

1 November 2024

s9(2)(a)

By email: s9(2)(a)

Dear s9(2)(a)

I write in reply to your Official Information Act request, received on 12 September 2024. You requested:

1. *any ministerial briefings, input to cabinet papers, aides-memoire or other forms of advice, including correspondence to Minister's offices and/or officials, that the Infrastructure Commission may have provided on the draft Government Policy Statement on Land Transport, which was released publicly in May, and the final GPS, which was released in late June.*
2. *any ministerial briefings, input to cabinet papers, aides-memoire or other forms of advice, including correspondence to Minister's offices and/or officials, that the Infrastructure Commission may have provided on the development of the National Land Transport Programme, released by the New Zealand Transport Agency in early September.*

On 10 October, we notified you that we needed to extend the timeframe for our reply to 1 November, to allow for further consultation and review. We have now completed this work.

Part 1 of your request

I am releasing documents to you within scope of this Part of your request, as listed in Annex 1. Some information has been withheld under the following sections of the Act:

Section of Act	Reason to withhold
9(2)(a)	To protect the privacy of natural persons.
9(2)(f)(iv)	Maintain the constitutional conventions which protect the confidentiality of advice tendered by Ministers and officials.
9(2)(g)(i)	To maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any department or organisation in the course of their duty
s9(2)(k)	To prevent the disclosure or use of official information for improper gain or advantage.

Some of these documents are extracts from our weekly reports to the Minister for Infrastructure and were released previously on our website here: <https://tewaihanga.govt.nz/about-us/corporate-documents-official-information/information-releases>. I have reviewed these extracts in the context of your request and have decided to release them to you with the earlier redactions removed. This is because the draft GPS is no longer under active consideration (and has been published).

Many of the attachments to the documents I am releasing to you are versions of the draft GPS itself or Cabinet papers relating to it. I am refusing to release all of these attachments under section 18(d) – ie, on the grounds that they have already been published. These documents are within scope of the Ministry of Transport’s proactive release of GPS-related documents, which was published in September. You can see these proactive releases here: <https://www.transport.govt.nz/assets/Uploads/GPS-2024-Proactive-Release-Documents-1-12.pdf> and <https://www.transport.govt.nz/assets/Uploads/GPS-2024-Proactive-Release-Documents-13-27.pdf>. I recommend that you read these documents alongside those we are releasing under your current request.

Similarly, the Ministry of Transport has proactively released the Cabinet paper on the Land Transport Revenue Action Plan, which is an attachment to item 12. I am therefore also refusing to release this under section 18(d).

Part 2 of your request

The New Zealand Transport Agency | Waka Kotahi has independent statutory authority to develop the National Land Transport Programme (NLTP). Te Waihanga does not provide advice on the development of the NLTP and therefore does not hold information within scope of this part of your request. This part of your request is therefore refused under section 18(e) as the information you are seeking does not exist.

Incidental references to GPS 2024-34 and NLTP 2024-27

In addition to the documents listed in Annex 1, there will also be incidental references to GPS 2024-34 and NLTP 2024-27 in other advice we have provided to Ministers or officials – such as in relation to projects within the Roads of National Significance (RONS) programme. We have deemed these incidental references to be outside of scope on the basis that they do not provide advice on the NLTP or GPS per se. As you know, you can find documents we have previously released on the Waitematā Harbour Connections project and the Northland RONS (both of which are referenced in the GPS 2024-34 and included in the NLTP 2024-27) on our website here: <https://tewaihanga.govt.nz/about-us/corporate-documents-official-information/oia-responses>.

In making my decision, I have considered the public interest considerations in section 9(1) of the Official Information Act.

Please note that this letter (with your personal details removed) and the enclosed documents may be published on Te Waihangā's website.

This reply addresses the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely



Barbara Tebbs
General Manager, Policy

Annex 1 – schedule of documents

TW = Te Waihanga; MO = Office of the Minister for Infrastructure; MOT = Ministry of Transport

Documents released –			
Item	Date	Description	Section of the Act applied (other than s9(2)(a))
1	2 February 2024	Email from MOT to TW seeking feedback on draft GPS <ul style="list-style-type: none"> Attachment: "Dept Consultation Version Draft GPS on land transport 2024 Infrastructure Commission" 	s18(d)
2	12 February 2024	Email from MO to TW forwarding an email from the Minister of Transport's office requesting ministerial feedback on the draft GPS <ul style="list-style-type: none"> Attachment: Draft GPS (V0.8) 	s18(d)
3	15 February 2024	Email from TW to MOT attaching feedback on the draft GPS <ul style="list-style-type: none"> Attachment: "GPS 2024 feedback to MOT – Te Waihanga" dated 15 February 	
4	15 February	Email from TW to MO advising that the weekly report includes an item to support feedback from the Minister for Infrastructure on the draft GPS in response to a 12 Feb request from the Minister of Transport's office	[See item 15 for the extract from the weekly report]
5	5 March 2024	Emails between TW staff providing a summary and discussing next steps for feedback on the draft GPS <ul style="list-style-type: none"> Attachment 1: "Departmental consultation on draft GPS 2024 and Cabinet paper" Attachment 2: "GPS on land transport 2024 consultation 4 March 2023" 	Duplicate of item 3 above s18(d)
6	5 March 2024	Email between TW staff, cc-ing Minister's office, asking if a time and date has been set for us to meet with the Minister of Transport	
7	7 March 2024	Email from Minister's office confirming date and time for meeting with Minister of Transport <ul style="list-style-type: none"> Attachment: "GPS 2024 feedback to MOT – Te Waihanga" dated 15 February 	Duplicate of the attachment to item 3 above.


Documents released –			
Item	Date	Description	Section of the Act applied (other than s9(2)(a))
8	30 May 2024	Email from TW to MO attaching an aide memoire with advice on the draft Cabinet paper, which attached the draft GPS <ul style="list-style-type: none"> Attachment 1: Aide memoire [TW-2024-415] Attachment 2: Draft Cabinet paper Attachment 3: Draft GPS [draft as at 21 May] 	s18(d) s18(d)
9	30 May 2024	Email from MOT to TW with updated GPS and draft Cabinet paper for departmental consultation [post Budget announcements] <ul style="list-style-type: none"> Attachment 1: Draft Cabinet paper Attachment 2: Draft GPS [draft as at 21 May without redactions for Budget] 	s18(d) s18(d)
10	30 May 2024	Email from TW to MOT providing feedback on draft GPS and draft Cabinet paper with request for TW-2024-415 to serve as departmental consultation <ul style="list-style-type: none"> Attachment: Aide memoire [TW-2024-415] 	Duplicate of attachment 1, item 10
11	31 May 2024	Email between TW staff and MO re further advice on post-Budget drafts of the GPS and Cabinet paper	
12	11 June 2024	Email from TW to MO with advice on a Cabinet paper about the Land Transport Revenue Action Plan <ul style="list-style-type: none"> Attachment 1: Aide memoire [TW-2024-427] Attachment 2: draft Cabinet paper 	s18(d) – already published here: https://www.transport.govt.nz/assets/Uploads/GPS-2024-Proactive-Release-Cab-Revenue-Action-Plan-for-web.pdf
13	15 February; 7 March; 23 May 2024	Extracts from weekly reports to the Minister for Infrastructure	

Item 1

From: [Barbara Tebbs](#)
To: [Jeff Whitty](#); [Nadine Dodge](#); [Peter Nunns](#)
Cc: [Brigit Stephenson](#)
Subject: FW: Departmental Consultation on draft GPS 2024 and Cabinet paper - input by midday Monday 12 February 2024
Date: Friday, 2 February 2024 4:03:24 pm
Attachments: [image001.png](#)
[Dept Consultation Version Draft GPS on land transport 2024 Infrastructure Commission.docx](#)

Hi Jeff, Nadine and Peter (cc Brigit FYI)

out of scope

 – see below and attached, the draft land transport GPS 2024. For comment by Mon 12 Feb.

Jeff – can you be our lead on Te Waihanga feedback? Happy to discuss this together or separately. Jeff, let's touch base on this next week.

Have a good weekend and Waitangi Day.

Cheers, Barbara

From: GPS <gps@transport.govt.nz>
Sent: Friday, February 2, 2024 3:16 PM
To: Barbara Tebbs <barbara.tebbs@tewaihang.govt.nz>
Subject: Departmental Consultation on draft GPS 2024 and Cabinet paper - input by midday Monday 12 February 2024

Good afternoon Barbara,

Please find attached a copy of the draft Government Policy Statement on land transport 2024 (GPS 2024), for Departmental Consultation. The GPS is the Government's strategy for investing in the land transport system. It outlines what the Government wants to achieve in land transport, and how it expects funding to be allocated from the National Land Transport Fund across different types of activities (for example road improvements and public transport). The GPS also includes a statement of the Minister of Transport's expectations of how the New Zealand Transport Agency gives effect to the GPS.

Please note we are still finalising the expenditure and revenue package for GPS 2024. The attached version of the draft GPS does not include expenditure or revenue information, but it does outline the Government's strategic direction for land transport investment, and provides an indication of the Minister's intended policy direction.

Once we have the finalised expenditure and revenue package, we will share an updated draft GPS and draft Cabinet paper. We expect to share these with you towards the end of next week (week beginning 5 February 2024) and will keep you updated if timeframes change.

We seek feedback on the draft GPS by **midday Monday 12 February**. Whilst we understand that many people in your organisations will be interested in the draft GPS and Cabinet paper, please do not circulate the draft GPS or Cabinet paper wider than is necessary.

If you have any immediate queries, please contact Paul O’Connell, DCE Sector Strategy, on s9(2)(a)

Many thanks again for your understanding,

GPS Team

Te Manatū Waka Ministry of Transport

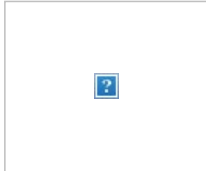
E: gps@transport.govt.nz | transport.govt.nz



Item 2

From: [Elizabeth Innes](#)
To: [Barbara Tebbs](#)
Cc: [Brigit Stephenson](#); [Georgia Kahan](#)
Subject: FW: Ministerial Consultation: Draft Government Policy Statement on Land Transport 2024
Date: Monday, 12 February 2024 12:25:35 pm
Attachments: [image001.jpg](#)
[image002.jpg](#)
[Draft Government Policy Statement on Land Transport 2024.pdf](#)

Hi folks – any comments welcome by COP Thursday please.



Liz Innes

Private Secretary (Infrastructure) | Office of Hon Chris Bishop
Minister for Infrastructure

M: [s9\(2\)\(a\)](#)
Email: l.innes@parliament.govt.nz Website: www.Beehive.govt.nz
Private Bag 18041, Parliament Buildings, Wellington 6160, New Zealand

From: Reef Stewart <Reef.Stewart@parliament.govt.nz>
Sent: Monday, February 12, 2024 10:07:49 AM
To: [s9\(2\)\(k\)](#)
Cc: [s9\(2\)\(k\)](#)
Subject: Ministerial Consultation: Draft Government Policy Statement on Land Transport 2024

Dear colleagues

The Minister of Transport has prepared a draft Government Policy Statement (GPS) on land transport as part of the Coalition Government's 100 Day Plan. It is the Minister's intention to take this document to the Economic Policy Committee on 28 February.

Attached is the draft GPS on land transport for your consideration. We would appreciate any feedback you have on the draft GPS on land transport, if any, by midday Friday 16 February.

The GPS is the Government's strategy for investing in the land transport system. It outlines what the Government wants to achieve in land transport, and how it expects funding to be allocated from the National Land Transport Fund across different types of activities (for example road improvements and road maintenance). The GPS also includes a statement of the Minister of Transport's expectations of how the New Zealand Transport Agency gives effect to the GPS. This draft GPS contains the following strategic priorities:

- Economic Growth and Productivity
- Increased Maintenance and Resilience
- Safety
- Value for Money

Regards
Reef



Reef Stewart

Private Secretary (Advisory/Media) | Office of Hon Simeon Brown
Minister of Transport, Minister of Local Government, Minister for Energy, Minister for Auckland

M: [s9\(2\)\(a\)](#)
Email: S.Brown@ministers.govt.nz Website: www.Beehive.govt.nz
Private Bag 18041, Parliament Buildings, Wellington 6160, New Zealand

Item 3

From: [Jeff Whitty](#)
To: gps@transport.govt.nz; [George Ross](#)
Cc: [Barbara Tebbs](#); [Brigit Stephenson](#); [Peter Nunns](#); [Nadine Dodge](#)
Subject: RE: Departmental Consultation on draft GPS 2024 and Cabinet paper - input by midday Thursday 15 February
Date: Thursday, 15 February 2024 4:12:45 pm
Attachments: [GPS 2024 feedback to MoT - Te Waihanga.docx](#)

Kia ora koutou GPS team,

Thank-you for the opportunity to comment on the draft Land Transport GPS 2024. We see the GPS as an important pillar of the transport policy and revenue system. While elements of the draft GPS align well with New Zealand's Infrastructure Strategy, we see opportunities to ensure compliance with the LTMA, enable good-practice decision-making, improve transport network resilience, meet our emissions reduction obligations and develop targets that lift performance and accountability.

We would be pleased to discuss any aspect of the attached feedback. [REDACTED]

[REDACTED]
[REDACTED] out of scope

Ngā mihi nui

Jeff Whitty ([he/him](#)) | **Principal Adviser - Policy**
New Zealand Infrastructure Commission | Te Waihanga
Ph: s9(2)(a) | **Email:** jeff.whitty@tewaihanga.govt.nz

From: GPS <gps@transport.govt.nz>
Sent: Monday, February 12, 2024 5:15 PM
To: Barbara Tebbs <barbara.tebbs@tewaihanga.govt.nz>
Subject: Departmental Consultation on draft GPS 2024 and Cabinet paper - input by midday Thursday 15 February

Kia ora Barbara,

As signalled on Friday we are now in a position to provide you with the consultation draft of the GPS, which now includes information on revenue and expenditure. Unfortunately, we are not in a position to share the draft Cabinet paper with you, but we will share that as that as soon as we can.

Could you please provide feedback on the draft GPS by COB Thursday 15 February. Apologies for the changing timeframes, but we will need the extra day to ensure we can meet Ministerial timeframes.

The draft GPS is still confidential, so please do not circulate any of these documents wider than is necessary.

Many thanks again for your understanding,

Ngā mihi,
The GPS Team



MINISTRY OF TRANSPORT

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Government Policy Statement on Land Transport 2024

Feedback for the Ministry of Transport

Thank-you for the opportunity to comment on the draft GPS Land Transport 2024. We see it as an important pillar of the transport policy and revenue system. As the draft GPS clearly articulates, a well-functioning transport system is central to driving economic and social progress. Our feedback aims to identify both the strengths we see, and opportunities to improve an effective transport system, best positioned to achieve the Government's objectives.

Contributions to Government's priorities

We support links drawn between the GPS and other proposed workstreams including:

- **Preparation of a 10-year investment plan.** The predictability of long-term investment plans will support construction sector productivity, improve delivery efficiency and certainty for local councils.
- Touch-points with the proposed **fast-track consenting regime**.
- Alignment between the NLTP and **City/Regional Deals**;
- Alignment between the NLTP and the proposed **30-year Infrastructure Plan**. Please note that the Infrastructure Commission, Te Waihangā has been asked to lead development of the 30-year Infrastructure Plan (confirmed by the Minister of Infrastructure's priorities to the PM). As such, we'd request that the National Infrastructure Agency's role in this deliverable (GPS, pg 7) is deleted.
- The transport system's contribution to **housing growth**. We do, however, question the suggested link between transport expenditure and housing *affordability* (GPS, pg 8). Our literature review and preliminary research suggests that the link between transport investments and housing affordability is unclear. Furthermore, NZTA's economic evaluation manual does not offer procedures to value impacts of transport projects on housing markets, meaning that it will not be possible to objectively quantify the purported benefits or use them to prioritise investments in a rigorous way.

Future of Land Transport Revenue programme

We see funding sustainability as a first-order issue constraining transport sector performance. Reforming the transport funding system is a prominent recommendation in New Zealand's Infrastructure Strategy ([Rec 48](#)). [REDACTED]

[REDACTED] out of scope

The draft GPS calls for diversified funding and financing sources including through land sales, equity finance, investments from wealth and insurance funds (including ACC), value capture, time-of-use charging and tolling. The use of value capture aligns with New Zealand's

Infrastructure Strategy ([Rec 53](#)). We are also supportive of time-of-use charging and tolling tools that send pricing signals to road users. We would be keen to support MoT with the design of these pricing tools when appropriate.

While a broad range of revenue sources may increase available funds, the uncertainty and unpredictability of some proposed funding streams will require adept and flexible investment management by NZTA. We also note that NZTA's ability to access the full suite of revenue sources will require legislative change.

RoNS, NZTA autonomy and decision-making principles

We are concerned by the proposed inclusion of priority projects by Government (the Roads of National Significance). Empirical evidence shows that announcing projects before the completion of rigorous business case appraisals contributes to delivery delays and cost overruns. The practice of prematurely announcing projects also conflicts with the [decision-making principles](#) in New Zealand's Infrastructure Strategy ([Rec 43.b.](#)). We have also shared our concerns on prematurely announced projects to the Transport and Infrastructure Select Committee (Feb 2024).

The level of prescription in defining RoNS attributes (*"All Roads of National Significance will be four-laned, grade-separated highways"*, GPS, pg 9) is similarly inconsistent with the Infrastructure Strategy which calls for consideration of non-built and lower-cost options first ([Rec 42](#)). The GPS could be strengthened to explicitly require NZTA to explore demand management opportunities in the first instance. Even where a built solution is warranted, lower cost options should be pursued. The level of prescription in the GPS runs counter to these recommendations.

We are concerned that a directive to allocate NLTF funding to RoNS (GPS, pg 9) rubs against NZTA's responsibility under the Land Transport Management Act to allocate NLTF funding at arm's length from Ministers. In addition to these legal implications, the inclusion of the RoNS within the GPS risks subverting the agency of local councils in selecting projects for their Regional Land Transport Plans (RLTPs). Priority projects would benefit from review via the Infrastructure Priority List (IPL) currently being developed by the Infrastructure Commission and Treasury. The IPL is integrated into the Investment Management System applying a standardised third-party assurance process to assess infrastructure proposals at set points in the planning process. Committing to RoNS projects in advance of robust business case and third-party assurance represents another departure from the decision-making principles in New Zealand's Infrastructure Strategy.

The draft GPS also calls for a streamlined business case process. We would be pleased to support NZTA develop a fit-for-purpose model that remains robust.

NLTF sufficiency, sustainability and deliverability

Funding sufficiency

As noted above, a Government directive to prioritise specific projects (RoNS) could be incompatible with the NZTA's independent decision-making role on NLTF expenditure. Any directive to implement the RoNS should therefore be accompanied by sufficient crown finance, accounted separately from the core NLTF. In our view, the draft GPS 2024 does not offer sufficient clarity on the sufficiency of crown funding and financing to deliver the RoNS programme. On the face of it, a total budget of \$20.5B appears insufficient to deliver NZTA's

essential expenditure of \$18.4B¹ plus the 15-project RoNS programme. The long lead-times and uncertainty associated with alternate revenue sources like road tolls, time-of-use charging and value capture, suggests that RoNS delivery may detract from NZTA's essential expenditure.

Table 1 helpfully distinguishes between core NLTF (FED/RUC/MVR) and proposed crown funding and financing. But other summary tables appear to co-mingle all funding and finance sources. This co-mingling is particularly problematic in Table X (Funding Ranges – pg 23) which identifies funding ranges for each activity class. We recommend updating this table to separately identify the crown funding tagged for delivering RoNS projects by splitting out the 'State Highway Improvements' Activity Class. This added transparency is important to confirm where crown funds are pre-committed and where the core NLTF remains flexible for use by the NZTA Board.

Efforts to differentiate between core NLTF funding and crown contributions in Table 2 would illustrate how the proportion of each funding source is expected to change over the next six financial years. A key message in the Table 2 narrative *'[FED/RUC increases] are not in themselves sufficient to fully replace the fixed term funding top-ups that will be provided by the government over the first three years'* isn't well illustrated without differentiating between core NLTF and these crown-funded top-ups.

Our research into New Zealand's expenditure on infrastructure maintenance reveals that current maintenance and renewal efforts do not keep up with depreciation. Our analysis suggests that the state highway network requires a minimum expenditure of \$578m per year to keep up with depreciation. In keeping with the Minister's desire to *"...prevent further deterioration in roading quality"* (GPS, p.3), we recommend that the lower band of the State Highway Pothole Prevention Activity Class be increased to \$578m. While this minimum expenditure is insufficient to address the maintenance backlog, it will prevent further deterioration. A corresponding uplift of the upper band to \$858m would provide flexibility to address the maintenance backlog and remains consistent with the current range in the band.

Our analysis suggests that \$744m per year is required to keep up with local road depreciation. Proposed bands for the Local Road Pothole Prevention Activity Class appear sufficient on the basis that the NLTF provides 50% cofinance with local councils.

Funding sustainability

We are encouraged to see the draft GPS signal an eventual resumption of FED/RUC increases. Sufficiently strong pricing signals (both for road users and NZTA) are important to drive efficiency, innovation, and greater value. Increased revenue from road users is but one tool in establishing a sustainable funding base.

Deliverability

A review of three-year expenditure targets (Table 3) against the corresponding table in [GPS 2021 \(p.31\)](#) suggests an increase of \$5.2B (\$13.7B for 2021-2024 period vs \$18.9B for 2024-2026 period). While the comparability between these two tables is unclear, we are concerned about market capacity to deliver a significant scale-up in expenditure. In recent years, both international and domestic demand have constrained construction workforce capacity. A better understanding of current market capacity is the subject of a current Infrastructure

¹ The proactively released Cabinet Paper "Revised Draft GPS on Land Transport 2024 for Public Consultation" released in August 2023 identified \$18.4B in essential expenditure for NZTA maintenance, current commitments, and debt repayments (para 39).
https://www.transport.govt.nz/assets/Uploads/Cabinet-paper_Draft-GPS-2024_Proactive-Release.pdf

Commission survey. We would be happy to share the results of this survey, expected in March 2024. Given stubbornly high inflation rates for both construction wage growth and materials, the impact of increased transport spending on inflation also warrants assessment.

Should the GPS 2024 programme represent a significant increase in expenditure, we recommend commensurate resourcing for NZTA to undertake the robust planning and quality assurance needed to ensure efficient expenditure and achievement of the GPS Strategic Priorities. We note that an expectation to reduce NZTA head office expenditure by 7.5% (GPS, p.16) appears to run counter to this potential need for additional resourcing. If not resourced in-house, planning and project delivery functions could be outsourced with a resulting impact on consultancy expenditure.

Maintenance and Resilience Strategic Priority

While maintenance efforts can enhance resilience generally, a transport system resilient to the threats of climate change and other hazards requires planning and investment beyond mere road maintenance. We fear that combining these two objectives into a single strategic priority has the effect of demoting resilience as an investment priority.

Indeed, the draft GPS proposes no activity class with funding eligible for resilience investments. The pothole prevention activity classes appear to confine expenditure to “*road resealing, road rehabilitation and drainage maintenance*” (GPS, p. 14). This narrow scope appears to preclude flexibility for expenditure on other system needs. We suggest updating the draft GPS to clarify how the following expenses will be met:

- Investments in strategic resilience which may mean elevating or re-routing roads outside hazard-prone locations, slope stabilisation, bridge and tunnel earthquake strengthening or seawall construction;
- Maintaining operational and safety equipment including road barriers, signage and traffic lights;

The importance of transport sector resilience has been highlighted once again by recent natural disasters. For instance, transport sector restoration costs in response to last year’s North Island Extreme Weather Events exceeded costs for all other sectors. Mitigating the risk of natural hazards requires a holistic risk management approach including strategic investments in resilience, risk transfer, self-insurance and other tools. NZTA’s lack of third-party or self-insurance for the state highway network exacerbates the crown’s financial exposure. We recommend allowing resilience expenditure under the GPS for both state highways and local roads. The GPS also provides an opportunity to set expectations for developing a holistic risk management strategy.

Separately, the draft GPS proposes that rail infrastructure “*will no longer be cross-subsidised from revenue generated from road users*” (GPS, p. 12). As the subsidy for rail infrastructure is removed, s9(2)(g)(i) potentially shifting more heavy freight on to the road network if it is more cost-competitive.² If either road or track user-charges are set at a level that does not fully recompense the cost (e.g. network damage) of transporting heavy

² Evidence suggests that road users benefit from rail investment, in the form of reduced congestion and reduced road related costs. For example, a recent business case for inter-regional passenger rail demonstrated that over half (53%) of the benefits were either decongestion benefits to road users, or road related costs, such as maintenance, safety, and road crash costs.

freight, then the resulting economic incentives will drive modal choices. On a related point, we note the absence of the Coastal Shipping Activity Class which appeared in previous GPSs. This absence of funding implies a pause on efforts to shift heavy freight off the road network.

Consideration should be given to the impact of increased freight on road deterioration rates and where costs should lie. A funding and financing principle in New Zealand's Infrastructure Strategy recommends that *"infrastructure services should be paid for by those benefiting from the services (the benefit principle) or creating a need for the service (the causer principle)."*

Moving heavy freight off the road network can in some cases provide benefit both for NZTA (through avoided maintenance) and road users (through reduced congestion and improved safety). In some cases, investment in rail and coastal freight will be the most cost-effective way to solve an issue. Rather than prohibit NLTF subsidies for non-road options, we recommended that individual business cases consider these investment options where relevant (per Infrastructure Strategy [recommendation 42](#)).

We also note that potentially incentivising a shift of heavy freight to the road network runs counter to the Climate Change Commission's [most recent advice](#) to move more freight by rail and sea. Where increased heavy freight is anticipated we recommend considering both NZTA's maintenance capacity and a review of the RUC for heavy vehicles, to ensure it fully accounts for heavy vehicle damage to the road network.

Lastly, we recognise that a multi-modal transport system is an inherently more resilient transport system. We fear that constrained investments in public transport and active transport in favour of a system catering for owner-operated vehicles risks undermining system resilience. Reduced investment in public and active transport also contradicts the [Climate Change Commission's advice](#) to reduce reliance on cars.

Alignment with the Climate Change Response (Zero Carbon) Amendment Act 2019

The Government has a legislated target of achieving net zero carbon emissions by 2050. Enabling net-zero carbon emissions is one of five strategic objectives in [New Zealand's Infrastructure Strategy](#). The [Emissions Reduction Plan](#) (ERP) calls for significant reductions in the transport sector. Current targets include reductions in total kilometres travelled by the light vehicle fleet by 20% and a 35% reduction in freight emissions by 2035. The absence of any reference to climate change within the draft GPS seems inconsistent with current emission reduction plans and commitments. If transport investments are not tailored to reduce emissions, cuts will need to be made in other parts of the economy to ensure that our domestic and international obligations are met.

We are concerned that policy settings within the draft GPS could actively counter progress on emissions reduction. These include:

- the requirement for increased patronage and fare-box revenue before increasing investments in public transport (GPS, p.11). Investing in services with high patronage makes sense from a value-for-money perspective. However, we recommend that the GPS also support public transport investments where they are *anticipated* to increase patronage. Investments to improve the service levels, reliability and attractiveness of public transport are likely to be a precursor to increased uptake.

- the restriction of walking and cycling investments to routes with demonstrated volumes of users (GPS, p.12). Again, leading investments in active transport options are likely needed before patronage increases. An overly prescriptive GPS constrains NZTA's ability to choose projects that best deliver the GPS objectives.
- a 25% cap on NLTF co-funding for walking and cycling maintenance (GPS, p.22). Constraints on maintaining active transport assets are likely to lead to deteriorating condition, impairing the user experience and creating a further barrier to uptake.

Inclusion of a RoNS programme within the draft GPS has emissions implications as well. In the absence of business cases and Climate Implications of Policy Assessments, funding commitments are being made before the embodied and enabled carbon implications are known. The Infrastructure Strategy calls for infrastructure policies and strategic plans to take carbon implications into account ([Rec 4.a.](#)). Pre-commitments on RoNS also run counter to ERP Actions 10.1.1 and 10.1.4 which set high thresholds to approve new road and highway investments.

Performance measurement

We are encouraged to see the proposal for measurable performance targets. The draft GPS (p.14) proposes process targets such as those for state highway renewals (2% per year) and resealing (9%/year). Targets such as these may result in unintended consequences, like resealing roads that are convenient or low-cost rather than the highest need. Outcome targets, like ensuring that X% of the road network meets roughness standards, would provide NZTA with flexibility and incentive to meet the target in the most efficient way.

Performance of the transport system more broadly would be strengthened by developing a comprehensive results measurement framework to measure progress against all strategic priorities. Other metrics could include maintenance expenditure in relation to depreciation, cost of maintenance per km, travel times, etc.

We are concerned that overly simplistic graphs depicting expenditure on local road and state highway maintenance (GPS, p.13) may misrepresent maintenance efficiency. We recommend an analysis to better identify the underlying causes of rising maintenance costs and understand where genuine opportunities for efficiency exist. Cost increases attributable to a growing road network, emergency works, and inflationary trends including the high cost of bitumen, are factors outside of NZTA's control.

Lastly, we support the proposal to measure expenditure on temporary traffic management. An evidence base is required to assess the value obtained from money spent on temporary traffic management. But in addition to expenditure data, we recommend that reporting include data on road injuries and deaths near construction sites. This information will inform views on whether expenditure on temporary traffic management is creating commensurate increases in road safety for both workers and road users.

Conclusion

In some respects the draft GPS aligns well with New Zealand's Infrastructure Strategy. Even so, we see opportunities to ensure compliance with the LTMA, enable good-practice decision-making, improve transport network resilience, meet our emissions reduction obligations and develop targets that lift performance and ensure accountability.

We would be pleased to discuss any aspect of our advice. [REDACTED]

[REDACTED]
[REDACTED] out of scope

item 4

From: [Elizabeth Innes](#)
To: [Brigit Stephenson](#)
Cc: [Georgia Kahan](#); [Barbara Tebbs](#); [Jeff Whitty](#)
Subject: RE: Ministerial Consultation: Draft Government Policy Statement on Land Transport 2024
Date: Friday, 16 February 2024 11:31:56 am
Attachments: [image002.jpg](#)
[image003.jpg](#)

Thanks folks, will do

From: Brigit Stephenson <Brigit.Stephenson@tewaihang.govt.nz>
Sent: Thursday, February 15, 2024 3:23 PM
To: Elizabeth Innes <Elizabeth.Innes@parliament.govt.nz>
Cc: Georgia Kahan <Georgia.Kahan@parliament.govt.nz>; Barbara Tebbs <barbara.tebbs@tewaihang.govt.nz>; Jeff Whitty <Jeff.Whitty@tewaihang.govt.nz>
Subject: FW: Ministerial Consultation: Draft Government Policy Statement on Land Transport 2024

Hi Liz

Just to note that we responded to your request below via this week's status report. Let us know if you need anything more on this.

Cheers
Brigit

From: Elizabeth Innes <Elizabeth.Innes@parliament.govt.nz>
Sent: Monday, February 12, 2024 12:25 PM
To: Barbara Tebbs <barbara.tebbs@tewaihang.govt.nz>
Cc: Brigit Stephenson <Brigit.Stephenson@tewaihang.govt.nz>; Georgia Kahan <Georgia.Kahan@parliament.govt.nz>
Subject: FW: Ministerial Consultation: Draft Government Policy Statement on Land Transport 2024

Hi folks – any comments welcome by COP Thursday please.



Liz Innes
Private Secretary (Infrastructure) | Office of Hon Chris Bishop
Minister for Infrastructure

M: [\(s9\(2\)\(a\)\)](tel:s9(2)(a))
Email: lizanne.innes@parliament.govt.nz Website:
www.Beehive.govt.nz
Private Bag 18041, Parliament Buildings, Wellington 6160, New Zealand

From: Reef Stewart <Reef.Stewart@parliament.govt.nz>
Sent: Monday, February 12, 2024 10:07:49 AM
To: [s9\(2\)\(k\)](#)
Cc: [s9\(2\)\(k\)](#)
Subject: Ministerial Consultation: Draft Government Policy Statement on Land Transport 2024

Dear colleagues

The Minister of Transport has prepared a draft Government Policy Statement (GPS) on land transport as part of the Coalition Government's 100 Day Plan. It is the Minister's intention to take this document to the Economic Policy Committee on 28 February.

Attached is the draft GPS on land transport for your consideration. We would appreciate any feedback you have on the draft GPS on land transport, if any, by midday Friday 16 February.

The GPS is the Government's strategy for investing in the land transport system. It outlines what the Government wants to achieve in land transport, and how it expects funding to be allocated from the National Land Transport Fund across different types of activities (for example road improvements and road maintenance). The GPS also includes a statement of the Minister of Transport's expectations of how the New Zealand Transport Agency gives effect to the GPS. This draft GPS contains the

following strategic priorities:

- Economic Growth and Productivity
- Increased Maintenance and Resilience
- Safety
- Value for Money

Regards
Reef



Reef Stewart
Private Secretary (Advisory/Media) | Office of Hon Simeon Brown
Minister of Transport, Minister of Local Government, Minister for Energy, Minister for Auckland

M: **s9(2)(a)**
Email: S.Brown@ministers.govt.nz Website: www.Beehive.govt.nz
Private Bag 18041, Parliament Buildings, Wellington 6160, New Zealand

Item 5

From: [Barbara Tebbs](#)
To: [Anna Moodie](#); [Geoff Cooper](#); [Rebecca Robertshawe](#); [Ross Copland](#)
Cc: [Andy Hagan](#); [Jeff Whitty](#); [Ange Watson](#); [Brigit Stephenson](#)
Subject: FW: Land Transport GPS 2024 - public consultation
Date: Tuesday, 5 March 2024 12:53:25 pm
Attachments: [image002.png](#)
[RE Departmental Consultation on draft GPS 2024 and Cabinet paper - input by midday Thursday 15 February.msg](#)
[GPS-on-land-transport-2024-Consultation-4-March-2023-.pdf](#)

Kia ora koutou LT colleagues

(cc Andy FYI – re cross over into the IFF work) (cc Ange for adding to LT agenda)

FYI – see below Jeff’s very helpful summary of the draft GPS on Land Transport that has been released for consultation. Attached (FYI) is the feedback we provided on the first draft (for inter-departmental consultation) before the attached public consultation version was released.

Jeff is rightly wondering about our next steps about how we engage in or comment on the draft GPS Land Transport. Let’s discuss at LT next week, after we’ve all had time to consider our position and response. Do share this email with others in your teams as you see fit.

Looking forward to an interesting, enquiring and possibly thinking-outside-the-box discussion next week. [REDACTED]

[REDACTED] It seems that robust out of scope engagement in the GPS is important at least in terms of pushing hard about the mis-match between delivery expectations and sustainable long-term revenue models.

Happy to discuss any of this.

Cheers, Barbara

Barbara Tebbs, General Manager, Policy | **New Zealand Infrastructure Commission, Te Waihanga**

Email: barbara.tebbs@tewaihanga.govt.nz

Mobile: s9(2)(a) [REDACTED]

From: Jeff Whitty <Jeff.Whitty@tewaihanga.govt.nz>
Sent: Tuesday, March 5, 2024 12:16 PM
To: Barbara Tebbs <barbara.tebbs@tewaihanga.govt.nz>; Brigit Stephenson <Brigit.Stephenson@tewaihanga.govt.nz>; Peter Nunns <Peter.Nunns@tewaihanga.govt.nz>; Nadine Dodge <Nadine.Dodge@tewaihanga.govt.nz>
Subject: Land Transport GPS 2024 - public consultation

Hi Team,

As you’ll be aware, the [draft GPS 2024](#) has been released for public consultation (closing 2 April). Here’s a summary of changes since the last version we saw. s9(2)(g)(i) [REDACTED] very little of our feedback was taken on board.

Where our advice has been (partly) addressed

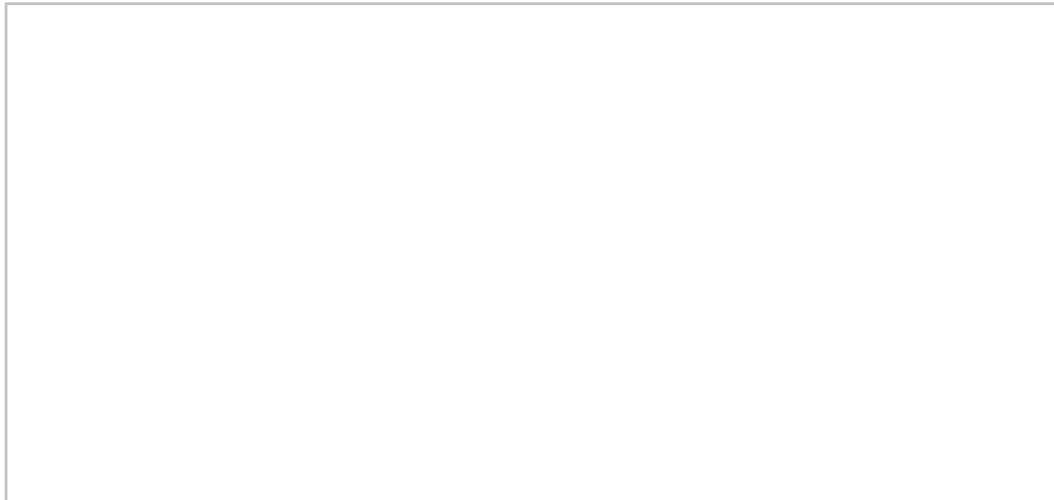
- Previous links between transport investments and housing affordability have been reframed to highlight the role RoNS will play in unlocking access to greenfield land for housing development.
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- The latest version explicitly acknowledges that it does not seek alignment with ERP1. It does however signal an intent to align the final GPS with ERP2. How the timing will permit this is unclear. The GPS notes ERP2 objectives to double REG and deliver 10,000 EV chargers by 2030, “**subject to cost benefit analysis**” – the first reference to a CBA I’ve seen.

Other changes since the last version

- Delaying and spreading out proposed increases in Motor Vehicle Registration fees. Previously proposed as a \$50 increase effective 1 July this year. Now deferred to a \$25 increase in Jan ’25 and a further \$25 increase in Jan ’26. The change modestly reduces NLTF revenue from \$20.5B to \$20.2B over the GPS period. This lost revenue has been applied to the PT Services Activity class which decreases \$100m/year since the last version.
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Traffic offence enforcement

- There’s a new statement that directly links NLTF funding for police activities (under the Road Safety Partnership Programme) with their performance against enforcement targets on speed, alcohol and drugs.
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- A new graph plotting deaths from alcohol and drugs over time has been included.



[@Barbara Tebbs](#), it would be good to discuss next steps, whether to engage with MoT, formally submit during public consultation, or alternate approach. While we support some aspects of the current proposal, some concerns remain.

Advice that has not been addressed

Roads of National Significance

- The inclusion of RoNS in the GPS runs counter to decision-making principles in the Infrastructure Strategy.
- A directive to allocate NLTF funds towards the RoNS appears to contravene the LTMA.
- Lack of differentiation between core NLTF funds (which NZTA presides over) and crown funding and financings (where expenditure can be directed by Government).
- Lack of clarity on cost of the RoNS programme and sufficiency of NLTF funding.
- No recognition of the embedded and enabled carbon associated with the RoNS programme.
- Highly prescriptive statements in the GPS “***All Roads of National Significance will be four-laned, grade-separated highways***” precludes NZTA’s ability to explore demand management or lower cost options (Infra Strategy Rec 42).

Other

- Unclear whether there is sufficient **market capacity** to deliver the RoNS projects. Results from a Delivery Team survey of horizontal infrastructure providers could soon inform our view.
- Lack of funding for **resilience investments**.
- The need to anticipate **increased maintenance** from heavy freight that might eventuate from decreased financial support for rail and coastal shipping.
- The impact of reduced PT and AT financial support on **emissions reduction targets**.
- The importance of developing a suite of **outcomes-based KPIs**.

Ngā mihi

Jeff Whitty ([he/him](#)) | **Principal Adviser - Policy**

New Zealand Infrastructure Commission | Te Waihanga

Ph: s9(2)(a) | Email: jeff.whitty@tewaihanga.govt.nz

Item 6

From: [Ross Copland](#)
To: [Barbara Tebbs](#); [Anna Moodie](#); [Geoff Cooper](#); [Rebecca Robertshawe](#)
Cc: [Andy Hagan](#); [Jeff Whitty](#); [Ange Watson](#); [Brigit Stephenson](#); [Elizabeth Innes](#)
Subject: RE: Land Transport GPS 2024 - public consultation
Date: Tuesday, 5 March 2024 3:40:56 pm
Attachments: [image001.png](#)

Hi all,

I understand the Minister of Transport has asked to meet with us – Liz can you confirm time/date?

If we have the opportunity to share feedback directly with the Minister that would be preferable to engaging in the general submissions process. There might be a case for doing both but it would be good to get a feel for this from the meeting. I agree with the key points you're keen to nudge along as per below. If the meeting is while I'm away, please attend in my place together with Geoff who will be acting CE in my absence and your key staff (Jeff, Peter N etc?)

Kind regards,

Ross

Ross Copland | Chief Executive | FEngNZ, MBA, BE(Hons) BCom

New Zealand Infrastructure Commission | Te Waihanga

Ph: s9(2)(a) | **Email:** Ross.Copland@tewaihanga.govt.nz

Visit us online at <https://tewaihanaga.govt.nz>

From: Barbara Tebbs <barbara.tebbs@tewaihanga.govt.nz>

Sent: Tuesday, March 5, 2024 12:50 PM

To: Anna Moodie <Anna.Moodie@tewaihanga.govt.nz>; Geoff Cooper <Geoff.Cooper@tewaihanga.govt.nz>; Rebecca Robertshawe <Rebecca.Robertshawe@tewaihanga.govt.nz>; Ross Copland <Ross.Copland@tewaihanga.govt.nz>

Cc: Andy Hagan <Andy.Hagan@tewaihanga.govt.nz>; Jeff Whitty <Jeff.Whitty@tewaihanga.govt.nz>; Ange Watson <Ange.Watson@tewaihanga.govt.nz>; Brigit Stephenson <Brigit.Stephenson@tewaihanga.govt.nz>

Subject: FW: Land Transport GPS 2024 - public consultation

Kia ora koutou LT colleagues

(cc Andy FYI – re cross over into the IFF work) (cc Ange for adding to LT agenda)

FYI – see below Jeff's very helpful summary of the draft GPS on Land Transport that has been released for consultation. Attached (FYI) is the feedback we provided on the first draft (for inter-departmental consultation) before the attached public consultation version was released.

Jeff is rightly wondering about our next steps about how we engage in or comment on the draft GPS Land Transport. Let's discuss at LT next week, after we've all had time to consider our position and response. Do share this email with others in your teams as you see fit.

Looking forward to an interesting, enquiring and possibly thinking-outside-the-box discussion next week. [REDACTED]

[REDACTED]

out of scope

out of scope

[REDACTED] It seems that robust engagement in the GPS is important at least in terms of pushing hard about the mis-match between delivery expectations and sustainable long-term revenue models.

Happy to discuss any of this.

Cheers, Barbara

Barbara Tebbs, General Manager, Policy | **New Zealand Infrastructure Commission, Te Waihanga**

Email: barbara.tebbs@tewaihanga.govt.nz

Mobile: s9(2)(a)

From: Jeff Whitty <Jeff.Whitty@tewaihanga.govt.nz>

Sent: Tuesday, March 5, 2024 12:16 PM

To: Barbara Tebbs <barbara.tebbs@tewaihanga.govt.nz>; Brigit Stephenson <Brigit.Stephenson@tewaihanga.govt.nz>; Peter Nunns <Peter.Nunns@tewaihanga.govt.nz>; Nadine Dodge <Nadine.Dodge@tewaihanga.govt.nz>

Subject: Land Transport GPS 2024 - public consultation

Hi Team,

As you'll be aware, the [draft GPS 2024](#) has been released for public consultation (closing 2 April). Here's a summary of changes since the last version we saw. s9(2)(g)(i) very little of our feedback was taken on board.

Where our advice has been (partly) addressed

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- The latest version explicitly acknowledges that it does not seek alignment with ERP1. It does however signal an intent to align the final GPS with ERP2. How the timing will permit this is unclear. The GPS notes ERP2 objectives to double REG and deliver 10,000 EV chargers by 2030, "**subject to cost benefit analysis**" – the first reference to a CBA I've seen.

Other changes since the last version

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- A statement that the GPS includes no additional funding for North Island Weather Event response noting that additional funding is envisioned through some separate process. Would be good to understand what separate process is envisioned.

- One additional public transport project has been identified (Lower North Island Rail Integrated Mobility). This adds to the previous list of four Auckland-based PT projects (CRL, Eastern Busway, NW Rapid Transit Corridor & Airport to Botany Busway). The GPS appears somewhat directive on these five PT projects and encourages NZTA to consider others including Wellington bus corridors.

Traffic offence enforcement

- There's a new statement that directly links NLTF funding for police activities (under the Road Safety Partnership Programme) with their performance against enforcement targets on speed, alcohol and drugs.
- The latest version signals a desire to review infringement fees and demerit points under the Land Transport (Offences and Penalties) Regulations which have not been reviewed since 1999. Existing fines are seen as significantly lower than those in comparable jurisdictions overseas. A separate regulatory amendment process will look at increasing and indexing the fines.
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[@BarbaraTebbs](#), it would be good to discuss next steps, whether to engage with MoT, formally submit during public consultation, or alternate approach. While we support some aspects of the current proposal, some concerns remain.

Advice that has not been addressed

Roads of National Significance

- The inclusion of RoNS in the GPS runs counter to decision-making principles in the Infrastructure Strategy.
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Other

- Unclear whether there is sufficient **market capacity** to deliver the RoNS projects. Results from a Delivery Team survey of horizontal infrastructure providers could soon inform our view.
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- The importance of developing a suite of **outcomes-based KPIs**.

Ngā mihi

Jeff Whitty ([he/him](#)) | **Principal Adviser - Policy**

New Zealand Infrastructure Commission | Te Waihanga

Ph: **s9(2)(a)** | Email: jeff.whitty@tewaihanga.govt.nz

Item 7

From: [Elizabeth Innes](#)
To: [Ross Copland](#); [Barbara Tebbs](#); [Anna Moodie](#); [Geoff Cooper](#); [Rebecca Robertshawe](#)
Cc: [Andy Hagan](#); [Jeff Whitty](#); [Ange Watson](#); [Brigit Stephenson](#)
Subject: RE: Land Transport GPS 2024 - public consultation
Date: Thursday, 7 March 2024 4:04:27 pm
Attachments: [image003.png](#)

Hi everyone,

This will be on 28 March at 10:30 for 30mins. I have provided the attendees Ross gave me to the Transport office and I understand they will issue invitations directly.

Thanks,
Liz



Liz Innes

Private Secretary (Infrastructure) | Office of Hon Chris Bishop
Minister for Infrastructure

M: [s9\(2\)\(a\)](#)

Email: elizabeth.innes@parliament.govt.nz Website:

www.Beehive.govt.nz

Private Bag 18041, Parliament Buildings, Wellington 6160, New Zealand

From: Ross Copland <Ross.Copland@tewaihanga.govt.nz>
Sent: Tuesday, March 5, 2024 3:41 PM
To: Barbara Tebbs <barbara.tebbs@tewaihanga.govt.nz>; Anna Moodie <Anna.Moodie@tewaihanga.govt.nz>; Geoff Cooper <Geoff.Cooper@tewaihanga.govt.nz>; Rebecca Robertshawe <Rebecca.Robertshawe@tewaihanga.govt.nz>
Cc: Andy Hagan <Andy.Hagan@tewaihanga.govt.nz>; Jeff Whitty <Jeff.Whitty@tewaihanga.govt.nz>; Ange Watson <Ange.Watson@tewaihanga.govt.nz>; Brigit Stephenson <Brigit.Stephenson@tewaihanga.govt.nz>; Elizabeth Innes <Elizabeth.Innes@parliament.govt.nz>
Subject: RE: Land Transport GPS 2024 - public consultation

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Kind regards,
Ross

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New Zealand Infrastructure Commission | Te Waihanga

Ph: s9(2)(a) | **Email:** Ross.Copland@tewaihanga.govt.nz

Visit us online at <https://tewaihanaga.govt.nz>

From: Barbara Tebbs <barbara.tebbs@tewaihanga.govt.nz>

Sent: Tuesday, March 5, 2024 12:50 PM

To: Anna Moodie <Anna.Moodie@tewaihanga.govt.nz>; Geoff Cooper <Geoff.Cooper@tewaihanga.govt.nz>; Rebecca Robertshawe <Rebecca.Robertshawe@tewaihanga.govt.nz>; Ross Copland <Ross.Copland@tewaihanga.govt.nz>

Cc: Andy Hagan <Andy.Hagan@tewaihanga.govt.nz>; Jeff Whitty <Jeff.Whitty@tewaihanga.govt.nz>; Ange Watson <Ange.Watson@tewaihanga.govt.nz>; Brigit Stephenson <Brigit.Stephenson@tewaihanga.govt.nz>

Subject: FW: Land Transport GPS 2024 - public consultation

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[REDACTED] It seems that robust out of scope engagement in the GPS is important at least in terms of pushing hard about the mis-match between delivery expectations and sustainable long-term revenue models.

Happy to discuss any of this.

Cheers, Barbara

Barbara Tebbs, General Manager, Policy | **New Zealand Infrastructure Commission, Te Waihangā**

Email: barbara.tebbs@tewaihanga.govt.nz

Mobile: s9(2)(a)

From: Jeff Whitty <Jeff.Whitty@tewaihanga.govt.nz>

Sent: Tuesday, March 5, 2024 12:16 PM

To: Barbara Tebbs <barbara.tebbs@tewaihanga.govt.nz>; Brigit Stephenson <Brigit.Stephenson@tewaihanga.govt.nz>; Peter Nunns <Peter.Nunns@tewaihanga.govt.nz>; Nadine Dodge <Nadine.Dodge@tewaihanga.govt.nz>

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- The impact of reduced PT and AT financial support on **emissions reduction targets**.
- The importance of developing a suite of **outcomes-based KPIs**.

Ngā mihi

Jeff Whitty ([he/him](#)) | **Principal Adviser - Policy**

New Zealand Infrastructure Commission | Te Waihanga

Ph: s9(2)(a) | Email: jeff.whitty@tewaihanga.govt.nz

Item 8

From: [Brigit Stephenson](#)
To: [Elizabeth Innes](#)
Cc: [Barbara Tebbs](#); [Jeff Whitty](#); [Nadine Dodge](#); [Peter Nunns](#)
Subject: TW-2024-415 GPS on land transport 2024 - feedback and talking points
Date: Thursday, 30 May 2024 4:10:00 pm
Attachments: [image001.jpg](#)
[image002.jpg](#)
[GPS 2024 consultation version.docx](#)
[GPS Cabinet Paper Consultation version.docx](#)
[20240530_TW-2024-415_Government_Policy_Statement_on_Land_Transport_2024_-_feedback_and_talking_points.pdf](#)
[20240530_TW-2024-415_Government_Policy_Statement_on_Land_Transport_2024_-_feedback_and_talking_points.docx](#)

Kia ora Liz

Here is an aide memoire setting out our advice on this Cabinet paper to inform the Minister's feedback on consultation, as requested.

We understand that the papers are proposed to be considered by ECO on 19 June and Cabinet on 24 June 2024. Our aide memoire includes proposed talking points for your consideration.

We note that these comments were prepared without having seen details included in the Budget. We have received an updated version of the GPS (with new numbers) within the last 10 minutes, and will review our advice tomorrow to see if our 'sufficiency of revenue' comments still hold. We'll let you know if we have updates.

Ngā mihi

Brigit, Jeff, Nadine, Barbara et al

From: Jeff Whitty <Jeff.Whitty@tewaihanga.govt.nz>
Sent: Thursday, May 30, 2024 3:17 PM
To: Brigit Stephenson <Brigit.Stephenson@tewaihanga.govt.nz>
Subject: FW: Ministerial Consultation: Government Policy Statement on Land Transport 2024

Hi Brigit,
Please see the Cab Paper and GPS attached.

Ngā mihi

Jeff Whitty ([he/him](#)) | Principal Adviser - Policy
New Zealand Infrastructure Commission | Te Waihanga
Ph: [s9\(2\)\(a\)](#) | Email: jeff.whitty@tewaihanga.govt.nz

From: Elizabeth Innes <Elizabeth.Innes@parliament.govt.nz>
Sent: Tuesday, May 28, 2024 12:14 PM
To: Brigit Stephenson <Brigit.Stephenson@tewaihanga.govt.nz>
Cc: Barbara Tebbs <barbara.tebbs@tewaihanga.govt.nz>; Peter Nunns <Peter.Nunns@tewaihanga.govt.nz>; Jeff Whitty <Jeff.Whitty@tewaihanga.govt.nz>
Subject: Ministerial Consultation: Government Policy Statement on Land Transport 2024

Hi Brigit,

The Minister for Infrastructure has requested Infracom advice on this paper (and talking points to Cabinet Committee if required).

I need advice from you by 3pm on Thursday 30th so the Minister can consider overnight before providing his feedback on Friday. Talking points would be due Friday 7th by 3pm.

If you have any questions please let me know.

Kind regards,
Liz

Liz Innes
Private Secretary (Infrastructure) | Office of Hon Chris Bishop



Minister for Infrastructure

M: [s9\(2\)\(a\)](#)
Email: elizabeth.innes@parliament.govt.nz Website:
www.Beehive.govt.nz
Private Bag 18041, Parliament Buildings, Wellington 6160, New Zealand

From: Reef Stewart <Reef.Stewart@parliament.govt.nz>

Sent: Tuesday, May 21, 2024 3:09 PM

To: [s9\(2\)\(k\)](#)

[Redacted]

Subject: Ministerial Consultation: Government Policy Statement on Land Transport 2024

Good afternoon,

Please find attached a copy of the draft Government Policy Statement on land transport 2024 (GPS 2024) and a draft Cabinet paper for ministerial consultation.

The GPS is the Government's strategy for investing in the land transport system. It outlines what the Government wants to achieve in land transport, and how it expects funding to be allocated from the National Land Transport Fund across different types of activities. The GPS also includes a statement of the Minister of Transport's expectations of how the New Zealand Transport Agency (NZTA) gives effect to the GPS 2024.

The Minister of Transport will be seeking approval to publicly release the GPS 2024 at Cabinet Economic Policy Committee (ECO) on 19 Jun 2024, followed by Cabinet on 24 June 2024.

We previously circulated a draft of the GPS 2024 prior to public consultation (which ran from 4 March to 2 April 2024). The draft GPS 2024 has been updated following public consultation. The key changes made are set out in paragraph 37 of the draft Cabinet paper attached.

Please note that the draft GPS 2024 and draft Cabinet paper include a small amount of content that is still Budget sensitive. This information has been removed from the documents. We will share updated versions of the documents after Budget 2024 decisions have been announced.

We are seeking your feedback on the attached draft GPS 2024 and Cabinet paper by 5pm on Friday 31 May 2024.

Regards,
Reef



Reef Stewart

Private Secretary (Advisory/Media) | Office of Hon Simeon Brown
Minister of Transport, Minister of Local Government, Minister for Energy, Minister for Auckland

M: [s9\(2\)\(a\)](#)
Email: S.Brown@ministers.govt.nz Website: www.Beehive.govt.nz
Private Bag 18041, Parliament Buildings, Wellington 6160, New Zealand

Government Policy Statement on Land Transport 2024 – feedback and talking points

Date: 30 May 2024

Report No: TW-2024-415

To	Action sought	Deadline
Hon Chris Bishop, Minister for Infrastructure	Note the contents of this Aide Memoire prior to ECO.	31 May 2024

Attachments

1. Cabinet Paper - Government Policy Statement on Land Transport 2024
2. Government Policy Statement on Land Transport 2024-34

Contact details

Name	Role	Phone
Jeff Whitty	Principal Adviser - Policy	s9(2)(a)
Barbara Tebbs	General Manager - Policy	s9(2)(a)

Purpose

1. This Aide Memoire responds to the request from your office to provide feedback on the Government Policy Statement on Land Transport (GPS). Ministerial consultation on the GPS and associated Cabinet Paper closes Friday 31 May. The papers are proposed to be considered by ECO on 19 June and Cabinet on 24 June 2024. This Aide Memoire includes proposed talking points for your consideration.

Talking Points

2. The following talking points have been developed for your use in discussion at ECO on 19 June:
 - The Land Transport GPS supports a number of other Government priorities including housing growth, city and regional deals, and the Government's 30-year infrastructure plan.
 - Transitioning the GPS to a 10-year footing could increase certainty for both NZTA and the private-sector. But flexibility is required to ensure Government can revise investment

priorities in response to changing circumstances brought about by natural disasters, or changes in technology, travel patterns and modes.

- The GPS proposes significant increases in maintenance funding which is important to ensure we get the most from our existing assets. Confirmation is required to ensure funding under the pothole prevention activity classes sufficiently keeps up with road deterioration.
- The GPS sets NZTA a 'big ask' to manage a huge capital projects programme along with 'baseline' maintenance and renewals programmes and other existing commitments. We need to make sure that there is adequate revenue to support this task, and to meet the inevitable changes to project scope, cost and timeframes that will occur over time.
- Investments in a more resilient transport system will increasingly be required to support economic security. But the GPS proposes no activity class with funding available to support resilience. The pothole prevention activity classes appear to be limited to "...road resealing, road rehabilitation and drainage maintenance" (GPS p 19).
- The transport revenue system is not self-sustaining in that revenue consistently falls short of investment needs. Proposed increases to FED and RUC, alongside additional revenue sources, are promising but I look forward to future discussions on a more sustainable revenue system.

Background

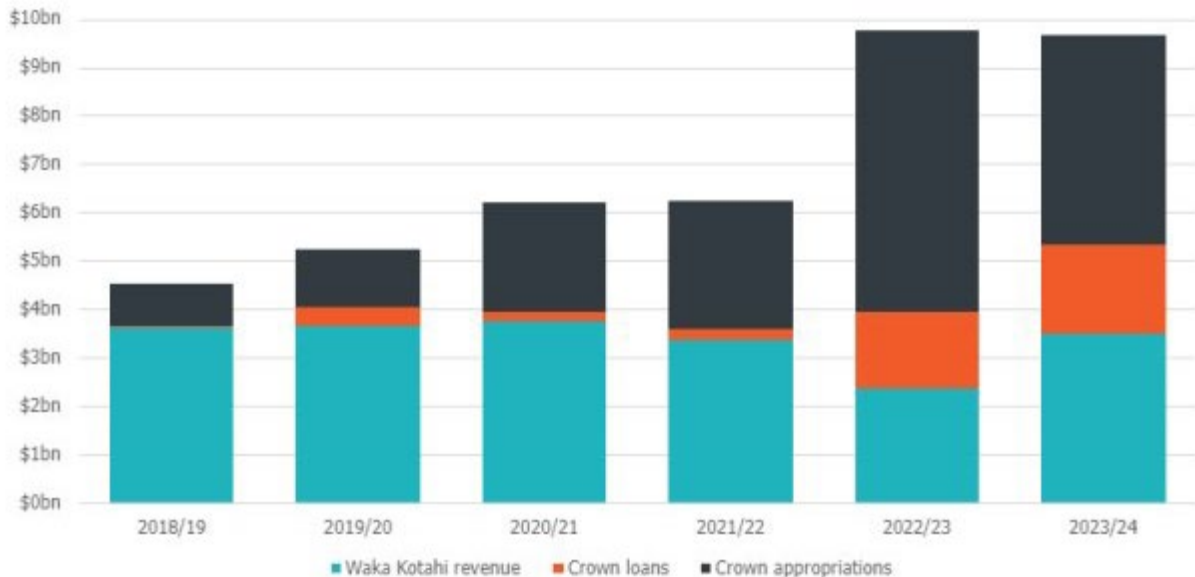
The GPS contributes to Government's priorities...

3. We support links drawn between the GPS and other Government workstreams including:
 - how fast-track consenting could streamline new transport investments;
 - the ability for transport investments to support future City and Regional Deals;
 - the role transport investments play in unlocking land for housing growth;
 - collaboration on developing Government's 30-year Infrastructure Plan. Please note, we have suggested that the Ministry of Transport revise the GPS text to more accurately differentiate between the Government's 30-year Infrastructure Plan and the National Infrastructure Plan being developed by the Infrastructure Commission.
4. We also support, in principle, the proposal to transition future GPSs to a 10-year investment horizon (paras 7 & 24.7). The predictability of a longer-term investment plan will support construction sector productivity, and improve delivery efficiency and certainty for both central government and local councils. But provisions must be available to adapt the GPS as circumstances and investment needs change.
5. The development of a Performance and Efficiency Plan (para 33), with regular reporting against the Plan, provides a means to measure investment performance against Government priorities.

...but the transport revenue system is under strain

6. The current land transport revenue system is not self-sustaining. As such, reforming the revenue system is a prominent recommendation in New Zealand's Infrastructure Strategy. As shown in Figure 1, land transport funding has grown increasingly reliant on direct crown funding on top of the existing FED and RUC revenue comprising the National Land Transport Fund (NLTF).

Figure 1 - land transport funding by source, 2018/19 - 2023/24



7. While the Cabinet Paper circulated for Ministerial and agency consultation has withheld some budget proposals, it appears that the proportion of crown grants and loans may increase further under this GPS.
8. In addition to cost-drivers identified in the Cabinet Paper (para 23), Ministerial-directed investments like the New Zealand Upgrade Programme and Roads of National Significance (RoNS) also contribute to pressures on the NLTF. The Minister of Transport recently announced that the Crown-funded NZUP programme would be re-branded (as Roads of National or Regional Significance) and brought under the umbrella of the wider NLTF-funded programme managed by NZTA (the National Land Transport Programme, NLTP).
9. We understand that the inclusion of these projects in the NLTP has come with a transfer of Crown contributions to the NLTF, but the sufficiency of those contributions is unclear. A requirement to fund RoNS and Roads of Regional Significance (RoRS) from NLTF revenue (Cab Paper para 21, 27.4 and Attachment 2) may compromise NZTA's statutory role to manage NLTF expenditure independently.
10. It is also unclear how inevitable cost over-runs for these large projects will be funded given the lack of headroom within the NLTF, and inadequacy of future revenue forecasts.

Accommodating cost overruns from the NLTF could mean, for example, that complementary (but lower priority) projects are squeezed out of the programme, reducing the benefits delivered by the large projects. It could mean that maintenance and renewals continue to be de-prioritised (as we have seen in recent years) – which would lead to higher costs in the long run. It could also mean that non-built solutions (which can often deliver high value for low cost) continue to be de-prioritised.

11. The proposal to defer any increases in Fuel Excise Duty and Road User Charges until 2027 further contributes to a game of 'catch-up' in revenue sufficiency.
12. Monopoly providers of network infrastructure often require independent oversight in the form of economic regulation. This oversight ensures that revenue is sufficient to maintain and grow services while delivering long-term benefits for consumers. Independent regulators oversee monopoly providers of electricity distribution and transmission services, telecommunications and will soon apply to the water sector. But no similar oversight exists for our monopoly land transport networks.
13. The Cabinet Paper duly recognises transport system funding pressures, identifying opportunities for both new revenue sources and cost reductions (paras 24-25 and 42). While new revenue tools such as equity finance, time-of-use charging, and value capture may increase available funds, the uncertainty and unpredictability of these funding streams means that the significant gap between investment needs and available revenue is likely to persist.

Pre-announced investments present additional challenges

14. Government retains the right to identify and fund priority investments like RoNS and RoRS. But pre-announcing those projects can be problematic.
15. Empirical evidence shows that announcing projects before the completion of rigorous business case appraisals contributes to delivery delays and cost overruns. The practice of prematurely announcing projects also conflicts with the decision-making principles in New Zealand's Infrastructure Strategy (Rec 43.b.). The concerns associated with prematurely announced projects has previously been shared with the Transport and Infrastructure Select Committee (Feb 2024).
16. RoNS and RoRS would benefit from review by the Infrastructure Priorities Programme (IPP), once this formally opens later in June. Committing to RoNS projects in advance of robust business case and third-party assurance represents another departure from the decision-making principles in New Zealand's Infrastructure Strategy.
17. The level of prescription in defining RoNS attributes ("All Roads of National Significance will be four-laned, grade-separated highways...", GPS, pg 12) is inconsistent with the Infrastructure Strategy which calls for consideration of non-built and lower-cost options first (Rec 42). That level of prescription is also at odds with the Land Transport Management Act which requires NZTA to be satisfied that "the activity or combination of activities has, to the

extent practicable, been assessed against other land transport options and alternatives” (Section 20).

18. The GPS could be strengthened to explicitly require NZTA to explore demand management opportunities in the first instance. Even where a built solution is warranted, lower cost options may be available.

State Highway Pothole Prevention sufficiency

19. Our research suggests that the state highway network requires a minimum expenditure of \$578m per year to keep up with depreciation. As such, we recommend that the lower band of the State Highway Pothole Prevention Activity Class be increased to \$578m. While this minimum expenditure is insufficient to address the maintenance and renewal backlog, it will prevent further deterioration.
20. The GPS proposes that “...investment in the rail freight network will no longer be cross-subsidised from revenue generated from road users...” (GPS, pg 17). As the subsidy for rail infrastructure is removed, s9(2)(g)(i) shifting more heavy-freight on to the road network where it becomes more cost-competitive to do so. An increase in heavy-freight on the state highway network would increase road deterioration, eventually necessitating additional funding to the pothole prevention and maintenance and renewals activity classes.

Transport sector resilience

21. Increased maintenance and resilience has been combined into a single Strategic Priority in the GPS. But without an activity class with funding earmarked for resilience, there is a risk that resilience investments that increase economic security (like slope stabilisation, bridge strengthening or seawall construction) are deprioritised.

Item 9

From: [Barbara Tebbs](#)
To: [Jeff Whitty](#); [Brigit Stephenson](#); [Nadine Dodge](#)
Subject: FW: Departmental Consultation on draft GPS 2024 and Cabinet paper - input by 5pm Friday 31 May 2024 [IN-CONFIDENCE]
Date: Thursday, 30 May 2024 4:02:52 pm
Attachments: [image001.png](#)
[GPS 2024 consultation version as at 21 May 2024 NO REDACTIONS.docx](#)
[GPS Cabinet Paper Consultation version as at 21 May 2024 NO REDACTIONS \(003\).docx](#)

From: GPS <gps@transport.govt.nz>
Sent: Thursday, May 30, 2024 2:58 PM
To: Barbara Tebbs <barbara.tebbs@tewaihang.govt.nz>
Subject: RE: Departmental Consultation on draft GPS 2024 and Cabinet paper - input by 5pm Friday 31 May 2024 [IN-CONFIDENCE]

Kia ora,

As mentioned in our email below, we can now share the draft GPS and draft Cabinet paper with information that was previously Budget sensitive, now that Budget 24 announcements have been made. See these versions attached.

A reminder – we would appreciate any feedback on the draft GPS and Cabinet paper by 5pm on Friday 31 May 2024 (tomorrow).

Kind regards

The Ministry of Transport GPS Team.

From: GPS <gps@transport.govt.nz>
Sent: Tuesday, May 21, 2024 3:38 PM
To: Barbara.Tebbs@tewaihang.govt.nz
Subject: Departmental Consultation on draft GPS 2024 and Cabinet paper - input by 5pm Friday 31 May 2024 [IN-CONFIDENCE]

Kia ora,

Please find attached a copy of the draft Government Policy Statement on land transport 2024 (GPS 2024) and draft Cabinet paper, for departmental consultation.

The GPS is the Government's strategy for investing in the land transport system. It outlines what the Government wants to achieve in land transport, and how it expects funding to be allocated from the National Land Transport Fund across different types of activities. The GPS also includes a statement of the Minister of Transport's expectations of how the New Zealand Transport Agency (NZTA) gives effect to the GPS 2024.

The Minister of Transport will be seeking approval to publicly release the GPS 2024 at

Cabinet Economic Policy Committee (ECO) on 19 Jun 2024, followed by Cabinet on 24 June 2024.

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We are seeking your feedback on the attached draft GPS 2024 and Cabinet paper by 5pm on Friday 31 May 2024.

We understand that many people in your organisations will be interested in the draft GPS and Cabinet paper but please do not circulate these draft documents wider than is necessary.

Please send your feedback on the draft documents to the Ministry of Transport's GPS Team Inbox at gps@transport.govt.nz. If you have any questions please contact Tim Herbert, Manager – Investment, at t.herbert@transport.govt.nz.

Kind regards,

The Ministry of Transport GPS Team
Te Manatū Waka Ministry of Transport
E: gps@transport.govt.nz | transport.govt.nz



Item 10

From: [Jeff Whitty](#)
To: gps@transport.govt.nz
Cc: [Barbara Tebbs](#); [Brigit Stephenson](#); [Nadine Dodge](#)
Subject: RE: Departmental Consultation on draft GPS 2024 and Cabinet paper - input by 5pm Friday 31 May 2024 [IN-CONFIDENCE]
Date: Thursday, 30 May 2024 5:16:59 pm
Attachments: [20240530_TW-2024-415 Government Policy Statement on Land Transport 2024 – feedback and talking points.pdf](#)
[image001.png](#)

Kia ora koutou GPS Team,

Thank-you for the opportunity to comment on the GPS Land Transport and associated Cabinet Paper. At the request of the Minister of Infrastructure we have provided advice to support ministerial consultation (attached). We would like this feedback to double as our contribution to agency consultation.

In addition, we note that the GPS references the Infrastructure Commission's involvement in the 30-year infrastructure plan (page 9). Strictly speaking, the Infrastructure Commission is developing a National Infrastructure Plan with recommendations that the 30-year Infrastructure Plan may respond to. Removing reference to the Infrastructure Commission would avoid conflating the two products. Please see suggested mark-up below.

1. Once established, the National Infrastructure Agency (NIA), ~~and the Infrastructure Commission,~~ will work closely with the NZTA to develop a 30 year plan for transport infrastructure in New Zealand and connect local and offshore investors with transport projects.

Should you wish to discuss our feedback, feel free to reach out. Thanks again for the opportunity to comment.

Ngā mihi

Jeff Whitty ([he/him](#)) | Principal Adviser - Policy

New Zealand Infrastructure Commission | Te Waihanga

Ph: [s9\(2\)\(a\)](#) | **Email:** jeff.whitty@tewaihanga.govt.nz

From: GPS <gps@transport.govt.nz>

Sent: Tuesday, May 21, 2024 3:38 PM

To: Barbara Tebbs <barbara.tebbs@tewaihanga.govt.nz>

Subject: Departmental Consultation on draft GPS 2024 and Cabinet paper - input by 5pm Friday 31 May 2024 [IN-CONFIDENCE]

Kia ora,

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We are seeking your feedback on the attached draft GPS 2024 and Cabinet paper by 5pm on Friday 31 May 2024.

We understand that many people in your organisations will be interested in the draft GPS and Cabinet paper but please do not circulate these draft documents wider than is necessary.

Please send your feedback on the draft documents to the Ministry of Transport's GPS Team Inbox at gps@transport.govt.nz. If you have any questions please contact Tim Herbert, Manager – Investment, at t.herbert@transport.govt.nz.

Kind regards,

The Ministry of Transport GPS Team
Te Manatū Waka Ministry of Transport
E: gps@transport.govt.nz | transport.govt.nz



Item 11

From: [Jeff Whitty](#)
To: [Barbara Tebbs](#)
Cc: [Georgia Kahan](#); [Brigit Stephenson](#)
Subject: RE: TW-2024-415 GPS on land transport 2024 - feedback and talking points
Date: Friday, 31 May 2024 2:26:00 pm
Attachments: [image001.jpg](#)
[image002.jpg](#)

Hi Barbara,
Just to recap our conversation yesterday about this.

Budget 2024 added an additional \$1.0B into the State Highway Improvement activity class and the Public Transport activity Class (supporting RoNS and the Northwest Rapid Transit Project). As Brigit notes, we don't know what the RoNS will cost and the risk of cost overruns remains. There has been no additional funding put into Pothole Prevention activity classes, so our commentary on maintenance budget sufficiency still stands.

Will let you respond to Georgia if there's anything more to add.

Ngā mihi

Jeff Whitty ([he/him](#)) | **Principal Adviser - Policy**
New Zealand Infrastructure Commission | Te Waihanga
Ph: [s9\(2\)\(a\)](#) | **Email:** jeff.whitty@tewaihanga.govt.nz

From: Brigit Stephenson <Brigit.Stephenson@tewaihanga.govt.nz>
Sent: Friday, May 31, 2024 2:18 PM
To: Barbara Tebbs <barbara.tebbs@tewaihanga.govt.nz>
Cc: Georgia Kahan <Georgia.kahan@parliament.govt.nz>; Jeff Whitty <Jeff.Whitty@tewaihanga.govt.nz>
Subject: FW: TW-2024-415 GPS on land transport 2024 - feedback and talking points
Importance: High

Barbara – I'm assuming we won't have more to say about the post-Budget version of the GPS? Do we just need Georgia to note that:

- InfraCom was responding to the pre-Budget version
- the post-Budget version confirms the amount of Crown top up the NLTF to enable delivery of the significant capital projects (RONS, RORS) but will not mitigate the issues we have raised around future cost over-runs (and how these will be funded).

Grateful if you could confirm back to her...

Cheers
Brigit

From: Georgia Kahan <Georgia.Kahan@parliament.govt.nz>
Sent: Friday, May 31, 2024 2:08 PM
To: Brigit Stephenson <Brigit.Stephenson@tewaihanga.govt.nz>
Subject: RE: TW-2024-415 GPS on land transport 2024 - feedback and talking points

Prepping this now – do you think it's likely you'll have any more comments re 'sufficiency of revenue'?

From: Brigit Stephenson <Brigit.Stephenson@tewaihanga.govt.nz>
Sent: Thursday, May 30, 2024 4:11 PM
To: Elizabeth Innes <Elizabeth.Innes@parliament.govt.nz>
Cc: Barbara Tebbs <barbara.tebbs@tewaihanga.govt.nz>; Jeff Whitty <Jeff.Whitty@tewaihanga.govt.nz>; Nadine Dodge <Nadine.Dodge@tewaihanga.govt.nz>; Peter Nunns <Peter.Nunns@tewaihanga.govt.nz>
Subject: TW-2024-415 GPS on land transport 2024 - feedback and talking points

Kia ora Liz

Here is an aide memoire setting out our advice on this Cabinet paper to inform the Minister's feedback on consultation, as requested.

We understand that the papers are proposed to be considered by ECO on 19 June and Cabinet on 24 June 2024. Our aide memoire includes proposed talking points for your consideration.

We note that these comments were prepared without having seen details included in the Budget. We have received an updated version of the GPS (with new numbers) within the last 10 minutes, and will review our advice tomorrow to see if our 'sufficiency of revenue' comments still hold. We'll let you know if we have updates.

Ngā mihi
Brigit, Jeff, Nadine, Barbara et al

From: Jeff Whitty <Jeff.Whitty@tewaihanga.govt.nz>
Sent: Thursday, May 30, 2024 3:17 PM
To: Brigit Stephenson <Brigit.Stephenson@tewaihanga.govt.nz>
Subject: FW: Ministerial Consultation: Government Policy Statement on Land Transport 2024

Hi Brigit,
Please see the Cab Paper and GPS attached.

Ngā mihi

Jeff Whitty ([he/him](#)) | **Principal Adviser - Policy**
New Zealand Infrastructure Commission | Te Waihanga
Ph: [s9\(2\)\(a\)](#) | **Email:** jeff.whitty@tewaihanga.govt.nz

From: Elizabeth Innes <Elizabeth.Innes@parliament.govt.nz>
Sent: Tuesday, May 28, 2024 12:14 PM
To: Brigit Stephenson <Brigit.Stephenson@tewaihanga.govt.nz>
Cc: Barbara Tebbs <barbara.tebbs@tewaihanga.govt.nz>; Peter Nunns <Peter.Nunns@tewaihanga.govt.nz>; Jeff Whitty <Jeff.Whitty@tewaihanga.govt.nz>
Subject: Ministerial Consultation: Government Policy Statement on Land Transport 2024

Hi Brigit,

The Minister for Infrastructure has requested Infracom advice on this paper (and talking points to Cabinet Committee if required).

I need advice from you by 3pm on Thursday 30th so the Minister can consider overnight before providing his feedback on Friday. Talking points would be due Friday 7th by 3pm.

If you have any questions please let me know.

Kind regards,
Liz



Liz Innes
Private Secretary (Infrastructure) | Office of Hon Chris Bishop
Minister for Infrastructure
M: [s9\(2\)\(a\)](#)
Email: elizabeth.innes@parliament.govt.nz **Website:** www.Beehive.govt.nz
Private Bag 18041, Parliament Buildings, Wellington 6160, New Zealand

From: Reef Stewart <Reef.Stewart@parliament.govt.nz>
Sent: Tuesday, May 21, 2024 3:09 PM
To: [s9\(2\)\(k\)](#)

[Redacted content]

s9(2)(k)

Subject: Ministerial Consultation: Government Policy Statement on Land Transport 2024

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We are seeking your feedback on the attached draft GPS 2024 and Cabinet paper by 5pm on Friday 31 May 2024.

Regards,
Reef



Reef Stewart

Private Secretary (Advisory/Media) | Office of Hon Simeon Brown
Minister of Transport, Minister of Local Government, Minister for Energy, Minister for Auckland

M: s9(2)(a)

Email: S.Brown@ministers.govt.nz Website: www.Beehive.govt.nz
Private Bag 18041, Parliament Buildings, Wellington 6160, New Zealand

Item 12

From: [Brigit Stephenson](#)
To: [Elizabeth Innes](#)
Cc: [Georgia Kahan](#); [Barbara Tebbs](#); [Jeff Whitty](#); [Nadine Dodge](#); [Peter Nunns](#)
Subject: TW-2024-427 Land Transport Revenue Action Plan - feedback and talking points
Date: Tuesday, 11 June 2024 3:33:00 pm
Attachments: [image001.jpg](#)
[20240611_TW-2024-427 Land Transport Revenue Action Plan - feedback and talking points.pdf](#)
[20240611_TW-2024-427 Land Transport Revenue Action Plan - feedback and talking points.docx](#)
[20240611_TW-2024-427 ATT1 Land Transport Revenue Action Plan Cabinet paper for Ministerial consultation.docx](#)

Kia ora Liz and Georgia

The attached aide memoire provides our feedback on a Cabinet paper re the Land Transport Revenue Action Plan (also attached). We have also included talking points for the Minister's consideration when discussing at ECO (26 June).

Key points include:

- Increasing revenue sources provides only a partial solution to a financially sustainable land transport system. Demand reduction, project selection and spending our transport funding more efficiently are equally important. Our aide memoire offers suggestions to advance these efficiency goals including:
 - recognising the signals that pricing tools can provide NZTA and policymakers to inform investment decisions.
 - commitment to a rigorous business case process to ensure the best projects are selected.
- New projects create new maintenance liabilities with require additional revenue to support. Projects that offer revenue generation potential will generally have the strongest business cases.
- The Action Plan would benefit from a principle on the responsible use of debt finance. Debt will be most useful for projects that generate a revenue stream to support loan repayment.

Hope this is all you need

Ngā mihi

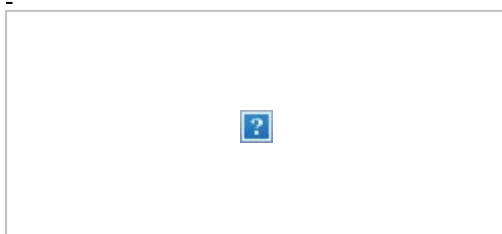
Brigit and team

Brigit Stephenson ([she/her](#)) | | *Principal Advisor Policy - Kaitohutohu Mātāmua*

New Zealand Infrastructure Commission | Te Waihanga

M: [s9\(2\)\(a\)](#) | **Email:** Brigit.Stephenson@tewaihanga.govt.nz

<https://tewaihanga.govt.nz/>



Land Transport Revenue Action Plan – feedback and talking points

Date: 11 June 2024

Report No: TW-2024-427

To	Action sought	Deadline
Hon Chris Bishop, Minister for Infrastructure	Note the contents of this Aide Memoire prior to ECO.	13 June 2024

Attachments

1. Cabinet Paper - Land Transport Revenue Action Plan

Contact details

Name	Role	Phone
Jeff Whitty	Principal Adviser - Policy	s9(2)(a)
Barbara Tebbs	General Manager - Policy	s9(2)(a)

Purpose

1. This aide memoire responds to the request from your office to provide feedback on the draft Cabinet Paper - Land Transport Revenue Action Plan (**Action Plan**). Ministerial consultation on this paper closes Thursday 13 June. The paper is proposed to be considered by ECO on Wednesday 26 June. This aide memoire also includes proposed talking points for your consideration.

Talking Points

2. The principles proposed to guide the Action Plan are sensible but are primarily focused on revenue generation. Efficiency in how we spend is equally important.
3. Investment efficiency can be enhanced by time-of-use charging because they reduce demand and defer transport investment needs. Demand reduction initiatives can often provide the best value for money. The Action Plan could better emphasise these benefits by adding 'demand management' as a guiding principle.
4. In addition to demand management, good project selection is important for investment efficiency and could be highlighted in the Action Plan. New projects need to provide value well in excess of their costs. Projects that materially enhance economic growth or

user-benefits will also collect more revenue from tolling, value capture and indirect taxation.

5. Project selection is important because new projects increase maintenance liabilities. Projects that do not offer a commensurate increase in revenue, further compromise financial sustainability of the system.
6. Project selection should be guided by a rigorous business case process to ensure that expenditure is allocated to the highest-value investments.
7. Enabling PPPs is a Government priority. PPPs should be seen as a financing and delivery tool, requiring sustainable funding to service repayment.
8. The Action Plan should also provide guidance on the responsible use of debt finance. Debt will be most useful for projects that generate a revenue stream to support loan repayment.
9. Recent research undertaken by the Infrastructure Commission relates to infrastructure pricing including the use of tolls and time-of-use charging. They stand ready to collaborate with the Ministry of Transport on policy design for the Action Plan.

Background

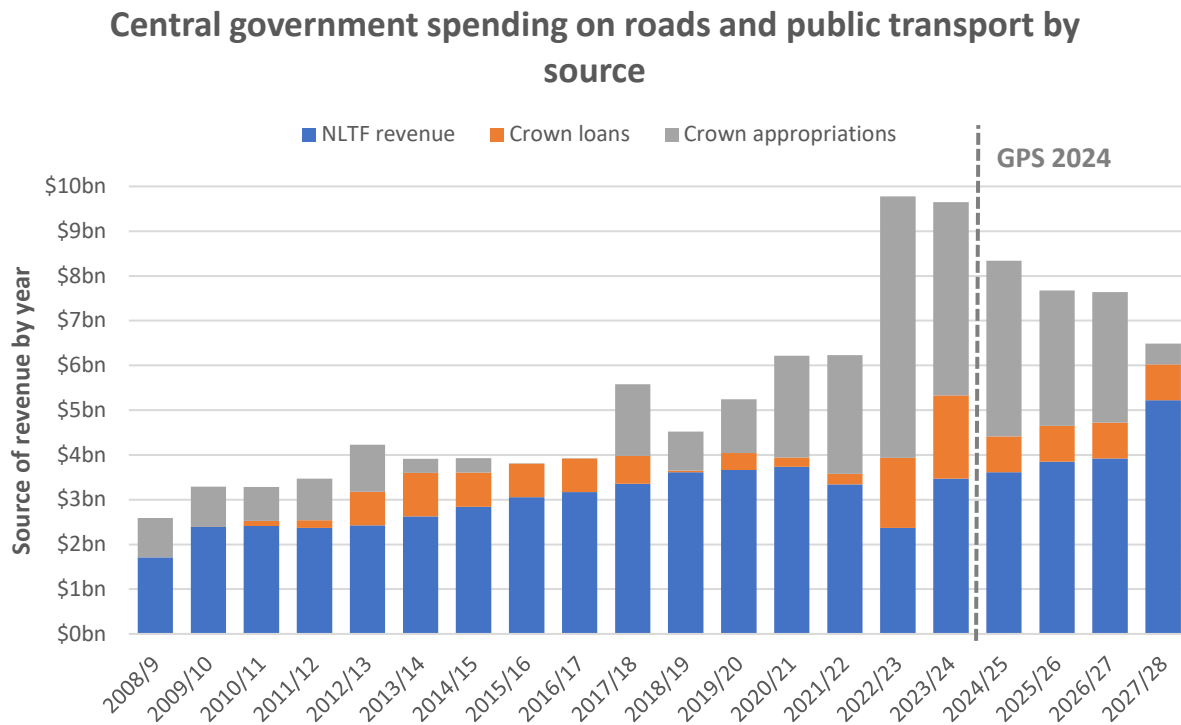
10. We agree that the transport revenue system requires reform. The increasing reliance on Crown grants and loans to support transport spending in recent years undermines the goal of revenue sufficiency.
11. Decisions by successive governments to suspend fee increases for Fuel Excise Duty (FED), Road User Charges (RUC) and Motor Vehicle Registration (MVR)¹ has meant revenue has not kept pace with either essential maintenance² or new investment needs.
12. At the same time, successive governments have announced new transport priorities, many of which lack business cases to quantitatively assess their value.³ This combination of stagnant revenue growth and heightened investment expectation has necessitated significant Crown contributions, particularly since 2020/21 (see Figure 1).

¹ Annual FED and RUC increases were paused in March 2022 in response to Ukraine/Russia war-related fuel price increases. The draft GPS Land Transport proposes extending that pause until 2027.

² In 2023, revenue estimates from FED, RUC and MVR fell \$5.3B short of the \$18.4B that NZTA estimated was needed to fund maintenance, current commitments and debt repayments over the 2024/27 period.

³ Roads of National Significance announced in 2009, 2017 and 2024 and NZUP Transport Projects announced in 2020 were estimated to cost between \$55.2 to 66.7B at the time of their announcements.

Figure 1 – Central government funding of roads and public transport by source, 2008/09 - 2027/28



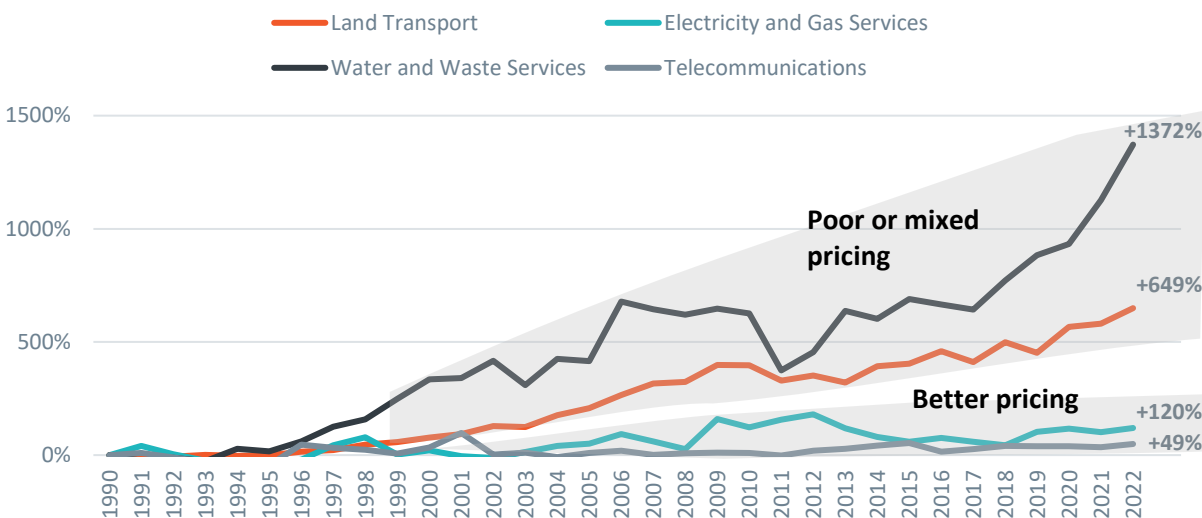
13. Figure 1 depicts the Vote Transport appropriations announced in Budget 2024. These appropriations align with the draft Government Policy Statement Land Transport (GPS) which sets expenditure limits for the next three years.
14. As Figure 1 shows, the journey toward a financially sustainable transport system begins from behind the starting-line. Indeed, while Crown contributions are expected to trend downward, NLTF revenue, via user charges, still represents only 42% of expenditure in the coming year.
15. The proposal to defer FED and RUC increases until 2027 further contributes to a need for 'catch-up' in revenue sufficiency. The eventual hike in 2027 user-fees represents a 33% increase over the previous year.
16. We note that the transition from FED to RUC will unavoidably increase costs for some road users (Cab paper para 35). s9(2)(f)(iv)
17. Figure 1 also depicts a proposed 15% decrease in overall transport sector expenditure in the 2027/28 year. The basis for this reduced expenditure expectation is unclear.

⁴ A transport update at the 8 May IIMG meeting, proposed a target implementation date of January 2027 for the FED-to-RUC transition.

Improved pricing tools offer a partial solution...

18. We support the revenue-collection initiatives proposed in the Action Plan. The introduction of congestion charging legislation, tolling reform and exploration of other funding tools are well-aligned with the Infrastructure Strategy.
19. Our support for these pricing mechanisms lies partly in their ability to address funding shortfalls in the NLTF. But these pricing tools also help tell us whether we are investing efficiently. For instance, the modelled revenue potential from tolling and value capture can tell us whether we are making high value investments because it signals the willingness of road users to pay for those upgrades.
20. Without these pricing signals in place, we risk poorly-calibrated investment levels and poor project selection, directly impacting our ability to fund future investments.
21. In February we published our “Build or Maintain” Research Insight report⁵ providing a comprehensive review of the financial value of New Zealand’s assets and expenditure on both new capital and maintenance. This study found that since 1990, capital investment in land transport has risen rapidly – see Figure 2. But despite this increased investment, land transport service-levels are seen as being sub-optimal.
22. By contrast, investment in electricity, gas and telecommunication sectors has been lower, but these sectors are seen as providing higher levels of service.

Figure 2 - Growth in inflation-adjusted capital investment, by infrastructure network



23. There are stark differences between the way land transport services are priced when compared with electricity, gas and telecommunications sectors. Last month we published our Network Infrastructure Pricing Study which explored these pricing differences. This

⁵New Zealand Infrastructure Commission (2024) Build or maintain? New Zealand’s infrastructure asset value, investment, and depreciation, 1990–2022 <https://media.umbraco.io/te-waihanganga-30-year-strategy/djkmwtwj4/build-or-maintain.pdf>

study identified a series of best practise pricing goals and principles with relevance to the Action Plan.

24. When compared against the best practice principles, pricing in the land transport sector lags behind that of other sectors. One of the main shortcomings stems from the lack of pricing signals to guide transport sector investment.

Pricing as a signal to NZTA and policymakers

25. For example, NZTA has developed *Arataki*, a 30-year investment plan to help identify priority land transport investments.⁶ Improved pricing could provide important insights to NZTA (signals), to demonstrate what parts of the network are subject to the most demand and inform the 30-year investment plan. A greater reliance on pricing signals would inform investment needs better than project prioritisation through the GPS.
26. The under-recovery of tolling revenue similarly provides a signal to NZTA and policy-makers that some network investments are not valued by users over and above existing un-tolled routes. Similarly, value capture modelling that reveals limited revenue potential, does not signal an issue with the revenue tool itself, but with the value of the proposed project.
27. Improved road tolling, time-of-use charging and value capture tools would improve transport pricing against best-practice pricing principles. But beyond the base benefit of increasing revenue, the benefits these pricing tools provide (by improving investment decisions), are largely absent from the Action Plan.

Pricing as a signal to road users

28. Well-designed pricing also sends signals to road users, incentivising them to drive only when and where their travel offers them the greatest value. This reduced demand can prolong asset life, deferring the need for additional capital investments, thereby improving funding sustainability. These incentives provided by tolling and time-of-use charging are well recognised in the Action Plan.
29. We note however, that the Action Plan proposes deferring time-of-use charging scheme implementation until 2027 given a desire to “build understanding and acceptance” among the public (para 20). Understanding and acceptance of a new policy can also be enhanced by phased implementation. In other jurisdictions, pilot schemes have proven effective in building public understanding, providing a useful tool to consider.
30. We agree that a transition from FED to RUC would provide better signals to road users regarding the true cost of their road use.

31. s9(2)(f)(iv)

⁶ Arataki – 30-year Plan (Sept 2023) - <https://www.nzta.govt.nz/planning-and-investment/planning/arataki/>

...but financial sustainability also relies on how we spend our money

32. We support the revenue collection tools proposed in the Action Plan. The financial sustainability of our transport funding system must not only look at funding sources but also how we spend. As such, we recommend that the *efficiency* of transport spending receives equal weighting.
33. The Cabinet Paper proposes six principles to guide the Action Plan, but the importance of demand management or spending efficiency are not explicitly noted (para 11).
34. Initiatives that reduce demand for new capital investments can often provide the best value for money. Deferring investment requirements also frees up resources for unavoidable capital expenditure.
35. Similarly, project selection is as important as how projects are funded. Projects that materially enhance economic growth or user-benefits will collect more revenue through tolling, value capture and indirect taxation.
36. A rigorous business case process and assessment of the economic benefits is needed to identify the best use of limited funding. Projects with the strongest economic cases will be those which can charge users enough to recover costs.

Use of alternative financing mechanisms

37. The Action Plan proposes the use of public private partnerships (PPPs). We note that PPPs are primarily a financing and delivery tool, rather than a tool to address funding shortfalls. Up-front finance provided through transport PPPs require repayment in the form of funding from the NLTF, Crown payments or road tolls.
38. We are currently developing guidance on infrastructure PPP models to deliver value for money. To the extent that PPPs achieve delivery or maintenance efficiencies, the longer-term financial sustainability of the transport funding could be improved.

Debt as a financing tool

39. The paper identifies the importance of raising additional revenue but is largely silent on the responsible use of debt. Debt can be a useful financing tool to spread the cost of repayments among future users. But debt is best suited to projects that raise additional revenue. The indiscriminate use of debt to finance maintenance, or new projects that create new maintenance liabilities, without additional revenue will compromise financial sustainability
40. We note that since 2015, the NLTF has increasingly incurred liabilities, despite being designed primarily as a pay-as-you-go system. As of 2023, the fund had over \$3.5 billion in long-term liabilities,⁷ most of which do not have an identified funding stream, other than future FED and RUC revenue. In the absence of new revenue, these liabilities will be repaid by reducing our ability to make investments in future.

⁷ <https://www.nzta.govt.nz/assets/resources/annual-report-nzta/2022-23/nltf-annual-report-2022-23-section-c-finances.pdf>. See table 8.

Appendix 1. Relevant excerpts for your OIA request

TW-2024-348 Infrastructure weekly update for the week starting 19 February 2024

Relevant excerpt:

2.3. Ministerial consultation on the draft Government Policy Statement on land transport 2024 (GPS)

We have prepared feedback for the Ministry of Transport on the draft GPS. Our feedback includes recommendations to:

- reconsider the directive to deliver **Roads of National Significance (RoNS)** in advance of business cases and third-party assurance. Empirical evidence shows that premature announcements contribute to delivery delays and cost overruns. Pre-empting the business case process also represents a departure from decision-making principles in the New Zealand Infrastructure Strategy;
- clarify the **source of RoNS programme funding**. A directive to apply NLTF funds may run counter to NZTA's responsibility to allocate NLTF funding under the Land Transport Management Act;
- consider **market capacity** to implement the RoNS given a backdrop of both domestic and international demand for construction labour;
- examine the **sufficiency of maintenance funding** under the State Highway Pothole Prevention Activity Class. Our analysis suggests that the lower band of this activity class requires an uplift from \$420m to \$578m in order to achieve the Minister of Transport's desire to "...prevent further deterioration in roading quality" (draft GPS, p.3);
- allocate **funding for resilience** investments. While 'increased maintenance and resilience' features as a Strategic Priority, the activity classes appear to allocate no funding for resilience initiatives such as reducing impacts from floods, earthquake strengthening or seawall construction;
- articulate what **emissions reduction** role the Government expects the transport system to provide. The draft GPS is silent on climate change, including current targets applicable to total kilometres travelled and freight emissions. Proposed constraints on public transport and active transport funding also appear to run counter to current emissions reduction targets;
- Introduce a broader suite of **performance targets** to assist in monitoring progress against the GPS's Strategic Priorities.

We understand that the GPS will be considered by the Economic Policy Committee on 28 February. We can provide more detailed advice to inform those discussions, if desired.

TW-2024-361 Infrastructure weekly update for the week starting 11 March 2024

Relevant excerpt:

2.6. Advice to MOT re: Land Transport GPS 2024

In February, we provided advice to the Ministry of Transport during agency consultation on the draft Land Transport Government Policy Statement 2024 (GPS). We consider there are opportunities to clarify the GPS related to resilience investments, emissions reduction, performance monitoring and the way in which Roads of National Significance are implemented.

We will be joining with you to meet with Minister Brown on 25 March and will provide background notes about the Transport GPS and the related matters of reviewing the transport revenue system, the system setting changes needed to enable new revenue tools for transport, the importance of stabilising transport revenue for the 30 year Infrastructure Plan, and establishment of the National Infrastructure Agency.

TW-2024-410 Infrastructure weekly update for the week starting 27 May 2024

Relevant excerpt:

2.2. Government Policy Statement on land transport

We have received a revised Government Policy Statement on land transport 2024 – 34 (GPS 2024) and Cabinet paper for our review. The Cabinet paper seeks agreement to release the final GPS 2024, and agreement to the funding arrangements for land transport investment from 1 July 2024. There have been minor changes to reflect feedback from public consultation.

Our ongoing feedback is around the transparency of expectations and decision-making responsibilities for projects to be funded from the National Land Transport Fund (NLTF) and Crown funding respectively. We note the Minister of Transport's recent decision to bring projects previously under the New Zealand Upgrade Programme under the umbrella of the National Land Transport Programme (NLTP) – bringing the total number of Roads of National Significance (RONS) to 17, along with 11 Roads of Regional Significance. This represents a massive forward delivery programme that will not be affordable within current forecast revenue. We are seeking clarification about the implications of these changes for management of future cost, timing and scope changes by Waka Kotahi, and how any cost increases can be met from the NLTF. These questions will also inform our input to the transport revenue review, funding and financing options to meet future investment needs, and our ongoing input to assurance for major projects such as RONS and Waitematā Harbour Connections.

We understand that the Minister of Transport will be seeking departmental and Ministerial feedback on the final draft GPS and Cabinet paper by 31 May, and will look to take the paper to ECO on 19 June and to Cabinet on 24 June. The final GPS needs to be published by 30 June to inform development of the National Land Transport Programme.