the NZTS signalled that different standards may be needed to address noise and environmental concerns.
70. These issues will require careful consideration and a weighing up of costs and benefits that have been beyond the scope of this GPS. The NZTS includes an action to scope a road surfacing strategy which would cover the safety, environmental, noise and lifetime cost/benefit of surfacing options. It is anticipated that this work will inform the next GPS. In the absence of such analysis, this GPS has adopted a 'business-as-usual' approach and proposes no change to the standards and guidelines already in place for road maintenance.

<sup>15</sup> *Getting There – on foot, by cycle*, Ministry of Transport, February 2005 [www.transport.govt.nz](http://www.transport.govt.nz)

## Accessibility

71. Transport systems allow people to be mobile, and can therefore provide access to services and facilities. Where transport services are physically unavailable (for all or part of a journey), inaccessible or unaffordable, the transport system can be a barrier to accessing and participating in society.
72. Some of the GPS targets will potentially assist in improving accessibility, but it is acknowledged that this is not a specific focus of any one of the targets. Tools such as accessibility planning<sup>16</sup> will assist in the future with identifying the best solutions to transport problems in this area. Implications for future GPS documents will be included after consideration of the likely benefits and costs.
73. The Human Rights Commission's *The Accessible Journey*<sup>17</sup> report found that significant numbers of disabled people in New Zealand have acute and on-going difficulties with using land-based public transport services. A key action arising from the NZTS is the need to develop an implementation plan to address the recommendations made in the report. The implications for future GPS documents will be included after consideration of the likely benefits and costs of the implementation of such schemes.

## SUMMARY OF TARGETS

74. The targets for this GPS are summarised below:

### GPS targets 2009/10 – 2014/15

- Reduce kilometres travelled by single occupancy vehicles, in major urban areas on weekdays, by 10 percent per capita by 2015.
- Increase the mode share of transporting freight by coastal shipping and rail by 2015.
- No overall deterioration in travel times and reliability on critical routes by 2015.
- Reduce fatalities and hospitalisations from road crashes by 2015.
- Increase patronage on public transport by three percent per year through to 2015.
- Increase number of walking and cycling trips by one percent per year through to 2015.

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<sup>16</sup> Accessibility planning is a systematic assessment of whether people are able to get to important destinations (such as workplaces, healthcare facilities, educational institutions or shops). In the UK, it has provided a framework for transport authorities and other relevant organisations to work together to develop and deliver solutions to accessibility problems depending on the particular needs and priorities of local areas.

<sup>17</sup> *The Accessible Journey: Report of the Inquiry into Accessible Public Land Transport 2005*. This report outlines the results of an inquiry by the Human Rights Commission into public transport accessibility from the perspective of disabled people. The report makes recommendations to address the findings of the inquiry.

## **C. ACHIEVING THE GPS TARGETS**

75. The GPS contributes to achieving these targets through:
- a) setting funding ranges for activity classes
  - b) providing guidance about the types of land transport activities that the government would like to see planned by local government, and the factors that the New Zealand Transport Agency (NZTA) should take into account when evaluating programmes and strategies and approving activities for funding.

### **SETTING FUNDING RANGES FOR ACTIVITY CLASSES**

76. Setting funding ranges for activity classes is a key mechanism by which this GPS will influence land transport outcomes.
77. Funding in the National Land Transport Programme (NLTP) is allocated to activity classes. The following classes will be used for the 2009 to 2012 NLTP:
- transport planning
  - sector training and support
  - sector research
  - demand management and community programmes
  - public transport services
  - public transport infrastructure
  - walking and cycling facilities
  - new and improved infrastructure for State highways
  - renewal of State highways
  - maintenance and operation of State highways
  - new and improved infrastructure for local roads
  - renewal of local roads
  - maintenance and operation of local roads
  - rail and sea freight
  - domestic sea freight development
  - road policing
  - performance monitoring
  - management of the funding allocation system.
78. A definition of each activity class is provided in Appendix 3.
79. The allocation of funding to these activity classes has been guided by the following principles:
- the GPS targets - considering how each activity class can contribute to achieving the targets
  - the synergies gained from activities that contribute to multiple targets (eg funding for public transport infrastructure is likely to increase walking, reduce car trips and increase the reliability of critical routes)
  - recognising the need for change but that it will be gradual, given the time required for plans to come to fruition and the completion of existing commitments
  - financial constraints.



80. Table 1 provides an indication of the contribution that each activity class will make to the targets.

**TABLE 1: ACTIVITY CLASS CONTRIBUTION TO GPS TARGETS**

Activity class	GPS target					
	Reduce kms travelled by single occupancy vehicles, in major urban areas on weekdays, by 10% per capita	Increase the mode share of transporting freight by coastal shipping and rail	No overall deterioration in travel times and reliability on critical routes	Reduce fatalities and hospitalisations from road crashes	Increase patronage on public transport by 3% per year	Increase number of walking and cycling trips by 1% per year
Transport planning	✓	✓	✓	✓	✓	✓
Sector training and support	✓	✓	✓	✓	✓	✓
Sector research	✓	✓	✓	✓	✓	✓
Demand management and community programmes	✓		✓	✓	✓	✓
Public transport services	✓		✓		✓	✓
Public transport infrastructure	✓		✓		✓	✓
Walking and cycling facilities	✓		✓		✓	✓
New and improved infrastructure for State highways	✓		✓	✓	✓	✓
Renewal of State highways	✓		✓	✓	✓	✓
Maintenance and operation of State highways	✓		✓	✓	✓	✓
New and improved infrastructure for local roads	✓		✓	✓	✓	✓
Renewal of local roads	✓		✓	✓	✓	✓
Maintenance and operation of local roads	✓		✓	✓	✓	✓
Rail and sea freight		✓	✓	✓		
Domestic sea freight development		✓	✓	✓		
Road policing			✓	✓		
Performance monitoring	✓	✓	✓	✓	✓	✓
Management of the funding allocation system	✓	✓	✓	✓	✓	✓

✓ = makes a contribution to target

✓ = makes a key contribution to target

### **Activity class ranges**

81. The GPS sets out funding ranges for each activity class for every year through to 2018/19 (see Table 2 on following page). The figures include a forecast level of cost increases, based on government estimates for relevant parts of the economy.
82. By specifying the allocation as a range, the NZTA will have flexibility as to how it responds to Regional Land Transport Programmes when developing the NLTP (eg by giving more priority to some activities in order to achieve the desired outcomes signalled by the GPS) and in allocating funds to activities or combinations of activities.
83. The NZTA is required to allocate funding to activity classes within the funding ranges set out on the following page and within the overall funding constraints set out in section D of this GPS.

**TABLE 2: ACTIVITY CLASS FUNDING RANGES 2009/10 – 2018/19**

Activity class	Allocations <sup>18</sup>	Funding ranges						Forecast funding ranges			
	08/09 \$M	09/10 \$M	10/11 \$M	11/12 \$M	12/13 \$M	13/14 \$M	14/15 \$M	15/16 \$M	16/17 \$M	17/18 \$M	18/19 \$M
Transport planning	34	30 45	30 45	30 45	30 45	30 45	30 45	35 50	35 50	35 50	35 50
Sector training & support	3	2 4	2 4	2 4	2 4	2 4	2 4	2 4	2 4	2 4	2 4
Sector research	5	5 6	5 6	5 6	5 6	5 6	5 6	5 7	5 7	5 7	5 7
Demand management & community programmes	57	50 75	50 75	50 75	55 80	55 80	55 80	55 80	55 80	55 80	55 80
Public transport services	191	200 240	210 250	220 270	230 300	240 310	250 320	260 340	270 360	280 380	290 400
Public transport infrastructure <sup>19</sup>	146	120 200	120 200	50 150	50 150	50 150	50 150	50 150	50 150	50 150	50 150
Walking & cycling facilities	18	15 30	15 30	15 30	20 35	20 35	20 35	25 45	25 45	25 45	25 45
New & improved infrastructure for State highways <sup>20</sup>	792	500 700	550 750	550 750	400 700	400 700	500 800	550 850	600 900	600 900	600 900
Renewal of State highways	196	200 220	215 235	230 250	245 275	255 290	265 305	270 320	285 335	300 350	315 365
Maintenance & operation of State highways	271	290 310	305 325	320 350	340 380	355 395	370 410	390 450	410 470	430 490	450 510
New & improved infrastructure for local roads	232	150 250	150 250	150 250	200 300	200 300	200 300	200 300	200 300	200 300	200 300
Renewal of local roads	215	225 235	235 245	245 255	255 275	265 285	275 295	290 330	300 340	310 350	320 360
Maintenance & operation of local roads	238	250 260	260 270	270 280	270 290	280 300	290 310	290 330	300 340	310 350	320 360
Rail & sea freight	2	1 3	1 3	1 3	1 3	1 3	1 3	1 3	1 3	1 3	1 3
Domestic sea freight development	6	6 12	6 12	6 12	6 15	6 15	6 15	6 15	6 15	6 15	6 15
Road policing	272	295 305	305 315	315 335	335 355	355 375	375 395	390 420	410 440	430 460	450 480
Performance monitoring	3	3 4	3 4	3 4	3 5	3 5	3 5	3 5	3 5	3 5	3 5
Management of the funding allocation system	61	60 65	60 65	60 65	60 70	60 70	60 70	60 70	60 70	60 70	60 70

<sup>18</sup> The GPS activity class allocations for 2008/09 differ slightly from those in the 2008/09 NLTP, as they have been reconfigured to match the activity classes that will take effect from 1 July 2009.

<sup>19</sup> The funding allocation for public transport infrastructure is based on known infrastructure plans which have an uneven expenditure profile.

<sup>20</sup> The 2008/09 level of State highway construction reflects the coincidence of cash flows for several major projects. It is significantly higher than the figure in previous years. The levels from 2009/10 do not include the State highway projects that may sit outside the NLTP, such as development of the Waterview Connection project.

## Description of funding allocations to activity classes

84. Table 3 (below) provides a high level description of the funding allocations to each activity class, to complement the funding ranges described in Table 2. Table 3 also includes the indicative funding allocation for each activity class for the first three years of the GPS.

**TABLE 3: DESCRIPTION OF FUNDING ALLOCATIONS TO ACTIVITY CLASSES**

<b>Transport planning</b>
<p>This activity class provides for the land transport planning that approved organisations and NZTA will carry out. An allocation of approximately \$110m over three years, 2009/10-2011/12.</p> <p>Continues the change signalled in the 2008/09 NLTP for greater assistance to be provided for asset management and for Regional Land Transport Programmes and Regional Land Transport Strategies to be developed taking into account the GPS. It is expected that transport planning and strategy development will be increasingly guided by the factors set out in section C of this GPS.</p>
<b>Sector training and support</b>
<p>This activity class supports the development of skills within the land transport sector. An allocation of approximately \$110m over three years, 2009/10-2011/12.</p>
<b>Sector research</b>
<p>This activity class supports the development of the knowledge base that will guide the land transport sector's development. This will be influenced by the Transport Research Strategy. An allocation of approximately \$15m over three years, 2009/10-2011/12.</p>
<b>Demand management and community programmes</b>
<p>This activity class supports national and local programmes that promote the safe and sustainable use of land transport networks and services. It includes community focused activities and national advertising campaigns. An allocation of approximately \$180m over three years, 2009/10-2011/12.</p> <p>There is an expectation of increasing development of activities that promote and support sustainable transport, while maintaining current programmes that encourage the safe use of the transport system.</p>
<b>Public transport services</b>
<p>This activity class supports the provision of public transport services. An allocation of approximately \$670m over three years, 2009/10-2011/12.</p> <p>Maintain existing services and provide for some expansion of services, including the development of activities that make public transport a more attractive travel option.</p>
<b>Public transport infrastructure</b>
<p>This activity class supports the provision of public transport infrastructure. An allocation of approximately \$400m over three years, 2009/10-2011/12.</p> <p>Match existing plans for development of public transport systems.</p>
<b>Walking and cycling facilities</b>
<p>This activity class supports the provision of walking and cycling infrastructure and facilities. An allocation of approximately \$70m over three years, 2009/10-2011/12.</p> <p>Match planned expansion of local government and NZTA programmes.</p>
<b>New and improved infrastructure for State highways</b>
<p>This activity class supports the development of State highways construction projects. An allocation of approximately \$1,830m over three years, 2009/10-2011/12.</p> <p>Funding is provided for State highway capital improvements and management of the State highway improvement programme.</p>
<b>Renewal of State highways</b>
<p>This activity class supports the periodic maintenance of existing State highways. An allocation of approximately \$680m over three years, 2009/10-2011/12.</p> <p>Funding includes an allowance for network and traffic growth.</p>

<b>Maintenance and operation of State highways</b>
<p>This activity class supports the routine maintenance and operation of existing State highways.  An allocation of approximately \$930m over three years, 2009/10-2011/12.  Funding includes an allowance for network and traffic growth. Management of the State highway network should consider how to encourage shifting car use from single person trips to multiple occupant trips.</p>
<b>New and improved infrastructure for local roads</b>
<p>This activity class supports the development of local road construction projects.  An allocation of approximately \$550m over three years, 2009/10-2011/12.</p>
<b>Renewal of local roads</b>
<p>This activity class supports the periodic maintenance of existing local roads.  An allocation of approximately \$720m over three years, 2009/10-2011/12.  Funding includes an allowance for network and traffic growth.</p>
<b>Maintenance and operation of local roads</b>
<p>This activity class supports the routine maintenance and operation of existing local roads.  An allocation of approximately \$795m over three years, 2009/10-2011/12.  Funding includes an allowance for network and traffic growth. Management of the local roading network, especially in urban areas, should consider how to encourage shifting car use from single person trips to multiple occupant trips.</p>
<b>Rail and sea freight</b>
<p>This activity class provides short-term operational subsidies to support the switch of freight movement from road to rail or coastal shipping.  An allocation of approximately \$5m over three years, 2009/10-2011/12.  Funding is provided to cover existing and anticipated funding approvals.</p>
<b>Domestic sea freight development</b>
<p>This activity class supports the development of coastal shipping as an alternative to roading for freight movement.  An allocation of approximately \$30m over three years, 2009/10-2011/12.  Funding is provided to reflect government policy with respect to the development of coastal shipping.</p>
<b>Road policing</b>
<p>This activity class funds the Road Policing Programme.  An allocation of approximately \$950m over three years, 2009/10-2011/12.  Funding for road policing activities is approved every three years by the Minister of Transport in consultation with the Minister of Police.</p>
<b>Performance monitoring</b>
<p>This activity class funds the NZTA to monitor and report on aspects of the land transport system.  An allocation of approximately \$10m over three years, 2009/10-2011/12.</p>
<b>Management of the funding allocation system</b>
<p>This activity class funds the NZTA to manage the NLTP and related processes.  An allocation of approximately \$180m over three years, 2009/10-2011/12.</p>

## FUNDING POLICIES

### Funding assistance rate policy

85. The share of NLTP activities funded by central government is provided as funding assistance<sup>21</sup>. The NZTA sets funding assistance rates (FAR) in accordance with criteria set by the Minister of Transport. The approach to setting FAR is described in the 'Planning, Programming and Funding Manual' issued by the NZTA. FAR relating to the 2009 to 2012 NLTP will be notified in 2008.

### Regionally distributed 'R' funding

86. 'R' funding is the requirement to allocate a portion of transport funding – 5 cents per litre of fuel excise duty and equivalent light road user charges introduced on 1 July 2005 - on a regional, rather than a national, basis. 'R' funding will remain in place until 31 March 2015 when it will cease<sup>22</sup>. However, if there are unspent or unallocated 'R' funds for a region, these will remain available to that region beyond that date.

### Crown appropriated 'C' funding

87. 'C' funding is the Crown commitment to provide a certain level of funding to specific regions over a set period of time, in order to achieve outcomes identified through Joint Officials Group (JOG) processes. Under the amendments to the Land Transport Management Act, the full hypothecation of fuel excise duty replaces the separate appropriations of 'C' funds. The NZTA has an obligation to meet the 'C' funding commitments for Auckland, Wellington, the Bay of Plenty and the Waikato from the National Land Transport Fund.

## GUIDANCE ON LAND TRANSPORT PLANNING AND EVALUATION

88. Guidance on land transport planning and evaluation is the other principal means by which this GPS will influence land transport outcomes.
89. Developing a land transport system that will achieve the targets set out in this GPS and those in the longer-term New Zealand Transport Strategy (NZTS), will require planning and evaluation processes that take account of the following factors:
- achieving value for money
  - ensuring integrated planning
  - making best use of existing networks and infrastructure
  - the potential effect of introducing different charging systems in the future
  - implementing and fostering a co-ordinated approach
  - considering networks from a national perspective
  - considering the impact of higher fuel prices.
90. These factors need to apply to the planning undertaken by local government and the NZTA, as well as to the evaluation of strategies and programmes by the NZTA<sup>23</sup>. Many of these factors are already being applied in developing land transport strategies and packages of activities. It would also be impractical to apply all these factors immediately. They would apply progressively, with a particular emphasis on new strategies and packages as opposed to re-evaluating those already assessed.

### Achieving value for money

91. Making best use of resources by achieving value for money in the land transport sector is important, given the competing uses for funding. To achieve value for money, three underlying concepts will need to guide the NZTA, local government and the sector when planning, assessing, and implementing strategies and activities - effectiveness, efficiency and economy.
92. In this context, effectiveness means selecting activities which together make the greatest contribution to the government's medium to long-term priorities and targets set out in the NZTS, as well as the more immediate targets in this GPS. Efficiency is about maximising what is produced with the resources available. Finally, economy means ensuring that quality inputs are purchased at the lowest price over the whole life of the asset or intervention.

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<sup>21</sup> 'Funding assistance' is the term used in the amended Land Transport Management Act for financial assistance.

<sup>22</sup> On 1 April 2015, 'R' funding will revert to being distributed on a national basis rather than on a regional basis.

<sup>23</sup> Where appropriate, the NZTA should incorporate these factors into its review of the Funding Allocation Process.

### **Ensuring integrated planning**

93. Integrating land-use, transport planning and urban design must be part of developing and evaluating a transport strategy. The recommended approach to integrating these factors is set out as follows:
- Planning for developments to the transport system should be based on integrating land-use and transport demand. It should also support land-use developments that minimise future transport demands and that provide a range of transport options. An integrated approach will encourage more sustainable urban and regional developments that are compact, have a mix of uses and are well-connected, with a clearly defined structure of centres and corridors. Complementary land uses (such as housing, shopping, offices, restaurants and movie theatres) can provide a wide variety of facilities within short distances. This encourages people to walk, cycle and use public transport rather than drive. Connectivity (good connections between different routes and modes of transport) enhances an integrated transport network with easy access to numerous destinations.
  - Quality urban design helps to create well-connected, inclusive and accessible areas, and supports the mix of houses, services and facilities needed. Such areas support the use of walking, cycling and shared transport modes. Well-designed urban areas also have a greater potential to be focal points for interaction, enterprise and innovation, helping businesses to increase their productivity and growth.
94. Integrated land and transport planning should underpin the development of urban centres and their transport networks and systems. Transport developments can facilitate appropriate urban developments. Transport strategies and packages of activities should be clearly connected to land use strategies and implementation plans.

### **Making best use of existing networks and infrastructure**

95. This involves ensuring that cost-effective measures (such as demand management, better management of the network or minor improvements to the network) achieve maximum efficiency from the existing network, before major investment is made in new infrastructure.

### **The potential effect of introducing different charging systems in the future**

96. The NZTS signals that the government will investigate new options for charging that will generate revenue for transport investment. Any decision on new charging systems is not likely until the medium term. However, those systems based for example on distance, time and location of travel, and the type and weight of vehicle, would be fairer and more efficient in reflecting the true costs of travel, and could therefore help achieve goals for managing travel demand. The NZTS clarifies that the evaluation of new projects should consider possible reductions in travel demand as a result of such a change. The actual level of reduction in travel demand that should be assumed for particular projects will become clearer over time, as research highlights the potential of different technologies and systems.

### **Implementing and fostering a co-ordinated approach**

97. Most transport problems require the involvement of many parties to develop solutions. For instance, improvements in road safety can require co-ordination between road controlling authorities, regional councils, the Police, the Accident Compensation Corporation, community groups and transport funders. Improvements in public transport involve regional councils, road controlling authorities, ARTA and transport operators addressing a mix of infrastructure, services and policies. Improving the efficiency of freight operations may involve port companies, rail operators and road controlling authorities.
98. There are already good examples of this co-ordinated approach, such as Road Safety Action Planning.
99. All transport entities are expected to participate in a collaborative way with other agencies to reach co-ordinated solutions.

### **Considering networks from a national perspective**

100. The amendments to the Land Transport Management Act 2003 shift some of the responsibility for prioritising activities to Regional Transport Committees. These priorities will be reflected in Regional Land Transport Programmes (RLTPs) that are submitted by Regional Transport Committees - via Regional Councils - to the NZTA (note: ARTA will be responsible for preparing the RLTP for Auckland). In preparing the National Land Transport Programme, the NZTA must take into account RLTPs.
101. As part of developing regional priorities, Regional Transport Committees should consider the national aspect of some networks. In preparing the NLTP, the NZTA should ensure proposed activities will not compromise the functioning of the national State highway and national rail networks.

**Considering the impact of higher fuel prices**

102. In the first part of 2008, increases in world oil prices caused fuel price rises in New Zealand. Prices are currently at their highest ever levels (in real terms).
103. Although there are reports that traffic volumes have decreased on some State highways, it is too soon to determine whether this is a long-term trend or not. However, there is little doubt that sustained high prices will affect travel demand and shift it towards more fuel-efficient forms of transport.
104. It is expected that the NZTA and local government will take this into account when developing strategies, and will review the priorities in existing strategies to assess whether they should be changed.



## D. GOVERNMENT INVESTMENT IN LAND TRANSPORT

### FUNDING FRAMEWORK

105. Alongside changes to the planning of the land transport system, the amended Land Transport Management Act 2003 (the Act) introduces new elements to the funding system for land transport. The purpose of these changes has been to introduce flexibility into the way the New Zealand Transport Agency (NZTA) manages the National Land Transport Programme (NLTP) while allowing the government more control over the level of expenditure. Given the uncertainty about many of the elements that will influence revenue for land transport or expenditure from the NLTP, some aspects of this GPS may need to be revisited during the years in which it is operational.
106. The principles that underlie the funding framework are that the NZTA will manage expenditure so that it both equals revenue over time and, in real terms, matches the target expenditure. To give effect to these principles, the GPS is required to set out:
- an expenditure target for the NLTP for the first three years covered by this GPS
  - a maximum and minimum level of expenditure for the NLTP for the same three years
  - an allowable variation between expenditure incurred in the NLTP and the revenue received in the National Land Transport Fund (NLTF)
  - likely changes to the duties, fees and charges paid into the NLTF for the first three years covered by this GPS
  - overall investment in the land transport sector over a period of 10 financial years and the likely or proposed funding sources.

### TOTAL FUNDING

107. Funding for the activity classes described in section C requires total levels of expenditure shown in Table 4 (below). The total level of funding represents a balance between achieving the GPS targets and the level of revenue that can be raised.
108. The level of expenditure increases from \$2.7 billion in 2009/10 to \$3.6 billion in 2018/19.
109. In 2009/10 and 2010/11, total expenditure is expected to be greater than revenue as unspent funds in the NLTF are drawn down. However, subsequent expenditure is forecast to generally match revenue over the period to 2014/15.
110. Table 4 shows the expenditure target (the expected level of expenditure) along with the maximum and minimum range for NLTP expenditure for the first three years of this GPS. For the purposes of Section 20 of the Act, from 2012/13, the expenditure target figure for each year is deemed to be the maximum level of NLTP expenditure. From 2019/20, the maximum level of NLTP expenditure is deemed to be equal to the target expenditure for 2018/19.

**TABLE 4: TARGET NLTP EXPENDITURE 2009/10 – 2018/19;  
MAXIMUM AND MINIMUM NLTP EXPENDITURE 2009/10 – 2011/12**

	09/10 \$M	10/11 \$M	11/12 \$M	12/13 \$M	13/14 \$M	14/15 \$M	15/16 \$M	16/17 \$M	17/18 \$M	18/19 \$M
Expenditure target	2,700	2,800	2,750	2,750	2,850	3,200	3,300	3,500	3,550	3,600
Maximum expenditure	2,900	3,100	3,100							
Minimum expenditure	2,600	2,600	2,600							

111. The NZTA is expected to plan funding allocations for each activity class and approve funding for activities, so that total planned expenditure in any year is equal to the expenditure target set out in Table 4 (above) for that year. However, the expenditure target is based on forecasts of economic variables that may differ from what is predicted. Consequently, the NZTA may reset<sup>24</sup> the expenditure target, provided it is within the range specified in Table 4, if one or more of the following conditions apply:
- cost increases applying to funded activities are substantially different from the forecast cost increases
  - the level of expenditure for emergency works is different from the forecast level<sup>25</sup>
  - activities did not proceed as planned in the previous year - for instance because of construction work progressing much faster or slower than anticipated or delays in the consenting process, a catch up or slow down is planned for the year in question
  - the quality or number of proposed activities means that fewer activities are likely to be approved for funding than anticipated.
112. The same factors may also mean that actual expenditure in any year might differ from the target expenditure. In addition, revenue is dependent on the level of economic and transport activity, so will fluctuate according to economic conditions. Therefore, there may be unplanned imbalances between expenditure incurred under the NLTP and funds received into the NLTF<sup>26</sup>.
113. The Act requires the GPS to set an allowable variation between expenditure incurred under the NLTP and inflows received into the NLTF. For this GPS, the allowable variation is set at \$400 million.
114. The NZTA is required to report on its expenditure and revenue (among other factors) through the Annual Report on the National Land Transport Fund as set out in Section 11 of the Act. Where unplanned imbalances between expenditure and revenue occur, the NZTA is expected to advise government on the adjustments required to expenditure targets or revenue settings to correct any imbalance.

#### **SOURCES OF FUNDING**

115. Funding for land transport within this GPS is anticipated to come principally from the hypothecated (dedicated) transport-related charges ie Fuel Excise Duty (FED), Road User Charges (RUC) and Motor Vehicle Registration Fees (MVR).
116. FED and RUC rates will be set at levels sufficient to meet the expenditure targets in this GPS. The rate of contribution to the NLTF from MVR is not assumed to change over the first three years of this GPS.
117. The actual increases in FED and RUC rates will be confirmed closer to the time they need to be implemented to ensure they reflect the most up-to-date price movements, and take into account the results of the review of how existing land transport costs are allocated, as announced in July 2008.

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<sup>24</sup> A resetting of the expenditure target might involve its adjustment in line with inflation while maintaining the same level of activity or might involve a rebalancing of activity between years.

<sup>25</sup> This is likely to occur if there were severe storms or emergency events in the previous year but the cost of recovery is incurred in the subsequent year.

<sup>26</sup> In addition, there are small planned imbalances at the end of the first three years of this GPS, but these are corrected in the following three years of the next GPS.

## **E. IMPLEMENTING THE GPS**

### **HOW THE NEW ZEALAND TRANSPORT AGENCY WILL GIVE EFFECT TO THE GPS**

118. The amended Land Transport Management Act (the Act) requires the New Zealand Transport Agency (NZTA) to give effect to the GPS. This is formally described in Appendix 2 with the 'Schedule of Expectations' for the NZTA.
119. Important elements of that schedule include that the NZTA will:
- develop the NLTP and allocate and approve funding in support of the GPS targets, and be consistent with the expenditure limits described in this GPS
  - comply with the funding policies set out in section C of this GPS
  - take account of the factors (set out in section C) when planning and evaluating strategies and programmes, as well as approving funding for activities
  - work with the Ministry of Transport to develop the targets and monitoring regime relevant to this GPS
  - work with local government to assist with the transition to the new planning and funding regime.

### **MONITORING AND REVIEW**

120. An important role for the GPS is to give clarity about what is to be achieved in the transport sector. This will require ongoing data monitoring to assess how the transport sector is performing and whether this is consistent with what the government wishes to achieve, as set out in the NZTS and GPS targets. The Ministry of Transport will lead this monitoring work<sup>27</sup>, supported by the NZTA and other transport agencies.
121. Monitoring of how the NZTA gives effect to the GPS will occur through Section 11 of the Act, the 'Schedule of Expectations' in this GPS and other legislative requirements.
122. The Ministry of Transport will work with the NZTA to implement a monitoring regime. This, and the data monitoring, will be used to inform the next GPS which will come into effect on 1 July 2012.

### **AREAS OF ONGOING DEVELOPMENT**

#### **Development and improvement of targets**

123. The targets in this GPS are derived from the NZTS targets. In some cases, the NZTS targets and the targets in this GPS require further work. The NZTS includes a set of actions that allows for the development and improvement of its targets. This work will inform the next GPS.

#### **Funding sustainability**

124. Stakeholder feedback that assisted with the development of this GPS expressed concern over the future sustainability of revenue given its reliance on fuel excise duty (FED) and road user chargers (RUC). This has been recognised by the Ministry of Transport which is leading work that will identify:
- the impact of changing fuel prices, economic outlook and mode shift on revenue forecasts
  - options for developing funding sources which will be more sustainable
  - funding demands for very large projects which will generally require funding from sources outside the NLTP.
125. It is anticipated that this work will inform the next GPS.

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<sup>27</sup> Sector monitoring will occur through the Ministry of Transport's Transport Monitoring Indicators Framework – [www.transport.govt.nz](http://www.transport.govt.nz)

## APPENDIX 1

### KEY SECTIONS OF THE AMENDED LAND TRANSPORT MANAGEMENT ACT 2003 RELEVANT TO THE GPS<sup>28</sup>

#### 84. Overview of the GPS

- (1) A GPS, which is issued by the Minister [of Transport] every three financial years, enables the Minister to—
  - (a) guide the [New Zealand Transport] Agency and land transport sector on the outcomes and objectives, and the short- to medium-term impacts, that the Crown wishes to achieve –
    - (i) through the national land transport programme; and
    - (ii) from the allocation of the national land transport fund; and
  - (b) link the amount of revenue raised from road users with the planned levels of expenditure from the national land transport fund.
- (2) This section is intended by way of explanation only, and if this section is inconsistent with another provision of this Act or any other Act, then the other provision prevails.

#### 85. Status of the GPS

To avoid doubt, a GPS is not—

- (c) a direction for the purposes of Part 3 of the Crown Entities Act 2004; and
- (d) a regulation for the purposes of the Acts and Regulations Publication Act 1989; and
- (e) a regulation for the purposes of the Regulations (Disallowance) Act 1989.

#### 86. Minister must issue a GPS before a national land transport programme

- (1) The Minister must issue a new GPS in advance of the expiry of the current national land transport programme.
- (2) A GPS must be in effect at all times over the same period as the current national land transport programme.

#### 87. Preparation of the GPS

- (1) The Minister must, in preparing the GPS,—
  - (a) be satisfied that the GPS—
    - (i) contributes to the aim of achieving an affordable, integrated, safe, responsive, and sustainable land transport system; and
    - (ii) contributes to each of the following:
      - (A) assisting economic development;
      - (B) assisting safety and personal security;
      - (C) improving access and mobility;
      - (D) protecting and promoting public health;
      - (E) ensuring environmental sustainability; and
    - (iii) is consistent with any—
      - (A) national land transport strategy;
      - (B) national energy efficiency and conservation strategy; and
  - (b) take into account any relevant national policy statement that is in force under the Resource Management Act 1991; and
  - (c) 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).
- (2) Before issuing a GPS, the Minister must consult with the Agency about the proposed GPS.

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<sup>28</sup> There are other sections of the amended Land Transport Management Act 2003 where the GPS is mentioned that have not been included here.

## **88. Content of the GPS**

- (1) The GPS sets out how land transport funding is intended to improve the land transport sector in the context of land transport policy.
- (2) The GPS must include the following:
  - (a) the short to medium-term impacts that the Crown wishes to achieve through the allocation of funding from the national land transport fund:
  - (b) the activity classes to be funded from the national land transport fund:
  - (c) likely changes to the duties, fees, and charges paid into the national land transport fund for the first three year period covered by the GPS:
  - (d) an expenditure target for the national land transport programme for each of the first three years and any subsequent years that the Minister considers relevant:
  - (e) a maximum and minimum level of expenditure for the national land transport programme for each of the first three years and any subsequent years that the Minister considers relevant (subject to the ability to carry forward funds from the closing balance of the national land transport fund for a financial year to a future financial year):
  - (f) an allowable variation between expenses and capital expenditure incurred under the national land transport programme and the inflows received in the national land transport fund:
  - (g) funding ranges for each activity class for a period of six financial years:
  - (h) forecast funding ranges for each activity class for the period of four financial years following the first six financial years:
  - (i) overall investment likely to be made in the land transport sector over a period of 10 financial years and the likely or proposed funding sources:
  - (j) allowable reasons for varying the expenditure target identified in paragraph (d) when making funding allocation decisions:
  - (k) a statement of the Minister's expectations of how the Agency gives effect to the GPS.
- (3) The GPS may include the following:
  - (a) background, including any relevant transport outcomes and objectives and any relevant land transport policies:
  - (b) any relevant funding policy:
  - (c) subject to the Public Finance Act 1989, any additional expected funding for land transport activities, including (but not limited to) any money that Parliament may appropriate for the purpose:
  - (d) any other relevant matters.

## **89. Agency to give effect to the GPS in respect of funding of land transport system**

- (1) The Agency must give effect to the GPS when performing its functions under subpart 1 of Part 2 in respect of land transport planning and funding.
- (2) To avoid doubt, the GPS may not impose an obligation on the Agency to approve or decline funding for a particular activity or any combinations of activities under section 20.

## **90. Amending the current GPS**

- (1) The Minister may amend the current GPS at any time.
- (2) The provisions of this Act regarding the preparation and availability of a GPS—
  - (a) apply with the necessary modifications to an amendment to the current GPS; but
  - (b) do not apply if the amendment to the current GPS is not significant.
- (3) An amendment forms part of the GPS it amends.
- (4) For the purposes of this section, current GPS means the GPS that is in effect over the same period as the current national land transport programme.

## **91. Availability of the GPS**

- As soon as practicable after issuing a GPS, the Minister must—
- (a) present a copy of the GPS to the House of Representatives; and
  - (b) arrange for a copy of the GPS to be given to each of the following:
    - (i) the Secretary [of Transport]:
    - (ii) the Agency:
    - (iii) the Commissioner [of Police]:
    - (iv) every approved organisation; and
  - (c) make a copy of the GPS publicly available in accordance with section 105.

## APPENDIX 2

### SCHEDULE OF EXPECTATIONS OF THE NEW ZEALAND TRANSPORT AGENCY

In giving effect to the 2009/10-2018/19 Government Policy Statement on land transport funding (GPS), the New Zealand Transport Agency (NZTA) shall:

- adopt a National Land Transport Programme (NLTP):
  - with the intention that the outcomes achieved or supported by the funding allocations within the NLTP are consistent with the targets set out in this GPS. This requirement includes evaluating Regional Land Transport Programmes (RLTP) - submitted under section 13 of the *Land Transport Management Act 2003* - to assess whether the outcomes achieved or supported by the activities in the RLTP are consistent with the national targets in this GPS, as well as the regional targets that have been set as a consequence of this GPS
  - so that the funds allocated and expended within each activity class are within the range specified for that activity class in section C of this GPS
  - so that the total funds allocated and expended are consistent with the expenditure target, the expenditure range, and the allowable variation between actual revenue and expenditure set out in section D of this GPS
- explain, in the NLTP, how it has complied with the above requirements
- provide a written explanation under Section 11 of how the NZTA has given effect to the GPS in managing the NLTP
- comply with the funding policies set out in section C of this GPS
- take account of the following factors (as described in this GPS and the New Zealand Transport Strategy 2008) when planning and evaluating strategies and programmes and approving funding for activities:
  - achieving value for money
  - ensuring integrated planning
  - making best use of existing networks and infrastructure
  - the potential effect of introducing different charging systems in the future
  - implementing and fostering a co-ordinated approach
  - considering networks from a national perspective
  - considering the impact of higher fuel prices
- work with the Ministry of Transport and other organisations to develop procedures for the implementation of:
  - domestic sea freight initiatives
- work with the Ministry of Transport to:
  - further develop the targets within this GPS
  - implement a monitoring regime
- work with local government entities to:
  - develop regional targets and funding allocations
  - advise on how Regional Transport Committees comply with the new legislative funding and planning requirements.

## APPENDIX 3

### DEFINITION OF ACTIVITY CLASSES

Activity Class	Definition
Transport planning	Allocate funding, in addition to funding from approved organisations, for: <ul style="list-style-type: none"> <li>• development of regional land transport strategies and regional land transport plans, as well as the operation of regional land transport committees</li> <li>• development of service, network and asset management plans by approved organisations and in relation to State highways</li> <li>• undertaking studies and strategies that contribute to strategic, service, network or asset management plans of approved organisations or for State highway networks.</li> </ul>
Sector training & support	Develop the competence and capacity of the sector to develop and implement land transport programmes by providing information, education and support to organisations and their agents.
Sector research	Allocate funding for research into land transport issues.
Demand management & community programmes	Manage or purchase activities which promote safe and sustainable use of land transport networks and services including: <ul style="list-style-type: none"> <li>• initiatives to improve the performance of the land transport system by changing transport demand</li> <li>• initiatives to encourage a change in travel behaviour</li> <li>• national and local advertising on land transport related issues</li> <li>• national and local promotion of walking and cycling</li> <li>• nationally managed road safety education in schools</li> <li>• providing information and education for drivers, operators, road controlling authorities and others.</li> </ul>
Public transport services	Allocate funding, in addition to funding from approved organisations, for public road, rail and ferry transport services (except for commercial services).
Public transport infrastructure	Allocate funding, in addition to funding from approved organisations, for the renewal and improvement of road, rail and ferry infrastructure to support public transport services.
Walking & cycling facilities	Allocate funding, in addition to funding from approved organisations, to new and improved walking and cycling infrastructure for transport purposes. Walking and cycling facilities include: cycle paths, cycle lanes, new footpaths, facilities for crossing roads, shelters and bicycle parking facilities.
New and improved infrastructure for State highways	Allocate funding for State highway capital improvements and manage the delivery of a State highway improvement programme.
Renewal of State highways	Allocate funding for the renewal of existing State highway infrastructure and manage the development and delivery of a renewal programme for existing State highways. These activities are capital expenditure items arising from the deterioration of existing roading infrastructure. The activities are required to minimise the long-term cost of retaining serviceable State highway infrastructure.
Maintenance & operation of State highways	Allocate funding for the maintenance and operation of existing State highway infrastructure and for the management, delivery and procurement of operation and maintenance activities. Operation and maintenance activities include operation of traffic signals, maintenance of planted areas, providing information on travel times, alternative routes or safety information to travellers, and patching of small road defects.
New and improved infrastructure for local roads	Allocate funding, in addition to funding from approved organisations, for capital improvements to local roads.

Activity Class	Definition
Renewal of local roads	Allocate funding, in addition to funding from approved organisations, for the renewal of local roading infrastructure and management of the renewal activities. These activities are capital expenditure items arising from the deterioration of existing roading infrastructure. The activities are required to minimise the long term cost of retaining serviceable local roading infrastructure.
Maintenance and operation of local roads	Allocate funding, in addition to funding from approved organisations, for the routine maintenance and operation of local roading infrastructure. Maintenance and operation activities include: operation of traffic signals, maintenance of planted areas, providing information on travel times, alternative routes or safety information to travellers and patching of small road defects.
Rail & sea freight	Allocate funding, in addition to funding from approved organisations, for initiatives in regional land transport plans that encourage the movement of freight by rail and coastal shipping (including barging) instead of by road to reduce the cost of road freight to the community.
Domestic sea freight development	Seek proposals, and allocate seed funding, for the development of new or improved coastal shipping freight services and related infrastructure, and for studies of the feasibility of such services in order to increase the freight volumes carried by this transport mode.
Road policing	Allocate funding to road policing activities to be delivered by NZ Police.
Performance monitoring	Monitor and report on land transport inputs, activities, impacts and consequences, and administer the Crash Analysis System.
Management of the funding allocation system	<p>Manage the allocation and expenditure of funding through the NLTP. This includes the development and administration of:</p> <ul style="list-style-type: none"> <li>• the NLTP</li> <li>• associated procurement procedures, policies, and guidelines</li> <li>• performance agreements with approved organisations funded through the NLTP</li> <li>• provide assistance and advice to approved organisations and Regional Land Transport Committees.</li> </ul> <p>The NLTP includes activities described in regional land transport plans, the agency's own activities (other than State highway activities) and research, education and training activities delivered by external parties.</p>



## GLOSSARY

*Activity* - Defined in the Land Transport Management Act 2003 as a land transport output or capital project, or both.

*Activity Class* - Refers to a grouping of similar activities.

*Approved Organisations* - Organisations that are eligible to receive funding from The New Zealand Transport Agency for land transport activities. Defined in the Land Transport Management Act 2003 as including regional councils, territorial authorities or a public organisation approved by the Governor-General by Order-in-Council.

*Auckland Regional Transport Authority (ARTA)* – ARTA was established under the Local Government (Auckland) Amendment Act 2004.

*Carbon dioxide (CO<sub>2</sub>)* - Is a naturally occurring gas and also a by-product of burning fossil fuels and biomass, as well as other industrial processes. It is the most significant man-made greenhouse gas.

*Climate change* - Increasing industrialisation and human activity (such as industry, agriculture and transportation) are increasing the amount of greenhouse gases in the atmosphere and causing the Earth not only to heat up, but to do so at an unprecedented rate. This effect is known as global warming. Since this warming will also affect weather patterns and climatic conditions, it is referred to as climate change.

*Crown Funding/C funding* – This refers to additional government funding that has been made available to provide a certain level of funding to specific regions over a set period of time in order to achieve certain outcomes identified through Joint Officials Groups processes (see below).

*Funding Assistance Rate (FAR)* – Previously referred to as a 'Financial Assistance Rate', this rate defines the central government contribution to activities.

*Fuel Excise Duty (FED)* – Fuel excise duty is a tax imposed by the government on fuel and is used to fund land transport activities.

*Greenhouse gases* – Atmospheric gases that retain more energy from outgoing infra-red radiation than from incoming solar radiation. Man-made greenhouse gases include carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and nitrous oxide (NO). Nearly half of New Zealand's total emissions are produced by agriculture, predominantly methane from farm animals and nitrous oxide from soils and fertilisers. However, the principal growth in New Zealand's emissions comes from increased CO<sub>2</sub>, primarily from the energy sector. Most of this increase has come from transport and electricity generation.

*Joint Officials Group processes (JOG)* – JOGs were focused projects to examine the transport strategy, funding issues, and needs of particular regions. They comprised officials from central government, regional and local authorities working collaboratively. They have resulted in extra transport investment in a region.

*Land Transport Management Amendment Act 2008* – This Act made substantial amendments to the Land Transport Management Act 2003, including the requirement for a GPS, and regional land transport programmes.

*Land Transport Management Act 2003* – The main Act governing the land transport planning and funding system.

*Land Transport Revenue* – revenue paid into the National Land Transport Fund under the Land Transport Management Act 2003.

*Local road* - Defined in the Land Transport Management Act 2003 as a road (other than a State highway) in the district, and under the control, of a territorial authority.

*Long-Term Council Community Plan* – Each local council in New Zealand is required to produce a plan for its community called the Long-Term Council Community Plan. It describes the activities of the council and provides a long term focus for its decision making. It must cover a period of 10 consecutive financial years though it is prepared every three years.

*Motor vehicle registration and licensing fees (MVR)* – The Motor Vehicle Register is established under the Transport (Vehicle and Driver Registration and Licensing) Act 1986, and records details of vehicles that are registered to operate on the road. Motor vehicle registration and licensing fees are defined as land transport revenue.

*Ministry of Transport* – Is the government's principal transport policy advisor that both leads and generates policy, and helps to set the vision and strategic direction for the future of transport in New Zealand.

*National Land Transport Programme (NLTP)* – The National Land Transport Programme sets out the land transport activities that are likely to receive funding from the National Land Transport Fund. From 1 July 2009, as a result of the Land Transport Management Amendment Act 2008, the NLTP will be a three yearly programme of investment in land transport infrastructure and services from the National Land Transport Fund. The NLTP is currently an annual programme.

*National Land Transport Fund (NLTF)* – the set of resources, including land transport revenue, that are available for land transport activities under the NLTP.

*New Zealand Transport Agency (NZTA)* – Under the Land Transport Management Amendment Act 2008, the New Zealand Transport Agency came into being on 1 August 2008. The single Crown entity combines the functions of Land Transport New Zealand and Transit New Zealand.

*Next Steps Review* – A review of the land transport sector, led by the State Services Commission, following concerns that the sector was not fully achieving value for money nor delivering on the New Zealand Transport Strategy 2002. Key recommendations arising from the review were announced in May 2007 and included establishing the government's short to medium term funding and investment priorities for the sector and the formation of the New Zealand Transport Agency.

*ONTRACK* - New Zealand Railways Corporation, which owns and manages New Zealand's rail network on behalf of the government.

*Public transport* – Passenger transport services provided or subsidised by local and central government.

*'R' Funding/Regionally Distributed Funding* – this is funding that is distributed regionally on the basis of population.

*Regional Fuel Tax* – The Land Transport Management Amendment Act 2008 inserted provisions into the Land Transport Management Act 2003 allowing for the imposition of regional fuel tax.

*Regional Land Transport Programmes (RLTP)* - The three-yearly land transport infrastructure and services proposals for funding from the National Land Transport Fund prepared by regional transport committees. In the case of Auckland, the Regional Land Transport Programme is prepared by ARTA.

*Regional Land Transport Strategies (RLTS)* - Under the Land Transport Management Amendment Act 2008, every regional transport committee on behalf of the regional council must prepare, and consult on, a regional land transport strategy to provide guidance on the land transport outcomes sought by the region. The RLTS must be produced every six years and cover a period of 30 years, and it must contribute to the vision set out in the strategy.

*Regional Transport Committee* – Every regional council or unitary authority must establish a transport committee for its region and appoint a range of representatives (including those from the regional council, territorial authorities, the New Zealand Transport Agency, one representing each of the five transport objectives and one from a cultural perspective). The main functions of the regional transport committee are to prepare a regional land transport strategy and a regional land transport programme.

*Road controlling authorities* – Authorities and agencies, including the New Zealand Transport Agency, territorial authorities, the Waitangi Trust and the Department of Conservation, who have a legal responsibility for roading.

*Road User Charges (RUC)* - Charges on diesel and heavy vehicles paid to the government and used to fund land transport activity.

*State highways* – A State highway is a road operated by the NZTA, formerly operated by Transit New Zealand.



Ministry of **Transport**  
TE MANATŪ WAKA