

# Draft Government Policy Statement on land transport 2024-34

A submission to the Ministry of Transport

March 2024



## **Draft Government Policy Statement on land transport 2024-34 – Submission**

### What is Taituarā?

1. Taituarā — Local Government Professionals Aotearoa (Taituarā) welcomes the opportunity to submit on the *Draft Government Policy Statement on land transport 2024-34* (GPS). Taituarā is an incorporated society of approximately 1000 members drawn from local government: Chief Executives, senior managers, and council staff with significant policy or operational responsibilities. Our contribution lies in our wealth of knowledge of the local government sector and of the technical, practical, and managerial implications of legislation.
2. Our vision is: Professional local government management, leading staff and enabling communities to shape their future. Our role is to help local authorities perform their roles and responsibilities effectively and efficiently.
3. Effective land transport is vital to Aotearoa New Zealand’s future. The consequences of decisions made today will impact future generations. Long-term environmental, as well as economic outcomes, must be taken into consideration. Negative environmental impacts have clear economic costs.

### **System Reform**

#### ***Long Term Planning and Alignment with Local Government Processes are required***

4. We are pleased to see longer term planning horizons for transport and the GPS and note that 10 years matches with local government’s Long-Term Plans. However, this is still considerably shorter than the requirement for 30-year infrastructure strategies. Furthermore, alignment will only be secured when timing as well as timeframes line up. We recognise that the lack of alignment of this GPS with local government long term planning processes was somewhat unavoidable. Nonetheless it is still sub-optimal for local government. Ideally, future GPSs would be available at least 15 months before the

due date for long-term plans to be adopted and would enable integration with the development, consultation and finalisation of Long-Term Plans, Regional Land Transport Plans, and Public Transport Plans.

5. Given the proposed shift in priorities will likely affect programme business cases, activity management plans and uncommitted work for the forthcoming council Long-Term Plans 2024-34, Regional Transport and Public Transport Plans, we recommend that NZ Transport Authority | Waka Kotahi (NZTA) be enabled to engage with councils at the earliest opportunity to assist with any revisions and rework that might be necessary to meet the new strategic priorities and activity class requirements.
6. Ten-year investment plans are a starting point for alignment. We support the development of a 30-year plan for transport infrastructure and recommend this be coupled with a 30-year investment plan that includes the major strategic projects. Having a well-defined, committed, and funded programme of work will give certainty to business, the transport and construction industry, communities, local government, and NZTA.
7. The 30-year plan for transport infrastructure should be integrated with land use, housing, energy, communications infrastructure, nationally significant waste and water infrastructure, ports, airports, tertiary hospitals and education facilities, and nationally significant sites for conservation and nature. It should address critical matters such as climate change – both adaptation and mitigation – and natural hazards. An integrated plan like this could then be represented spatially – a national spatial plan – and would guide strategic decision making on national and inter-regional issues over the long term and increase the effectiveness and efficiency of decision-making.

#### Recommendations:

1. Future GPSs are adopted at least 15 months before the start of the financial year that they apply to.

2. NZTA engage as early as possible on any revisions to local government business cases, activity management plans, and previous approvals, to ensure local government Long-Term Plans and Regional Transport Plans are fit for purpose and do not require substantial last-minute rework or unnecessary amendment.
3. Consideration is given to developing a national integrated spatial strategy to guide strategic decision making.
4. A 30-year plan for transport infrastructure is developed at pace and includes a thirty-year investment plan for significant programmes and projects.

### ***Overhauling Revenue, Financing and Funding***

8. The future of revenue systems is a piece of work fundamental to the success of future GPS, along with long-term funding and financing tools.
9. We note the significant investment required from local government each year (\$1.5 billion) in this GPS and highlight that there are limited revenue streams for local government to access to meet this expectation. The main area of income for local government is rates. Across the country many regions are already predicting rates increases in double figures, with huge investment required for essential infrastructure projects. Meeting the local share of transport investment has become increasingly difficult. Affordability is both a local, regional, and national issue. Therefore, new tools, such as congestion charging to manage demand and value capture, are not just welcomed – they are necessary.
10. The graph on page 8 of the draft GPS is compelling and backs up the consensus that Fuel Excise Duty (FED) is reaching its use by date. Moving from FED to Road User Charges (RUC) is a step towards road pricing alternatives – particularly if time and location-based charging were included.
11. The commitment to not increasing FED or Road User Charges (RUC) during this term of government creates concern that when increases do arrive, that they will not be gradual, and households will be unable to easily absorb these costs.

12. When these costs are coupled with –

- increases to Motor Vehicle Registrations in 2025 and 2026
- changes to revenue and funding expectations for public transport services – farebox recovery
- rail not competing on an equal footing with roads
- reduced (halved) funding for walking and cycling

there is genuine concern that the GPS will limit mode shift, decrease access to economic and social opportunities and exacerbate current inequities within communities and between them.

13. On page 15 of the consultation document, it states that “it is unfair to ask people using the roads to fund rail infrastructure.” However, this view fails to acknowledge that most people benefit from freight being delivered via rail rather than by road. Freight going via rail makes roads safer, with fewer heavy vehicles on the road resulting in less wear and tear. It reduces congestion and emissions. Having fewer heavy vehicles in residential, urban, and mixed zoned areas would also encourage greater uptake of active transport options. Furthermore, often those travelling via road will be the consumers of goods moved by rail freight. Therefore, a subsidy is necessary, and the level of the subsidy must be reasonable.

14. The need for a social licence to essentially change the country’s tax system shouldn’t be underestimated. Especially considering the feedback Tauranga City Council received on its congestion charging Long-Term Plan 2024-34 proposal<sup>1</sup> and recent findings from Te Waihangā on people’s willingness to pay for infrastructure investment.

15. While the GPS might be the first step in articulating the story, government should have a plan for change that takes people with them on this journey. This plan must include a communications and engagement strategy. Simply receiving a report from the Ministry of Transport and NZTA will not be enough.

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<sup>1</sup> [SunLive - Tauranga puts brakes on congestion charge study - The Bay's News First](#)

### Recommendations:

5. Investigate and then implement new funding and demand management tools to support local government.
6. Revisit the decision to remove funding for rail infrastructure from the revenue generated from road users.
7. Provide a clear plan that outlines the future of the transport revenue system to build the social licence for change.

### **Strategic Priority – Economic Growth and Productivity**

16. The draft GPS approaches future funding and activity from predominantly an economic lens – the top priority being to support economic growth and productivity. While the first purpose of a land transport network is to move goods and people – and transport is a critical economic enabler – the over-riding focus risks missing the vital role transport plays as the servant of the community and an enabler of increased community, as well as societal, wellbeing and standards of living.

### ***A stable climate underpins economic growth and productivity***

17. The GPS fails to sufficiently recognise wider societal outcomes – including health and climate change – by placing pre-eminence on economic growth. This is a concern, not least because of the impact of transport emissions.
18. We cannot forget that the transport sector is the country's second biggest source of greenhouse gas emissions and the lion's share of this comes from land transport. Most emissions come from the vehicles using the land transport system, but transport infrastructure also creates greenhouse gases during its lifecycle of construction (embodied emissions), operation and maintenance.

### ***Putting off decarbonisation signals at this stage is unhelpful***

19. It is clear, as a country, we need to reduce our emissions. This is identified and expanded on in our report on critical transitions<sup>2</sup>.

20. However, 'between 1990 and 2021, transport emissions rose approximately 69%, faster than any other sector.<sup>3</sup> Yet transport has the potential to be almost fully decarbonised by 2050. While the second Emissions Reduction Plan (ERP2) is still in development, given:

- transport's emissions profile
- transport's potential to contribute to net zero by 2050
- the step changes required to meet our Paris targets

the complete omission of climate mitigation from the draft GPS isn't justified and even a different sectoral policy mix shouldn't lead to a vastly different ERP2 given the emissions reductions we need in future years.

21. The omission influences the investment choice between classes of transport activity within the draft GPS and could undermine a long-term, inter-generational, and integrated approach to planning and investment across national, regional, and local strategies and plans.

22. Also, integration of ERP2 later does not sit well with the focus on a move towards pricing signalled throughout the document. A properly set road price will include the environmental costs of road use – especially emissions.

23. Additionally, there are implications related to Aotearoa New Zealand's international obligations around climate change and international agreements. For example, failure to meet the Paris Agreement Obligation may result in a breach of EU trade deals.

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<sup>2</sup> [Navigating critical 21st century transitions: Supporting the local government sector to lead fundamental change in their communities](#)

<sup>3</sup> [MOT-Strategic-Briefing-to-the-Incoming-Minister.pdf \(transport.govt.nz\), p11.](#)

### ***Electrifying the vehicle fleet requires infrastructure and a 'lite' business case***

24. One of the few initiatives to decarbonise the vehicle fleet contained in the draft GPS is the coalition agreement commitment to deliver 10,000 public EV chargers, subject to a cost benefit analysis. The work on the cost benefit should be completed before the final GPS is adopted to give certainty to the direction of travel for electric vehicles. Given the work that is already completed in this area, and the potential revenue stream attached, this should be a simple, incentivised activity. The business case should be proportionate to the issue, costs and risks.
25. More will need to be done to support the transition to an electric fleet, including ensuring a consistent supply of electricity, and enabling people, including freight operators to transition to an electric vehicle.
26. Another issue that needs serious consideration is that new technology might replace EVs. Some top car manufacturing companies are already investing in new forms of fuel, such as hydrogen and synthetic petrol. We encourage the Government to use the three horizons approach to the future of the vehicle fleet and ensure that as a nation we do not commit ourselves to maladaptive responses today that compromise the achievement of horizon three opportunities.

### ***Avoiding perverse outcomes for housing***

27. There is a focus within the economic growth and productivity priority on land being unlocked for thousands of new homes. While housing is certainly needed, and some sites are suitable for greenfield development, consideration needs to be given so that:
  - highly productive land or land susceptible to high natural hazard risk, including the risks associated with climate change, is not released for housing.
  - supporting infrastructure, such as water and wastewater, is planned and adequately funded and local government has access to new funding tools – for example to capture the value associated with land value increases – in advance.

### Recommendations:

8. Include climate mitigation / emissions reductions as a strategic priority in the final GPS on land transport 2024-34.
9. Articulate how transport emissions are being decoupled from economic and population growth to meet Paris commitments and emissions budgets and the achievement of net zero by 2050.
10. Complete a 'lite' cost benefit analysis regarding 10,000 EV chargers before the adoption of the GPS.
11. Consider additional policy levers including incentives to electrify the vehicle fleet<sup>4</sup>.
12. Include the environmental costs of road use – especially emissions – in road pricing.
13. Ensure transport enabled housing growth is –
  - a. carefully planned to avoid development in places of unacceptable risk.
  - b. integrated with plans for other essential infrastructure and appropriate funding tools.

### **Strategic Priority - Increased maintenance and resilience**

28. We welcome the focus on preventative maintenance for resilience but note that resilience is best built into the initial design and this needs to occur very early in the process. Another critical stage is replacement.
29. The amount spent on reseals and rehabilitation and the length of work done are disappointing but not unexpected given the challenges faced by local government – inflation, cost-escalation, contractor availability, weather events etc.
30. Therefore, the pothole funding – covering road resealing, road rehabilitation and drainage maintenance – is endorsed in principle. Much of the work needed 'to fix' the potholes in the near term will be rehabilitation work which is more expensive and more complex and dependent on dry weather than other options such as a resealing in the road corridor. It is probably not what the general public think of when they think of 'fixing

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<sup>4</sup> [Productivity Commission | Low-emissions economy](#)

the pothole' problem either. It is unclear how this fund sits alongside other maintenance needs – operations – and what the calculations are that sit behind the two amounts of funding allocated to the road maintenance activity. For example, is the funding allocated to the pothole fund based on condition assessments and resilience cost data?

31. The scale and complexity of pothole fixing for the long term – the need for resurfacing and rehabilitation which is best done in summer – also begs the question whether a 24-hour target to 'fix' potholes on the state highway network will be effective, efficient or even practicable.
32. Many of the potholes in our roads are caused and exacerbated by heavy freight being moved – particularly over older pavement types and on roads not designed with them in mind. A commitment to move freight back to rail, would have a significant and positive impact on the network performance our roads, including those of national significance.
33. It must be noted that resilience is also required in structures such as bridges, underpasses and retaining walls. Investment needs to be made to ensure stability across the roading network. However, investment in this type of infrastructure must not be made at the expense of better long-term solutions.
34. We welcome the retooling of the Road Efficiency Group (REG). It also needs to look at sources of supply for strategic materials, for example there have been concerns about the availability of aggregate, and at procurement practice - are we paying the price for overspecification in the design and tender stages? However, we need to be mindful of potential overlap of functions with new entities such as Infrastructure Agency.

#### Recommendations:

14. Clarify the basis for the funding allocations across state highway and local roads – potholes, operations and improvements and identify what, if any trade-offs, have been made.
15. Review the practicality of requiring a 24-hour target to 'fix' potholes on the state highway network to ensure it will be effective, efficient and practicable.

16. Road Efficiency Group to look at strategic material supply issues and procurement practice.

## Safety

35. Initiatives to improve road safety that target the highest contributing factors in fatal road crashes are supported. It will be important to resource the police sufficiently to perform this function while not adversely affect the performance of other critical police duties that the public rely on. The focus on specific enforcement targets for Police, along with the potential tripling of driving infringement fees, could be interpreted as a revenue gathering exercise and undermine the public's trust and confidence in the changes.
36. Speed affects the severity of all crashes. Even if it is not the cause of a crash it can determine its outcome. Speed should be consistent with the design speed of the road, and roads should be designed to be safe for all users, including pedestrians and cyclists. We note the reduced funding for traffic calming measures in the Local Road Improvement funding and think this sends the wrong signal. Where a Benefit-Cost analysis suggests this is the right measure for the right road and surrounding environment there should not be a deterrent to its use.
37. Road Controlling Authorities will appreciate legislative certainty around their role in setting speed limits, the timeframes for this and consistent benefit-cost analysis criteria. Sufficient funding for this activity will be required.

## Recommendations

17. Ensure Police are adequately resourced to perform the traffic law enforcement function in a way that does not adversely affect the performance of other critical police duties and targets don't create perverse incentives for policing and negatively affect other aspects of community safety.
18. Ensure there is sufficient funding available for Road Controlling Authorities to do the necessary work and public engagement on speed limits.

## Value for money and resilience

38. Value for money should be viewed in terms of whole of life costs – including greenhouse gas emissions impacts – quality, wider societal benefits, and resilience.
39. In addition to building resilience into initial designs, long term resilience should be a factor in future asset replacement, particularly where network disruption frequently occurs at the same place. Increased resilience options include the potential to move key infrastructure out of danger zones, which requires sufficient funding to be available to make this step-change improvement to the network. While the GPS notes funding for North Island Weather Events comes out of separate Crown Funding, there will be more weather, natural hazard and climate related events in the future. In delivering resilience for the community, broader social as well as economic objectives – and their inter-dependencies – are important.
40. We note that resilience already forms part of strategic business cases, but question whether enough is being done for communities frequently affected by network disruption because of natural hazards, weather, and climate impacts. For example, whether secondary pathways that could be future primary routes are being adequately considered and funded as part of adaption responses. Areas such as Thames Coromandel, Northland and Tairāwhiti come to mind given the frequency of events and sea level rise.
41. The priority accorded to economic productivity could undermine the achievement of 'resilience, reliability, and safety' for all users of the transport network and communities that depend on it.
42. We note there are potential tensions between the "no frills" specification or least cost aspects of the draft GPS and creating an integrated network that contributes to resilience and improved quality of life. It will be important for NZTA, KiwiRail, and councils to continue to work together on programmes and projects to maximise opportunities for win/win solutions within the bounds of the GPS, Ministerial Expectations, and relevant legislation.

### Recommendations:

19. Value for money should be viewed in terms of whole of life costs – including greenhouse gas emissions impacts – quality, wider societal benefits, and resilience.
20. Value for money assessments should capture non-monetised value indicators, take a long-term view and apply discount rates that reflect the life of the asset, and enable adaptation options that increase long term community and infrastructure resilience.
21. Achieving value for money requires parties to work in partnership to achieve national, regional, and local strategic objectives.

### ***Efficiencies throughout the system***

43. All of the public sector, including local government, is currently looking to improve its effectiveness and be efficient in delivering strategic priorities and what matters on the ground. Alongside finding necessary savings, a close working relationship between local government and NZTA that
  - builds better business cases
  - improves asset management and investment outcomes
  - delivers an integrated transport network that meets the needs of New Zealander'sis a highly valued aspect of the current system and essential to the achievement of wider council objectives under the Local Government Act 2002. Councils don't want to lose the opportunities – from capability building to place making – that this relationship provides.

### ***Temporary traffic management and the potential for savings***

44. A reduction in expenditure for temporary traffic management costs is welcomed. These not only affect councils as Road Controlling Authorities, transport operators and delivery partners, but they affect council and community led projects and events. How this works to maintain safety standards for workers and road users and council responsibilities as Person Conducting a Business or Undertaking (PCBU) needs to be carefully thought through with local government at the table. Compliance with revised guidance may not be sufficient to discharge all duties.

Recommendations:

22. Ensure there is sufficient funding for proactive State Highway and local road resilience improvements - including new roads and realignments that deliver genuine improvements for communities at risk of network interruption – to begin within the NLTP investment categories.
23. Involve local government in revised temporary traffic management arrangements including standards or guidance that aim to reduce expenditure to ensure.

**Roading – Funding Allocation**

45. There is more funding in roading infrastructure under the draft GPS which, given the state of the roading network, cost escalations and affordability issues is required. It is unclear how the local road pothole prevention fund figures were derived – we assume based on condition assessments etc - and how this activity class sits with other maintenance needs in local road operations. It has the bulk of the funding, and it is forecast to grow a great deal more rapidly than the other over the life of the GPS.

Recommendation:

24. It would be good to publish the underlying assumptions and comparisons behind the funding figures provided for local road maintenance.
25. Ensure whole of life costs are taken into account when costing infrastructure.

**Public Transport – Funding Allocation**

46. The GPS sends mixed messages. It notes the intent to invest in public transport in Auckland and Wellington, and we agree that substantial investment in the public transport system there is required. However, the proposed levels of investment will not grow the commuter base. Furthermore, overall public transport is losing funding. This sends mixed messages about the government's priorities in this area. A commitment for central government to work more closely with local government on this, and other areas,

is required. Revenue sharing is needed to ensure that there is adequate funding to support infrastructure.

47. Greater funding is required in regions to increase geographical coverage of bus (and other on demand options) networks. This is important for mode shift and to tackle transport poverty. In many regional areas across the country, people's lives are put at risk when others use vehicles that are unsafe because they have no alternative to enable them to get to where they need to go. Having a reliable and affordable public transport service would have a positive impact on the environment, improve road safety outcomes, and also provide economic benefits through access to employment, education and healthcare.
48. The development of smaller public transport projects could be investigated as a means to improve travel times and reduce emissions and congestion.
49. We note that increased fare-box recovery is not a viable option until there is improved service, i.e. reliable with acceptable journey times, which is dependent on the state of the assets. This encompasses tracks, trains, buses, roads, and includes priority for public transport. We currently have a national shortage of train and bus drivers who are key assets in the system and government support for workforce development is needed.
50. There is a history of underinvestment in rail. Achievement of strategic plans is dependent on a reliable network, with hubs that enable the rural hinterland to connect with ports and markets. If the network isn't reliable and the infrastructure isn't up to task – with strategic connections – this leads to less usage, and ultimately increased funding requirements to bring the network back to an agreed level of service. This is the situation we are in now.
51. Under previous GPS for land transport, the expectation had been that more goods will be moved by rail, and across a larger part of the network than described in this draft GPS.

52. There is therefore a concern around the stated funding ranges for the rail network, particularly if rail is to play a part in reducing carbon emissions, a resilient transport network and an enabler of growth. There are substantial differences in upper and lower range bounds. The rationale for such a significant range, with the figure at the lower level of funding being so small - particularly from the 26/27 year - is not clear. It appears to imply that beyond the Golden Triangle and Lower North Island – and whatever is built into the programme already – there is little that will be supported.
53. The Lower South Island network and the Mid Canterbury Network could be viable under the revised funding model so long as groups of customers are prepared to invest but options beyond these lines appear limited, particularly with significant money already committed.

#### Recommendations:

26. Work with local government to determine effective, and cost efficient, ways to support public transport.
27. Publish the assumptions underpinning the quantum of funding and upper and lower bounds of the range for public transport.
28. Road users should subsidise rail infrastructure due to the benefits of removing freight from roads - reduced congestion, improved safety, and lower emissions.
29. Clarify the Government's position on the future of rail freight networks such as the lower South Island network and the Mid Canterbury Network under the revised funding model.

#### **Active Transport**

54. In the GPS any new investment in walking and cycling is constrained by the need for either increasing economic growth or improving safety - where volumes of pedestrians and cyclists already exist. The multiple benefits from active transport, including health benefits to individuals, and ultimately, the health system, along with benefits to the environment, with fewer emissions released through these modes of transportation, are missing from the GPS. Funding for active transport improvements is effectively halved.

55. The draft GPS does not recognise that there are clear economic benefits to increased foot traffic in central business districts.<sup>5 6</sup>

56. There are concerns that any reference to safety - safer roads, safer drivers, and safer vehicles - does not include the safety of the public using the transport system as a whole.

Recommendations:

30. Ensure that the safety of the public, not only those of road users, is taken into consideration.

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<sup>5</sup> [SGS-Economics-and-Planning-CBD-Pedestrian-Analysis.pdf \(sgsep.com.au\)](#)

<sup>6</sup> [About the Retail Quarter \(George Street\) upgrade project - Dunedin City Council](#)



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