



12 April 2024

OC240306

Hon Simeon Brown
Minister of Transport

Action required by:
Monday, 15 April 2024

DRAFT GOVERNMENT POLICY STATEMENT ON LAND TRANSPORT 2024 (GPS 2024) SUMMARY OF FEEDBACK FROM PUBLIC CONSULTATION

Purpose

This briefing summarises feedback from consultation on the draft Government Policy Statement on land transport 2024 (draft GPS 2024).

Key points

- Consultation on the draft GPS 2024 ran from 4 March 2024 to 2 April 2024. We received 2,038 submissions from local and regional councils, regional transport committees, the roading, rail, construction, engineering, and commercial sectors, representatives from transport advocacy groups, community groups and individuals.
- Feedback on the draft GPS 2024 was largely split by the type of submitter:
 - Local government, businesses, and transport groups broadly agreed with the direction and strategic priorities, system reforms and funding and financing mechanisms signalled in the document but disagreed with the allocation of funding across activity classes (particularly public transport). Many welcomed increased funding for pothole repair but noted that there should be a focus on resilience in response to climate change in the document as well.
 - Groups advocating for public transport, walking and cycling and rail broadly disagreed with the strategic priorities and direction in the document, as well as the focus on Roads of National Significance.
 - Most individuals who completed the online survey or submitted disagreed or strongly disagreed with the direction and strategic priorities in the document, with many viewing the document as too focused on road transport at the expense of public transport, walking and cycling, and rail. However, the majority of survey respondents supported changes to increase the licensing component of the Motor Vehicle Registration (MVR) fee.

- The Land Transport Management Act 2003 (LTMA) requires the Minister of Transport to consult with the New Zealand Transport Agency (NZTA) on the proposed GPS. We have attached feedback from the NZTA Board (**Annex 3** refers).
- The LTMA also requires that the Minister of Transport have regard to the views of Local Government New Zealand (LGNZ) and representative groups of land transport users and providers. The feedback from LGNZ and representative groups have been summarised in this report, and copies of their individual submissions (listed in **Annex 1**) can be provided to your office if requested.

Recommendations

We recommend you:

- 1 **note** the key themes from feedback on the draft GPS 2024
- 2 **discuss** the key themes from feedback, and how feedback may be reflected in the GPS 2024, with officials at your officials meeting on Monday 15 April 2024
- 3 **indicate** if there are certain submissions you would like more information on
- 4 **note** the updated timeline for releasing the GPS 2024 by the end of June 2024.



Paul O’Connell
Deputy Chief Executive Systems Strategy
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Hon Simeon Brown
Minister of Transport
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- Minister’s office to complete:**
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| <input type="checkbox"/> Seen by Minister | <input type="checkbox"/> Not seen by Minister |
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Comments

Contacts

Name	Telephone	First contact
Paul O’Connell, Deputy Chief Executive Systems Strategy	s 9(2)(a)	
Tim Herbert, Manager Investment		✓
Mitch Macaulay, Principal Advisor Investment		

DRAFT GOVERNMENT POLICY STATEMENT 2024 (GPS 2024) SUMMARY OF FEEDBACK FROM PUBLIC CONSULTATION

Consultation process

- 1 Public consultation on the draft GPS 2024 opened on 4 March 2024 and closed on 2 April 2024. The draft GPS 2024 was published on the Ministry of Transport website for feedback along with an online survey.
- 2 During the consultation period, Ministry of Transport (Ministry) officials met with stakeholders including NZTA, Local Government New Zealand (LGNZ), infrastructure and transport sector bodies, local and regional councils, and iwi to talk through the draft GPS 2024 and invite submissions.
- 3 We received a total of 2,038 submissions¹, consisting of:
 - 3.1 1,376 responses to the online survey (these were mainly from individuals)
 - 3.2 448 emails to the Ministry of Transport GPS inbox (these were mainly from individuals)
 - 3.3 214 written submissions (these were mainly from local government, transport sector interest groups, advocacy groups, and community groups).
- 4 We received several late submissions that have been included in our analysis. A list of submitters is provided in **Annex 1** and a summary of the survey results and submissions from organisations and individuals is included in **Annex 2**.
- 5 Officials are working on an A3 summary of feedback from consultation that can be released alongside the GPS when it is finalised. We will provide this to your office ahead of finalising the GPS in June 2024.

Key themes from feedback

General feedback

- 6 Feedback on the draft GPS 2024 is largely split between individuals and active transport and environmental advocacy groups who generally disagree with the direction and content of the draft GPS 2024, and organisations (including local government and transport sector groups) who generally agree with the draft document's direction and content.
- 7 Organisations who submitted on the draft GPS were broadly supportive of the document. Submissions from 176 organisations commented on the strategic priorities and direction of the document – and of these, 57 percent agreed or strongly agreed with the priorities and direction. Local government, business, and transport sector groups were most supportive, with active transport mode and environmental advocacy groups least supportive of most proposals.

¹ Survey responses and submissions often only comment on parts of the draft GPS 2024 so this paper notes the number of submitters that commented on a proposal when discussing the percentages of those who agreed or disagreed with it.

- 8 The Increased Maintenance and Resilience strategic priority was particularly strongly supported – 142 organisations submitted on this priority with 77 percent agreeing or strongly agreeing with it, with many welcoming steps to address perceived underinvestment in maintenance over time.
- 9 However, feedback indicated that most organisations did not agree with the activity class descriptions and funding ranges. Of the 129 organisations who commented on the activity classes, 62 percent disagreed or strongly disagreed with them – which included 23 of the 61 local government sector submissions. Key themes included that more funding should be allocated towards public transport, rail, or walking and cycling. A number of local council groups and transport advocacy groups also disagreed with the need to fund integrated transport projects from across activity classes.
- 10 Submissions from 34 organisations (including local government, business, walking and cycling and rail advocacy groups) also requested that the document include a stronger focus on building climate change resilience in the transport network or reducing transport emissions.
- 11 Individuals broadly disagreed with the draft GPS strategic priorities and direction. Of the 1,367 individuals who responded to this part of the survey, 94 percent disagreed or strongly disagreed with the strategic priorities and direction outlined. We also received 176 written submissions from individuals commenting on the strategic priorities and direction of the document – with 98 percent of these disagreeing or strongly disagreeing with them. Key themes include:
- 11.1 That the document is too heavily focused on road transport at the expense of other transport modes such as walking and cycling and public transport.
- 11.2 That the document does not sufficiently feature climate change resilience and emissions reduction.

System Reform

- 12 Submissions from 81 organisations commented on the system reform elements – with 82 percent of these agreeing or strongly agreeing with them. A total of 19 submissions (including Infrastructure New Zealand, the New Zealand Local Authority Traffic Institute (TRAFINZ), several local and regional councils and Regional Transport Committees) specifically supported 10-year government policy statements and developing a 30-year plan for transport infrastructure in New Zealand.
- 13 Five submitters (including Local Government New Zealand) noted the risk that long-term planning can be undermined by future changes in political direction and suggested that cross-party support be built for delivering long-term transport infrastructure plans. Local Government New Zealand also noted that long-term transport planning should occur alongside longer-term planning in complimentary areas such as land use planning and housing.
- 14 Ten submitters supported reforms to fast-track consents for major infrastructure projects, but some noted that the environmental impacts of these projects need to be carefully considered in decisions.

- 15 Key themes from these submissions included support for moving all vehicles to Road User Charges (RUC) if equity impacts on low-income households are considered, or concerns that fast-track consenting may result in projects progressing without full consideration of environmental impacts.

Economic Growth and Productivity Strategic Priority

- 16 Submissions from 157 organisations commented on the Economic Growth and Productivity strategic priority – with 62 percent of submissions agreeing or strongly agreeing with this priority.
- 17 Local government groups were particularly supportive of this priority, with 45 submitting in favour. Local government strongly welcomed the reintroduction of the Roads of National Significance (RoNS) programme, with many advocating for projects in their regions to be included. Business groups also broadly supported this priority. Submissions from Business New Zealand, Fonterra, Business Canterbury, Business South Inc and Federated Farmers all supported the focus on economic growth and productivity in the document.
- 18 The Automobile Association supported the RoNS programme but stated that the programme of works will need to be carefully planned and staged (with clear expected start and completion dates) to ensure it can be delivered within available funding and construction sector capacity.
- 19 In relation to rail, 16 organisations (mainly local councils and rail advocacy groups) noted that the contribution of rail to economic growth and productivity should be better emphasised, and that the GPS should reflect more investment outside of the golden triangle of Auckland, Hamilton and Tauranga.
- 20 Several submitters (including Local Government New Zealand) considered that there is a case for road users cross-subsidising rail as road users can benefit from shifting freight from heavy vehicles onto rail through less congestion and damage to roads. In contrast, the Automobile Association agreed that road users should not cross-subsidise rail (especially in the absence of any increase in rail freight).
- 21 In relation to walking and cycling, submissions from cycling groups such as the Cycling Action Network, Cycle Wellington, Bike Waikato, Bike Auckland and Bike Sunnynook requested more emphasis on investment in walking and cycling infrastructure. Key themes from these submitters included:
- 21.1 Only allowing investment in walking and cycling where demonstrated volumes already exist would rule out projects that could have strong benefits, but volumes cannot be demonstrated due to a lack of any existing infrastructure.
- 21.2 Only enabling funding from the Walking and Cycling activity class removes flexibility to fund multi-modal transport projects that could benefit different modes of transport such as walking and cycling.
- 22 Individuals were broadly unsupportive of this strategic priority. Of the 1,361 individuals who responded to this part of the survey, 86 percent disagreed or strongly disagreed with the overarching priority of economic growth and productivity. Key themes from these responses included that:

- 22.1 The document should also set out the contribution that other modes of transport (such as walking and cycling) make towards economic growth and productivity.
- 22.2 Economic growth and productivity may be a valid priority but should not be overarching (and should not be pursued at the expense of environmental or social outcomes), or that the safety priority should be the overarching GPS priority.
- 22.3 The document's focus on roading (and the RoNS programme) will result in induced demand from road users that will cause more congestion and emissions.
- 23 Individuals were supportive of the investment in public transport signalled in this chapter of the document, with 58 percent of comments supporting the intention to improve public transport with rapid transit corridors.²

Increased Maintenance and Resilience Strategic Priority

- 24 Local government, businesses, infrastructure, and transport groups broadly supported this strategic priority and supported taking a proactive approach to maintaining transport infrastructure. Submissions from 142 organisations commented on this strategic priority – with 77 percent agreeing or strongly agreeing with this strategic priority and 60 percent agreeing or strongly agreeing with the proposed pothole prevention fund.
- 25 Balancing maintenance with road use was a key factor for many, and 18 organisations submitted that more freight should be moved from road to rail to reduce pressure on road maintenance in future – including Engineering New Zealand, Local Government New Zealand, KiwiRail and Lyttleton Port. 16 submissions (mainly from local and regional councils) noted that this section should more strongly emphasise the importance of building resilience to the impacts of climate change into our transport network.
- 26 Of the 1,350 individuals who responded to this part of the survey, 70 percent disagreed or strongly disagreed with the strategic priority of increasing maintenance and resilience. We also received 37 written submissions from individuals commenting on the increased maintenance and resilience strategic priority of which 29 percent disagreed or strongly disagreed with it and 46 percent were neutral.
- 27 Key themes from individuals' feedback included that funding for road maintenance and resilience would be better spent on walking and cycling improvements, that heavier vehicles should contribute more towards the cost of road maintenance and resilience, or that more freight should be shifted onto rail to reduce wear and tear from heavy vehicles on roads.

Safety Strategic Priority

- 28 Organisations including local government and transport sector groups were generally supportive of the Safety strategic priority. Of the 127 organisations that commented on this strategic priority, 62 percent agreed or strongly agreed with it. Around 61 percent supported the proposals to review traffic fines and 59 percent supported

² Based on analysis of survey comments by Ministry of Transport officials.

reviewing the regulatory system. Several local councils and the New Zealand Local Authority Traffic Institute (TRAFINZ) emphasised that police need to be appropriately resourced to carry out the increased enforcement activities.

- 29 Individuals who submitted broadly disagreed with the Safety strategic priority's focus on road policing and enforcement. Of the 1,336 individuals who responded to this part of the survey, 63 percent disagreed or strongly disagreed with this priority. We also received 30 written submissions from individuals commenting on the safety strategic priority and 77 percent of these disagreed or strongly disagreed with this priority.
- 30 Key themes from individuals' comments included that, while improving safety is an important priority, they disagreed with the enforcement-based approach outlined to improve safety and preferred speed limit reductions or other measures instead of increased enforcement. However, individuals supported proposals to review fines for traffic offences. Approximately 57 percent of comments by survey respondents supported reviewing these fines as many considered fine levels are currently too low.

Value for Money Strategic Priority

- 31 Local government, businesses, infrastructure, and transport groups tended to support the Value for Money strategic priority. Of the 126 organisations that commented on this strategic priority, 59 percent agreed or strongly agreed with it. Of these submitters, eight specifically commented that they support reducing expenditure on temporary traffic management³.
- 32 There was less support for increases to farebox recovery. A total of 11 organisations either disagreed with increases to farebox recovery or agreed but noted that these should be carefully considered and designed so that increases do not disincentivise public transport patronage.⁴
- 33 Individuals broadly disagreed with the Value for Money strategic priority. Of the 1,304 individuals who responded to this part of the survey, 77 percent disagreed or strongly disagreed with this priority. We also received 48 written submissions from individuals commenting on value for money – with 66 percent of these either disagreeing or strongly disagreeing with this strategic priority.
- 34 Key themes from individuals' feedback included that value for money should focus on the whole of life cost of a project (and the social and environmental benefits and impacts of a project), and that care should be taken to ensure that value for money not be confused with prioritising lowest cost projects or approaches.

Outcomes

- 35 Feedback from local government and other organisations differed by outcome:

35.1 45 percent agreed or strongly agreed with the outcomes relating to Economic Growth and Productivity (79 submissions commented)

³ Local Government Professionals Aotearoa, Rangitikei District Council, Wellington Regional Transport Committee, Vision Kerikeri, New Zealand Institute, Waikato District Council, South Wairarapa District Council and the Supply Foundation.

⁴ Free Fares, Hawke's Bay Regional Council, Waikato District Council, Kinetic, Public Service Association, Hobsonville Point Residents' Association, the AA, Kāpiti Coast District Council, Dunedin Tunnels Trails Trust, the Lever Room, and Greater Auckland.

- 35.2 59 percent agreed or strongly agreed with the outcomes relating to Increased Maintenance and Resilience (66 submissions commented)
- 35.3 40 percent agreed or strongly agreed with the outcomes relating to Safety (76 submissions commented)
- 35.4 56 percent agreed or strongly agreed with the outcomes relating to Value for Money (70 submissions commented).
- 36 Survey responses from individuals broadly disagreed with the outcomes included in the draft document, with 88 percent of survey respondents disagreeing or strongly disagreeing with the outcomes.⁵

Funding for land transport

- 37 Many submitters acknowledged that changes to the funding and financing of transport projects are needed. Of the 122 organisations that commented on funding and financing, 69 percent were supportive of exploring funding and financing tools to respond to increasing funding pressures in the land transport system. They outlined user pays mechanisms such as tolling and value capture, as well as moving New Zealand's vehicle fleet to RUC as sensible ways to raise revenue for land transport.
- 38 We received 14 submissions from individuals on the proposal to explore a range of funding and financing options for all major transport projects. Of these, 65 percent disagreed or strongly disagreed with the proposal. Key themes from these responses included opposition to the use of private funding and financing or Public Private Partnerships (PPPs) to deliver transport infrastructure projects, noting that PPPs have resulted in higher project costs or inefficiencies in the past.
- 39 Survey respondents supported the proposal to increase the licensing component of Motor Vehicle Registration fees (MVR). Of the 1,327 individuals who responded to this part of the survey, 67 percent agreed or strongly agreed with the proposal. Organisations who commented on the MVR increase were less supportive but not against the increase. Of the 59 organisations that commented on the MVR increase, around 47 percent agreed or strongly agreed, and only 11 percent disagreed or strongly disagreed.
- 40 Individuals were less supportive of the proposed increases to fuel excise duty (FED) and RUC. Around 56 percent of the 1,280 individuals who completed this part of the survey disagreed or strongly disagreed with this proposal. Themes from this feedback included that:
- 40.1 A full review of charges paid by road users should be undertaken before increases to FED and RUC are implemented.
- 40.2 Heavy vehicles should contribute more through FED and RUC towards the costs of road maintenance and improvements.
- 40.3 The proposed FED and RUC increases from 2027 result in an abrupt increase in costs that could result in equity impacts on lower income New Zealanders.

⁵ Based on analysis of survey comments by Ministry of Transport officials.

Activity classes

- 41 Many submitters welcomed the increased funding for land transport signalled in the GPS 2024 but disagreed with the activity classes and funding ranges. Of the 1,178 individuals who responded to this part of the survey, 78 percent disagreed or strongly disagreed with the activity classes and funding ranges. Of 129 organisations, 64 percent disagreed or strongly disagreed with the activity classes and funding ranges.
- 42 Around 20 stakeholders (including Regional Transport Committees, Local Government New Zealand, local and regional councils, and the Automobile Association) opposed multi-modal projects having to now draw funding from different activity classes to progress integrated multi-modal transport projects. They considered that this would reduce funding flexibility and significantly increase the complexity of funding for delivering integrated projects.
- 43 Submitters also expressed concern around funding ranges in the activity class table on page 29 of the draft GPS 2024. Around 20 submitters (including several local councils and transport mode advocates for rail, walking and cycling) expressed concern that the bottom ranges of activity classes for public transport, rail network, and walking and cycling are too low. Six submitters⁶ disagreed with the proposal to remove the coastal shipping activity class. Others noted that activity classes should be mode neutral.
- 44 Auckland Council expressed a concern that the Public Transport Services activity class will not provide enough funding to support existing costs and improved services, with the potential shortfall in NZTA funding estimated to be between \$80 million and \$500 million. Auckland Council noted that a shortfall of this magnitude may result in reductions to existing services of up to 30 percent and public transport fare increases ranging from 22 and 136 percent. We have previously provided you with advice responding to Auckland Council's concerns.
- 45 Of the 88 organisations that commented on the two new Pothole Prevention activity classes, 60 percent agreed or strongly agreed with these activity classes. These submitters included a mix of local government groups, transport industry groups (such as the Motor Industry Association, Motor Trade Association and AA), Federated Farmers, Ia Ara Transport New Zealand, and Infrastructure New Zealand.

Ministerial Expectations

- 46 Most organisations were supportive of the Ministerial Expectations. Of the 81 submissions that commented on the Ministerial Expectations, around 52 percent agreed or strongly agreed with them. Key themes included support for the strong focus on delivery, core business and value for money. Five local councils, TRAFINZ, Infrastructure New Zealand and engineering firm RCP supported steps to improve business cases.
- 47 Individuals largely disagreed with the Ministerial Expectations section. Of the 1,241 individuals who responded to this part of the survey, 82 percent disagreed or strongly disagreed with the expectations outlined in the draft GPS 2024. Key themes include:

⁶ Resilienz, Tasman District Council, Maritime Union of New Zealand, Nelson Transport Strategy Group Inc, Westland District Council and Otago Regional Council.

- 47.1 Concern that the document places too much emphasis on roads and not enough on delivering other modes of transport.
- 47.2 Concern that taking a “no frills” approach to delivery would result in poorer quality transport infrastructure.

Other feedback

- 48 A number of other themes from consultation feedback were identified:
 - 48.1 There were a number of submissions from community and local government groups advocating for specific regions, projects, policies or interventions in the transport system to be reflected in the document – including advocacy for certain local RoNS, particular roads or bridges, or for integrated transport plans.
 - 48.2 Eight councils requested that future GPS documents be finalised 15 months before the start of the GPS period to better allow alignment between the GPS and Regional Land Transport Plans (RLTPs).
 - 48.3 Some councils requested that more transparency be provided on how much funding is generated by a region’s transport users and how much expenditure is allocated to transport projects in that region.
 - 48.4 A number of rail and transport advocacy groups noted that cancellation of KiwiRail’s Inter-island Resilient Connection (iReX) Project may undermine resilient transport connections between the North and South Islands in future.
 - 48.5 Auckland Council, UNICEF, the Wellington Regional Land Transport Committee and several survey respondents noted that the GPS 2024 should reference the need for effective partnership and engagement with Māori across the transport sector in line with partnership under the Treaty of Waitangi.

Feedback by stakeholder groups

New Zealand Transport Agency (NZTA)

- 49 It is a requirement in the Land Transport Management Act 2003 (LTMA 2003) that the Minister of Transport must consult with the New Zealand Transport Agency (NZTA) on the proposed GPS.⁷ NZTA’s submission is attached at **Annex 3**. Key points from NZTA’s submission include:
 - 49.1 Support for the proposed top up to the National Land Transport Fund (NLTF).
 - 49.2 Agreement in-principle to the additional \$3.1 billion Crown loan outlined in the GPS for 2024 to 2027 but seeking appropriate assurance via a letter of comfort that longer-term funding will be delivered beyond the GPS period.
 - 49.3 Support for using additional revenue sources to develop a sustainable funding system.

⁷ Section 67(4), Land Transport Management Act 2003.

- 49.4 That the current activity class ranges may be insufficient to deliver some of the draft GPS 2024 expectations – particularly public transport infrastructure.
- 49.5 Noting the proposed changes to activity class definitions that various activity classes will not be used to make multi-modal improvements – but that the GPS should clarify that where walking and cycling improvements or public transport facilities are included as essential part of the design of a road project (e.g., as a requirement for the project consent), that funding for these requirements can occur from the same activity class as the primary project.
- 49.6 Supports progressing the RoNS in a way that connects with wider land use and transport planning.
- 49.7 Noting the expectations around increasing public transport farebox recovery and third-party revenue and requests that NZTA and Ministry of Transport officials work together to develop farebox recovery policies.
- 49.8 Suggests clarifications to activity class definitions.
- 50 Ministry of Transport and Treasury officials are currently working to confirm the funding arrangements for NZTA, including confirming the loan agreement for the \$3.1 billion Crown loan and the letter of comfort for funding beyond 2027.

Local Government New Zealand and representative groups of land transport users and providers

- 51 The LTMA requires that the Minister of Transport have regard to the views of Local Government New Zealand (LGNZ) and representative groups of land transport users and providers⁸. In collaboration with LGNZ's Transport Special Interest Group (TSIG), Ministry of Transport officials held three workshops with local government officials to discuss the draft GPS 2024 and invite submissions.
- 52 LGNZ support some elements in the draft GPS but also raised several concerns. LGNZ's submission is attached at **Annex 4**. Key points included:
- 52.1 Support for the four strategic priorities in the draft document, proposals to take a longer-term focus on transport planning and investment, and proposed improvements to the transport funding system (though noting that they support increases to FED and RUC coming in sooner than 2027)
- 52.2 Support for the focus on economic growth and productivity with the proviso that the document set out a strategy for transport that is more clearly integrated with investment in other infrastructure and wider land use planning.
- 52.3 Support for greater investment in increased maintenance and resilience, noting that the GPS should consider how other proposals in the GPS (such as road users no longer cross-subsidising investment in the rail network) may cause more pressure on road maintenance.
- 52.4 Support for the focus on value for money and safety.

⁸ Section 67(1)(c), Land Transport Management Act 2003.

- 52.5 A view that climate change should feature more prominently as a strategic priority for the transport system.
- 52.6 A view that developing an integrated freight system should be introduced as a strategic priority.
- 52.7 Disagreement with what it sees as an increased level of prescription in the document (such as creating specific activity classes for pothole prevention, and changes which make it more complex to fund multi-modal improvements) and favours greater flexibility to meet the needs and conditions of communities.
- 52.8 Concern about proposed changes to funding for public transport services and rail, and requests clarity on the funding approach for inter-regional public transport.
- 52.9 Concern that requiring investments in walking and cycling to prove there is a clear benefit for economic growth or improving safety, and where demonstrated volumes of users already exist, will prevent investment in routes that could most benefit from this investment because they are currently “hostile to pedestrian or cyclist use”.
- 52.10 Support for the Ministerial expectations and in particular the focus on delivery and value for money.
- 53 The views of representative groups of land transport users and providers have been provided throughout the submissions analysis in this document. More information on the views of specific land transport user and provider groups can be provided on request. Full lists of the user and provider groups that submitted are in **Annex 1**.

Local and regional councils and Regional Transport Committees

- 54 We received submissions from 61 local and regional councils and Regional Transport Committees (RTCs). Local and regional councils broadly agreed with the strategic priorities and particularly supported the Economic Growth and Productivity and the Increased Maintenance and Resilience priorities. Many supported the increased emphasis on maintenance and resilience given their views that historic underinvestment in road maintenance needs to be addressed and resilience to future weather events needs to be factored into transport investment.
- 55 A total of 15 local and regional councils requested that the document include a strategic priority focused on responding to the impacts of climate change and prioritising emissions reduction.
- 56 Local and regional councils also supported new funding and financing mechanisms and proposed reform of the transport funding and planning system – with a large number supporting longer-term planning in the GPS. Many councils and Regional Transport Committees also requested that future GPS documents be finalised well ahead of the date in which they come into effect.
- 57 On the funding package outlined in GPS 2024, around 44 percent of local government groups disagreed or strongly disagreed with the package while 34 percent agreed or strongly agreed. Those who supported the funding package welcomed the increase in funding for transport, while those who did not support it

thought that more funding should be allocated towards walking and cycling, public transport and rail, or proposed that more funding be allocated towards certain regions, such as the South Island.

Construction, transport and engineering sectors

- 58 We received feedback from 24 construction, engineering, and transport organisations. Generally, these organisations supported the direction on the draft GPS and the strategic priority of Economic Growth and Productivity.
- 59 Organisations noted that there was a strong focus on roads in the GPS, but pointed out that other modes, including rail, can help achieve the outcomes sought through the draft GPS. There was also a concern that the GPS does not place enough of a focus on climate change, with nine organisations raising this as part of their feedback.
- 60 Although organisations supported for both the MVR and FED/RUC increase, there was a preference increasing FED/RUC. Organisations felt that increasing FED/RUC placed a closer link between usage and the amount users paid.
- 61 Engineering and construction groups supported the clear pipeline of works outlined by the Roads of National Significance (and supported longer-term pipeline planning) but noted that this will need to be carefully planned and phased so that the sector can build capacity to deliver these projects.
- 62 Engineering New Zealand was broadly supportive of the GPS's strategic priorities and outcomes. Engineering New Zealand did express concerns that the GPS would limit the ability to implement multi-modal transport projects (which it considers can be better value for money), that there was no pathway in the document for addressing climate targets, and that the levels of funding in the GPS for rail would undermine work to renew railway assets currently underway and may lead to a decline in rail services over time.

Iwi Māori

- 63 The Ministry of Transport was approached directly by, and subsequently received a submission from a group of Tairāwhiti (Gisborne) and Toi Rāwhiti (Eastern Bay of Plenty) iwi. Key themes from their submission included that:
- 63.1 The GPS should outline the importance of the Treaty partnership between the Crown and Māori in planning and delivering transport infrastructure that meets local needs.
- 63.2 Roading and infrastructure pipelines should prioritise works in isolated, rural communities which may need to build resilience to climate change or which have not received sufficient investment in the past.
- 63.3 Local information and evidence should be used for planning by key players in the transport sector at national and local levels, and local capacity and capability should be used in delivering transport projects to improve transport outcomes in the regions.
- 64 The Ministry also received a joint submission from the Tasman District Council and the Wakatu Incorporation proposing an amendment to extend the Local Road Pothole

Prevention and Local Road Operations activity classes to allow funding to maintain private roads on land collectively owned by Māori and being used for Māori housing.

- 65 Te Rūnanga o Ngāti Porou (a Post-Settlement Governance Entity located in Tairāwhiti, Gisborne) also submitted in support of the Increased Maintenance and Resilience strategic priority and that investment in the state highway, local and rural road networks should be spent in the most efficient manner and welcomed the refocused Road Efficiency Group (offering their membership on the group).

Advocacy groups

- 66 We received submissions from a wide range of advocacy groups with an interest in transport. These groups mainly advocated for changes in specific areas of interest – such as increased investment in their area or preferred transport mode.
- 67 Six safety advocacy groups submitted, with these largely supported the Safety strategic priority and the focus on enforcement. Some noted that specific targets for reducing deaths and serious injuries should be developed, and that enforcement should be implemented alongside increased driver education and awareness.
- 68 A total of 13 active transport advocacy groups submitted, including Movement and the Cycling Action Network. These submitters disagreed with the document’s perceived focus on roading transport and advocated for increased funding for walking and cycling or for greater flexibility for funding multi-modal projects. Rail advocacy groups advocated for greater investment in passenger and rail freight across New Zealand.
- 69 We received submissions from 12 climate and environmental advocacy groups. These submitters disagreed with the draft GPS 2024 and advocated for it to prioritise mode shift to public transport and walking and cycling, reducing private vehicle dependence, and a stronger focus in the document on adapting to climate change.

Community groups

- 70 We received submissions from six community groups. Four advocated for community-specific transport interventions to improve safety or for local roading projects (such as the Mill Road project). Two church-based groups (St Peters Social Justice Group and St Andrews on the Terrace) advocated for a stronger focus on climate change and emissions reduction and that equity impacts on low-income New Zealanders should be considered in setting fees and charges.

Next steps

- 71 Officials will discuss the themes from consultation, and how consultation feedback may be reflected in the GPS 2024, with you on Monday 15 April 2024. We will then work to the below timeline to finalise the GPS 2024 by the end of June 2024.
- 72 The below timeline involves taking the final GPS 2024 to Cabinet in June as we will likely need to seek agreement to financial recommendations that cannot be considered during the Budget 2024 moratorium period.

Milestone	Timing
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IN CONFIDENCE

Minister of Transport discusses consultation themes with officials	15 April 2024
Officials draft advice on potential changes to the GPS 2024	15 to 19 April 2024
Minister of Transport discusses changes with officials	22 April 2024
Officials update draft GPS 2024 and draft Cabinet paper	22 April to 1 May 2024
Minister of Transport reviews updated draft GPS 2024 and draft Cabinet paper	2 to 6 May 2024
Minister of Transport discusses draft documents with officials	6 May 2024
Officials update documents and provide updated drafts to the Minister of Transport, seeking approval to move to departmental consultation	7 to 8 May 2024
Departmental consultation	8 to 15 May 2024
Officials update documents for departmental comments and provides updated drafts to the Minister of Transport, seeking approval to move to Ministerial and coalition partner consultation	16 to 17 May 2024
Ministerial and coalition partner consultation	20 to 31 May 2024
Officials update documents following Ministerial and coalition partner consultation, and provide updated drafts to Minister of Transport	3 to 5 June 2024
Minister of Transport considers document and provides approval to lodge with the Cabinet Office	6 to 12 June 2024
Submission to Cabinet Office	10am, 13 June 2024
Consideration by Cabinet Economic Policy Committee (ECO)	19 June 2024
Cabinet confirmation	24 June 2024
GPS 2024 is published	25 June 2024
GPS 2024 comes into effect	1 July 2024

IN CONFIDENCE

ANNEX 1: LIST OF SUBMITTERS ON THE DRAFT GPS 2024

Submitter type	Names
Individuals (1,804)	Various. This includes 1,356 survey responses from individuals ⁹ and 448 emails
Local government (62)	<ol style="list-style-type: none"> 1. Ashburton City Council 2. Auckland Council 3. Bay of Plenty Regional Transport Committee 4. Canterbury Regional Council 5. Canterbury Regional Transport Mayoral Forum 6. Carterton District Council 7. Central Hawke's Bay District Council 8. Christchurch City Council 9. Far North District Council 10. Gore District Council 11. Great South, Southland Regional Development Agency 12. Greater Wellington Regional Council 13. Hamilton City Council 14. Hawke's Bay Regional Council 15. Hawke's Bay Regional Transport Committee 16. Hawke's Bay Regional Recovery Agency 17. Horowhenua District Council 18. Hurunui District Council 19. Hutt City Council 20. Invercargill City Council 21. Kāpiti Coast District Council 22. Local Government New Zealand 23. Mackenzie District Council 24. Manawatu District Council 25. Napier City Council 26. Nelson City Council 27. Nelson Tasman Regional Transport Committee 28. New Plymouth District Council 29. Otago Regional Council 30. Otago Southland Regional Transport Committee 31. Palmerston North City Council 32. Queenstown Lakes District Council 33. Rangitikei District Council 34. Ruapehu District Council 35. Selwyn District Council 36. South Island Regional Transport Committee 37. South Taranaki District Council 38. South Wairarapa District Council 39. Southland District Council 40. Taituarā - Local Government Professionals Aotearoa 41. Taranaki Regional Transport Committee 42. Tararua District Council

⁹ Note that 20 organisations responded using the survey. These are listed under the organisation categories above.

	<ol style="list-style-type: none"> 43. Tasman District Council 44. Taupō District Council 45. Tauranga District Council 46. Timaru District Council 47. Upper Hutt City Council 48. Waikato District Council 49. Waikato Regional Council 50. Waimakariri District Council 51. Waipa District Council 52. Wairoa District Council 53. Waitaki District Council 54. Wellington City Council 55. Wellington City Council Environmental Reference Group 56. Wellington Regional Transport Committee 57. West Coast Regional Council 58. Westland District Council 59. Western Bay of Plenty District Council 60. Whakatāne District Council 61. Whangārei District Council 62. Venture Taranaki
Construction, transport, and engineering sectors (24)	<ol style="list-style-type: none"> 1. Āpōpō – Infrastructure Asset Management Professionals 2. Arup 3. Association of Consulting and Engineering (ACE) New Zealand 4. Australasian Railway Association 5. Automobile Association 6. Civil Contractors New Zealand 7. Engineering New Zealand 8. Engineers for Social Responsibility Inc 9. Federation of Rail Organisations of New Zealand 10. Heriot-Edievale Limited 11. Ia Ara Aotearoa – Transport New Zealand 12. Infrastructure New Zealand 13. National Road Carriers and NZ Trucking Association 14. New Zealand Trucking Association 15. Northern Infrastructure Forum 16. Northland District Council of the New Zealand Automobile Association 17. Northland Transportation Alliance 18. Rail Technical Society of Australasia 19. RCP 20. Resilienz 21. Transportation Group New Zealand 22. The New Zealand Local Authority Traffic Institute of New Zealand (TRAFINZ) 23. VINCI 24. WSP
Specific interest and advocacy groups (50)	<ol style="list-style-type: none"> 1. Age Friendly Waimakariri 2. Alcohol Healthwatch 3. Blind Low Vision NZ 4. Campaign for Better Transport Inc 5. The Ceramics Association of New Zealand Incorporated

	<ol style="list-style-type: none"> 6. Community Action on Youth and Drugs Auckland 7. Disabled Persons Assembly 8. Drive Electric 9. Driving Change Network 10. Grey Power NZ Federation Inc 11. Fair Intelligent Transport Wellington 12. Free Fares Coalition 13. Free Fares to Freedom 14. Campaign for Better Transport Inc 15. Gisborne Rail Action Group 16. Greater Auckland 17. I Love Public Transport Taranaki 18. Know Your Stuff 19. Light Rail Transit Assn 20. Maritime Union 21. Mechanical Tempest (Registered charity CC56971) 22. Nelson Transport Strategy Group Inc 23. New Zealand College of Public Health Medicine 24. New Zealand Drug Foundation 25. New Zealand Institute of Driver Educations Inc 26. New Zealand Motor Caravan Association 27. New Zealand Transport 2050 Inc 28. Northland Taitokerau Regional Trails 29. Parents of Vision Impaired 30. Pou Herenga Tai Twin Coast Cycle Trail Charitable Trust. 31. Public Service Association 32. Public Transport Forum 33. Save our Trains Dunedin 34. Save the Basin 35. Surface Light Rail 36. Taxpayers Union 37. The Future is Rail 38. The New Zealand Initiative 39. Trams Action 40. Trams-action 41. Transport for All 42. Transport Planning Society Aotearoa 43. Transport, Society and Environment Group - University of Otago 44. Rural Women New Zealand 45. University of Canterbury 46. Urban Design Forum 47. Urban Development Institute of New Zealand 48. Wise Response Society Inc. 49. Women in Urbanism Aotearoa 50. UNICEF Aotearoa New Zealand
Commercial and business interests (45)	<ol style="list-style-type: none"> 1. Bayes Coachlines Limited 2. Bus & Coach Association 3. Business Canterbury 4. Business East Tāmaki 5. Business New Zealand 6. Business South 7. Cabra Developments Ltd 8. Central Economic Development Agency 9. Central South Trail (CST) group

	<ol style="list-style-type: none"> 10. CentrePort 11. Concrete NZ 12. Doppelmayr New Zealand Ltd 13. Employers and Manufacturers Association 14. Energy Resources Aotearoa 15. Entrada 16. Federated Farmers of New Zealand 17. Fonterra 18. Imported Motor Vehicle Industry Association 19. Intelligent Transport Systems NZ 20. Kilbirnie Rongotai Lyall Bay Business Association 21. Kinetic 22. Lyttleton Port 23. Motor Trade Association 24. Motor Industry Association 25. Napier Port 26. New Zealand Council of Cargo Owners 27. New Zealand Shipping Federation 28. mSupply Foundation 29. Port of Tauranga 30. Priority One – Tauranga Moana 31. Property Council New Zealand 32. SL1 33. Stride Property Limited 34. Tahunanui Business and Citizens Association 35. Tauranga Business Chamber 36. Te Waka – Waikato Economic Development 37. Team Global Express 38. The Lever Room 39. Titanium Park Limited & Rukuhia Properties Limited 40. TransDev Wellington 41. Wairahi Tracks Charitable Trust and Piroa Trails Group 42. Wellington Regional Airport 43. Windermere Holdings Limited 44. Winton Land Limited 45. Zespri
Environment groups (14)	<ol style="list-style-type: none"> 1. All Aboard Aotearoa 2. Carbon Neutral NZ Trust 3. Climate Justice Taranaki 4. Environment Hubs Aotearoa – community and environmental resilience 5. International Climate-Safe Travel Institute (ICSTI) 6. Lawyers for Climate Action NZ 7. Low Carbon Kāpiti 8. Nelson-Tasman Climate Forum 9. Nelson Sustainable Transport 10. Ora Taiao – New Zealand Climate and Health Council 11. He Kaupapa Hononga: Otago's Climate Change Research Network 12. Parents for Climate Aotearoa

	<ul style="list-style-type: none"> 13. Sustainable Bay of Plenty Charitable Trust 14. Zero Carbon Nelson Tasman
Active transport mode groups (15)	<ul style="list-style-type: none"> 1. Active Transport Wānaka 2. Bike Auckland 3. Bike Sunnynook 4. Bike Waikato 5. Central South Island Cycle Trails Inc 6. Cycle Wellington 7. Cycling Action Network 8. Dunedin Tunnels Trail Trust 9. Fair Intelligent Transport (FIT) Wellington 10. Hutt Cycle Network 11. The Lightfoot Initiative 12. Living Streets Aotearoa 13. Movement 14. Nelson-Tasman Cycle Trust 15. Spokes Canterbury
Safety advocacy groups (6)	<ul style="list-style-type: none"> 1. Australasian College of Road Safety 2. Brake, the road safety charity 3. Doctors for Active, Safe Transport 4. New Zealand School Speeds 5. Road Safety Education Ltd 6. Safety Collective Tāmaki Makaurau
Central government (7)	<ul style="list-style-type: none"> 1. Fire and Emergency New Zealand 2. Herenga ā Nuku - Outdoor Access Commission 3. KiwiRail 4. New Zealand Transport Agency Board 5. Greater Christchurch Partnership (local and central government partnership) 6. Future Proof (iwi, local and central government partnership) 7. Healthy Auckland Together (local government, iwi and community group partnership)
Iwi or other Māori groups (3)	<ul style="list-style-type: none"> 1. Te Runanganui o Ngāti Porou 2. Tasman District Council and Wakatū joint submission 3. Tairāwhiti and Toi Rāwhiti Iwi joint submission
Community groups (7)	<ul style="list-style-type: none"> 1. Brooks Area Community Group 2. Hobsonville Point Residents Society 3. Manurewa Action Group 4. St Andrews on The Terrace 5. St Peters on Willis Social Justice Group 6. Wellsford Welding Club 7. Vision Kerikeri
Other (1)	<ul style="list-style-type: none"> 1. Collective response from several primary schools across the North Island.

ANNEX 2: SUMMARY OF SURVEY RESULTS AND SUBMISSIONS

Organisations' submissions (total: 214)

The analysis below is based on Ministry of Transport officials' analysis and coding of written submissions from organisations. Not every submission commented on every part of the GPS.

Comment on:	Number of comments	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
The GPS overall						
The Strategic Priorities	176	13%	44%	9%	16%	18%
The System Reforms	81	10%	72%	9%	7%	2%
The Activity Classes	129	2%	19%	16%	40%	22%
The Ministerial Expectations	81	12%	40%	20%	5%	23%
Economic Growth and Productivity						
The Economic Growth and Productivity strategic priority	157	17%	45%	8%	12%	18%
The Economic Growth and Productivity outcomes	79	16%	29%	16%	13%	25%
The Roads of National Significance	150	21%	34%	13%	18%	15%
The intention to complete a Rapid Transit network	104	12%	52%	20%	14%	2%
The major public transport projects in Auckland (CRL, Eastern Busway etc.)	64	20%	47%	27%	6%	0%
The major public transport projects in Wellington	63	22%	48%	27%	3%	0%
Increased Maintenance and Resilience						
The Increased Maintenance and Resilience strategic priority	142	23%	54%	7%	8%	8%
The Increased Maintenance and Resilience outcomes	66	11%	48%	11%	21%	9%
The new Pothole Prevention Activity Class	88	17%	43%	14%	23%	3%
The road resurfacing and rehabilitation targets	50	8%	44%	20%	26%	2%
Safety						
The Safety strategic priority	127	15%	47%	13%	13%	12%
The Safety outcomes	76	14%	26%	17%	30%	12%
The proposal to review safety fines	56	13%	48%	30%	9%	0%
The proposal to review the vehicle regulatory system	46	11%	48%	30%	11%	0%
Value for Money						
The Value for Money strategic priority	126	16%	43%	13%	14%	14%
The Value for Money outcomes	70	13%	43%	14%	21%	9%

UNCLASSIFIED

The expectation that NZTA explore a range of funding and financing	122	25%	44%	13%	7%	11%
GPS 2024 funding						
The overall GPS 2024 funding package	70	4%	24%	23%	40%	9%
The proposal to increase MVR	59	19%	29%	41%	3%	8%
The proposal to increase FED & RUC	74	15%	23%	32%	18%	12%

Individuals' submissions (total: 448)

The analysis below is based on Ministry of Transport officials' analysis and coding of written submissions from individuals. Not every submission commented on every part of the GPS.

Comment on:	Number of comments	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
The GPS overall						
The Strategic Priorities	176	1%	1%	1%	92%	6%
The System Reforms	17	6%	24%	47%	18%	6%
The Activity Classes	116	1%	0%	2%	84%	13%
The Ministerial Expectations	8	0%	25%	38%	0%	38%
Economic Growth and Productivity						
The Economic Growth and Productivity strategic priority	96	3%	4%	11%	66%	16%
The Economic Growth and Productivity outcomes	61	2%	3%	8%	77%	10%
The Roads of National Significance	95	19%	9%	5%	41%	25%
The intention to complete a Rapid Transit network	13	0%	92%	8%	0%	0%
The major public transport projects in Auckland (CRL, Eastern Busway etc.)	32	0%	97%	3%	0%	0%
The major public transport projects in Wellington	4	0%	50%	25%	0%	25%
Increased Maintenance and Resilience						
The Increased Maintenance and Resilience strategic priority	37	5%	19%	46%	24%	5%
The Increased Maintenance and Resilience outcomes	17	0%	18%	0%	65%	18%
The new Pothole Prevention Activity Class	5	0%	0%	40%	40%	20%
The road resurfacing and rehabilitation targets	3	0%	33%	0%	67%	0%
Safety						
The Safety strategic priority	30	3%	3%	17%	40%	37%
The Safety outcomes	69	0%	6%	1%	78%	14%

IN CONFIDENCE

The proposal to review safety fines	3	33%	33%	0%	0%	33%
The proposal to review the vehicle regulatory system	8	13%	50%	0%	25%	13%
Value for Money						
The Value for Money strategic priority	48	4%	17%	13%	60%	6%
The Value for Money outcomes	21	5%	10%	5%	62%	19%
The expectation that NZTA explore a range of funding and financing	14	0%	21%	14%	29%	36%
GPS 2024 funding						
The overall GPS 2024 funding package	7	0%	0%	14%	86%	0%
The proposal to increase MVR	11	22%	67%	11%	0%	0%
The proposal to increase FED & RUC	7	9%	18%	9%	55%	9%

Survey results from individuals (total: 1,376)

The table below sets out the results from the online survey questions. A total of 1,376 people completed the survey. Not all survey respondents completed every question.

	Number	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
The GPS overall						
Do you agree with the strategic priorities and direction that are outlined in the draft GPS 2024?	1367	2%	2%	2%	11%	83%
Do you agree with the outcomes expected to be achieved through the draft GPS 2024?	1304	2%	3%	8%	15%	73%
Do you agree with the proposed Activity Class descriptions and funding ranges?	1178	2%	1%	19%	8%	70%
Do you agree with the ministerial expectations as outlined in the draft GPS 2024?	1241	2%	2%	14%	12%	70%
Economic Growth and Productivity						
Do you agree with the overarching priority of economic growth and productivity outlined in the draft GPS 2024?	1361	3%	4%	8%	13%	73%
Do you agree that the 15 Roads of National Significance, and the Roads of Regional Significance, will boost economic growth and productivity?	1364	2%	2%	8%	12%	77%
Increased Maintenance and Resilience						

Do you agree with the stronger focus on road maintenance outlined in the draft GPS 2024?	1350	4%	10%	16%	15%	55%
Safety						
Do you agree with the priorities in the draft GPS 2024 to improve safety on our roads through greater police enforcement targeting drink driving, drug driving, and excessive speeding?	1336	7%	14%	15%	12%	51%
Value for Money						
Do you agree with the focus on value for money outlined in the draft GPS 2024?	1304	4%	6%	13%	10%	67%
GPS 2024 funding						
Do you agree with the proposed \$50 increase to annual motor vehicle licence fees ('rego'), spread across two \$25 increases in January 2025 and January 2026, as a way to help pay for transport investment?	1327	16%	51%	16%	6%	11%
Do you agree with plans in the draft GPS 2024 to return to the previous practice of regular fuel excise duty (FED) and road user charge (RUC) increases from January 2027, as a way to help pay for transport investment?	1280	8%	16%	20%	10%	46%

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**ANNEX 3: NEW ZEALAND TRANSPORT AGENCY (NZTA) BOARD
FEEDBACK**

Attached separately.

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**ANNEX 4: LOCAL GOVERNMENT NEW ZEALAND (LGNZ)
FEEDBACK**

Attached separately.

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA



20 March 2024

Hon Simeon Brown

Minister of Transport

AIDE MEMOIRE: ADDITIONAL INFORMATION ON POTHOLES

To: Hon Simeon Brown, Minister of Transport

From: Tim Herbert, Manager, Investment

Date: 20 March 2024

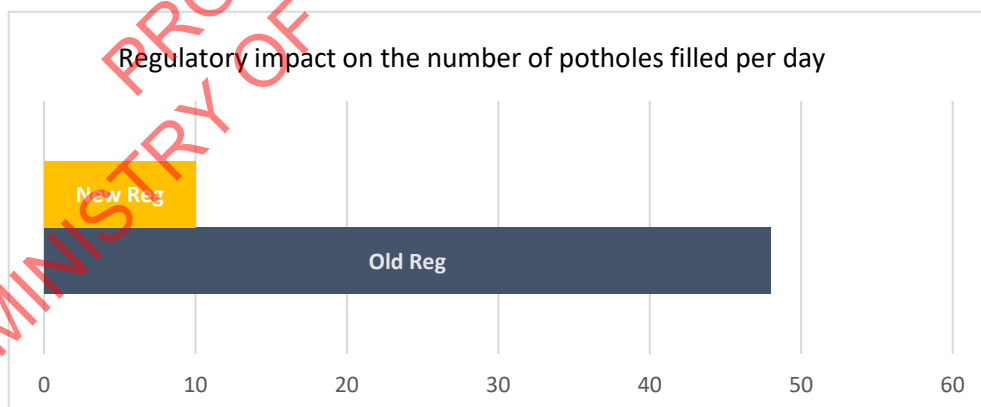
OC Number: OC240257

Summary/Purpose

- 1 Provide additional information on the ~80% reduction in the number of potholes filled per day. This was first signalled to the Minister in OC230611 – Teir 2 BIM A3 on Managing Cost pressures in the land transport system.

Context

- 2 OC230611 – Teir 2 BIM A3 on Managing Cost Pressures in the Land Transport System (appended in Annex 1) outlines that there has been an 80% reduction in the number of potholes filled per day. The below graph has been taken from OC230611.



- 3 The information in this graph was taken from NZTA's briefing to the previous Minister on "Refining our approach to maintenance, renewals, and wider resilience activities" (BRI-2594 – paragraph 21).

- 3.1 The briefing states: "Improved health and safety standards, particularly for traffic management requirements to protect those working and travelling on roads, have reduced maintenance productivity due to the time and resource required

to safely manage traffic and workers. For example, a crew that used to fill 48 potholes per day on average will now fill 10 in a day, because of the time required to temporarily close and manage lanes safely.”

- 4 BRI-2594 has been provided in **annex 2**.
- 5 Further discussions with NZTA on the above figures have clarified how these numbers have been estimated.
 - 5.1 The 48 potholes per day figure is an NZTA estimate of the maximum number of potholes that a crew could fill in a day. In a best-case scenario, a contractor could fill 48 potholes per day if that contractor has a pothole filling machine (meaning they are able to fill a pothole in under 10 minutes¹) and there is minimal travel time between potholes.
 - 5.2 The number of potholes fixed on a daily basis is dependent on a number of factors including, where potholes are located (e.g. if contractors need to travel short or long distances to reach each pothole), the resources available to fix them (e.g. whether contractors are doing this manually or with machinery), and the other maintenance work the contractor is involved in.
 - 5.3 Many contractors advise that filling 10 potholes per day is quite common, given that most contractors fill potholes manually and often need to travel a distance to reach each pothole requiring repairs.
 - 5.4 NZTA advises that in some cases, ensuring road worker safety and managing relevant external factors (e.g. location, classification of road) may require the use of temporary traffic management which in turn can increase the time and effort required to fix potholes.
- 6 NZTA do not currently collect data on the number of potholes filled per day, instead their data focuses on the number of callouts (or pothole repair jobs) their contractors respond to. This data is not an accurate representation of the number of potholes filled per annum as multiple potholes can be filled during one callout and/or through routine maintenance activities.
- 7 NZTA has provided the number of pothole repair jobs over the previous 6 financial years in MIN0-1005 Potholes data.

Financial year	Pothole repair jobs	
2017/18	52,641	
2018/19	39,112	
2019/20	32,324	
2020/21	36,489	
2021/22	45,810	
2022/23	62,263	

- 8 MIN0-1005 has been provided in full in **annex 3**.

¹ Pothole filling machines such as the [Pothole Pro](#) can repair a pothole in under 10 minutes.

What is being done to reduce the number of potholes?

- 9 There are opportunities to increase the efficiency of pothole repairs and NZTA are currently working with their contractors to understand and progress such improvements. NZTA expect that any increases in efficiency will be factored into the 2024-27 National Land Transport Programme.
- 10 However, NZTA note that long term efficiencies will be achieved from investment in high quality renewal activities. In laymen's terms, this means improving the overall quality of the network over time, resulting in less potholes across the network.
- 11 NZTA released the New Zealand Guide to Temporary Traffic Management (NZGTTM) in April 2023, which replaces the current Code of Practice for Temporary Traffic Management (CoPTTM Guidelines). NZTA's expectation is that the NZGTTM will contribute to improved productivity and efficiency through the sector being more deliberate in its planning and delivery of maintenance work and how best to remove, mitigate or minimise risks at work sites.
- 12 In addition, the draft GPS 2024 includes a range of actions to support maintenance outcomes as part of the Increased Maintenance and Resilience strategic priority. This includes:
- 12.1 Establishing new activity classes to ensure maintenance is prioritised and funding is ringfenced with clear outcomes to be achieved
 - 12.2 Reduction in expenditure on temporary traffic management, while maintaining the safety of workers and road users.
 - 12.3 Focus on outcomes in road maintenance investment to deliver smoother and more reliable journeys for New Zealanders.
 - 12.4 Standardising the delivery of building and maintaining roading infrastructure, while remaining open to new models of delivery that are likely to result in better and smarter services and/or lower costs.
 - 12.5 Increased requirements to fix potholes on the state highway network within 24 hours to increase safety on our roads.
- 13 In OC240245, GPS 2024: Work Programme Overview and Options for the Performance and Efficiency Plan, we have briefed you on how the Ministry plans to deliver against these actions.

Contacts

Name	Telephone	First contact
Tim Herbert, Manager, Investment	s 9(2)(a)	✓
George Ross, Senior Advisor, Investment		

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA



26 April 2024

OC240403

Hon Simeon Brown
Minister of Transport

Action required by:
 Monday, 29 April 2024

CONFIRMING CHANGES TO THE DRAFT GOVERNMENT POLICY STATEMENT ON LAND TRANSPORT 2024

Purpose

This briefing seeks your agreement to changes to the draft Government Policy Statement on Land Transport 2024 (GPS 2024) and provides information on activity class funding ranges.

Key points

Potential changes to the draft GPS 2024

- This briefing seeks your agreement on potential changes to the draft GPS 2024. It explains these potential changes in **Annex 1** and attaches an updated draft GPS with these changes highlighted (**Annex 2**). The potential changes are predominantly minor in nature and are intended to align with your policy direction for the document.

Additional information on activity classes

- Ministry officials have also sought further information from the New Zealand Transport Agency (NZTA) on estimated funding demands and bids from the ongoing development of the National Land Transport Programme (NLTP).
- Detailed forecasts for each activity class (against GPS funding ranges) from NZTA are set out in **Annex 3**. Based on this information, officials consider that no changes are needed to most activity class funding ranges.

- s 9(2)(ba)(i), s 9(2)(i)

Funding already consented multi-modal projects

- The current wording of the State Highway Improvements and Local Road Improvements activity classes would require roading projects that already have a

requirement to include a multi-modal element as part of an existing consent to fund these requirements from the Walking and Cycling activity class.

- The NZTA estimates that projects totalling between \$250 million and \$500 million would need to be funded from the Walking and Cycling activity class. s 9(2)(ba)(i) there is a risk this activity class would be over subscribed, and decisions would need to be made about which already consented projects should be funded.
- Officials consider that there are three options to respond to this issue:
 - **Option 1** – Maintain the status quo and require already consented projects to fund their multi-modal elements from the Walking and Cycling activity class.
 - **Option 2** – Require already consented projects to fund their multi-modal elements from the Walking and Cycling activity class and increase the Walking and Cycling activity class funding range by up to \$450 million.
 - **Option 3** – Change the State Highway Improvements and Local Road Improvements activity classes to fund multi-modal improvements where these are required as a condition of an already in place consent.
- Ministry of Transport officials recommend Option 3 above.

Recommendations

We recommend you:

- 1 **indicate** the changes you wish to make to the draft GPS 2024 in the table attached (**Annex 1**) and updated draft GPS (**Annex 2**); AND
- 2 **indicate** any other changes you would like made to the draft GPS 2024.
- 3 **note** the data from the NZTA on forecast expenditure and projects in each activity class (**Annex 3**).
- 4 **note** that, based on information provided by NZTA, the Walking and Cycling activity class will be over-subscribed if the walking and cycling elements of already consented roading projects now need to be funded from this activity class.
- 5 **agree** to one of the following options to respond to the issue in recommendation 4:

a. Option 1 – Maintain the status quo and require already consented projects to fund their multi-modal elements from the Walking and Cycling activity class.	Yes / No
b. Option 2 – Require already consented projects to fund their multi-modal elements from the Walking and Cycling activity class <u>and</u> increase the Walking and Cycling activity class funding range by up to \$450 million.	Yes / No
c. Option 3 – Change the State Highway Improvements and Local Road Improvements activity classes to fund multi-modal improvements where these are required as a condition of an already in place consent.	Yes / No

6 **note** that officials will discuss this advice with you on Monday 29 April 2024.



Paul O'Connell
Deputy Chief Executive, Sector Strategy

.26 / 04 / 2024

Hon Simeon Brown
Minister of Transport

..... / /

Minister's office to complete:

Approved

Declined

Seen by Minister

Not seen by Minister

Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Paul O'Connell, Deputy Chief Executive, Sector Strategy	<small>s 9(2)(a)</small>	
Tim Herbert, Manager Investment		✓
Mitch Macaulay, Principal Advisor Investment		

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CONFIRMING CHANGES TO THE DRAFT GOVERNMENT POLICY STATEMENT ON LAND TRANSPORT 2024

Potential changes to the draft GPS 2024

- 1 The A3 table attached in **Annex 1** lists the potential changes to the GPS 2024 for your approval or feedback. Each potential change has also been indicated in a 'tracked' version of the GPS 2024 document so you can see how these changes could be reflected in the text (**Annex 2**).
- 2 All changes to the draft GPS 2024 in **Annex 2** are highlighted in yellow. Note that, because the tracked version also shows deleted text, the formatted structure of some sections has shifted (but this will be resolved in the final version).
- 3 These potential changes are largely minor in nature and are intended to align with the policy direction set out in the draft GPS 2024. Changes include:
 - 3.1 Splitting out the Rail Network activity class funding sources and funding ranges into a new section (as requested).
 - 3.2 Clarifying the descriptions of some activity classes.
 - 3.3 Updating references to projects or programmes that have developed further since the draft GPS 2024 was released (in some cases we will need to make further updates to capture progress between now and the end of June 2024).
 - 3.4 Clarifying parts of the GPS 2024 to make the direction and policy intent of the document clearer (noting that the government's policy direction or intent is not intended to be changed, only clarified).
 - 3.5 Including additional requirements for the Performance and Efficiency Plan to reflect the Ministerial Expectations section and outcome measures.
 - 3.6 Minor clarifications and wording changes.
- 4 The Ministry of Transport's legal team has reviewed the changes to the GPS 2024 relating to the second Emissions Reduction Plan (ERP2) and Māori engagement (changes 3 and 4 in **Annex 1** below). A wider legal review of the document is underway, and this will be reflected in our next briefing to you on 3 May 2024.

Setting activity class funding ranges

- 5 Ministry of Transport officials have sought more detailed information on forecast expenditure by activity class from NZTA to inform decisions on setting the funding ranges in the GPS 2024.
- 6 **Annex 3** sets out the estimated cost components for each activity class compared to the funding ranges in the draft GPS 2024. This information is based on NZTA data from their ongoing development of the National Land Transport Programme (NLTP).

- 7 This information has not yet been fully validated by NZTA or provided to the NZTA Board. It is included in this paper as draft information on how forecast activity levels might fall relative to the GPS funding ranges, to inform your decisions on setting these ranges at appropriate levels.
- 8 Officials recommend no changes to most activity classes based on information provided by NZTA, except for potential changes to Walking and Cycling and Investment Management (as discussed below).

Potential changes to the Walking and Cycling activity class

Description of the issue

- 9 The State Highway Improvements and Local Road Improvements activity classes exclude funding for multi-modal projects. Multi-modal elements need to be funded from their respective activity class (e.g. the Public Transport Infrastructure or Walking and Cycling activity class), which provides greater transparency on how land transport projects are funded.
- 10 Rooding projects that have a multi-modal element (e.g. a footpath or crossing) as a requirement of an existing resource consent will need to fund the multi-modal parts of their project, that are consent requirements, from different activity classes. An issue arises if there is not enough funding available in the Walking and Cycling Activity Class to fund these walking and cycling consenting requirements. s 9(2)(ba)(i)
[Redacted]
[Redacted]
[Redacted]
- 11 The NZTA has not yet been able to undertake a detailed quantification of the total impact of this issue but has provided a high-level estimate that projects in the State Highway and Local Roads Improvements Activity Classes could total between \$250m and \$500m. We have not yet been able to validate and confirm these figures further with NZTA.
- 12 If all of this cost was to shift to the Walking and Cycling Activity Class, it would be oversubscribed, and decisions would need to be made as to which projects are funded. Some already consented rooding projects could not fund their walking and cycling requirements and would need to seek changes to their consents as a result. This may mean that road improvements within an urban area that include walking and cycling elements would be delayed as a result. In some cases, a project could be in breach of legislative requirements if it would no longer deliver walking and cycling elements – for example, requirements to include footpaths alongside local (non-rural) roads under section 331 the Local Government Act 1974.
- 13 Public transport elements that are consented requirements would also need to be funded from the Public Transport Infrastructure activity class, but based on NZTA forecasts, there is sufficient room in this activity class to fund these consented requirements, so this issue above predominantly relates to Walking and Cycling.

Options

- 14 Officials consider that there are three options to respond to this issue:

Option	Implications
<p>Option 1 – Status Quo: Require already consented projects to fund their multi-modal elements from the Walking and Cycling activity class at current funding range levels.</p>	<ul style="list-style-type: none"> Projects with consenting requirements would need to be funded from Walking and Cycling. The Walking and Cycling activity class would likely be oversubscribed as a result (based on estimates from NZTA). Decisions would need to be made about which projects receive funding through the Walking and Cycling activity class. Some projects with consented multi-modal requirements would not be funded and would need to seek changes to their consents (or would not be delivered) as a result.
<p>Option 2 – Increase the Walking and Cycling activity class funding range: Under this option, projects would still need to fund their multi-modal elements from the Walking and Cycling activity class, but the funding range would increase to meet the costs of these consented multi-modal elements.</p>	<ul style="list-style-type: none"> The Walking and Cycling range upper bound would need to be increased by up to \$450 million¹ to account for consented walking and cycling elements. Multi-modal projects could then be funded and delivered in line with their consenting requirements, and those projects could proceed as planned. Projects would need to go through the extra step of securing funding from a separate activity class, but this impact is likely to be minimal.
<p>Option 3 – Allow already consented projects to be funded from State Highway Improvements and Local Road Improvements: Change the State Highway Improvements and Local Road Improvements activity classes to fund multi-modal improvements where these are required as a condition of an already in place consent.</p>	<ul style="list-style-type: none"> This option enables already consented projects to continue to be funded from their primary activity class – minimising any impact on project delivery. This option avoids the need to make decisions about which already consented projects would receive funding from the Walking and Cycling activity class. A condition could be included to ensure that while these elements can be funded from this activity class, but NZTA is still expected to minimise costs needed to deliver these multi-modal elements.

Recommended approach

- 15 Ministry of Transport officials recommend Option 3 above. This option provides funding certainty for projects that have an existing consent and allows these projects to proceed based on their consented requirements.
- 16 Option 3 also avoids the need to make decisions about which already consented projects would receive funding for their walking and cycling elements from the Walking and Cycling activity class. Projects not funded from this activity class would need to seek altered consents without the walking and cycling elements included or

s 9(2)(ba)(i)

would need to stop if the project could not meet legislative requirements without the walking and cycling requirements included.

- 17 Option 3 also preserves the funding range for Walking and Cycling in line with your directions to date. Only allowing already consented multi-modal projects to be funded from these activity classes still preserves the intention to increase transparency of how projects are funded, as all other projects without an existing consent would need to seek funding from relevant activity classes. Officials recommend including a condition that NZTA is still expected to minimise costs in delivering these multi-modal elements.

Potential change to the Investment Management activity class

18 s 9(2)(ba)(i)

19

Next steps

- 20 Officials wish to discuss this advice with you on Monday 29 April 2024. We will then work to the following timeline to finalise the GPS by the end of June 2024.

Milestone	Timing
Minister of Transport discusses changes with officials	29 April 2024
Officials update draft GPS 2024 and draft Cabinet paper	29 April to 3 May 2024
Minister of Transport reviews updated draft GPS 2024 and draft Cabinet paper	3 to 6 May 2024
Minister of Transport discusses draft documents with officials	6 May 2024
Officials update documents and provide updated drafts to the Minister of Transport, seeking approval to move to departmental consultation	7 to 8 May 2024
Departmental consultation	8 to 15 May 2024
Officials update documents for departmental comments and provides updated drafts to the Minister of Transport, seeking approval to move to Ministerial and coalition partner consultation	16 to 17 May 2024
Ministerial and coalition partner consultation	20 to 31 May 2024
Officials update documents following Ministerial and coalition partner consultation, and provide updated drafts to Minister of Transport	3 to 5 June 2024

Minister of Transport considers document and provides approval to lodge with the Cabinet Office	6 to 12 June 2024
Submission to Cabinet Office	10am, 13 June 2024
Consideration by Cabinet Economic Policy Committee (ECO)	19 June 2024
Cabinet confirmation	24 June 2024
GPS 2024 is published	25 June 2024
GPS 2024 comes into effect	1 July 2024

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

ANNEX 1: POTENTIAL CHANGES TO THE GPS 2024

No.	Description of change	How is this change made in the draft document?	Where is this change made? (all changes are highlighted in the document in Annex 3)	Minister of Transport review	
				Approval	Comment
Title page and Minister's Foreword					
1	Minor updates to title page	Remove "draft" from the title page and change the document date to June 2024.	Title page.	<input type="checkbox"/> Approved <input type="checkbox"/> Not approved	
2	Minor updates to Minister's foreword	Remove "draft" and text inviting feedback on the draft GPS from the Minister's Foreword.	Pages 3 and 4.	<input type="checkbox"/> Approved <input type="checkbox"/> Not approved	
		Note that economic growth and productivity is the overarching priority for this GPS (in line with change 6 below).	Page 3.	<input type="checkbox"/> Approved <input type="checkbox"/> Not approved	
		Refer to the "Better Public Transport" programme (in line with change 9 below).	Page 4.	<input type="checkbox"/> Approved <input type="checkbox"/> Not approved	
Section 1: Introduction to GPS 2024					
3	Māori engagement: Outline how Māori are engaged in the transport planning system.	<p>The <i>Introduction to the draft GPS 2024</i> section explains how the land transport planning system works under the Land Transport Management Act 2003 (the Act) but does not mention how the views of Māori are incorporated in land transport planning and decision making.</p> <p>It is not a requirement in the Act that the GPS must refer to how Māori are engaged, and this addition would have no specific effect other than to clarify how the system already works, but including text that refers to how Māori are engaged (which is already specified in the LTMA 2003) would provide a more complete explanation. This could be achieved by including text in the <i>Introduction to GPS 2024</i> section to explain the requirements in the Act for engaging with Māori.</p>	Page 5.	<input type="checkbox"/> Approved <input type="checkbox"/> Not approved	
4	Emissions Reduction Plan 2 (ERP2): Update the text referring to development of ERP2.	<p>The draft GPS 2024 was released for consultation with placeholder text on ERP2 noting that it would be updated when the final GPS is published. At this stage, a discussion document on ERP2 is due to be published in June 2024.</p> <p>We suggest updating wording to note that the ERP2 is currently being developed, that it will include emissions reduction priorities for transport in line with achieving emissions reduction budgets and targets, and that it will be finalised by the end of 2024. As the ERP2 discussion document is currently being drafted, we will review this section again before the final GPS 2024 is released.</p>	Pages 6 and 9.	<input type="checkbox"/> Approved <input type="checkbox"/> Not approved	
Section 2: System Reform					
5	Minor wording updates	Refer to economic growth and productivity as the overarching priority (refer to change 6 below).	Page 8.	<input type="checkbox"/> Approved <input type="checkbox"/> Not approved	
		Refer to the "Better Public Transport" programme (in line with change 9 below).	Page 8.	<input type="checkbox"/> Approved <input type="checkbox"/> Not approved	
		Update reference to ERP2 (in line with change 4 above).	Page 9.	<input type="checkbox"/> Approved <input type="checkbox"/> Not approved	

No.	Description of change	How is this change made in the draft document?	Where is this change made? (all changes are highlighted in the document in Annex 3)	Minister of Transport review	
				Approval	Comment
Section 3: Strategic Priorities					
6	Economic Growth and Productivity: Noting that Economic Growth and Productivity is the overarching priority in the document.	Cabinet agreed to make the Economic Growth and Productivity strategic priority the “overarching objective of the draft GPS 2024” [CAB-24-MIN-0057]. We suggest adding in a paragraph to note that Economic Growth and Productivity is the overarching priority, and that the other three strategic priorities are equally weighted in support of economic growth and productivity.	Page 11.	<input checked="" type="checkbox"/> Approved <input type="checkbox"/> Not approved	
<i>Strategic Priority: Economic Growth and Productivity</i>					
7	Roads of National Significance (RoNS): Including additional detail about how these will be delivered.	Currently the Roads of National Significance are listed without an indication of when projects may proceed. Adding in a high-level sense of how projects will be phased over time provides greater clarity on delivery over the GPS 2024 period. We recommend adding in a paragraph outlining the first ‘wave’ of projects NZTA expects will start construction during 2024 to 2027.	Page 13.	<input type="checkbox"/> Approved <input type="checkbox"/> Not approved	
		The draft GPS 2024 strongly set out that RoNS will deliver significant benefits for supporting housing development and economic growth. This point could be strengthened by noting that RoNS will maximise these benefits by integrating with wider transport networks and land use planning.	Page 13.	<input type="checkbox"/> Approved <input type="checkbox"/> Not approved	
8	Roads of Regional Significance: Define Roads of Regional Significance in more detail.	The draft GPS 2024 refers to Roads of Regional Significance with reference to the Second Ashburton Bridge as an example project. We suggest defining Roads of Regional Significance further – either by: <ul style="list-style-type: none"> OPTION 1: Defining Roads of Regional Significance as a specific programme of works focusing on regionally important transport connections; OR OPTION 2: Removing reference to the Roads of Regional Significance and noting that the GPS will also include delivery of regionally significant projects, such as the second Ashburton bridge. 	Page 14.	OPTION 1: <input type="checkbox"/> Approved <input type="checkbox"/> Not approved OPTION 2: <input type="checkbox"/> Approved <input type="checkbox"/> Not approved	
9	Better Public Transport: Refer to the Better Public Transport programme.	The draft GPS 2024 mentions public transport projects in Auckland and the Lower North Island as key public transport investments. As these projects align with the Better Public Transport programme outlined in the Transport for the Future strategy, the GPS could explicitly refer to these as the “Better Public Transport” programme. This would elevate public transport investment programme in the document alongside the Roads of National Significance programme.	Page 16.	<input type="checkbox"/> Approved <input type="checkbox"/> Not approved	
10	Figure 3: Clarify the partial reasons for the increase in the Crown share of funding for public transport.	The chart in figure 3 illustrates the shares of local, private, and NLTF / Crown funding over time – noting that the NLTF / Crown share of funding has increased significantly relative to private share over time. We suggest explaining this trend in more detail and noting that this trend is partly due to the half-price fare subsidies implemented by the previous government between March 2022 and June 2023.	Page 17.	<input type="checkbox"/> Approved <input type="checkbox"/> Not approved	
11	Rail: Clarify that rail freight will not be cross subsidised by road users.	The draft GPS 2024 notes that investment in rail infrastructure will no longer be cross subsidised from revenue generated by road users. We suggest clarifying that investment in the rail freight network will no longer be cross-subsidised, as rail public transport will continue to be funded by the Public Transport activity classes. This change aligns with what is indicated in the activity class descriptions later in the document.	Page 19.	<input type="checkbox"/> Approved <input type="checkbox"/> Not approved	
<i>Strategic Priority: Increased maintenance and resilience</i>					
12	Resilience and adaptation: Outline that the transport system needs to be	The draft GPS 2024 refers to increasing resilience in the face of weather events and other challenges such as earthquakes. In certain cases, building more resilient infrastructure may not be the best choice in response to weather events and other challenges. Adaptation (adjusting how or	Page 20.	<input type="checkbox"/> Approved <input type="checkbox"/> Not approved	

No.	Description of change	How is this change made in the draft document?	Where is this change made? (all changes are highlighted in the document in Annex 3)	Minister of Transport review	
				Approval	Comment
	both resilient and adaptive to weather and natural forces.	where we build for example) may be a better choice in some situations. We suggest reflecting this by mentioning adaptation alongside building resilience.			
13	Annual maintenance targets: Clarify that outcomes for rehabilitation and resurfacing are annual targets.	The descriptions of the maintenance outcomes: “ <i>long-term maintenance outcomes of 2 percent rehabilitation and 9 percent resurfacing per year</i> ” could be interpreted as setting long-term targets to be met by the end of the GPS period. We suggest removing the reference to “long-term” to clarify that these are annual targets to be achieved per year during the GPS 2024 period.	Pages 21 and 34.	<input type="checkbox"/> Approved <input type="checkbox"/> Not approved	
<i>Strategic Priority: Safety</i>					
14	Third party safety investment: Clarify ACC investment and note other potential third-party investment.	<p>ACC can make investments in roading either on a commercial basis or investments in injury prevention to reduce levy rates. Both forms of investment are potentially available to ACC for investment in road safety. We propose expanding text slightly to note that the Government expects that NZTA will make efforts to facilitate contributions from ACC to investments which improve road safety <i>and</i> which support ACC’s injury prevention functions.</p> <p>We also propose editing this text to be more general about NZTA seeking to improve the ability for third parties to fund road safety. This is because NZTA has work underway to allow third party investment from other groups in injury prevention (e.g. insurers and transport firms) that could be mentioned as part of emphasising broader third-party investment in safety.</p>	Page 23.	<input type="checkbox"/> Approved <input type="checkbox"/> Not approved	
15	Safe System approach: Note the Safe System approach is the foundation of our safety system.	<p>The Safe System approach is the international best practice transport safety framework that has been a component of New Zealand’s road safety policy since 2010. We understand you are currently considering setting new objectives for road safety and understand you have previously signalled that you wish to retain the components of the Safe System approach while resetting the approach to some focus areas (such as speed) (briefing OC240320 refers).</p> <p>In line with this direction, we suggest adding in a reference to the Safe System approach within the Safety strategic priority to reflect its continued role in New Zealand’s transport safety system (while noting the resetting of the approach to speed limits).</p>	Pages 24 and 36.	<input type="checkbox"/> Approved <input type="checkbox"/> Not approved	
16	Safety infrastructure: Clarify that infrastructure upgrades will support both higher speed limits and target high risk areas.	<p>On March 20 2024, Ministry of Transport officials discussed with you proposed amendments to the GPS to clarify that safety treatments (such as median barriers) should be installed on targeted sections of the network to address high-risk areas where the value for money case makes sense.</p> <p>We have included additional wording to note that safety treatments (such as median barriers and roundabouts) will continue to be used where the safety case and value for money considerations support higher speed limits, in new projects, and in highest risk parts of the road network. We have also clarified language to note that lower cost safety interventions be retrofitted across the network (where they provide value for money) to provide flexibility for these to support higher speed limits where necessary.</p>	Page 24.	<input type="checkbox"/> Approved <input type="checkbox"/> Not approved	
17	Setting of speed limits: Updated text on changes to speed limits to reflect the draft Cabinet paper.	<p>The Ministry of Transport is currently working with you to develop a Cabinet paper on the new Setting of Speed Limits Rule. We have updated the references in the GPS 2024 about these proposed changes to align with the direction of changes in the draft Cabinet paper, that:</p> <ul style="list-style-type: none"> • Changes to reverse speed limit reductions will be in place by the end of 2025. • Funding for reversing speed limit changes will be prioritised through GPS 2024. 	Page 25.	<input type="checkbox"/> Approved <input type="checkbox"/> Not approved	

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				Approval	Comment
		<ul style="list-style-type: none"> Road Controlling Authorities will need to undertake economic analysis and consultation in determining speed limits. That schools will have lower speed limits during pick up and drop off times so that school children are safer. 			
18	Minor updates to Safety reforms: Minor updates to the list of reforms.	Clarify that the changes to roadside oral testing will come in “once the new regime is in place” instead of “once the provisions come into force” as the target of 50,000 tests will not be immediately achieved at the point in time provisions come into force.	Page 25.	<input type="checkbox"/> Approved	
		Update the roadside alcohol breath test target from 3 million per year to “3.3 million per year towards a target of 3.5 million tests per year”. This update reflects recent decisions by the NZTA Senior Executive Group that governs the Road Safety Partnership Programme, which will be set out in advice to you in June relating to the Road Policing Investment Programme.	Page 25.	<input type="checkbox"/> Approved	
		Refer to “fines and penalties” instead of only “fines” as penalties also includes demerit points.	Page 25.	<input type="checkbox"/> Approved	
<i>Strategic Priority: Value for Money</i>					
19	Value for money: Further define what is meant by “Value for Money” in the transport system.	The document could further define what is meant by ‘value for money’ to reinforce the importance of this priority. We have suggested a definition of value for money (based on the Ministry of Transport’s Value for Money Assessment Model) that refers to seeking to achieve the highest possible benefit relative to the whole of life cost of a project.	Page 26.	<input type="checkbox"/> Approved	
20	Digital infrastructure: Clarify that new digital infrastructure could also be used to achieve the strategic priorities.	The draft GPS currently only refers to making better use of <i>existing</i> digital infrastructure and information systems in achieving the strategic priorities. There may be cases where new digital systems may be required to advance the strategic priorities – e.g. where an existing digital system does not exist or where replacing an existing system with a new one is better value for money.	Pages 27 and 43.	<input type="checkbox"/> Approved	
<i>Outcomes the Government expects will be achieved by this GPS</i>					
21		No major changes suggested.		<input type="checkbox"/> Approved	
<i>Investment in land transport</i>					
22	Activity class funding ranges: Confirm the activity class funding ranges.	Refer to Annex 3 for detailed information from NZTA on activity class forecasts, projects, and funding ranges. Officials recommend no changes to most activity class funding ranges, except for a potential change to the Walking and Cycling activity class (refer to change 25 below). <small>s 9(2)(ba)(i)</small>	Pages 39 and 40.	<input type="checkbox"/> Approved	
23	Linking planned expenditure with revenue: Shift this section up in the order so it is situated beside the revenue and expenditure section.	In the draft GPS 2024 the section ‘Linking planned expenditure with revenue’ is after the activity class descriptions. We suggest shifting this section earlier in the document, so it is situated after the sections ‘Revenue’ and Expenditure’ that it refers to directly in the text.	Page 31 to 33.	<input type="checkbox"/> Approved	
24	Allowable variation: Clarify the NZTA’s allowable variation.	The draft GPS 2024 noted that the <i>allowable variation is the sum of all borrowing made available to NZTA by the Minister of Transport and Minister of Finance, reduced over time as the borrowing is</i>	Page 32.	<input type="checkbox"/> Approved	

No.	Description of change	How is this change made in the draft document?	Where is this change made? (all changes are highlighted in the document in Annex 3)	Minister of Transport review					
				Approval	Comment				
		<p><i>drawn down.</i> NZTA note that reducing the allowable variation over time as borrowing is drawn down could void NZTA's ability to borrow against revolving facilities.</p> <p>We suggest clarifying that the allowable variation is the level of borrowing made available to NZTA net of drawdowns and or repayments of revolving facilities.</p>							
25	<p>Existing consented multi-modal projects: Clarify how already consented multi-modal projects are to be funded.</p>	<p><i>Description of the issue</i></p> <p>The State Highway Improvements and Local Road Improvements activity classes exclude funding for multi-modal projects. Multi-modal elements need to be funded from their respective activity class (e.g. the Public Transport Infrastructure or Walking and Cycling activity class), which provides greater transparency on how land transport projects are funded.</p> <p>Roading projects that have a multi-modal element (e.g. a footpath or crossing) as a requirement of an existing resource consent would now need to fund the multi-modal parts of their project, that are consent requirements, from different activity classes. An issue arises if there is not enough funding available in the Walking and Cycling Activity Class to fund these walking and cycling consenting requirements. s 9(2)(ba)(i)</p> <p>NZTA has not yet quantified the total impact but estimate that the walking and cycling aspects of existing projects and new bids in the State Highway and Local Roads Improvements Activity Classes could total between \$250m and \$500m. Further information on the forecast for this activity class is available in Annex 3.</p> <p>If all of this was to shift to the Walking and Cycling Activity Class, it would be oversubscribed, and decisions would need to be made as to which projects are funded. Some already consented roading projects could not fund their walking and cycling requirements and would need to re-seek consent as a result. This may mean that road improvements within an urban area that include walking and cycling elements would be delayed as a result. In some cases, a project could be in breach of legislative requirements if it could no longer deliver walking and cycling elements – for example, requirements to include footpaths alongside roads under section 331 the Local Government Act 1974.</p> <p>Public transport elements that are consented requirements would also need to be funded from the Public Transport Infrastructure activity class, but based on NZTA forecasts, there is sufficient head room in this activity class to fund these consented requirements, so this issue above predominantly relates to Walking and Cycling.</p> <p><i>Options</i></p> <p>Officials consider that there are three options to respond to this issue:</p> <table border="1"> <thead> <tr> <th>Option</th> <th>Implications</th> </tr> </thead> <tbody> <tr> <td>Option 1 – Status Quo: Require already consented projects to fund their multi-modal elements from the Walking and Cycling activity class at current funding range levels.</td> <td> <ul style="list-style-type: none"> Projects with consenting requirements would need to be funded from Walking and Cycling. </td> </tr> </tbody> </table>	Option	Implications	Option 1 – Status Quo: Require already consented projects to fund their multi-modal elements from the Walking and Cycling activity class at current funding range levels.	<ul style="list-style-type: none"> Projects with consenting requirements would need to be funded from Walking and Cycling. 	Pages 34, 35 and 38.	<p>OPTION 1</p> <p><input type="checkbox"/> Approved</p> <p><input type="checkbox"/> Not approved</p> <p>OPTION 2</p> <p><input type="checkbox"/> Approved</p> <p><input type="checkbox"/> Not approved</p> <p>OPTION 3</p> <p><input type="checkbox"/> Approved</p> <p><input type="checkbox"/> Not approved</p>	
Option	Implications								
Option 1 – Status Quo: Require already consented projects to fund their multi-modal elements from the Walking and Cycling activity class at current funding range levels.	<ul style="list-style-type: none"> Projects with consenting requirements would need to be funded from Walking and Cycling. 								

No.	Description of change	How is this change made in the draft document?	Where is this change made? (all changes are highlighted in the document in Annex 3)	Minister of Transport review	
				Approval	Comment
		<ul style="list-style-type: none"> The Walking and Cycling activity class would likely be oversubscribed as a result (based on estimates from NZTA). Decisions would need to be made about which projects receive funding through the Walking and Cycling activity class. Some projects with consented multi-modal requirements would not be funded and would need to re-seek consent (or would not be delivered) as a result. 			
		<p>Option 2 – Increase the Walking and Cycling activity class funding range: Increase the funding range for the Walking and Cycling activity class to enable the consented multi-modal elements of existing projects to be funded from this activity class.</p>	<ul style="list-style-type: none"> The Walking and Cycling range upper bound would need to be increased by up to \$450 million to account for consented walking and cycling elements. Multi-modal projects could then be funded and delivered in line with their consenting requirements, and those projects could proceed as planned. Projects would need to go through the extra step of securing funding from a separate activity class, but this impact is likely to be minimal. 		
		<p>Option 3 – Allow already consented projects to be funded from State Highway Improvements and Local Road Improvements: Change the State Highway Improvements and Local Road Improvements activity classes to fund multi-modal improvements where these are required as a condition of an already in place consent.</p>	<ul style="list-style-type: none"> This option enables already consented projects to continue to be funded from their primary activity class – minimising any impact on project delivery. This option avoids the need to make decisions about which already consented projects would receive funding from the Walking and Cycling activity class. A condition could be included to ensure that while these elements can be funded from this activity class, but NZTA is still expected to minimise costs needed to deliver these multi-modal elements. 		
		<p><i>Recommended approach</i></p> <p>Ministry of Transport officials recommend Option 3 above. This option provides funding certainty for projects that have an existing consent and allows these projects to proceed based on their consented requirements.</p> <p>Option 3 also avoids the need to make decisions about which already consented projects would receive funding for their walking and cycling elements from the Walking and Cycling activity class. Projects not funded from this activity class would need to re-seek consent without the walking and cycling elements included or would need to stop if the project could not meet legislative requirements without the walking and cycling requirements included.</p>			

No.	Description of change	How is this change made in the draft document?	Where is this change made? (all changes are highlighted in the document in Annex 3)	Minister of Transport review	
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		Option 3 also preserves the funding range for Walking and Cycling in line with your directions to date. Allowing already consented multi-modal projects to be funded from their primary activity class also preserves the intention to increase transparency on how projects are funded, as all other projects without an existing consent would still need to seek funding from respective activity classes. Officials recommend including a condition that NZTA is still expected to minimise costs needed to deliver these multi-modal elements.			
26	Multi-modal project funding: Clarify that multi-modal projects can still be funded by allocating funding from specific activity classes.	The document notes that several activity classes (State Highway Improvements, State Highway Pothole Prevention, Local Road Improvements and Local Road Pothole Prevention) are not to be used to make multi-modal improvements. We have included text to clarify this direction by noting that multi-modal projects can still be progressed, but only with funding for project components from their respective activity classes.	Page 34.	<input type="checkbox"/> Approved <input type="checkbox"/> Not approved	
27	Public Transport Services: Clarify that existing public transport services will continue to be funded under GPS 2024.	<p>Auckland Council and Auckland Transport (AT) previously raised concerns that the funding range for the Public Transport Services activity class in the draft GPS 2024 is too low. Auckland Council and AT argued that (based on an assumed funding level for Auckland within Public Transport Services), AT would need to cut existing services or increase fares significantly to maintain current service levels. We have previously provided you with advice in response to these concerns.</p> <p>Modelling for activity class funding ranges is based on forecasts developed by NZTA that account for existing levels of service (as set out in Annex 3). In response to Auckland Council and AT's concerns, we suggest noting in the GPS 2024 that existing public transport services will continue to be funded where they are cost effective and deliver against outcomes.</p>	Page 35.	<input type="checkbox"/> Approved <input type="checkbox"/> Not approved	
28	Walking and Cycling activity class: Clarify the circumstances in which investment in walking and cycling can take place.	<p>In the Walking and Cycling activity class, only enabling investment in walking and cycling infrastructure <i>where demonstrated volumes of users already exist</i> may create an unintended outcome where roading projects containing multi-modal elements cannot progress where these cannot demonstrate any existing user volumes for walking and cycling (e.g. due to a lack of any existing infrastructure or due to extreme safety risks). Also, there may be a case where demonstrated volumes exist on a certain route between two points, but existing volumes cannot be demonstrated on a potential alternative route between the same two points even where this alternative route may be more efficient, safer, or better value for money.</p> <p>We suggest altering this definition slightly to note that investment in walking and cycling should only take place where <i>there is either clear benefit for increasing economic growth or clear benefit for improving safety where there is an existing or reliably forecast demand for walking or cycling</i>. This change would enable projects to progress that can prove that there would be demand on a particular route.</p>	Pages 19 and 37.	<input type="checkbox"/> Approved <input type="checkbox"/> Not approved	
29	Safety activity class: Minor updates to the description to reflect changes made to the Safety strategic priority.	We suggest updating the reference to the Road Safety Partnership Programme to the updated title of Road Policing Investment Programme. This change reflects recent decisions by the NZTA Senior Executive Group.	Page 36.	<input type="checkbox"/> Approved <input type="checkbox"/> Not approved	
		Clarify that performance measures in the Road Policing Investment Programme will set evidence-based measures addressing the leading contributors to serious and fatal crashes. This change reflects recent decisions by the NZTA Senior Executive Group.	Page 36.	<input type="checkbox"/> Approved <input type="checkbox"/> Not approved	

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				Approval	Comment
		Clarify that a small amount of NLTF funding be used to incentivise Police to achieve targets (rather than noting that funding is dependent on achievement). This change reflects recent decisions by the NZTA Senior Executive Group.	Page 36.	<input type="checkbox"/> Approved <input type="checkbox"/> Not approved	
		Clarify that funding from the activity class will also focus on initiatives to reduce barriers for private sector investment in road safety and on activities to support the Government's approach to setting speed limits (to ensure the activity class description provides for these key pieces of work indicated in the Safety strategic priority).	Page 36.	<input type="checkbox"/> Approved <input type="checkbox"/> Not approved	
30	Rail activity class: Split out the rail activity class, funding, and description.	You have requested that the document split out the current content on the Rail Network activity class (including description and funding ranges) and funding sources into a separate section to more clearly show the mix of Track User Charges and Crown investment into rail. We have split this content out into a new section on page 40.	Page 40.	<input type="checkbox"/> Approved <input type="checkbox"/> Not approved	
Section 5: Statement of Ministerial expectation					
31	Approval of the Performance and Efficiency Plan: Clarify that the NZTA Board approves the Plan, and the Minister holds them to account for delivery.	We understand your intention that the Performance and Efficiency Plan is developed by NZTA and you will hold the NZTA Board accountable for their delivery against the plan. To reflect this approach, we suggest clarifying that the Minister of Transport would not approve the plan but review and provide comment on the draft against the requirements in the GPS, then hold the NZTA Board accountable for delivery against it. We suggest noting in the GPS that: <ul style="list-style-type: none"> The NZTA will develop the plan and provide the draft to the Minister for review and comment against the GPS requirements; and The NZTA Board will approve the final plan and the Minister of Transport will hold the NZTA Board accountable for delivery against the plan. These updates are intended to align with how other accountability documents (such as the Statement of Performance Expectations) are developed and approved.	Page 44.	<input type="checkbox"/> Approved <input type="checkbox"/> Not approved	
32	Performance and Efficiency Plan requirements: Add in that the Performance and Efficiency Plan also include the Ministerial Expectations and key outcome measures.	The draft GPS 2024 lists the requirements the Performance and Efficiency Plan needs to meet under the Ministerial Expectation <i>The Minister expects increased focus on performance and efficiency.</i> To ensure that the Performance and Efficiency Plan drives performance in line with your expectations of NZTA, we suggest adding in that the Performance and Efficiency Plan should also set out how NZTA will work towards meeting each Ministerial Expectation and the key outcome measures in the GPS 2024 (such as the annual maintenance targets and 24 hour pothole repair targets).	Page 44.	<input type="checkbox"/> Approved <input type="checkbox"/> Not approved	
Other minor changes					
33	Minor updates.	Minor changes have been made to fix formatting or grammar errors, ensure consistency of terms, capitalise and refer to section titles consistently, remove "draft" from "GPS 2024", and update table numbers.	Minor changes are highlighted throughout.	<input type="checkbox"/> Approved <input type="checkbox"/> Not approved	

ANNEX 2: DRAFT GPS 2024 WITH CHANGES INDICATED

Attached separately.

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

ANNEX 3: ADDITIONAL INFORMATION ON ACTIVITY CLASSES

s 9(2)(ba)(i)

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA



2 May 2024

OC240462

Hon Simeon Brown
Minister of Transport

Action required by:
Thursday, 2 May 2024

GPS 2024: ADDITIONAL INFORMATION ON ACTIVITY CLASSES

Purpose

This briefing provides additional information on the activity classes in the draft Government Policy Statement on Land Transport 2024 (GPS 2024) and provides more information on potential issues relating to activity class descriptions and funding ranges, with case studies and recommended options to resolve them.

Key points

- The NZTA has provided you with more detailed information on forecasts against activity classes, breakdowns of activities, definitions, and activity class components. The NZTA's paper is attached to this briefing.
- This briefing summarises the activity class descriptions and funding ranges in the draft GPS 2024 and identifies any potential issues with these, along with case studies and options. The Ministry of Transport has recommended updates to activity class descriptions and/or ranges for four activity classes:
 - Public Transport Infrastructure
 - Public Transport Services
 - Walking and Cycling
 - Investment Management.
- Minor changes to other activity classes are also noted. The suggested changes outlined in this briefing align with the advice we provided on potential changes to the GPS 2024 – which covered potential changes to activity classes and updates across other chapters in the draft GPS (OC240403 refers).
- Officials from the Ministry of Transport and the NZTA will discuss this paper with you on 2 May 2024.

- The timeline to publish the GPS 2024 by the end of June 2024 has also been updated. This timeline proposes running departmental and Ministerial/coalition partner consultation concurrently to allow time to consider the changes to activity classes outlined in this paper.

Recommendations

We recommend you:

- 1 **note** the information from the NZTA on forecasts, definitions and breakdowns of activities within each activity class (**Annex 2**).
- 2 **note** the summary of the activity class ranges and descriptions in the draft GPS 2024 and the potential options for changes (**Annex 1**).
- 3 **agree** to your preferred options as set out in **Annex 1**. Yes / No
- 4 **note** the updated timeline to finalise the GPS 2024 by the end of June 2024.



Paul O'Connell
Deputy Chief Executive, Sector Strategy
 02 / 05 / 2024

Hon Simeon Brown
Minister of Transport
 / /

- Minister's office to complete:**
- Approved Declined
 - Seen by Minister Not seen by Minister
 - Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Paul O'Connell, Deputy Chief Executive, Sector Strategy	s 9(2)(a)	
Tim Herbert, Manager Investment		✓
Mitch Macaulay, Principal Advisor Investment		

GPS 2024: ADDITIONAL INFORMATION ON ACTIVITY CLASSES

This briefing responds to your request for additional information

- 1 On Monday 29 April 2024 you requested additional information from the Ministry of Transport and the NZTA including forecast commitments against activity classes, breakdowns of activities, definitions, and the potential implications of any activity class issues for the GPS 2024.
- 2 The NZTA has provided you with additional detail on forecasts against activity classes, breakdowns of activities, definitions of certain activities and activity class components as requested. This information is attached at **Annex 2**.

Activity class definitions and funding ranges

- 3 This briefing provides a summary of each activity class in the draft GPS 2024, notes any potential issues from current activity class descriptions and funding ranges and presents case studies and options for addressing these issues (**Annex 1**).
- 4 The Ministry of Transport has recommended updates to activity class descriptions and/or ranges in response to potential issues for four activity classes:

Activity class	Potential issue(s)
Public Transport Infrastructure	<ul style="list-style-type: none"> • Opportunities to fund additional Better Public Transport (BPT) projects, such as Northwest Rapid Transit, from this activity class based on the current range is constrained, both by the funding range and the available revenue.
Public Transport Services	<ul style="list-style-type: none"> • Auckland Council and Auckland Transport have previously raised that the Public Transport Services funding range would result in a funding shortfall and significant fare increase – however, there is no expectation that existing Public Transport services will be cut based on existing forecasts.
Walking and Cycling	<ul style="list-style-type: none"> • Already consented multi-modal projects would need to fund their multi-modal elements from the Walking and Cycling activity class, but the anticipated costs of these multi-modal elements are expected to exceed the head room in the Walking and Cycling activity class. • Projects that can demonstrate or forecast viable volumes of users may not be funded under the current activity class definition
Investment Management	<ul style="list-style-type: none"> • NZTA will need to make trade-offs and prioritise projects within the Investment Management Activity Class based on the current activity class funding range. These trade offs may impact the ability of NZTA to give full effect to the expectations set out in GPS 2024.

- 5 The issues and options in this briefing align with the briefing we provided on potential changes to the GPS 2024 – which covered both potential changes to activity classes and other chapters in the draft document (OC240403 refers).
- 6 Officials from the NZTA and Ministry of Transport will discuss this advice with you on Thursday 2 May 2024.

Next steps

- 7 Ministry of Transport officials have reviewed and updated the timeline to finalise the GPS 2024 by the end of June 2024 to provide more time for the activity class issues set out in this paper to be resolved.
- 8 Note that the updated timeline now has Departmental and Ministerial/coalition partner consultation running concurrently for 10 working days.

Milestone	Timing
NZTA provides further information on activity classes.	2 May 2024
Minister of Transport confirms changes to GPS document (as sought in briefing OC240403).	By 6 May 2024
Minister of Transport discusses changes to draft GPS with officials.	6 May
Officials update draft GPS 2024 and draft the Cabinet paper	6 May to 10 May
Minister of Transport reviews the updated draft GPS 2024 and draft Cabinet paper	10 May to 13 May
Minister of Transport discusses draft documents with officials	13 May 2024
Officials update documents and provide updated drafts to the Minister of Transport, seeking approval to move to departmental and Ministerial/coalition consultation	13 to 17 May 2024
Minister provides approval for departmental and Ministerial/coalition consultation to start	20 May 2024
Departmental, Ministerial/coalition consultation <i>Note these consultation processes would now run concurrently for 10 working days</i>	20 to 31 May 2024
Officials update documents following Ministerial and coalition partner consultation, and provide updated drafts to Minister of Transport	31 May to 7 June 2024
Minister of Transport considers document and provides approval to lodge with the Cabinet Office	7 to 12 June 2024
Submission to Cabinet Office	10am, 13 June 2024
Consideration by Cabinet Economic Policy Committee (ECO)	19 June 2024
Cabinet confirmation	24 June 2024

GPS 2024 is published	25 June 2024
GPS 2024 comes into effect	1 July 2024

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ANNEX 2: ADDITIONAL INFORMATION PROVIDED BY NZTA

Attached separately.

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MINISTRY OF TRANSPORT TE MANATU WAKA

MIN-4473 – joint GPS advice

2 May 2024

Your office has asked for advice regarding the Government Policy Statement on Land Transport (GPS).

NZ Transport Agency's response:

- Below are the answers to each of the GPS related requests.
- 1. ***Provide advice on why the estimated demand/bid figures provided for each activity class in OC240403 (Annex 3) are significantly different to those provided in February***
 - The main variance is that the advice provided to you in February excluded estimated NZTA and Council funding bids from the improvement activity classes (i.e., State Highway, Local Road Improvements, Public Transport Infrastructure and Walking and Cycling). Also, the information provided was based off information from November 2023.
 - The due date for these final bids were delayed giving submitters an opportunity to respond to the release of the draft GPS 2024, with Council and NZTA final bids due by 23 April 2024.
 - Subsequent advice incorporated in OC240403 Annex 3 included data from these bids based on the information available at the time. We note that we are still working through a number of errors (e.g., duplicate funding bids) with the bid data; and the information remains subject to change.
 - In respect of the continuous programmes, the February advice was not informed by final funding bids for maintenance and Public Transport services – although advice had regard to early draft bids.
 - Committed spend numbers sent in November 2023 excluded Emergency Works approvals with cashflows in the 2024-27 period.
 - A number of Councils have formally shifted spend in their approved projects into 2024-27 due to delays in progressing the project in the current financial year. In some cases, this was previously accounted for in the forecast carryover from the 2021-24 National Land Transport Programme (NLTP).
- 2. ***Provide a breakdown of the activities being carried forward from the previous NLTP (for example, the \$29 million forecast carry forward in the Investment Management activity class).***
 - Please see attached spreadsheets for the estimated carry-over for, investment management, local road improvements and walking and cycling. The attached spreadsheets are as follows:
 - Attachments 1 and 2 - Investment Management carry over and commitments 24-27 summarised overview with commentary
 - Attachment 3 - Expected Carry Forward Walking and Cycling Activity Class projects from 2021-24
 - Attachment 4 - Expected Carry Forward Local Road Improvements Activity Class projects from 2021-24.

- Please note expenditure across projects will vary through the remainder of the NLTP. Councils and NZTA provide forward forecasts which Activity Class Managers use to inform their forecast of the amount of carry-over for each activity class at aggregate level (noting project level forecasts are not always up-to-date or complete).
- It is not possible to accurately state the exact amount of carry-over for a particular project or at an activity class level until current-year actuals are known. This data provided is indicative and for information purposes only in line with the request. However, some allowance for carry-over is taken into account for the NLTP and the GPS activity class range setting.

3. Breakdown of the activities within the s 9(2)(ba)(i) of 'Nationally Delivered Activities' in the Safety activity class.

s 9(2)(ba)(i)

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4. Additional information on the safety cameras investment

- Please see *MIN-4471 GPS feedback – Safety camera investment* for a fulsome response.

5. Confirmation if the LR improvement estimates include costs for walking and cycling components that have not yet been split from wider project costs by local authorities.

- A preliminary review has identified three cases out of the 225 funding bids received in the Local Road Improvement Activity Class - where dedicated funding is separately being sought from the Walking & Cycling activity class for the same project.
- We consider a substantial portion of the remaining funding bids include either provision for pedestrians and/or to a lesser extent provision for cyclists (i.e., have not been split).

6. A copy of the NLTP development timeline and the key NZTA Board decisions

Milestone	Timing
<ul style="list-style-type: none"> Moderation sessions for local road and state maintenance and public transport services Final Improvement programmes submitted by partners 	<p>April 2024</p> <p>23 April 2024</p>
<ul style="list-style-type: none"> Agree investment target Approve indicative allocations for continuous programmes Approve funding to ensure partners can continue to deliver their approved programmes between the conclusion of the 21-14 NLTP in June and the commencement of the 24-27 NLTP in September 	May 2024 (Board meeting)
<ul style="list-style-type: none"> Final GPS and final IPM released There will be moderation of the improvement programmes during this period, but approach will depend on funding availability 	May-June 2024
<ul style="list-style-type: none"> Submit draft NLTP for Board review Approve advice to the Minister on adoption of RNIP and RSP 	s 9(2)(ba)(i)
<ul style="list-style-type: none"> RLTPs submitted to NZTA 	
<ul style="list-style-type: none"> Approve the adoption of the NLTP (including final allocations for continuous programmes) 	

7. Definitions of key terms used in the material - contracted, committed (in-contract and not in contract), consented.

- ‘Committed’ spend includes projects:
 - under construction
 - contracted (e.g., at the investigation, design or construction stages) but not under construction
 - approved to commence – but not contractually committed (e.g., funding approved for business casing, construction etc).

s 9(2)(ba)(i)

s 9(2)(h)

s 9(2)(h)

- We are still working to identify NZTA projects that are not contractually committed and will have the list available by the end of the week (if required by the Minister).

8. National Ticketing Solution costs for the next three years

s 9(2)(ba)(i)

9. Breakdown of the walking and cycling components within consented and committed projects that comprised the \$250 million - \$500 million cost estimate referenced in OC240403. This should be broken down by LR/SH, consent condition vs committed, project name and cost.

- We note our previous advice to the Ministry of Transport was:
 - *The amount of funding required to transfer to the Walking & Cycling Activity Class has not yet been quantified but it is estimated that in the event all pedestrian footpaths and cycling components are required to be split out this could require additional funding of between \$250M and \$500M, subject to the development of an appropriate methodology for separating the costs (e.g. should the business cases and design costs for pedestrian components also be separated out, should the costs be marginally determined etc).*
- **We consider that our initial estimate of \$250 million - \$500 million is likely to be too conservative, and that \$150 million - \$250 million is likely to be a better estimate (see below).**
- For this item, it is not possible to pull the requested information together in the timeframe provided. Our systems do not record this information in a way that we can centrally pull it together. We would have to undertake a manual process, contacting each relevant project manager and approved organisation across hundreds of projects, to collate and confirm the information.

- In determining the estimated range of \$250 million - \$500 million we used a sampling approach, which has entailed a manual review of the project descriptions for Local Road Improvement projects, and for State Highway Improvement projects while also using information extrapolated from projects in response to a recent OIA-14850 (the Christchurch Motorway and Wellington Northern Corridor projects) where the data was retrieved.

State Highway Improvements (SHI)

- For State Highway Improvement projects, a desktop review was completed, and in determining the percentage of costs to attribute to walking and cycling we used actual cost data from five completed projects where the information has already been extracted in response to an earlier Official Information Act request to NZTA. For these projects the costs for walking and cycling equate to an average 3.7% of the total project expenditure. It should be noted that the walking and cycling investment on these roads may not reflect future walking and cycling investment

SHI Project	W&C Component \$m	Total Project costs (excl property) \$m	W&C %
Christchurch Motorway			
Southern Motorway Stage 1	3,550	123,906	2.9%
Southern Motorway Stage 2	9,000	312,013	2.9%
Christchurch Northern Corridor	3,135	291,952	1.1%
The Wellington Northern Corridor			
Peka Peka to Ōtaki (PP2Ō)	29,117	491,321	5.9%
Mackays to Peka Peka	1,019	17,477	5.8%
Total	45,821	1,236,669	3.7%

Note: no land acquisition costs have been attributed to walking and cycling in the above examples. Were property costs included for the above projects, we expect there would be a material increase in the percentages identified above.

- We have used this percentage (rounded) for estimating the walking and cycling costs across the SHI activity class. Noting that individual projects could vary from the projects selected.

SHI Expenditure	NLTP 2024-27 3 years	Estimated W&C Component
Comittments	s 9(2)(ba)(i)	
EOL Bridges		
GPS other		
Improvement Bids		
Resilience		
RoNS		
Total		

- At this time, the scoping of activities and final designs such as Roads of National Significance (RoNS) are yet to be determined. Some early concepts (pre-dating the draft GPS) have included significant dedicated bridges and overpasses, the cost of which would be substantial. An allocation of property cost is also assumed, pending resolution on an agreed methodology for cost sharing.
- We note that the above bid data has yet to be confirmed or moderated. Subject to decisions regarding the final revenue level for GPS 2024 and subsequent NZTA Board decisions we expect final funding for State Highway Improvements activity class to be between s 9(2)(ba)(i) – meaning a likely minimum funding requirement of between s 9(2)(ba)(i) for the Walking & Cycling Activity Class.
- As discussed further in response to Question 10 below – we expect all projects will be reviewed with the aim of reducing unnecessary scope and finding lower-cost design solutions. Accordingly, we would expect walking and cycling scope and related costs to further reduce– following project redesign.

Local Road Improvements (LRI)

- A manual review of current funding approved activities and new projects submitted for consideration in the 2024-27 NLTP shows that a high proportion of activities have a walking and cycling component.
- Nearly all urban roads require a footpath, and most intersections, bridges and roundabouts provide amenities for pedestrians and cyclists to cross.
- A list of LRI projects is provided as an excel spreadsheet attachment – “Expected Carry Forward Local Road Improvements Activity Class projects from 2021-24”. The column “W&C Component” indicates if the project includes a walking and cycling multi-modal element.
- “Y” – projects that have specific mention of including walking and cycling, or multimodal facilities in its activity description, strategic context, and/or objectives.
- “B” – bridges, “I” = intersections, “R” = roundabouts – projects that do not specifically mention pedestrian or cycling facilities in the project’s description, but expectations are that basic facility such as a footpath would be provided
- “O” - other projects where it is unclear if it includes a level of service for walking and cycling, but it is likely many may do.

- Noting we expect the proportional spend from local roads will be higher than state highways due to the need for pedestrian provisions, we consider a conservative approach 15% of the project costs relate to footpaths and cycle paths then around s 9(2)(ba)(i) of costs would be attributed to the Walking and Cycling Activity Class. Intuitively, local roads and streets would have a relatively higher percentage of pedestrian and cycling facilities than state highways.

W&C Component	Local Road Improvements	NLTF 2024-27 3 years	Estimate W&C component cost
Y	Projects that have specific mention of including walking and cycling	s 9(2)(ba)(i)	
B	Bridges that are likely to have provision for basic pedestrian and/or cycling facilities		
I	Intersections that are likely to have provision for basic pedestrian and/or cycling facilities		
R	Roundabouts that are likely to have provision for basic pedestrian and/or cycling facilities		
O	Other projects where it is unclear if it includes a level of service for walking and cycling		
	TOTAL		

Cost apportionment methodology

- The final apportionment of costs is also heavily dependent on the methodology used, and assumptions for allocating expenditure for shared costs such as business cases, investigation and design, and project management. If a marginal costing approach were to be applied, it would result in different allocations (e.g., the engineering loading requirements for a vehicle bridge is substantially more than if just providing a separate walking and cycling facility).
- The sampling has provided an indicative scenario of s 9(2)(ba)(i). Noting, based on current Board direction, it is highly unlikely that investment in Local Roads or State Highways will reach this level – we consider that our initial estimate of \$250 million - \$500 million is likely to be too conservative, and that \$150 million - \$250 million is likely to be a better estimate.

Total Potential W&C Costs in Other Activity Classes	NLTF 2024-27 3 years
State Highway Improvements	s 9(2)(ba)(i)
Local Road Improvements	

Note: the above is based on spend of s 9(2)(ba)(i), the NZTA Board will not be able to approve figures at this level which has caused us to reduce the initial estimate. We note that it is still an estimate off a very small sample size and the proportion of total expenditure required for dedicated walking and cycling facilities may be incorrect.

10. Examples/case studies of how LR/SH improvement projects put forward for the 2024-27 NLTP that have a multi-modal component will be managed (i.e. how will costs be split between the walking and cycling and LR/SH improvement activity classes).

- We understand the Ministry has proposed three options regarding further changes to the GPS:
 - Option 1** – Maintain the [GPS] status quo and require already consented projects to fund their multi-modal elements from the Walking and Cycling and PT Infrastructure activity classes.

- **Option 2** – Require already consented projects to fund their multi-modal elements from the Walking and Cycling and PT Infrastructure activity classes and increase the Walking and Cycling activity class funding range by \$250 million - \$500 million (*now updated to \$150 - \$250 million*).
- **Option 3** – Change the State Highway Improvements and Local Road Improvements activity classes to fund multi-modal improvements where these are required as a condition of an already in place consent.
- NZTA believes Option 3, is the best option offered and mitigates unintended consequences that would delay improvement projects. We note the following regarding conditions of consent in support of Option 3.

Note regarding conditions of consent (Option 3)

- Projects requiring resource consent; or that have detailed plans approved through a notice of requirement, are typically subject to a condition that construction occurs in accordance with the approved consent plans. This means that a walking and cycling component not specifically required by a condition of consent (e.g., as mitigation for severance effects) may still meet the definition of being “required by a condition of consent”.
- We expect that for all existing projects NZTA and Councils will still need to revisit plans to remove unnecessary scope; however, in doing so they will need to weigh the cost benefits of fully removing the facility vs the cost/time disbenefits of having to seek a change to the conditions (if required).

Note: there may be other legislative requirements (e.g., Council bylaws requiring footpaths) which will also need to be considered.

Steps to implement Option 3

- In order to implement Option 3, we have set out a high-level process of what would be required (noting that square brackets have been used where for pragmatic reasons an amount has been selected to avoid incurring unnecessary costs. Any such square brackets amounts would require review). The below process would also require refinement but has been included for illustrative purposes.
 1. Review all existing projects that are not yet consented or in construction to determine which projects have multi-modal improvements.
 2. Categorise those multi-modal improvements as follows:
 - a) Minor/ low-cost ancillary facility, i.e., less than [5%] of total project cost (e.g., a signalised pedestrian crossing) - no change to activity class funding.
 - b) A dedicated (non-ancillary) facility greater than [5%] of total project cost – requires change to activity class funding.
 3. For simplicity we would recommend that the current project phase is completed under the existing funding approval from the original activity class, however that cost estimates developed in this phase are required to specify and separate out the cost of any multi-modal improvements.
 4. Upon completion of the current approved phase, projects would compartmentalise the cost of the next phase(s), subject to the [5%] rule above, into the constituent parts and seek funding on that basis – (e.g., Project ABC – State Highway Improvement - \$25 million; Project ABC – Walking & Cycling Improvement - \$5 million etc.)

5. Any price level adjustments will need to specify which component of the project has incurred the price increase.
 6. In the event a project proceeds to the consenting (pre-implementation) phase without multi-modal elements and these are subsequently required through a condition of consent – these would be funded from the main/ existing activity class.
 7. Similar thinking would need to be applied to Low Cost Low Risk, noting these are not so material.
- For the avoidance of doubt; application of these steps would mean that new projects that are not-yet-consented or in construction with multi-modal facilities, that are above an ancillary level would be funded either from walking and cycling activity class or would require council funding at 100%. We note that this approach may mean that road improvement projects that cannot be consented (or separately funded) will not proceed or could be significantly delayed. However, it will reduce additional walking and cycling facilities and assist in a no-frills approach. In the event a project cannot be consented due to the lack of such facilities, and it is a significant project then we would inform the Ministry to determine next steps.

Application to existing projects (Options 1 and 2)

- In the event this is applied to all existing projects, we would follow a similar process as above – however would need to establish an agreed methodology for splitting costs across existing contracted work (rather than rely on a formal cost estimation process).
- We expect applying the above process to projects already in delivery would be administratively complex. For instance, depending on how far through construction, design, or business case investigation of the multi-modal component (in comparison to the road improvement component) would impact the attribution of the remaining cost for each project to each of the different activity classes.
- We expect identifying the proportion of outstanding cost that should be attributed to each activity class would require direct engagement with suppliers and wider project teams, creating an additional administrative burden that may result in minor delays and additional costs.
- One option would be to use a simplified process – e.g., use only high-level estimates; or apportion costs in broad percentage terms; or only apply the methodology to projects over a certain dollar level – however we expect this would be counter to the purpose of the provision to gain better visibility and accurate accounting for the costs of multimodal improvements as add-ons to road improvement projects. It also has the potential to raise issues from an audit and accountability perspective, e.g., if the attribution of costs is not correct or challenged by interest groups.
- We note that ensuring any new process is also followed by councils will create further complexity. In some cases, councils will also have elements of the project not eligible for funding from the NLTF and being funded from rates under the same contract (e.g., stormwater upgrades). We expect that this will make getting accurate and timely information on the remaining cost to be attributed to each activity class difficult.

Case study - Meola Road

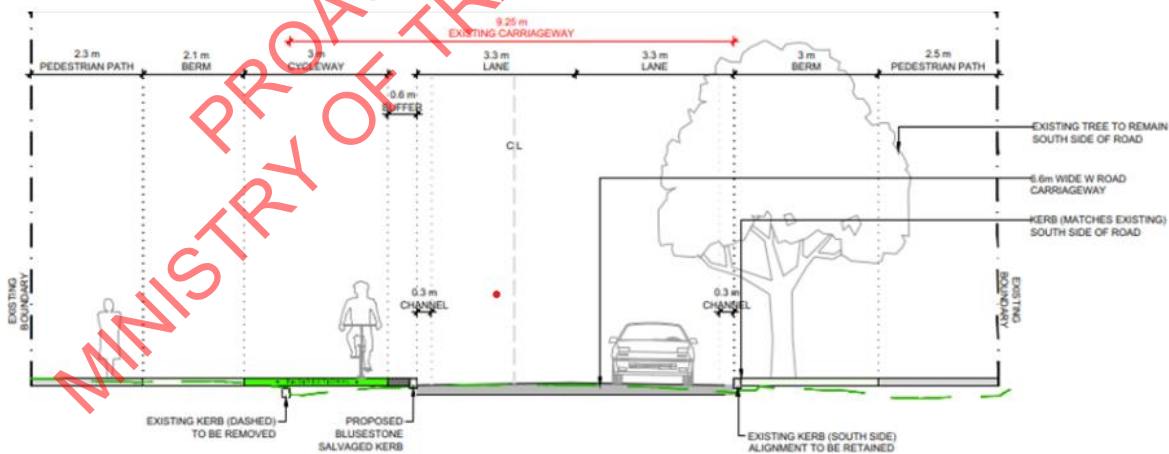
- The walking and cycling activity class funded all of the improvement component at total NLTF of \$37 million. Records show that \$15 million of this cost has been claimed to date by Auckland Transport (AT).

- We currently do not have visibility as to whether the local road maintenance activity class part funded any of the renewal activity – although we would consider this unlikely. We have not made enquires with AT to confirm whether it was included in the maintenance delivery schedule for this year.

- NZTA systems record the scope of the project as:

“The scope of the project is for the implementation of walking, cycling and bus transport improvements along a stretch of 2.8kms from Point Chevalier to Westmere. This includes separated unidirectional (off-road) cycle paths on both sides of Pt Chevalier Road, separated bidirectional (off-road) cycle path on the northern side of Meola Road, Separated unidirectional (on-road) cycle lanes on both sides of Garnet Road (tie into Westmere Safe Routes). In addition to it intersection upgrades and bus lanes improvement measures within the same area with provision of additional pedestrian and cycle crossing facilities with safety measures including signalised crossings. Lastly, side road treatments, typically raised crossings and associated lighting and storm water upgrades.”

- Under GPS 2024 – Investment Advisors would work with the Council to identify any unnecessary scope; and whether the elements of the project have been correctly categorised and costed. In doing so, we would need to adjudge whether the intersection upgrades represent an improvement or a maintenance activity. To do so – we would rely on the work category descriptions of the different components of the work.
- Once NZTA and Council are aligned on the scope giving effect to the GPS direction regarding “no frills” we would require separation of the project into its various elements i.e., Local Road improvements or maintenance for the intersection works, Public Transport Infrastructure and Walking and Cycling for the other works.
- In the event the Public Transport infrastructure and Waling and Cycling have no funding for the improvements, and /or these project elements were considered not in alignment with the GPS then the Council will need to fund these 100% from rates.



B Meola Road – typical cross section of bi-directional cycleway

11. Definition of 'known cost increases', examples from the activity classes where these are present (SH improvements, PT infrastructure, Walking and Cycling) and the Board process for scrutinising these cost increases before funding is approved

- NZTA and Council will have a number of price level adjustments (PLA) and cost scope adjustments (CSA) being assessed for approval at any one time. The length and outcome of this process can vary. However due to the scale of some PLA/CSAs that have yet to be formally requested and approved, Activity Class Managers will make a provision for these in forecasts.
- In assessing the PLA/ CSA NZTA officials will provide advice to the Board/ delegated decision-makers on:
 - what has led to the price level adjustment or cost/scope adjustment
 - the necessity of any additional project scope
 - optioneering and options to reduce the scale of the PLA/CSA
 - previous decisions and conditions or restrictions as outlined, and reconciled
 - changes to the economics/ benefit cost ratio – that may affect the viability of the project
 - alignment with the GPS and any changes to Government/ Board strategic priorities since the project started
 - cashflow requirements
 - whether contingencies have been used, or additional contingencies are needed
 - risks and mitigations
 - lessons learned.

s 9(2)(ba)(i)

12. What is included in LCLR allocations (types of projects and how we decide on how we use the money)

- Low Cost, Low Risk (LCLR) improvement programmes provide an alternative evaluation and approval path for investment activities with a total cost of \$2 million or less, which avoids lengthy business case processes and provides a level of flexibility in decision making and delivery of projects at a local level. Historically, LCLR programmes have been a major component of funding provided to the smaller councils in regional New Zealand.
- LCLR programmes exist in the local road improvements, state highway improvements, safety, walking and cycling and public transport improvements and services activity classes.
- NZTA expects LCLR to be firmly aligned to GPS investment objectives. Proposed projects need to meet the GPS investment requirements and eligibility criteria as for any other project in the respective activity classes.
- Assessment of the priority rating is made at the overall programme level, not at the individual activity level, but specifically takes into account that only activities that are consistent with the GPS are approved for NLTF funding.
- Allocations within each activity class follow the programme approach, with the ability to switch projects around to optimise spend and delivery in agreement with the NZTA investment advisor that any substituted activities have a similar or higher GPS alignment. This also enables approved organisations (AOs) to consider associated improvement options when delivering maintenance (e.g., minor resilience

improvements). LCLR programmes are typically the main method for funding quick low cost interventions that address unforeseen or emerging resilience/ safety issues once discovered on the roading network. Accordingly, it is important to have flexibility that allows NZTA and Councils to adjust the programme over the three-year NLTP period.

- In public transport services – LCLR can be used to conduct short-term trials of new services. This allows Councils to collect data on the patronage and cost effectiveness of a new service, without having to commit to its ongoing operation over the three-year NLTP period.
- A strong linkage to planning documents should provide insight into the quality and value of the proposed programmes, with demonstrated support from activity management planning documents (e.g., activity management plans (AMPs), road safety action plans (RSAPs) and regional land transport plans (RLTPs)) as well as long term plans (LTPs), or the State Highway Investment programme (SHIP).
- A strategic alignment and value for money scan of the proposed activities in the programmes will challenge and remove from the programme any that are judged to be of low value based on the supporting information.
- Provided NZTA is satisfied the proposed LCLR programme has an effective GPS alignment and has a medium or high rating, and the activities in the list represent reasonable value for money, a generic IPM rating of ‘3’ is assigned as a starting point. The projects recommended for inclusion in the LCLR programme are captured in the relevant LCLR template.
- NZTA requires approved organisations and itself (state highways) to complete the template and keep it current.
- In terms of NLTP development LCLR programmes are prioritised (based on the GPS results alignment and cost–benefit appraisal ratings of the programme) against other improvement activities in the respective activity classes.
- If funding availability is an issue across or in any of the activity classes, the scale of the LCLR programme is adjusted based on the respective priority of activities. The allocation will also consider the quality of supporting documents such as the activity management plans.
- Right-sizing is then considered based on value for money and funding available in the relevant activity class and the relative priority of an LCLR programme with other programmes and activities, which may involve removing or deferring activities that don’t align well with the GPS 2024 or are better scheduled for a subsequent NLTP or are considered not to be value for money, and to ensure the approved programme is affordable for the NLTF.
- Other factors are taken into account such as the delivery track record and capacity/capability to deliver, scheduling requirements and dependencies with other investment projects across the network.
- Initial approval is provided for year 1 funding. Funding will be approved with a condition subsequent that year 2 and year 3 funding will be released provided it fits within the funding allocation, and the AO has:
 - submitted an updated list of qualifying activities that has been reviewed and approved by the NZTA system management investment advisors for AOs, and

- provided updated information in line with the minimum information requirements at a project level.

Noted by Minister

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Expected Carry Forward of expenditure Investment Management Activity Class from 2021-24

Activity (multiple approved organisations)	Projected carry overs and commitments 24-25	Description
<p>Transport Planning - Regional Land Transport Plans (RLTP)</p> <p>Transport Planning - Transport Model Development</p> <p>Transport Planning – Activity Management Plan (AMP) improvement</p> <p>Transport Planning – Programme Business Case (PBC) development</p> <p>Land Transport Security Programme</p> <p>Innovation Programme</p> <p>Planning & Investment Evidence Base</p> <p>Household Travel Survey Booster</p>	<p>s 9(2)(ba)(i)</p>	<p>Requirement of all Approved Organisations. The Land Transport Management Act 2003 (LTMA) requires regional land transport plans (RLTPs) to be developed every six years and reviewed every three years (mid-term). The output includes identifying the projects and programmes needed to meet the Government Policy Statement (GPS) priorities.</p> <p>Modelling essential to feed strategic plans and adapting to changes across the transport network. All Approved Organisations are required to maintain an Activity Management Plan (AMP), This is in effect a business case for investment in AO continuous programmes such as maintenance and operations, and low cost low risk programmes.</p> <p>Enabler of AO investment response to Government priorities e.g. Resilience programmes and Emergency Response Plans (ERP) etc.</p> <p>The security programme supports the development of operational implementation plans that will enable the delivery of continuous improvement security outcomes to Transport Services and Digital business groups and enhance the resilience of the NZTA network as a whole. Local government and allied agencies/partners will follow the NZTA lead on the outputs of this project</p> <p>The programme works with the private sector and local government to develop and deliver innovative solutions that will create a safer, more environmentally friendly, accessible, and better-connected transport system that keeps people and goods moving. NZTA utilises the skills and creativity of the private sector, and other organisations, to deliver new and emerging transport solutions</p> <p>The Planning and Investment Evidence Base programme aims to change the way that Waka Kotahi plans and invests by enabling evidenced based decision making. It will do this by developing a planning and investment evidence base that helps to identify current and future transport problems and opportunities, their scale and location, how they could be addressed and the likely timeline and sequencing for addressing them. 2. Making this evidence accessible to partners, approved organisations, internal groups and suppliers.</p> <p>Ministry of Transport manages the Household Travel Survey. NZTA NLTP funding adds 7000 households to the original 1500, strengthening nationwide transport modelling capabilities. Currently councils conduct their own ad hoc HTS survey boosters, which are part funded by Waka Kotahi, these regional boosters will no longer be required. Other benefits include annual regional reporting on measures such as mode share, currently only available every three years.</p>
Grand Total	28,600,462	-

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s 9(2)(ba)(i)

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s 9(2)(ba)(i)

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MINISTRY OF TRANSPORT TE MANATU WAKA



10 May 2024

OC240447

Hon Simeon Brown
Minister of Transport

Action required by:
Monday, 13 May 2024

UPDATED DRAFT GPS 2024 AND DRAFT CABINET PAPER

Purpose

This briefing seeks your feedback on the latest draft Government Policy Statement (GPS) 2024 (**Annex 1**) and Cabinet Paper (**Annex 2**); seeks your agreement on allocating the additional \$1 billion in Multi-Year Capital Allowance (MYCA) funding across GPS 2024 activity classes; and provides an update on implementing actions in the GPS 2024.

Key points

- Officials have updated the near-final draft GPS 2024 you provided and have drafted your Cabinet paper to seek approval to release the GPS 2024 by the end of June 2024. Minor updates have been made to the draft GPS 2024 to add in additional detail on rail funding (per your request), update revenue and expenditure content, and make minor editorial changes arising from proof reading.
- The Cabinet paper sets out the direction of GPS 2024, outlines broad themes from consultation feedback, summarises changes made to the document since the draft version was approved by Cabinet for public consultation, and seeks agreement to release the final document.
- Decisions need to be made on how to allocate the additional \$1 billion of MYCA funding allocated to the GPS through Budget 2024 across activity classes. Three options are presented in this paper for your consideration.
- This briefing also provides an update on work to implement the GPS 2024 once it comes into force, work to implement MVR increases, and work by the New Zealand Transport Agency (NZTA) on the draft Performance and Efficiency Plan.

Recommendations

We recommend you:

- 1 **provide** feedback on the draft Cabinet paper and updated draft GPS 2024 by Monday 13 May 2024
- 2 **note** that officials will seek your approval to commence departmental, Ministerial and coalition consultation by 20 May 2024

BUDGET SENSITIVE

- 3 **note** the options in this paper for allocating the additional \$1 billion in MYCA funding across GPS 2024 activity classes
- 4 **approve** your preferred option for allocating the additional \$1 billion in MYCA funding across the activity class funding ranges in the GPS 2024:
- Option 1 - Allocate all funding to the State Highway Improvements Activity Class Yes / No
 - Option 2 - Allocate all funding to the Public Transport Infrastructure Activity Class Yes / No
 - Option 3 - Split funding evenly between the State Highway Improvements and Public Transport Infrastructure Activity Classes Yes / No
- 5 **agree** to the New Zealand Transport Agency (NZTA) providing you their draft Performance and Efficiency Plan by the end of June 2024 Yes / No



Paul O'Connell
Deputy Chief Executive, Sector Strategy
 10. / 05 / 2024

Hon Simeon Brown
Minister of Transport
 / /

- Minister's office to complete:**
- Approved Declined
- Seen by Minister Not seen by Minister
- Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Tim Herbert, Manager Investment	s 9(2)(a)	✓
George Ross, Senior Advisor Investment		
Oliver Findlay-Badham, Advisor Investment		

UPDATED DRAFT GPS 2024 AND DRAFT CABINET PAPER

What this briefing covers

- 1 This briefing provides you with:
 - 1.1 the latest draft GPS 2024 and a draft Cabinet paper for your feedback;
 - 1.2 advice on how the additional \$1 billion of Multi Year Capital Allowance (MYCA) funding could be allocated across activity classes;
 - 1.3 an update on planning for wider GPS 2024 implementation, work underway to increase Motor Vehicle Registration (MVR) fees, and work by the New Zealand Transport Agency (NZTA) to develop the draft Performance and Efficiency Plan.

Latest draft GPS 2024 and draft Cabinet paper

- 2 This briefing attaches an updated GPS 2024 (**Annex 1**) and a draft Cabinet paper (**Annex 2**) for your review and feedback.
- 3 Officials have updated the draft GPS 2024 based on the edited document you provided us on 6 May 2024, the latest NLTF forecast, and relevant Budget 2024 decisions. Edits are minor and are highlighted in the document.
- 4 The draft Cabinet paper attached seeks approval to release the final GPS 2024. It summarises the direction set out in GPS 2024 (at a high level), broad themes from consultation feedback, and the key changes and updates made since the consultation version of GPS 2024 was approved by Cabinet on 4 March 2024.
- 5 Officials request any further changes or updates to the draft GPS 2024 from you by Monday 13 May 2024. We will then update the document and seek your approval to start departmental, Ministerial and coalition consultation from 20 May 2024.

Changes and updates to GPS 2024 revenue and expenditure

Changes to reflect the latest NLTF forecast

- 6 In preparation for the final publication of GPS 2024 Officials have updated the document based on the latest National Land Transport Fund (NLTF) forecast, and related Budget 2024 decisions.
- 7 An update on the revenue package for GPS 2024 was provided on 22 April 2024 (OC240379 refers). The NLTF forecast was updated as part of the Budget Economic and Fiscal Update (BEFU) and includes the proposed increases in revenue from annual vehicle licence fee increases, and Fuel Excise Duty (FED) and Road User Charges (RUC) increases from 2027 onwards.
- 8 The BEFU forecast shows \$13.8 billion over 2024/25–2026/27 and \$59.5 billion over 2024/25–2033/34. This is less than a two percent decrease compared to the forecast for the draft GPS 2024. The changes between BEFU and the draft GPS 2024 (HYEFU) forecast is set out below:

BUDGET SENSITIVE

	2024/25 (\$m)	2025/26 (\$m)	2026/27 (\$m)	2024/25– 2026/27 (\$m)
GPS 2024 forecast (BEFU)	4,246	4,532	5,022	13,799
Difference compared to draft GPS 2024 forecast (HYEFU)	-76	-39	-108	-224

9 Updates have been made to the following tables in the GPS 2024 to reflect the latest forecasts. These updates also reflect the additional funding that has been approved through Budget 2024 and is being held in a tagged contingency.

9.1 Table 1: NLTF funding sources 2024/25-2026/27

9.2 Table 2: NLTF annual funding 2024/25-2029/30

9.3 Table 3: Expenditure targets and ranges 2024/25-2029/30.

Additional funding for the Rail Network Investment Programme through Budget 2024

10 We have updated Table 6 in the GPS to reflect the additional \$200 million that is being held in a tagged contingency. The total funding available for the Rail Network Activity Class is about \$450 million over 2024/25 and 2025/26. This funding is within the activity class range, and as such they have not been updated.

North Island Weather Events (NIWE) and Metro rail Budget decision

11 Officials have updated wording on page 20 in the draft GPS to reflect the Budget 2024 decision to provide an additional \$940m for the North Island Weather Events - Road Response and Recovery.

Additional capital funding from the MYCA through tagged contingency

12 An additional \$1 billion of funding has been provided from the MYCA to the NLTF. This funding will be held in a tagged contingency and drawn down when certain conditions are met (such as providing information on the projects to be funded). Increases to activity class upper bounds need to be included in the GPS 2024 to allow the tagged contingency to be drawn down without needing to make an amendment to the GPS 2024. This requires decisions to be made on the proposed split of funding based on information on planned projects provided by the NZTA.

13 You have requested advice on options for allocating this funding to activity classes in the GPS 2024. As the funding is from the MYCA, it can only be used for capital investment (improvements and rehabilitation to the state highway network, and public transport or walking and cycling infrastructure along the state highway network).

14 Based on the priorities outlined in the GPS 2024, and NZTA's advice, the Ministry of Transport has considered the following options for allocating the additional MYCA funding across activity classes:

14.1 **Option 1 - Allocate all funding to the State Highway Improvements Activity Class:** Under this option, the upper range of the State Highways Improvements

activity class would increase by \$1 billion. This funding would be used to accelerate progress on key Roads of Regional Significance.

14.2 **Option 2 - Allocate all funding to the Public Transport Infrastructure**

Activity Class: Under this option, the upper range of the Public Transport Infrastructure activity class would increase by \$1 billion. This funding would be used to fund the Northwest Rapid Transit project and provides flexibility within this activity class to fund other projects.

14.3 **Option 3 - Split funding between State Highway Improvements and Public Transport Infrastructure Activity Classes:**

Under this option, the additional funding would be split evenly between additional investment in State Highways Improvements (to accelerate Roads of National Significance) and Public Transport projects such as Northwest Rapid Transit.

15 **Annex 4** provides more detailed analysis of each of these options based on project information provided by the NZTA. The Ministry of Transport recommends **Option 3** above as this option best reflects the pipeline of known projects.

16 Following confirmation of your decision we will update the activity class funding ranges in the draft GPS 2024 to reflect your decision.

Update on other key GPS 2024 work programme elements

Planning for GPS 2024 implementation

17 Officials are currently working on the implementation plan for the actions outlined in the GPS 2024 work programme (a draft of this work programme was provided to you in briefing OC240245). We are also working on setting up the governance and assurance arrangements to oversee and drive progress across the GPS 2024 work programme.

18 We will provide you with the GPS 2024 implementation plan by 14 June 2024 so there is time for you to consider this, and officials to finalise it, before the GPS 2024 comes into effect on 1 July 2024.

Regulations and Regulatory Impact Assessment for Motor Vehicle Registration annual licence fee changes

19 The changes to annual vehicle licence fees can be made by regulations (Order in Council). The GPS Cabinet paper seeks approval to issue drafting instructions to Parliamentary Council Office for the necessary regulations.

20 The Ministry has completed a Regulatory Impact Assessment (RIA) for the proposed annual vehicle licence increases. This has been included in the Cabinet paper (as per Cabinet Office circular (20)2 guidance), and a copy of the RIA document is attached at **Annex 3** for your information.

21 Based on a Cabinet Committee date of 19 June 2024, regulations could be amended to include the new rates by late September 2024. This would give enough time for the new rates to be implemented on 1 January 2025.

Update on the Performance and Efficiency Plan

- 22 Based on wording in the draft GPS, the New Zealand Transport Agency (NZTA) is required to provide you with a draft Performance and Efficiency Plan within three months of the release of draft GPS 2024 (i.e. 4 June 2024). As the GPS 2024 will be finalised at the end of June 2024, the NZTA has requested that they provide you with a draft of the plan by the end of June 2024, after which it would be able to be updated to reflect your feedback and any material changes in the final GPS 2024.
- 23 If you agree, we suggest a minor amendment to the GPS 2024 to note that the NZTA will provide a draft Performance and Efficiency Plan to the Minister “by the end of June 2024”. This timing will enable the NZTA to develop a Performance and Efficiency Plan that best reflects the requirements set out in the final GPS 2024.

Next steps

- 24 Officials are working to the following next steps:

Milestone	Timing
Minister of Transport reviews the updated draft GPS 2024 and draft Cabinet paper (this briefing, OC240447)	10 May to 13 May
Minister of Transport discusses draft documents with officials	13 May 2024
Officials update documents and provide updated drafts to the Minister of Transport, seeking approval to move to departmental and Ministerial/coalition consultation	13 to 17 May 2024
Minister provides approval for departmental and Ministerial/coalition consultation to start	20 May 2024
Departmental, Ministerial/coalition consultation	20 to 31 May 2024
Officials update documents following Ministerial and coalition partner consultation, and provide updated drafts to Minister of Transport	31 May to 7 June 2024
Minister of Transport considers document and provides approval to lodge with the Cabinet Office	7 to 12 June 2024
Submission of Cabinet paper to Cabinet Office	10am, 13 June 2024
Consideration by Cabinet Economic Policy Committee (ECO)	19 June 2024
Cabinet confirmation	24 June 2024
GPS 2024 is published	25 June 2024
GPS 2024 comes into effect	1 July 2024

ANNEX 1 LATEST DRAFT GPS 2024

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ANNEX 2 DRAFT CABINET PAPER

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ANNEX 3 MVR REGULATORY IMPACT ASSESSMENT

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ANNEX 4 OPTIONS FOR ALLOCATING MYCA FUNDING

Option 1: Allocate all funding to State Highway Improvements

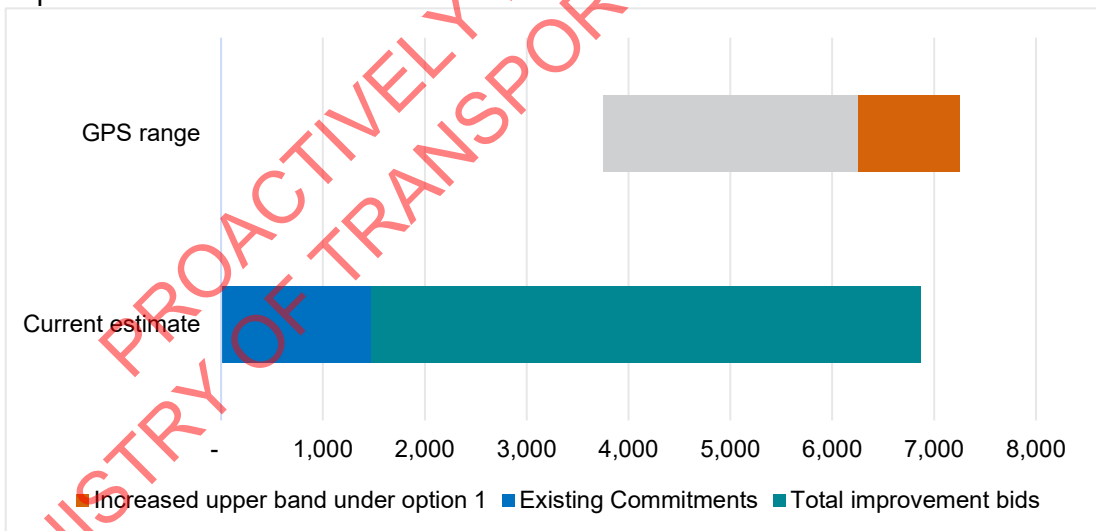
25 Under this option, the full amount of the \$1 billion of additional MYCA funding would be allocated towards the State Highway Improvements Activity Class.

26 This option would enable acceleration of roading projects, like the Roads of National Significance, to be brought forward to construction faster than expected. Other projects could also be funded to undertake consenting and design work in line with building a strong pipeline of projects over the GPS 2024 period.

27 The additional funding would be used to increase the upper range of the State Highway Improvements Activity Class by \$300m in 2025/26 and \$700m in 2026/27. The upper range over 2024-27 would be \$7.250 billion. Based on what could be delivered under this option, funding could be allocated across years as follows:

	2024/25 (\$m)	2025/26 (\$m)	2026/27 (\$m)
Upper range increase		+300	+700

28 The below graph shows the proposed increase to the upper range in orange and provides the current estimates for existing commitments and pre-moderation improvement bids.



What would be delivered under this option?

29 Under this option, the NZTA would be able to invest the \$1 billion in delivering the pipeline of Roads of National Significance projects to ensure that there is efficient delivery of these projects over the next 10 years.

30 In practice this means that NZTA could use s 9(2)(f)(iv) to accelerate the delivery of the below projects to begin construction in the 2027-30 period:

s 9(2)(f)(iv)

31 An s 9(2)(f)(iv) could be used to develop the investment pipeline for the 2030-33 period by undertaking the initial planning and developing business cases for the below projects:

s 9(2)(f)(iv)

32 Without the additional funding the NZTA Board will have to trade off the planning, consenting, design and property phases of the above projects with the construction and delivery of other projects. This option enables funding to be directed to these projects and ensure their delivery without trade-offs against other projects needing to be made.

33 The s 9(2)(f)(iv) could be invested in other state highway projects. However, based on information from the NZTA it is unclear what these projects are and the outcomes they would deliver.

Key considerations

s 9(2)(f)(iv), s 9(2)(ba)(i)

35 The s 9(2)(f)(iv) would be available to fund other state highway improvements projects but, s 9(2)(g)(i)

s 9(2)(a) It is a condition of drawing down the funding from the tagged contingency that projects are specified for approval.

Recommendation

36 The Ministry of Transport does not recommend progressing with Option 1.

- 37 While this option would bring forward delivery of several key state highway improvements projects and consenting and design work on others, ^{s 9(2)(g)(i)}
^{s 9(2)(g)(i)}
- 38 Without this certainty, it is challenging to recommend allocating the full quantum of funding only towards state highway improvements.

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Option 2: Allocate all funding to Public Transport Infrastructure

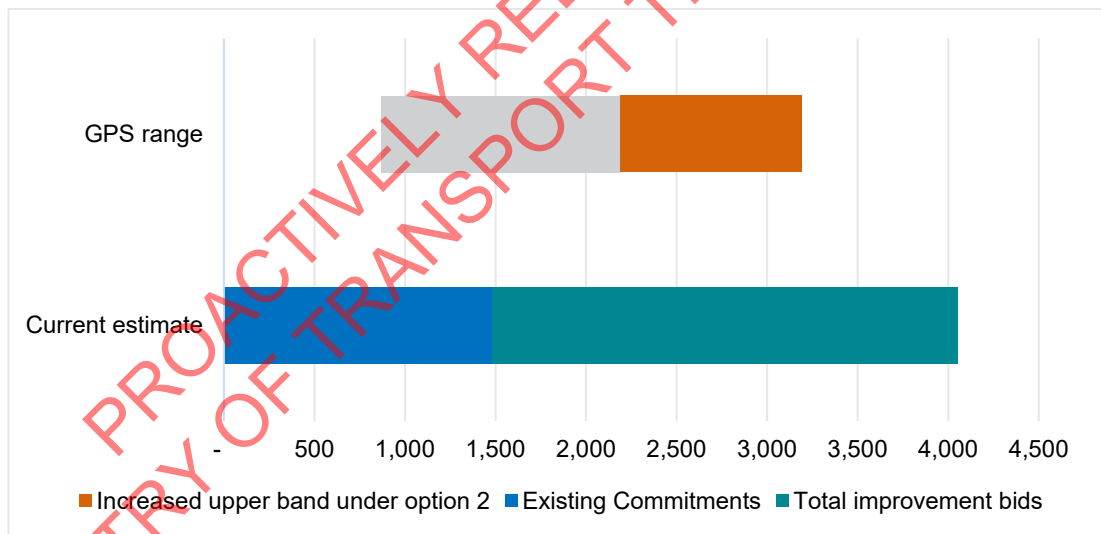
39 Under this option, the full amount of MYCA funding would be allocated towards the Public Transport Infrastructure Activity Class.

40 This option would enable progress on the key public transport infrastructure project, Northwest Rapid Transit (NWRT), to be funded from within the Public Transport Infrastructure Activity Class. Allocating funding s 9(2)(f)(iv), s 9(2)(ba)(i) provides headroom and flexibility within the Public Transport Infrastructure Activity Class to fund other projects within the funding range.

41 The additional funding would be used to increase the upper range of Public Transport Infrastructure Activity Class by \$300m in 2025/26 and \$700m in 2026/27. The upper range over 2024-27 would be \$3.250 billion. Based on what could be delivered under this option, funding could be allocated across years as follows:

	2024/25 (\$m)	2025/26 (\$m)	2026/27 (\$m)
Upper range increase		+300	+700

42 The below graph shows the proposed increase to the upper range in orange and provides the current estimates for existing commitments and pre-moderation improvement bids.



What would be delivered under this option?

43 NZTA would be able to invest the \$1 billion in major public transport projects, including developing the s 9(2)(f)(iv), s 9(2)(ba)(i)

44 s 9(2)(f)(iv)

45 It is a condition of drawing down the funding from the tagged contingency that projects are specified for approval. A weakness of this option is that it is currently

unclear what the s 9(2)(f)(iv) would be used to deliver based on information from the NZTA.

Key considerations

46 The key advantage of this option is that it provides additional funding flexibility within the Public Transport Infrastructure Activity Class by directing funding to the s 9(2)(f)(iv), s 9(2)(ba)(i) s 9(2)(f)(iv), s 9(2)(ba)(i) thereby freeing up headroom within this activity class to make other funding choices within the upper bound.

47 However, like Option 1, it is not certain what the s 9(2)(f)(iv), s 9(2)(ba)(i) s 9(2)(f)(iv), s 9(2)(ba)(i) . Choices could be made by the NZTA to fund other public transport projects within the range, s 9(2)(f)(iv) . Essentially, this option provides additional flexibility for progressing public transport investments alongside securing funding s 9(2)(f)(iv) .

Recommendation

48 The Ministry of Transport does not recommend progressing with Option 2.

49 While this option would enable the s 9(2)(f)(iv) to be funded and thereby free up funding headroom within Public Transport Infrastructure Activity Class to enable other projects to be funded, there is uncertainty as to which other projects would be funded. Without this certainty, it is challenging to recommend allocating the full quantum of funding only towards the Public Transport Infrastructure Activity Class.

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Option 3: Split funding between State Highway Improvements and Public Transport Infrastructure

51 Under Option 3, the MYCA funding would be allocated between the State Highway Improvements and Public Transport Infrastructure activity classes. This option enables:

51.1 roading projects, like the Roads of National Significance, to be brought to construction faster than expected and other projects to undertake consenting and design work; and

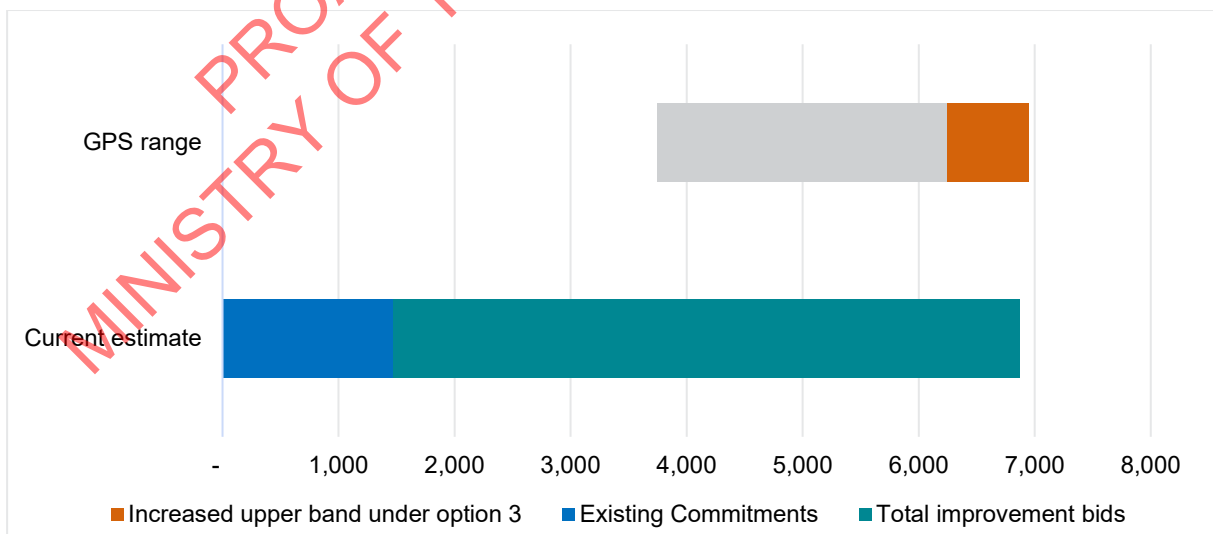
51.2 funding of the s 9(2)(f)(iv) and some headroom and flexibility within Public Transport Infrastructure to fund other projects within the activity class funding range.

52 The additional funding would be used to increase the upper range of both State Highway Improvements and Public Transport Infrastructure Activity Classes by \$300m in 2025/26 and \$400m in 2026/27. The upper range over 2024-27 would be \$6.950 billion for the State Highway Improvements Activity Class and \$2.950 billion for the Public Transport Infrastructure Activity Class. Based on what could be delivered under this option, funding could be allocated across years as follows:

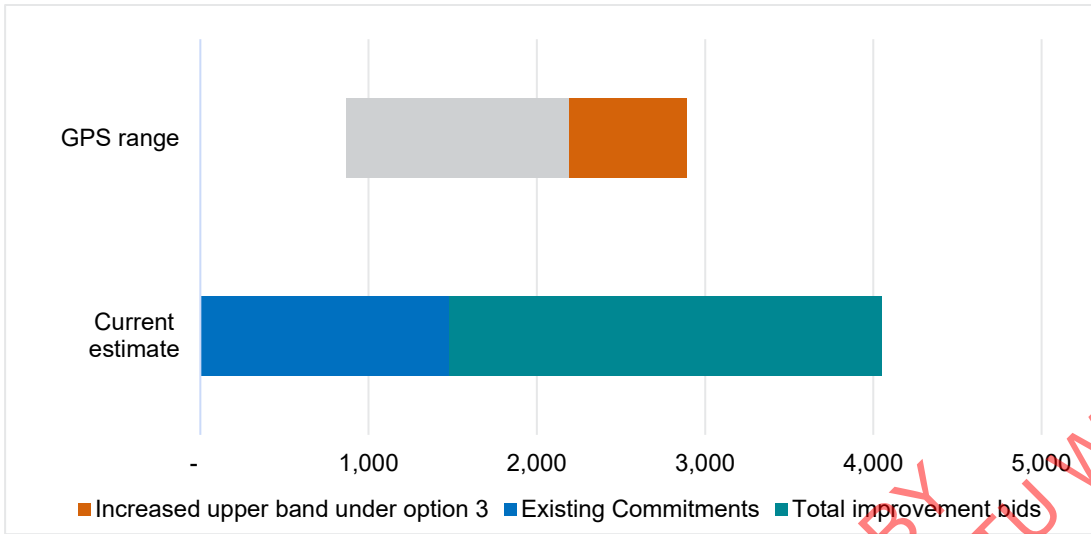
	2024/25 (\$m)	2025/26 (\$m)	2026/27 (\$m)
SHI upper range increase		+300	+400
PTI upper range increase		+300	+400

53 The below graphs shows the proposed increase to the upper range in orange and provides the current estimates for existing commitments and pre-moderation improvement bids.

State Highway Improvements



Public transport Infrastructure



What would be delivered under this option?

- 54 This option would enable delivery of elements from Option 1 and 2 above. The NZTA would be able to invest the \$1 billion across the pipeline of Roads of National Significance projects and s 9(2)(f)(iv). Road users and public transport patrons would both benefit from these projects.
- 55 In practice this means that NZTA could use the \$1 billion to invest against the projects below totalling s 9(2)(f)(iv), s 9(2)(ba)(i) to accelerate the delivery of these projects through to construction in the 2027-30 period:

Activity Class	Projects
s 9(2)(f)(iv), s 9(2)(ba)(i)	

- 56 Without the additional funding the NZTA Board will have to trade off the planning, consenting, design and property phases of the above projects, with the construction and delivery of other projects.
- 57 The higher funding range in the Public Transport Infrastructure Activity Class would enable NZTA to invest NLTF funding in other major public transport projects, ^{s 9(2)(f)(iv)} [REDACTED] ^{s 9(2)(f)(iv)} [REDACTED].
- 58 It is a condition of drawing down the funding from the tagged contingency that Ministers specify the projects to be funded. Under this option, there is a clear pipeline of priority projects that can make up the full \$1 billion that can be presented to Treasury for draw down of the funding.

Key considerations

- 59 By allocating funding between both the State Highway Improvements and Public Transport Infrastructure Activity Classes, Option 3 directs funding to known projects that can be progressed within the timeframes above. Option 3 also supports improved transport outcomes for both road users and public transport patrons, and may have market capacity benefits by using different contractors for state highway and public transport projects (though the extent of this benefit is uncertain).
- 60 The projects identified under this option total ^{s 9(2)(ba)(i), s 9(2)(f)(iv)} [REDACTED] ^{s 9(2)(ba)(i), s 9(2)(f)(iv)} [REDACTED].
[REDACTED] Decisions will need to be made by the NZTA as to how these projects are phased and funded within the upper bounds of each activity class.

Recommendation

- 61 The Ministry of Transport recommends Option 3.
- 62 This option improves outcomes for both road users and public transport patrons. Splitting the funding between both state highway and public transport investments enables the \$1 billion to be allocated towards a set of known projects and avoids the disadvantage of Options 1 and 2 that there is not a confirmed pipeline of projects to fully account for the \$1 billion.



17 May 2024

OC240516

Hon Simeon Brown
Minister of Transport

Action required by:
Monday, 20 May 2024

DRAFT GPS 2024 AND CABINET PAPER: APPROVAL FOR DEPARTMENTAL, MINISTERIAL AND COALITION CONSULTATION

Purpose

This briefing seeks your approval to commence departmental, Ministerial and coalition consultation on the draft Government Policy Statement on land transport 2024 (GPS 2024) (**Annex 1**) and draft Cabinet paper (**Annex 2**).

Key points

- The draft GPS 2024 and draft Cabinet paper has been updated to:
 - Refer to the recently announced programme of Roads of National Significance (RoNS) and Roads of Regional Significance (RoRS) which replaces the New Zealand Upgrade Programme (NZUP)
 - Outline the quantum of Crown funding directed to rail, and the programmes funded
 - Reflect your preferred option for allocating the additional \$1 billion in Multi-Year Capital Allowance (MYCA) funding between State Highway Improvements and Public Transport Infrastructure.
- We are planning to share the draft GPS 2024 and Cabinet paper with other departments, your Ministerial colleagues and coalition partners between 20 and 31 May 2024.
- The draft documents will then be updated following feedback and these will be provided to you on 7 June 2024 for final review prior to lodgement with Cabinet office on Thursday 13 June 2024.

Recommendations

We recommend you:

- 1 **indicate** whether you would like any changes made to the updated draft GPS 2024 and draft Cabinet paper prior to these documents being shared for consultation
- 2 **approve** the updated draft GPS 2024 and draft Cabinet paper for departmental, Ministerial and coalition partner consultation Yes / No

Paul

Paul O’Connell
Deputy Chief Executive, Sector Strategy

17. /05 /2024.

Hon Simeon Brown
Minister of Transport

..... / /

Minister’s office to complete:

- Approved Declined
- Seen by Minister Not seen by Minister
- Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Paul O’Connell, Deputy Chief Executive Sector Strategy	s 9(2)(a)	
Tim Herbert, Manager Investment		✓
Mitch Macaulay, Principal Advisor Investment		

DRAFT GPS 2024 AND CABINET PAPER: APPROVAL FOR DEPARTMENTAL, MINISTERIAL AND COALITION CONSULTATION

Draft GPS 2024 reflects your feedback and decisions to date

- 1 This briefing provides you with an updated draft GPS 2024 (**Annex 1**) and draft Cabinet paper seeking Cabinet approval to release the final GPS 2024 (**Annex 2**). These have been updated to reflect your feedback on these documents to date.
- 2 We now need to consult with other government departments, Ministers, and coalition partners on these draft documents. This briefing seeks your approval to commence this consultation.

Updates made to the latest draft GPS 2024 and draft Cabinet paper

- 3 We provided you with the draft GPS 2024 and draft Cabinet paper on Friday 10 May 2024 (briefing OC240447 refers). Your office provided an updated draft GPS 2024 on 16 May 2024. We have made the following updates to the documents (these changes are highlighted in yellow (**example**)):

Draft GPS 2024

- 3.1 Updated Appendix B to split out the RoNS and RoRS projects previously included in NZUP (see page 47)¹ and included references to the RoRS projects alongside references to RoNS and major public transport (throughout document)
- 3.2 Included a new table showing the historical and forecast funding for the Rail Network Activity Class (and direct Crown funding) between 2018/19 to 2027/28 (see pages 38 and 39)
- 3.3 Updated the activity class funding ranges to reflect your preferred option to allocate the additional \$1 billion MYCA funding, held in tagged contingency, between State Highway Improvements and Public Transport Infrastructure (see page 37)
- 3.4 Clarified that the reduction in public transport patronage of 23 percent occurred between 2018/19 and 2022/23 (see page 15)
- 3.5 Included a new sub-heading to more clearly signal the funding directed to recovery from the 2023 North Island Weather Events (see page 20)
- 3.6 Removing terms from the glossary that are not mentioned in the current text (see page 50)
- 3.7 Made other minor editorial changes (highlighted throughout).

Draft Cabinet paper

¹ Note we will also work with NZTA to update the map of projects at Appendix B to more clearly show the RoNS, RoRS and major public transport projects across New Zealand.

- 3.8 Updated references to RoNS and RoRS to note the repackaging of NZUP projects and to outline the projects that are NLTF or Crown funded (see pages 3, 7, 8 and Attachment 2)
- 3.9 Outlined your preferred option for allocating the \$1 billion in additional Multi-Year Capital Allowance (MYCA) funding between State Highway Improvements and Public Transport Infrastructure (see pages 5 and 8 noting that this will be withheld from the consultation version)
- 3.10 Noted the proposed quantum of Crown funding in rail activities during the GPS period (see pages 6 and 8)
- 3.11 Noted the Ministry of Transport's use of external resources in developing GPS 2024 (see page 12)
- 3.12 Updated wording relating to the Climate Impacts of Policy Assessment (CIPA) (see page 12)
- 3.13 Made other minor editorial changes (highlighted throughout)
- 4 The GPS 2024 and Cabinet paper will need to reflect the final terms and conditions on the NZTA's new \$3.08 billion facility, once these have been confirmed.
- 5 Currently the draft GPS and the draft Cabinet paper have modelled the financial implications of this new facility based on a 10-year repayment period. This repayment period is consistent with the modelling in the draft GPS released for public consultation in March 2024. We have noted in both the Cabinet paper and draft GPS 2024 that this may be subject to change.
- 6 The Ministry of Transport understands that Treasury are preparing advice on options for a 10-year and 17.75-year repayment period to yourself and the Minister of Finance (to be provided on 17 May 2024). Officials will update the draft GPS and Cabinet paper to reflect your preferred option once decisions on options have been made.

Consultation

- 7 A minimum of five working days is required for consultation on policy proposals with other Ministers and coalition partners², with more time required for significant proposals. We propose to run departmental, Ministerial and coalition partner consultation in parallel between 20 and 31 May 2024 (ten working days) given the significance of GPS 2024.
- 8 Following consultation, the Ministry will compile agency feedback and provide you with an updated GPS and Cabinet paper to you on 7 June which reflects feedback from consultation. We will then work with you to finalise the document before it is submitted to the Cabinet Office on Thursday 13 June 2024 (for consideration at Cabinet Economic Policy Committee on 19 June 2024).
- 9 A summary of the departments and agencies we will engage with is provided below for your information.

² Cabinet Office Circular CO (24) 2 refers.

- 10 Note that the draft Cabinet paper and GPS 2024 includes some information that is budget sensitive. We will withhold this information from the consultation draft versions. Our proposed redactions are highlighted in green (example) in both documents.

Departmental consultation

- 11 We are working with your office to confirm the list of departments we will share the draft GPS 2024 and Cabinet paper with for consultation.

s 9(2)(h)

Ministerial and coalition consultation

- 13 We will work with your office to provide the draft GPS 2024 and draft Cabinet paper to your Ministerial colleagues and government coalition partners for their review.

Next steps

- 14 We seek your approval to commence consultation as early as possible on Monday 20 May 2024 to provide for up to ten full working days' consultation on the draft documents. The timeline for finalising the GPS 2024 is as follows:

Milestone	Timing
Minister provides approval for departmental and Ministerial/coalition consultation to start	20 May 2024
Departmental, Ministerial/coalition consultation	20 to 31 May 2024
Officials update documents following consultation	31 May to 7 June 2024
Minister of Transport considers document and provides approval to lodge with the Cabinet Office	7 to 12 June 2024
Submission of Cabinet paper to Cabinet Office	10am, 13 June 2024
Consideration by Cabinet Economic Policy Committee (ECO)	19 June 2024
Cabinet confirmation	24 June 2024
GPS 2024 is published	25 June 2024
GPS 2024 comes into effect	1 July 2024

ANNEX 1 UPDATED DRAFT GPS 2024

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

ANNEX 2: DRAFT CABINET PAPER

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

In confidence

Office of the Minister of Transport
Cabinet Economic Policy Committee

Releasing the Government Policy Statement on land transport 2024 – 34**Proposal**

- 1 This paper seeks agreement to release the final Government Policy Statement on land transport 2024 – 34 (GPS 2024), and agreement to the funding arrangements for land transport investment from 1 July 2024.

Relation to government priorities

- 2 Finalising GPS 2024 is a key action in the Coalition Government's Action Plan for New Zealand (action number four under 'Rebuild the economy and ease the cost of living') released on 1 April.
- 3 The GPS 2024 signals a range of the wider Government's reform priorities, including the fast-track consenting legislation, standing up the National Infrastructure Agency, and restoring the credibility of the Emissions Trading Scheme (ETS). The GPS 2024 also relates to the Government Policy Statement on housing and urban development, which is currently being reviewed.

Executive Summary

- 4 The GPS 2024 (in Attachment 1) signals a significant investment in New Zealand's land transport system over the next ten years. The overarching strategic priority for GPS 2024 is to support economic growth and productivity – this is underpinned by a programme of investment in Roads of National Significance (RoNS), Roads of Regional Significance (RoRS), and major public transport projects. The economic growth and productivity strategic priority is supported by three other strategic priorities of increased maintenance and resilience, safety, and value for money.
- 5 GPS 2024 includes a funding package of \$22 billion over three years (2024/25 – 2026/27) for investment in land transport. Following the in-principle decision from Cabinet [CAB-24-MIN-0057 refers], the Minister of Finance and I intend to provide the New Zealand Transport Agency (NZTA) with a \$3.08 billion Crown loan facility to meet the anticipated investment gap between objectives in the GPS and forecast National Land Transport Fund (NLTF) revenue. NZTA will develop an NTLP 2024 taking into account the higher investment that will be made possible by the loan. The loan facility is subject to the Minister of Finance and I approving the lending under the Public Finance Act 1989 (PFA) and Crown Entities Act 2004.
- 6 GPS 2024 also signals proposed reforms to our land transport planning and investment system – including enabling the NZTA to use new funding and financing

tools and to implement future GPSs with a 10-year investment plan¹. I also intend to advance reforms to the (NLTF revenue system this term, including shifting all vehicles from fuel excise duty (FED) to road user charges (RUC).

- 7 For GPS 2024, my expectations focus on increased maintenance and resilience, delivery, value for money, and performance and efficiency. I have outlined my expectations that NZTA focus on its core business; that it considers alternative revenue, funding, and delivery models; and that it ensures Road Controlling Authorities also follow these expectations.
- 8 The draft GPS 2024 was released for public consultation from 4 March to 2 April 2024. The Ministry of Transport received over two thousand submissions. Many submitters were supportive of the document's strategic priorities, proposals to explore new funding, financing and delivery models, and the focus on maintenance and resilience. Others requested an increased focus in the document on matters like emissions reduction, or alternative modes of transport.
- 9 I have updated the final GPS 2024 for release. Subject to Cabinet agreement, I propose releasing the final GPS 2024 on 25 June 2024 before it is due to come into force on 1 July 2024.

Background

- 10 The GPS is the Crown's land transport investment strategy and guides annual investment of more than \$7 billion from the National Land Transport Fund (NLTF). The GPS describes the intended results, sets funding ranges, and influences planning across the transport system at both a regional and national level.
- 11 The NZTA is responsible for developing a National Land Transport Programme (NLTP), which identifies which projects will receive funding from the NLTF. The NLTP must give effect to the GPS and take into account any Regional Land Transport Plans prepared by local government. The final GPS must be published before 1 July 2024, and a final NLTP must be finalised and adopted before 1 September 2024.

Purpose of the GPS

- 12 The GPS is the Government's main statutory lever to signal its strategic direction and objectives for land transport investment. It is issued under the Land Transport Management Act 2003 (the Act) and guides land transport investment by signalling:
 - 12.1 how the Government wants the land transport system to contribute to achieving overall Government objectives (by setting strategic priorities, objectives, and desired outcomes);
 - 12.2 how revenue will be raised for the NLTF from FED, RUC, track user charges (TUC), motor vehicle registration fees (MVR), any additional Crown funding and financing; and
 - 12.3 how the Government wants funds in the NLTF to be allocated across different types of land transport activities.

¹ Cabinet has directed the Ministry of Transport to provide advice by February 2025 on changes to the Act to make the GPS and NLTP a 10-year programme [CAB-24-MIN-0057].

- 13 Through the GPS, we ensure that the revenue raised delivers the land transport system, including infrastructure and services, that New Zealanders want and need. Allocations from NLTF revenue by the NZTA, combined with contributions from the Crown and local government, are guided by the GPS.

Strategic priorities

- 14 The overarching strategic priority for GPS 2024 is supporting economic growth and productivity. This priority aims to connect people and freight quickly and safely via an efficient land transport system – supporting economic growth and creating social and economic opportunities including unlocking access to land for housing growth.
- 15 The successful RoNS programme is reintroduced under the economic growth and productivity strategic priority – which will see a programme of investment in 17 projects on New Zealand’s most essential state highway corridors across the country. Commitments are also outlined to invest in a new programme of 11 Roads of Regional Significance, which represent essential regional corridors (such as a second Ashburton bridge), and a commitment to five major transport projects in two of our main centres – Auckland and Wellington.
- 16 Roding transport projects in the New Zealand Upgrade Programme (NZUP)² have been included as RoNS and RoRS in GPS 2024. These projects will continue to be Crown funded within existing baseline and no additional funding will be available for these projects, with all other RoNS and RoRS being NLTF funded. Attachment 2 sets out the specific RoNS and RoRS signalled in GPS 2024 and their funding sources.
- 17 The overarching economic growth and productivity priority is supported by three equally weighted strategic priorities:
- 17.1 Increased Maintenance and Resilience – which includes establishing four activity classes for road maintenance, including two ringfenced for pothole prevention activities, and re-focusing the Road Efficiency Group on finding efficiency in road maintenance spend;
 - 17.2 Safety – which includes a commitment to develop new road safety objectives to replace Road to Zero, and a strong focus on enforcement and delivering road safety in an efficient and cost-effective manner; and
 - 17.3 Value For Money – which includes a direction for NZTA to reduce head office overhead by 7.5% and to reduce expenditure on temporary traffic management.

Supporting the Government’s wider system reform agenda

- 18 New Zealand is facing a significant infrastructure deficit and pressures on how we fund land transport. This is exacerbated by cost increases for infrastructure projects, the declining usefulness of fuel usage as a proxy for road usage, limitations with the current “pay as you go” funding system, and consenting challenges.
- 19 The GPS 2024 outlines wider government reforms to address these challenges:

² The NZUP was a \$12 billion package of infrastructure projects across the transport, health and education sectors.

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- 19.1 instructing NZTA and KiwiRail to work closely with the National Infrastructure Agency (NIA), once established, to develop a 30-year plan for transport infrastructure;
- 19.2 requiring NZTA to consider alternative funding, financing and delivery arrangements for all major new transport infrastructure – including tolling, time of use charging, 'Build, Own, Operate, Transfer', equity finance schemes and value capture, and making it easier for NZTA to sell land no longer required for transport purposes;
- 19.3 linking domestic and international investors with transport projects – including the RoNS, major public transport infrastructure, and other transport infrastructure or services identified as part of our long-term transport and infrastructure plan;
- 19.4 fast tracking consents for major infrastructure projects to provide confidence to the construction sector to invest in the capability and equipment needed to deliver these projects;
- 19.5 making it easier to sell land that is no longer required for transport purposes;
- 19.6 rapidly advancing reforms to the NLTF revenue system – including moving all vehicles from FED to RUC and reforming tolling legislation;
- 19.7 amending the Land Transport Management Act 2003 to require future Government Policy Statements on land transport to adopt a 10-year investment plan; and
- 19.8 restoring the credibility of the Emissions Reduction Scheme (ETS).

Activity classes and funding ranges

- 20 I propose GPS 2024 retain the 12 activity classes from the draft GPS 2024 released in early March 2024. Each activity class has an upper and lower range for expenditure from the NLTF, which the NZTA Board must work within when deciding which projects to fund. These funding ranges consider forecast expenditure required to deliver the Government's transport priorities and give effect to the strategic direction set through the GPS.
- 21 Decisions for Budget 2024 [CAB-24-MIN-0148.83] included allocating \$1 billion of Multi-Year Capital Allowance (MYCA) funding to a tagged contingency for future draw down to accelerate certain RoNS and major public transport projects [REDACTED]
s 9(2)(f)(iv) [REDACTED] I have therefore increased the upper bounds of the State Highway Improvements and Public Transport Infrastructure activity classes (each by \$300 million in 2025/26 and \$400 million in 2026/27). Increasing the activity class upper bounds does not pre-determine decisions to draw this funding down but provides space in the activity class funding ranges to allow NZTA to utilise this funding once draw down decisions are confirmed.
- 22 Noting that final funding decisions are the responsibility of the NZTA Board, I am confident that the funding ranges proposed in the GPS will, among other things, enable the NZTA to:
 - 22.1 fund road maintenance across the State Highway and Local Road Network;
 - 22.2 fund existing public transport services;

- 22.3 fund already committed capital projects;
 - 22.4 provide funding for the RoNS and RoRS that are not Crown funded;
 - 22.5 provide funding for the City Rail Link and the removal of level crossings;
 - 22.6 provide funding for the Northwest Rapid Transit and other major public transport projects;
 - 22.7 provide funding for KiwiRail to deliver the Rail Network Investment Programme (RNIP); and
 - 22.8 provide funding to Police to deliver the Road Policing Investment Programme.
- 23 GPS 2024 also signals a significant quantum of investment for rail over the GPS 2024 period. In addition to the funding provided for the RNIP, the Crown has committed over \$3 billion of direct Crown funding over 2024/25 – 2027/28 for both specific projects, like the City Rail Link, and to other activities like purchasing rolling stock and constructing depots. The Crown has also signalled an intention to provide funding for the Lower North Island Integrated Rail Mobility programme.

Ministerial expectations

- 24 With \$22 billion in investment directed towards transport infrastructure over the next three years, it is important that funding is spent efficiently and effectively. I have made it clear, through the Ministerial Expectations, that I expect the NZTA, Road Controlling Authorities (RCAs), and Public Transport Authorities (PTAs) to:
- 24.1 focus on delivery;
 - 24.2 focus on core business;
 - 24.3 focus on delivering value for money;
 - 24.4 consider other revenue sources/funding/delivery models; and
 - 24.5 focus on performance and efficiency.
- 25 As part of these expectations, I have outlined that the Government will support all recommendations to toll new roads.
- 26 I will be monitoring the delivery of these expectations through the NZTA's Performance and Efficiency Plan, which will be submitted to me by the end of June 2024.

Summary of feedback from public consultation

- 27 On 4 March 2024, Cabinet agreed to release the draft GPS 2024 for public consultation (CAB-24-MIN-0057 refers). 2,038 submissions were received, with 1,376 submissions from individuals via an online survey and 662 from organisations such as local government groups, businesses, transport groups and road users³.

³ Submissions were categorised into the following groups: local and regional councils, regional transport committees, the roading, rail, construction, engineering and commercial sectors, representatives from transport advocacy groups, community groups and individuals.

- 28 I also consulted with the NZTA Board and have had regard to the views of Local Government New Zealand and user and provider representative groups, as required under section 67 of the Act.
- 29 Feedback on the draft GPS 2024 was largely split between organisations (including local government and transport sector groups) who generally supported the document's content and strategic direction, and individuals and active transport and environmental advocacy groups who requested that the document include a stronger focus on areas such as active transport modes. Feedback included:
- 29.1 Local government groups, businesses and road user groups broadly supported the strategic direction, system reforms (such as developing a 30-year plan for transport infrastructure) and proposed alternative models for funding, financing and delivering transport infrastructure;
- 29.2 Local government groups, businesses and road user groups also broadly supported the economic growth and productivity strategic priority and the reintroduction of the RoNS programme. A number of local government submitters advocated for projects in their regions to be future RoNS;
- 29.3 Increased maintenance and resilience and the pothole prevention activity classes were also strongly supported by many local government groups, businesses, infrastructure and transport groups who felt that increased maintenance was needed on many parts of the transport network;
- 29.4 The significant increase in the quantum of funding for transport was also welcomed by many organisations but some requested that more funding be allocated towards activity classes like Public Transport Infrastructure or towards their particular city or region;
- 29.5 Individuals who submitted on the draft GPS 2024 through the online survey, and some transport advocacy groups, were unsupportive of the document's direction. Many requested a stronger focus on delivering a transport system that places more emphasis (and directs more funding) towards public transport or other modes of transport; and
- 29.6 Many individuals who submitted supported proposals to increase the licensing component of the MVR fees but did not support using alternative delivery models like the use of Public Private Partnerships (PPPs).

Key changes to the draft GPS

- 30 I have made a number of changes and updates to the GPS 2024 as part of finalising the document. These changes include:
- 30.1 Strengthening wording so it is clear that Economic Growth and Productivity is the overarching priority for GPS 2024, and that the other three strategic priorities are equally weighted in support of economic growth and productivity;
- 30.2 Including road transport projects previously in the NZUP as two new RoNS and 10 new RoRS. These changes bring the number of RoNS to 17 and RoRS to 11 in total;
- 30.3 Updating text in the document to note the work underway on the second Emissions Reduction Plan (ERP2);

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- 30.4 Updating the Safety strategic priority to reflect work on the setting of speed limits, outline proposed work by NZTA on third party investment in safety, and to reflect work on the Government's road safety objectives in line with the Safe System approach, while maintaining efficiency;
- 30.5 Including a definition of value for money in relation to the whole of life costs of a project;
- 30.6 Including a requirement that the council road safety advertising (including billboards, radio, television, digital and other print media advertising) will no longer be eligible for NLTF funding. However, councils can continue to use NLTF funding for road safety education programmes, such as walking school buses;
- 30.7 Updating the GPS to reflect the latest NLTF forecast and Budget 2024 decisions, and clarifying how KiwiRail and the RNIP are funded from both the NLTF and direct Crown funding;
- 30.8 Increasing the upper bounds of the State Highway Improvements and Public Transport Infrastructure Activity Classes to allow for the allocation of the additional \$1 billion of MYCA contingency funding provided towards transport activities through Budget 2024 (when contingency draw downs are approved by Ministers);
- 30.9 Clarifying in the State Highway Improvements and Local Road Improvements activity classes that multi-modal projects will be progressed with the intention that funding is drawn from respective activity classes, while allowing already consented multi-modal transport projects to be funded from their primary activity class to support delivery of these projects;
- 30.10 Clarifying that footpath improvements can be funded from the Local Road Improvements activity class. Because footpath improvements and already consented multi-modal projects can now be funded from this activity class, I have reduced the upper limit of the Walking and Cycling activity class by \$20 million per annum over ten years;
- 30.11 Requiring, in response to feedback from walking advocates, that the NZTA allocate 25 percent of funding on new improvements from the Walking and Cycling activity class towards footpaths and other walking projects;
- 30.12 Clarifying the expectations for investment in walking and cycling (including that investment be based on an existing or reliably forecast demand, is expected to contribute to economic growth and productivity, and that consideration be given to concentrating investment in targeted areas);
- 30.13 Separating the funding and description of the Rail Network Activity Class to distinguish how rail activities are funded compared to other land transport activity classes, and setting out the significant quantum of funding directed to rail activities during the GPS 2024 period;
- 30.14 Strengthening the requirements for the Performance and Efficiency Plan so that the Performance and Efficiency Plan will reflect the Ministerial Expectations and targeted outcomes outlined in GPS 2024; and
- 30.15 Other minor editorial updates and clarifications.

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- 31 I am also seeking a decision to update the draft GPS 2024 to include coastal shipping. Coastal shipping plays an important role in transporting freight between New Zealand cities and regions. The average amount spent on coastal shipping activities in the 2021-24 NLTP was around \$10 million per annum. If Cabinet agrees to include coastal shipping activities, these could be funded from the Rail Network activity class.

Cost-of-living Implications

- 32 I am aware that raising FED, RUC, and MVR fees will impact New Zealanders' costs of living. To mitigate the impacts of these changes I have delayed increasing FED and RUC until 2027 and have phased the increase to MVR in two \$25 increases in January 2025 and January 2026. In 2027, we estimate the additional cost to the average motorist of a \$50 increase in MVR and a 12 cent per litre increase in FED (including GST) will equate to a \$3.16 per week increase in cost.⁴

Financial Implications

- 33 The decisions with financial implications that I am seeking have already been reflected in Treasury's Budget Economic and Fiscal Update 2024 forecasts, so should not impact fiscal indicators or available funding for Budget allowances. However, final investment decisions will be made independently by the NZTA Board which could have fiscal impacts.

Expenditure

- 34 GPS 2024 will make a significant contribution towards addressing New Zealand's infrastructure deficit, with \$22 billion of investment expected over 2024-2027. This is made up of \$12 billion to fund the maintenance and operation of existing assets and services (operating expenditure), \$4.2 billion for pre-commitments to improvement activities (capital expenditure), \$1.9 billion for debt repayments including PPP payments, and \$3.8 billion to fund additional improvements, including delivery of the RoNS programme.

Revenue increases

- 35 Forecast revenue from user charges over the next three years is \$12.9 billion, committed Crown funding provides another \$2 billion leaving an additional \$7.1 billion required to deliver already committed investments and begin work on the new RoNS projects. I am proposing to increase revenue to meet forecast expenditure through increases in user charges and through additional Crown contributions.
- 36 User charges have not kept pace with the cost to deliver and maintain transport infrastructure. FED and RUC have not been increased since 2020, and the NLTF component of the MVR fee⁵ has been \$43.50 since the early 1990s. In addition to

⁴ The expected impact on a driver of a petrol vehicle traveling the average distance of 10,500 kilometres per year, in a vehicle with the average expected fuel efficiency (in 2027) of 7.4 litres per 100 kilometres. The \$3.16 is made up of \$2.06 from the FED/RUC increase and \$1.10 from the MVR increase.

⁵ This fee is for the annual renewal of a vehicle's licence (often referred to as "rego"). This is paid to NZTA alongside ACC levies and administration fees, which we are not proposing to change in this paper. The NLTF portion of the fee is \$43.50 for most vehicles (including cars), but ranges from \$10.50–\$43.50 for other vehicle types (e.g. the current fee for motorcycles and light trailers is \$24.50).

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increasing these, I expect NZTA to consider alternative revenue sources and different ways to deliver transport investments, including the use of tolls and PPPs.

- 37 I propose the following increases to user charges and Crown contributions, to increase revenue and meet forecast expenditure:
- 37.1 I propose to restore the MVR fee to its 1990s level in real terms, with an increase by \$25 in January 2025, followed by a further \$25 increase in January 2026. These increases would cover most vehicles, including cars. An equivalent increase (115 percent in total) would be applied for vehicles that have different MVR rates.⁶ This increase in MVR is expected to generate an additional \$590 million in revenue over the next three years (2024/25 – 2026/27).
- 37.2 A 12 cent per litre increase in Fuel Excise Duty (FED) and Road User Charge (RUC) equivalent will occur in January 2027, a 6 cent per litre increase in January 2028, and annual 4 cent per litre increases from January 2029; providing revenue of \$295 million over three years (2024/25 – 2026/27). This represents a return to regular increases, noting that rates have not increased since 2020. A 12 cent per litre increase in FED equates to a \$2.06 per week (including GST) increase in fuel costs for the average motorist.⁷

Crown contributions

- 38 As part of the agreement to release the draft GPS 2024 for public consultation, Cabinet agreed in principle to provide the \$3.144 billion Crown Grant, and the \$3.08 billion loan [CAB-24-MIN-0057 refers]. I propose to confirm these Crown contributions in this Cabinet paper.
- 39 These amounts are in addition to Cabinet's decision to provide a \$200 million tagged contingency for the delivery of the RNIP, and a \$1 billion tagged contingency for the delivery of the NLTP [CAB-24-MIN-0148.83].
- 40 The proposed loan facility will be considered 'fiscally neutral' for fiscal management purposes, therefore will not be managed against Budget allowances. The loan is considered fiscally neutral because it will be repaid within ten years of drawdown and is not concessional. This reflects (i) the Crown is providing on-lending, (ii) NZTA is a Crown entity and part of New Zealand's public services, and (iii) the lending is being provided to achieve a non-commercial rather than commercial objective.
- 41 The Treasury has advised that the interest rate being applied to the loan captures the Crown's cost of funds plus a margin which incorporates NZDM's costs, as well as providing a closer alignment with commercial lending disciplines and incentivises more disciplined capital management. This interest rate is 'fair' and is not concessional. As the proposed loan is not concessional, there will be no initial write

The fees are listed under Schedule 5, Part 2 of the Land Transport (Motor Vehicle Registration and Licencing) Regulations 2011.

⁶ Other specific vehicles include motorcycles, mopeds, vintage and veteran motor vehicles, trailers, tractors and all terrain vehicles.

⁷ The expected impact on a driver of a petrol vehicle traveling the average distance of 10,500 kilometres per year, in a vehicle with the average expected fuel efficiency (in 2027) of 7.4 litres per 100 kilometres.

down expenditure required to be recognised to reflect any implicit subsidy provided by the Crown from the lending.

- 42 Table 1 below sets out the transport investment package, and Crown contributions, for 2024/25 to 2026/27 signalled in GPS 2024:

Table 1: NLTF revenue sources 2024/25 – 2026/27 (\$ billion)

Transport investment funding	2024/25 – 2026/27
User charges	
NLTF at current FED/RUC (70c/litre)	12.91
FED/RUC increase from January 2027	0.30
MVR increase of \$50	0.59
Crown contributions	
Crown funding for the RNIP	0.68
Crown funding for Rail recovery	0.11
Additional Crown loan	3.08
Crown capital grant	3.144
Tagged contingency for RNIP	0.20
Tagged contingency for NLTF	1.00
Total NLTF	22.01

- 43 Even with the proposed funding sources above, new funding sources will be needed to enable the NZTA to meet the future funding needs of the land transport system. The NZTA also considers that ongoing commitments are needed to fund and deliver major long-term projects.
- 44 Table 2 'NLTF annual funding 2024/25-2029/30', and Table 3 'Expenditure targets and ranges 2024/25-2029/30' in the GPS include an additional \$1 billion per annum of funding from 2027/28 onwards. The Treasury, the Ministry of Transport and NZTA will work on options around this additional \$1 billion including increasing FED/RUC/MVR further, using alternate funding mechanism and / or providing further Crown grants or loans.

Loan facility for NZTA

- 45 The Minister of Finance and I propose to provide NZTA with a Crown loan facility on the following terms:
- 45.1 The facility limit will be \$3,080 million.
 - 45.2 The Facility will be available for NZTA to draw from 1 July 2024 to 30 June 2028, with each drawing to be repaid no later than 10 years from the date of drawdown.
 - 45.3 Drawdowns will be at a fixed rate, above the government cost of funds. The proposed loan is not concessional.

- 45.4 Amounts repaid cannot be withdrawn, as the Facility is not intended to operate as an overdraft.
- 45.5 Reflecting the intent of the Facility, proceeds will be able to be used for all NLTP 2024 approved activities.
- 46 Approval from the Minister of Finance and I (as Minister responsible for NZTA) is required, pursuant to section 160(1) and 162 of the Crown Entities Act 2004, for NZTA to borrow from the Crown. The Minister of Finance and I intend to give this approval to NZTA, following Cabinet's consideration of this paper.
- 47 Section 65L of the PFA provides that the Minister of Finance, on behalf of the Crown, may lend money to a person or organisation if it appears to be necessary or expedient in the public interest to do so, on terms and conditions that the Minister sees fit. The Minister of Finance intends to agree on behalf of the Crown to provide a \$3.08 billion Crown loan facility to NZTA, pursuant to section 65L of the PFA, following Cabinet's consideration of this paper.

Changes to the land transport revenue system will be required

- 48 This Crown loan, in addition to the \$2 billion loan provided for GPS 2021, means NZTA will require additional NLTF revenue to service its debt over the medium term. The loan will put pressure on NZTA's cash flows and greater refinancing risk in the 2030s, with forecast debt servicing costs exceeding NZTA's preferred debt servicing ratios from 2034/35.
- 49 These loan terms mean that work to consider the future financial sustainability of the NZTA needs to occur in the near-term. I recommend Treasury, the Ministry of Transport and NZTA work together to develop a set of principles on how debt should be used to fund land transport.
- 50 In the Letter of Comfort that the Minister of Finance and I sent to the Chair of the NZTA Board, we committed to considering, through the work being undertaken jointly by the Ministry of Transport and NZTA, whether our agreed revenue increases are sufficient to support NZTA's medium-term financial sustainability (including its ability to repay any borrowings), and if not, considering within this term of Government whether further increases to revenue are required.
- 51 I will bring a paper on the Land Transport Revenue Action Plan to Cabinet in the coming weeks and will report back on next steps as appropriate.

Appropriation changes are required to establish the Crown loan facility

- 52 Any lending under section 65L of the PFA must be made from a capital expenditure appropriation, or other authority, approved by Parliament for the purpose. As such, a new appropriation is required to establish the loan facility as non-departmental Capital Expenditure.

53 I propose to establish a new multi-year appropriation in Vote Transport, to run from 1 July 2024 to 30 June 2028:

Vote	Appropriation Minister	Appropriation Administrator	Title	Type	Scope
Transport	Minister of Transport	Ministry of Transport	Government Policy Statement on Land Transport Loan (2024-2028)	Non-Departmental Capital Expenditure	This appropriation is limited to a loan to NZ Transport Agency to give effect to the Government Policy Statement on land transport

Capital and Operating expenditure and funding

- 54 The NZTA has statutory authority over the NLTF and how it is allocated towards projects, but it is expected that the additional Crown grant is used to fund capital expenditure.
- 55 The NZTA is in the process of developing the 2024-27 NLTP and expects to have \$7.7 billion in capital expenditure. NZTA will confirm the final split between capital and operating expenditure once the 2024-27 NLTP goes live on 1 September 2024.

Legislative Implications

- 56 While this paper has no direct legislative implications, regulatory changes to MVR, FED and RUC rates are required to implement the new rates.
- 57 Changes to FED require changes to the Customs and Excise Act 2018. Changes to RUC and MVR are made by Order in Council, then confirmed by an Act.
- 58 Moving all vehicles from FED to RUC, and reviewing tolling legislation, will require legislative changes including changes to the Land Transport Management Act 2003 and Road User Charges Act 2012.

Impact Analysis

Climate Implications of Policy Assessment (CIPA)

- 59 The Climate Implications of Policy Assessment (CIPA) team at the Ministry for the Environment has been consulted and confirms that the CIPA requirements do not apply to this proposal as the decision to release the final Government Policy Statement on land transport 2024 – 34 (GPS 2024), and agreement to funding arrangements for land transport investment in itself will not have a direct emissions impact as the document does not specify projects in sufficient detail to be able to model their emissions impacts. This is because GPS 2024 defines New Zealand’s strategic direction and priorities for land transport. It establishes funding allocations for projects like public transport and road improvements, offering a high-level strategic direction to government priorities.

- 60 The New Zealand Emissions Trading Scheme is the Government's key tool to reduce emissions. All emissions in the New Zealand Transport system are covered by the Emissions Trading Scheme. In the long run, this means that changes to transport funding would have little or no impact on net emissions.
- 61 However, the existence of the NZU stockpile means that there can be an impact on net emissions in the near term, including domestic budget periods 2 and 3. There is likely to be emissions impacts resulting from the construction of projects eventually funded through this plan. However, at this stage they cannot be accurately quantified as the final mix of projects and investments to be funded is not fully confirmed.

Regulatory Impact Analysis

- 62 A Regulatory Impact Analysis (RIA) statement has been completed for the proposed increase to the MVR and is provided in Attachment 3. Overall, the RIA was assessed as 'partially meeting' the assessment criteria, given some constraints on analysis.

Population Implications

- 63 This paper has no population implications.

Human Rights

- 64 This paper has no human rights implications.

Use of external Resources

- 65 One external contractor was engaged to provide policy analysis support for developing the GPS 2024 between 26 February and 30 June 2024. This contractor was needed as a key team member was on maternity leave during this period.

Consultation

- 66 The following organisations were consulted on the GPS 2024 and draft Cabinet paper: Accident Compensation Corporation, Crown Law, Department of Internal Affairs, KiwiRail, Ministry of Business, Innovation and Employment (Economic Development), Ministry of Education, Ministry for the Environment, Ministry of Health, Ministry of Housing and Urban Development, New Zealand Infrastructure Commission, New Zealand Police, New Zealand Transport Agency, and The Treasury. The Department of the Prime Minister and Cabinet was informed.

Communications

- 67 Subject to Cabinet agreement, the attached GPS 2024 will be published on the Ministry of Transport website and will be shared by the NZTA as part of its NLTP communications process.

Proactive Release

- 68 This paper, with appropriate redactions, will be proactively released alongside the final GPS 2024 document.

Recommendations

I recommend that the Committee:

- 1 **note** that on 4 March 2024, the Cabinet Economic Policy Committee (ECO) agreed to publicly release a draft Government Policy Statement on land transport 2024 (GPS 2024) [CAB-24-MIN-0057 refers]
- 2 **note** that the draft GPS 2024 was released for public consultation between 4 March and 2 April 2024
- 3 **note** that the Minister of Transport has consulted with the New Zealand Transport Agency Board and has had regard to the views of Local Government New Zealand and other transport user and provider groups as required under the Land Transport Management Act 2003, and has prepared a final GPS 2024

GPS 2024 Strategic Priorities

- 4 **note** that the final GPS 2024 includes four strategic priorities in GPS 2024, which will guide investment decisions by both the New Zealand Transport Agency (NZTA) and local authorities:
 - 4.1 Economic growth and productivity,
 - 4.2 Increased maintenance and resilience,
 - 4.3 Improved safety, and
 - 4.4 Value for money
- 5 **note** that the economic growth and productivity strategic priority is the overarching objective of the draft GPS 2024. The other strategic priorities are all equally weighted and support the overarching objective of economic growth and productivity

Proposed GPS expenditure

- 6 **note** that approximately \$22 billion is required over three years to fund essential expenditure on maintenance, operations, previously committed new investments, repay debt, and deliver new improvements including the RoNS
- 7 **note** that, under current revenue settings, \$14.9 billion of revenue is currently forecast to be available in the NLTF over the next three years to pay for the GPS package; leaving \$7.1 billion additional funding required over the 2024-27 period
- 8 **note** that draft GPS 2024 will require NZTA to consider alternative funding, financing and delivery arrangements for all major new infrastructure projects including tolling, time of use charging, 'Build, Own, Operate, Transfer' equity finance schemes, and value capture

Increases to Fuel Excise Duties and equivalent Road User Charges, and Motor Vehicle Licensing fees

- 9 **note** that the Cabinet paper to release the draft GPS [CAB-24-MIN-0057] agreed to increase FED (and the equivalent in RUC) by:
 - 9.1 12 cents per litre in January 2027,

IN CONFIDENCE

- 9.2 6 cents per litre in January 2028, and
- 9.3 4 cents per litre annually from January 2029
- 10 **note** the increase in FED (and RUC equivalent) outlined in **recommendation 9** will generate an additional \$295 million of revenue for the NLTF by 2026/27
- 11 **note** that the Cabinet paper to release the draft GPS [CAB-24-MIN-0057] agreed to restore the Motor Vehicle Registration fee to its 1990s level
- 12 **agree**, to restore the Motor Vehicle Registration fee to its 1990s level in real terms with an increase of \$25 in January 2025, followed by a further \$25 increase in January 2026 (contributing around \$590 million over three years)
- 13 **authorise** the Minister of Transport to make detailed policy decisions to give effect to the decision in **recommendation 12** above
- 14 **authorise** the Minister of Transport to issue drafting instructions to the Parliamentary Council Office to give effect to decision in **recommendation 12** above

Coastal shipping

- 15 **agree** to
- EITHER:
- 15.1 Include coastal shipping activities in GPS 2024 and fund these activities from the Rail Network activity class;
- OR
- 15.2 Exclude coastal shipping activities from GPS 2024.

Grant funding proposed to be provided by the Crown

- 16 **note** that, prior to decisions taken on the draft GPS in February 2024, \$1,189 million in capital funding had been committed in principle against the Multi-Year Capital Allowance (MYCA) for the purposes of the GPS [CAB-24-MIN-0057]
- 17 **note** that in February 2024 Cabinet agreed in principle to commit a further \$1,955 million against the MYCA [CAB-24-MIN-0057] to support the delivery of the GPS, taking the total in principle commitment to \$3,144 million
- 18 **note** that, through Budget 2024 [CAB-24-MIN-0148.83], Cabinet confirmed the in-principle decision noted in **recommendation 17** above and agreed to provide funding of \$1,955 million from the Multi-Year Capital Allowance but that funding was not appropriated at that time
- 19 **agree** to confirm the in-principle decisions noted in **recommendation 16** above and provide additional funding of \$1,189 million, taking total funding provided to support the delivery of the GPS to \$3,144 million
- 20 **note** that, in addition to the above, through Budget 2024 two tagged contingencies were established;

IN CONFIDENCE

20.1 \$1,000 million was set aside to accelerate certain RoNS s 9(2)(f)(iv) and

20.2 \$200 million was set aside to support the Rail Network Investment Programme.

21 **note** that I will report back to Cabinet before 30 June 2025 to seek decisions in respect of these tagged contingencies.

22 **agree** to establish the following new multi-year appropriation, to run from 1 July 2024 to 30 June 2028:

Vote	Appropriation Minister	Appropriation Administrator	Title	Type	Scope
Transport	Minister of Transport	Ministry of Transport	Government Policy Statement on Land Transport - Capital Grant (2024-2028)	Non-Departmental Capital Expenditure	This appropriation is limited to providing additional capital funding to the National Land Transport Fund to give effect to the Government Policy Statement on land transport.

23 **approve** the following change to appropriations to give effect to the policy decision in **recommendation 19** above, with a corresponding impact on net core Crown debt:

	\$m – increase/(decrease)
Vote Transport	2024/25-2027/28
Minister of Transport	
Non-Departmental Capital Expenditure	3,144.000
Government Policy Statement on Land Transport - Capital Grant (2024-2028)	

IN CONFIDENCE

24 **note** that the indicative spending profile for the new multi-year appropriation described in **recommendation 23** above is as follows:

Indicative annual spending profile	\$m – increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
	-	1,048	1,048	1,048	-

25 **agree** that the proposed change to appropriations above be included in the 2024/25 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply

26 **note** that the proposed capital grant provides funding within the immediate three-year GPS period only and does not pre-commit further funding from the MYCA beyond 2027/28, to preserve appropriate future optionality for Ministers

27 **note** the Minister of Finance and I have provided the NZTA Board with a Letter of Comfort, noting the revenue review, tolling work programme and consideration of a possible further Crown grant through future budgets, to provide future funding certainty to the NZTA Board beyond the GPS 2024 period

New Crown loan to the New Zealand Transport Agency

28 **note** that Cabinet previously agreed in-principle to provide an additional Crown loan to the NZTA of \$3,080 million [CAB-24-MIN-0057], in addition to the revenue and grant elements described above

29 **agree** to provide an additional Crown loan to the NZTA of \$3,080 million, to make up the balance of the funding package for GPS 2024, in addition to the revenue and grant elements described above

30 **agree** to establish the following new multi-year appropriation, to run from 1 July 2024 to 30 June 2028:

Vote	Appropriation Minister	Appropriation Administrator	Title	Type	Scope
Transport	Minister of Transport	Ministry of Transport	Government Policy Statement on Land Transport Loan (2024-2028)	Non-Departmental Capital Expenditure	This appropriation is limited to a loan to NZ Transport Agency to give effect to the Government Policy Statement on land transport

- 31 **approve** the following change to appropriations to give effect to the policy decision in **recommendation 29** above, with a corresponding impact on net core Crown debt:

	\$m – increase/(decrease)
Vote Transport	2024/25-2027/28
Minister of Transport	
Non-Departmental Capital Expenditure	3,080.000
Government Policy Statement on Land Transport Loan (2024-2028)	

- 32 **note** that the indicative spending profile for the new multi-year appropriation described in **recommendation 31** above is as follows:

	\$m – increase/(decrease)				
Indicative annual spending profile	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
	-	1,026	1,026	1,028	-

- 33 **agree** that the proposed change to appropriations above be included in the 2024/25 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply
- 34 **note** that the final amount of the new Crown loan to the NZTA may change depending on the final structure and terms of the loan, and that the loan is subject to the approval of the Minister of Finance and acceptance by the NZTA Board
- 35 **note** that the proposed loan facility is intended to be available from 1 July 2024 and will start to be repaid from 2034, which will have a positive impact on net core Crown debt
- 36 **note** that lending is expected to be fully repaid within 10-years of each initial drawdown, therefore is considered fiscally neutral for fiscal management purposes, so there is no impact on Budget allowances

Outyear projections

- 37 **note** that the GPS 2024 outyear expected revenue and expenditure projections (from 2027/28) include approximately \$1 billion per annum more revenue as being needed than has currently been identified and that the Ministry of Transport, Treasury and NZTA have been commissioned to jointly provide advice on ways to address this as indicated in **recommendation 27**

Impact on fiscal indicators

- 38 **note** that decisions with financial implications that I am seeking have already been reflected in Treasury’s Budget Economic and Fiscal Update 2024 forecasts, so should not impact fiscal indicators or available funding for Budget allowances

- 39 **note** that final investment decisions will be made independently by the NZTA Board which could have fiscal impacts

Climate Implications of Policy Assessment (CIPA) requirements

- 40 **note** that the Ministry for the Environment has advised that a Climate Implications of Policy Assessment (CIPA) is not required for the GPS 2024, and notes that the emissions impacts of transport projects are assessed at a project level by the NZTA

Move to a 10-year Government Policy Statement (GPS) and National Land Transport Programme (NLTP)

- 41 **note** that Cabinet has previously directed the Ministry of Transport to provide advice, by February 2025, on changes to the Land Transport Management Act 2003 that are necessary to make the GPS and NLTP a 10-year programme [CAB-24-MIN-0057]

Agreement to publish the final GPS 2024

- 42 **agree** that the Minister of Transport release the Government Policy Statement on land transport 2024
- 43 **authorise** the Minister of Transport to make changes to reflect Cabinet decisions on the recommendations above and changes of a minor/technical nature to the draft Government Policy Statement on land transport 2024, without further reference to Cabinet.

Hon Simeon Brown

Minister of Transport

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAIKA

Attachment 1: GPS 2024

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

Attachment 2: Roads of National Significance and Roads of Regional Significance outlined in GPS 2024

	Roads of National Significance	Roads of Regional Significance
NLTF Funded	<ol style="list-style-type: none"> 1. Alternative to Brynderwyns 2. Whangārei to Port Marsden 3. Warkworth to Wellsford 4. Cambridge to Piaere 5. Tauriko West State Highway 29. 6. Mill Road 7. the East West Link 8. Hamilton Southern Links 9. Petone to Grenada Link Road and the Cross Valley Link 10. North West Alternative State Highway (SH 16) 11. Takitimu North Link Stage 2 12. Hawke’s Bay Expressway 13. Second Mt Victoria Tunnel and Basin Reserve upgrade 14. The Hope Bypass 15. The Belfast to Pegasus Motorway and Woodend Bypass 	<ol style="list-style-type: none"> 1. Second Ashburton Bridge
Crown Funded	<ol style="list-style-type: none"> 16. Takitimu North Link Stage 1 17. Ōtaki to North of Levin 	<ol style="list-style-type: none"> 2. O Mahurangi – Penlink 3. Waihoehoe Road 4. State Highway 1 Papakura to Drury Improvements 5. State Highway 1 / 29 Intersection 6. State Highway 58 Improvements Stage 2 7. State Highway 2 Melling Transport Improvements 8. Canterbury Package – rural intersections 9. Canterbury Package – Rolleston upgrade 10. Canterbury Package – Halswell 11. Queenstown Package

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAIATA

Attachment 3: Regulatory Impact Statement: An Increase in Annual Motor Vehicle Licence Fees

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA



Cabinet Economic Policy Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Government Policy Statement on Land Transport 2024-34: Public Release

Portfolio Transport

On 19 June 2024, the Cabinet Economic Policy Committee (ECO):

- 1 **noted** that in March 2024, Cabinet approved the release of the draft Government Policy Statement on land transport 2024 (GPS 2024) for public consultation [CAB-24-MIN-0057];
- 2 **noted** that the draft GPS 2024 was released for public consultation between 4 March and 2 April 2024;
- 3 **noted** that the Minister of Transport (the Minister) has consulted with the New Zealand Transport Agency (NZTA) Board and has had regard to the views of Local Government New Zealand and other transport user and provider groups as required under the Land Transport Management Act 2003, and has prepared a final GPS 2024;

GPS 2024 Strategic Priorities

- 4 **noted** that the final GPS 2024 includes the following four strategic priorities, which will guide investment decisions by both NZTA and local authorities:
 - 4.1 economic growth and productivity;
 - 4.2 increased maintenance and resilience;
 - 4.3 improved safety; and
 - 4.4 value for money;
- 5 **noted** that the economic growth and productivity strategic priority is the overarching objective of the GPS 2024, and the other strategic priorities are all equally weighted and support the overarching objective of economic growth and productivity;

Proposed GPS expenditure

- 6 **noted** that approximately \$22 billion is required over three years to fund essential expenditure on maintenance, operations, and previously committed new investments, repay debt, and deliver new improvements including the Roads of National Significance (RoNS);

- 7 **noted** that, under current revenue settings, \$14.9 billion of revenue is forecast to be available in the National Land Transport Fund (NLTF) over the next three years to pay for the GPS package; leaving \$7.1 billion additional funding required over the 2024-27 period;
- 8 **noted** that the GPS 2024 will require NZTA to consider alternative funding, financing and delivery arrangements for all major new infrastructure projects including tolling, time of use charging, 'Build, Own, Operate, Transfer' equity finance schemes, and value capture;

Increases to Fuel Excise Duties (FED) and equivalent Road User Charges (RUC), and Motor Vehicle Licensing fees

- 9 **noted** that in March 2024, Cabinet also agreed to increase FED (and the equivalent in RUC) by:
- 9.1 12 cents per litre in January 2027;
- 9.2 6 cents per litre in January 2028; and
- 9.3 4 cents per litre annually from January 2029;
- [CAB-24-MIN-0057]
- 10 **noted** that the increase in FED (and RUC equivalent) outlined above will generate an additional \$295 million of revenue for the NLTF by 2026/27;
- 11 **noted** that Cabinet also agreed in-principle to restore the Motor Vehicle Registration fee to its 1990s level, subject to the outcome of consultation [CAB-24-MIN-0057];
- 12 **agreed** to restore the Motor Vehicle Registration fee to its 1990s level in real terms with an increase of \$25 in January 2025, followed by a further \$25 increase in January 2026 (contributing around \$590 million over three years);
- 13 **authorised** the Minister to make detailed policy decisions to give effect to the decision in paragraph [12](#) above;
- 14 **authorised** the Minister to issue drafting instructions to the Parliamentary Council Office to give effect to decision in paragraph [12](#) above;

Coastal shipping

- 15 **agreed in principle** to include coastal shipping activities in GPS 2024 and to fund these activities from the Rail Network activity class, subject to the Minister providing further advice at Cabinet on 24 June 2024;

Grant funding proposed to be provided by the Crown

- 16 **noted** that, prior to decisions taken on the draft GPS 2024, \$1,189 million in capital funding had been committed in-principle against the Multi-Year Capital Allowance (MYCA) for the purposes of the GPS [CAB-24-MIN-0057];
- 17 **noted** that in March 2024, Cabinet agreed in-principle, subject to final decisions on the GPS, to commit up to a further \$1,955 million against the MYCA, with the final amount to be confirmed as part of Budget 2024 [CAB-24-MIN-0057], taking the total in-principle commitment to \$3,144 million;

- 18 **noted** that Budget 2024 agreed to provide funding of \$1,955 million from the Multi-Year Capital Allowance but that funding was not appropriated at that time [CAB-24-MIN-0148.83, Initiative 15789];
- 19 **agreed** to confirm the in-principle decisions noted in paragraph 16 above and provide additional funding of \$1,189 million, taking total funding provided to support the delivery of the GPS to \$3,144 million;
- 20 **noted** that, in addition to the above, Budget 2024 established two tagged capital contingencies:
- 20.1 \$1,000 million capital was set aside to accelerate certain RoNS s 9(2)(f)(iv) [CAB-24-MIN-0148.83, Initiative 16152]; and
- 20.2 \$200 million was set aside to support the Rail Network Investment Programme [CAB-24-MIN-0148.83, Initiative 15774];
- 21 **noted** that the Minister of Transport intends to report back to ECO before 30 June 2025 to seek decisions in respect of the above tagged contingencies;
- 22 **agreed** to establish the following new multi-year appropriation, to run from 1 July 2024 to 30 June 2028:

Vote	Appropriation Minister	Appropriation Administrator	Title	Type	Scope
Transport	Minister of Transport	Ministry of Transport	Government Policy Statement on Land Transport - Capital Grant (2024-2028)	Non-Departmental Capital Expenditure	This appropriation is limited to providing additional capital funding to the National Land Transport Fund to give effect to the Government Policy Statement on land transport.

- 23 **approved** the following change to appropriations to give effect to the policy decision in paragraph 19 above, with a corresponding impact on net core Crown debt:

	\$m – increase/(decrease)
Vote Transport	2024/25-2027/28
Minister of Transport	
Non-Departmental Capital Expenditure	3,144.000
Government Policy Statement on Land Transport - Capital Grant (2024-2028)	

- 24 **noted** that the indicative spending profile for the new multi-year appropriation above is as follows:

Indicative annual spending profile	\$m – increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
	-	1,048	1,048	1,048	-

- 25 **agreed** that the change to appropriations above be included in the 2024/25 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;
- 26 **noted** that the capital grant above provides funding within the immediate three-year GPS period only and does not pre-commit further funding from the MYCA beyond 2027/28, to preserve appropriate future optionality for Ministers;
- 27 **noted** that the Minister of Finance and Minister of Transport have provided the NZTA Board with a Letter of Comfort, noting the revenue review, tolling work programme and consideration of a possible further Crown grant through future budgets, to provide future funding certainty to the NZTA Board beyond the GPS 2024 period;

New Crown loan to the New Zealand Transport Agency

- 28 **noted** that in March 2024, Cabinet agreed in-principle, subject to final decisions on the GPS, to provide an additional Crown loan to the NZTA of \$3,080 million [CAB-24-MIN-0057] in addition to the revenue and grant elements described above;
- 29 **agreed** to provide an additional Crown loan to the NZTA of \$3,080 million, to make up the balance of the funding package for GPS 2024, in addition to the revenue and grant elements described above;
- 30 **agreed** to establish the following new multi-year appropriation, to run from 1 July 2024 to 30 June 2028:

Vote	Appropriation Minister	Appropriation Administrator	Title	Type	Scope
Transport	Minister of Transport	Ministry of Transport	Government Policy Statement on Land Transport Loan (2024-2028)	Non-Departmental Capital Expenditure	This appropriation is limited to a loan to NZ Transport Agency to give effect to the Government Policy Statement on land transport

31 **approved** the following change to appropriations to give effect to the policy decision in paragraph 29 above, with a corresponding impact on net core Crown debt:

	\$m – increase/(decrease)
Vote Transport Minister of Transport	2024/25-2027/28
Non-Departmental Capital Expenditure Government Policy Statement on Land Transport Loan (2024-2028)	3,080.000

32 **noted** that the indicative spending profile for the new multi-year appropriation described above is as follows:

	\$m – increase/(decrease)				
Indicative annual spending profile	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
	-	1,026	1,026	1,028	-

33 **agreed** that the change to appropriations above be included in the 2024/25 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;

34 **noted** that the final amount of the new Crown loan to the NZTA may change depending on the final structure and terms of the loan, and that the loan is subject to the approval of the Minister of Finance and acceptance by the NZTA Board;

35 **noted** that the proposed loan facility is intended to be available from 1 July 2024 and will start to be repaid from 2034, which will have a positive impact on net core Crown debt;

36 **noted** that lending is expected to be fully repaid within 10-years of each initial drawdown, therefore is considered fiscally neutral for fiscal management purposes, so there is no impact on Budget allowances;

Outyear projections

37 **noted** that the GPS 2024 outyear expected revenue and expenditure projections (from 2027/28) include approximately \$1 billion per annum more revenue as being needed than has currently been identified and that the Ministry of Transport, Treasury, and NZTA have been commissioned to jointly provide advice on ways to address this as indicated in paragraph 27 above;

Impact on fiscal indicators

38 **noted** that decisions with financial implications above have already been reflected in Treasury’s Budget Economic and Fiscal Update 2024 forecasts, so should not impact fiscal indicators or available funding for Budget allowances;

39 **noted** that final investment decisions will be made independently by the NZTA Board which could have fiscal impacts;

Climate Implications of Policy Assessment (CIPA) requirements

- 40 **noted** that the Ministry for the Environment has advised that a Climate Implications of Policy Assessment (CIPA) is not required for the GPS 2024, and notes that the emissions impacts of transport projects are assessed at a project level by the NZTA;

Move to a 10-year Government Policy Statement (GPS) and National Land Transport Programme (NLTP)

- 41 **noted** that Cabinet previously directed the Ministry of Transport to provide advice by February 2025 on changes to the Land Transport Management Act 2003 that are necessary to make the GPS and NLTP a 10-year programme [CAB-24-MIN-0057];

Agreement to publish the final GPS 2024

- 42 **agreed** that the Minister of Transport publicly release the GPS 2024;
- 43 **authorised** the Minister of Transport to make changes to the GPS 2024 to reflect the above decisions and of a minor/technical nature, without further reference to Cabinet.

Rachel Clarke
Committee Secretary

Present:

Rt Hon Winston Peters
Hon David Seymour
Hon Nicola Willis (Chair)
Hon Brooke van Velden
Hon Shane Jones
Hon Chris Bishop
Hon Simeon Brown
Hon Erica Stanford
Hon Paul Goldsmith
Hon Tama Potaka
Hon Simon Watts
Hon Melissa Lee
Hon Andrew Bayly
Hon Andrew Hoggard
Hon Mark Patterson
Simon Court MP
Jenny Marcroft MP

Officials present from:

Office of the Prime Minister
Office of Hon Chris Bishop
Ministry of Transport
Officials Committee for ECO



Cabinet

Minute of Decision

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Government Policy Statement on Land Transport 2024-34: Public Release

Portfolio **Transport**

On 24 June 2024, following reference from the Cabinet Economic Policy Committee (ECO), Cabinet:

- 1 **noted** that in March 2024, Cabinet approved the release of the draft Government Policy Statement on land transport 2024 (GPS 2024) for public consultation [CAB-24-MIN-0057];
- 2 **noted** that the draft GPS 2024 was released for public consultation between 4 March and 2 April 2024;
- 3 **noted** that the Minister of Transport (the Minister) has consulted with the New Zealand Transport Agency (NZTA) Board and has had regard to the views of Local Government New Zealand and other transport user and provider groups as required under the Land Transport Management Act 2003, and has prepared a final GPS 2024;

GPS 2024 Strategic Priorities

- 4 **noted** that the final GPS 2024 includes the following four strategic priorities, which will guide investment decisions by both NZTA and local authorities:
 - 4.1 economic growth and productivity;
 - 4.2 increased maintenance and resilience;
 - 4.3 improved safety;
 - 4.4 value for money;
- 5 **noted** that the economic growth and productivity strategic priority is the overarching objective of the GPS 2024, and the other strategic priorities are all equally weighted and support the overarching objective of economic growth and productivity;

Proposed GPS expenditure

- 6 **noted** that approximately \$22 billion is required over three years to fund essential expenditure on maintenance, operations, and previously committed new investments, repay debt, and deliver new improvements including the Roads of National Significance (RoNS);
- 7 **noted** that, under current revenue settings, \$14.9 billion of revenue is forecast to be available in the National Land Transport Fund (NLTF) over the next three years to pay for the GPS package, leaving \$7.1 billion additional funding required over the 2024-27 period;

- 8 **noted** that the GPS 2024 will require NZTA to consider alternative funding, financing and delivery arrangements for all major new infrastructure projects including tolling, time of use charging, 'Build, Own, Operate, Transfer' equity finance schemes, and value capture;

Increases to Fuel Excise Duties (FED) and equivalent Road User Charges (RUC), and Motor Vehicle Licensing fees

- 9 **noted** that in March 2024, Cabinet also agreed to increase FED (and the equivalent in RUC) by:
- 9.1 12 cents per litre in January 2027;
 - 9.2 6 cents per litre in January 2028;
 - 9.3 4 cents per litre annually from January 2029;
- [CAB-24-MIN-0057]
- 10 **noted** that the increase in FED (and RUC equivalent) outlined above will generate an additional \$295 million of revenue for the NLTF by 2026/27;
- 11 **noted** that Cabinet also agreed in-principle to restore the Motor Vehicle Registration fee to its 1990s level, subject to the outcome of consultation [CAB-24-MIN-0057];
- 12 **agreed** to restore the Motor Vehicle Registration fee to its 1990s level in real terms with an increase of \$25 in January 2025, followed by a further \$25 increase in January 2026 (contributing around \$590 million over three years);
- 13 **authorised** the Minister to make detailed policy decisions to give effect to the decision in paragraph [12](#) above;
- 14 **authorised** the Minister to issue drafting instructions to the Parliamentary Council Office to give effect to decision in paragraph [12](#) above;

Coastal shipping

- 15 **agreed** to include coastal shipping activities in GPS 2024 by allocating \$10 million per annum for three years (2024/25 to 2026/27) to fund activities that focus on enhancing the resilience of coastal shipping connections for freight;
- 16 **agreed** to reallocate \$30 million of funding originally provided for the purposes of the Rail Network Improvement Programme (RNIP) to fund the coastal shipping activities agreed to above;
- 17 **authorised** the Minister of Finance, Minister of Transport and Minister for Regional Development to approve the coastal shipping activities funded under paragraph 15;
- 18 **authorised** the Minister of Transport to update the GPS 2024 to give effect to the decision in paragraph 15 as part of finalising the GPS 2024 for release;
- 19 **agreed** that, should any unallocated funding no longer be required for the Coastal Shipping Resilience Fund, it may be retained in Vote Transport and utilised for the purpose of giving effect to GPS 2024;

- 20 directed** the Ministry of Transport, in consultation with the Treasury and the New Zealand Transport Agency, to report to the Minister of Finance, Minister of Transport, and Minister for Regional Development on the process for allocation of funding for coastal shipping activities;
- 21 authorised** the Minister of Finance, Minister of Transport, and Minister for Regional Development to make appropriation changes (including establishing new appropriations) as necessary to give effect to paragraphs 19 and 20 above;
- 22 agreed** to establish the following new multi-year appropriation, to run from 1 July 2024 to 30 June 2028:

Vote	Appropriation Minister	Appropriation Administrator	Title	Type	Scope
Transport	Minister of Transport	Ministry of Transport	Coastal Shipping Resilience Fund	Non-Departmental Other Expense	This appropriation is limited to providing grants for coastal shipping activities to give effect to direction in the Government Policy Statement on land transport.

- 23 approved** the following fiscally neutral change to appropriations to give effect to the policy decision in paragraph 15 above, with no impact on the operating balance and net core Crown debt:

	\$m – increase/(decrease)	
Vote Transport Minister of Transport	2023/24	2024/25-2027/28
Non-Departmental Other Expense Coastal Shipping Resilience Fund	-	30.000
Non-Departmental Output expenses Rail - Maintenance and Renewal of the Rail Network (2024-2028)	-	(30.000)

24 **noted** that the indicative spending profile for the new Coastal Shipping Resilience Fund multi-year appropriation and the change to the indicative spending profile for the Rail – Maintenance and Renewal of Rail Network (2024-2028) multi-year appropriation, described in paragraph 23 above is as follows:

Indicative annual spending profile	\$m – increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Coastal Shipping Resilience Fund	-	10.000	10.000	10.000	-
Rail – Maintenance and Renewal of Rail Network (2024-2028)	-	(10.000)	(20.000)	-	-

25 **agreed** that the change to appropriations above be included in the 2024/25 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;

Grant funding proposed to be provided by the Crown

26 **noted** that, prior to decisions taken on the draft GPS 2024, \$1,189 million in capital funding had been committed in-principle against the Multi-Year Capital Allowance (MYCA) for the purposes of the GPS [CAB-24-MIN-0057];

27 **noted** that in March 2024, Cabinet agreed in-principle, subject to final decisions on the GPS, to commit up to a further \$1,955 million against the MYCA, with the final amount to be confirmed as part of Budget 2024 [CAB-24-MIN-0057], taking the total in-principle commitment to \$3,144 million;

28 **noted** that Budget 2024 agreed to provide funding of \$1,955 million from the Multi-Year Capital Allowance but that funding was not appropriated at that time [CAB-24-MIN-0148.83, Initiative 15789];

29 **agreed** to confirm the in-principle decisions noted in paragraph 26 above and provide additional funding of \$1,189 million, taking total funding provided to support the delivery of the GPS to \$3,144 million;

30 **noted** that, in addition to the above, Budget 2024 established two tagged capital contingencies:

30.1 \$1,000 million capital was set aside to accelerate certain RoNS s 9(2)(f)(iv) [CAB-24-MIN-0148.83, Initiative 16152];

30.2 \$200 million was set aside to support the Rail Network Investment Programme [CAB-24-MIN-0148.83, Initiative 15774];

31 **noted** that the Minister of Transport intends to report back to ECO before 30 June 2025 to seek decisions in respect of the above tagged contingencies;

32 **agreed** to establish the following new multi-year appropriation, to run from 1 July 2024 to 30 June 2028:

Vote	Appropriation Minister	Appropriation Administrator	Title	Type	Scope
Transport	Minister of Transport	Ministry of Transport	Government Policy Statement on Land Transport - Capital Grant (2024-2028)	Non-Departmental Capital Expenditure	This appropriation is limited to providing additional capital funding to the National Land Transport Fund to give effect to the Government Policy Statement on land transport.

33 **approved** the following change to appropriations to give effect to the policy decision in paragraph 29 above, with a corresponding impact on net core Crown debt:

	\$m – increase/(decrease)
Vote Transport	2024/25-2027/28
Minister of Transport	
Non-Departmental Capital Expenditure	3,144.000
Government Policy Statement on Land Transport - Capital Grant (2024-2028)	

34 **noted** that the indicative spending profile for the new multi-year appropriation above is as follows:

	\$m – increase/(decrease)				
Indicative annual spending profile	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
	-	1,048	1,048	1,048	-

35 **agreed** that the change to appropriations above be included in the 2024/25 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;

36 **noted** that the capital grant above provides funding within the immediate three-year GPS period only and does not pre-commit further funding from the MYCA beyond 2027/28, to preserve appropriate future optionality for Ministers;

37 **noted** that the Minister of Finance and Minister of Transport have provided the NZTA Board with a Letter of Comfort, noting the revenue review, tolling work programme and consideration of a possible further Crown grant through future budgets, to provide future funding certainty to the NZTA Board beyond the GPS 2024 period;

New Crown loan to the New Zealand Transport Agency

38 **noted** that in March 2024, Cabinet agreed in-principle, subject to final decisions on the GPS, to provide an additional Crown loan to the NZTA of \$3,080 million [CAB-24-MIN-0057] in addition to the revenue and grant elements described above;

39 **agreed** to provide an additional Crown loan to the NZTA of \$3,080 million, to make up the balance of the funding package for GPS 2024, in addition to the revenue and grant elements described above;

40 **agreed** to establish the following new multi-year appropriation, to run from 1 July 2024 to 30 June 2028:

Vote	Appropriation Minister	Appropriation Administrator	Title	Type	Scope
Transport	Minister of Transport	Ministry of Transport	Government Policy Statement on Land Transport Loan (2024-2028)	Non-Departmental Capital Expenditure	This appropriation is limited to a loan to NZ Transport Agency to give effect to the Government Policy Statement on land transport

41 **approved** the following change to appropriations to give effect to the policy decision in paragraph 29 above, with a corresponding impact on net core Crown debt:

	\$m – increase/(decrease)
Vote Transport Minister of Transport	2024/25-2027/28
Non-Departmental Capital Expenditure Government Policy Statement on Land Transport Loan (2024-2028)	3,080.000

42 **noted** that the indicative spending profile for the new multi-year appropriation described above is as follows:

Indicative annual spending profile	\$m – increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
	-	1,026	1,026	1,028	-

43 **agreed** that the change to appropriations above be included in the 2024/25 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;

44 **noted** that the final amount of the new Crown loan to the NZTA may change depending on the final structure and terms of the loan, and that the loan is subject to the approval of the Minister of Finance and acceptance by the NZTA Board;

45 **noted** that the proposed loan facility is intended to be available from 1 July 2024 and will start to be repaid from 2034, which will have a positive impact on net core Crown debt;

46 **noted** that lending is expected to be fully repaid within 10-years of each initial drawdown, therefore is considered fiscally neutral for fiscal management purposes, so there is no impact on Budget allowances;

Outyear projections

47 **noted** that the GPS 2024 outyear expected revenue and expenditure projections (from 2027/28) include approximately \$1 billion per annum more revenue as being needed than has currently been identified and that the Ministry of Transport, Treasury, and NZTA have been commissioned to jointly provide advice on ways to address this as indicated in paragraph 37 above;

Impact on fiscal indicators

48 **noted** that decisions with financial implications above have already been reflected in Treasury’s Budget Economic and Fiscal Update 2024 forecasts, so should not impact fiscal indicators or available funding for Budget allowances;

49 **noted** that final investment decisions will be made independently by the NZTA Board which could have fiscal impacts;

Climate Implications of Policy Assessment (CIPA) requirements

50 **noted** that the Ministry for the Environment has advised that a Climate Implications of Policy Assessment (CIPA) is not required for the GPS 2024, and notes that the emissions impacts of transport projects are assessed at a project level by the NZTA;

Move to a 10-year Government Policy Statement (GPS) and National Land Transport Programme (NLTP)

51 **noted** that Cabinet previously directed the Ministry of Transport to provide advice by February 2025 on changes to the Land Transport Management Act 2003 that are necessary to make the GPS and NLTP a 10-year programme [CAB-24-MIN-0057];

Agreement to publish the final GPS 2024

- 52 **agreed** that the Minister of Transport publicly release the GPS 2024;
- 53 **authorised** the Minister of Transport to make changes to the GPS 2024 to reflect the above decisions and of a minor/technical nature, without further reference to Cabinet.

Rachel Hayward
Secretary of the Cabinet

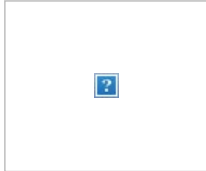
Secretary's Note: This minute replaces ECO-24-MIN-0105. Cabinet agreed to amend paragraph 15 and add paragraphs 16 to 25.

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

From: [Dominic Cowell-Smith](#)
To: [Richard Manning](#); [Helen FionaWhite](#); [Kate Rose](#); [Matthew Winthrop](#); [OCU](#); [Peta Baily Gibson](#); [Tony Frost \(Parliament\)](#)
Cc: [Audrey Sonerson](#); [Brent Johnston](#); [Bronwyn Turley](#); [Carmen Mak](#); [David Wood](#); [Paul O'Connell](#); [Siobhan Routledge](#); [Karen Lyons](#); [Danny Pouwels](#); [Ella Steele](#); [George Ross](#); [Len Starling](#); [Oliver Findlay-Badham](#); [Tim Herbert](#); [Jess Edlin](#); [Abby McRoberts](#)
Subject: RE: Cabinet paper - Draft GPS 2024 for public consultation - for initial review - updated version to be provided on Tuesday, 30 January 2024
Date: Friday, 26 January 2024 3:17:00 pm
Attachments: [image002.ipq](#)
[image003.png](#)

Thanks Richard, received with thanks! Will be in touch with any queries

Cheers
Dom



Dominic Cowell-Smith

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

DDI: s 9(2)(a)
Email: dominic.cowell-smith@parliament.govt.nz Website: www.Beehive.govt.nz
Private Bag 18041, Parliament Buildings, Wellington 6160, New Zealand

From: Richard Manning <R.Manning@transport.govt.nz>
Sent: Friday, January 26, 2024 2:13 PM
To: Dominic Cowell-Smith <Dominic.Cowell-Smith@parliament.govt.nz>; Helen FionaWhite <Helen.FionaWhite@parliament.govt.nz>; Kate Rose <Kate.Rose@parliament.govt.nz>; Matthew Winthrop <M.Winthrop@transport.govt.nz>; OCU <ocu@transport.govt.nz>; Peta Baily Gibson <P.BailyGibson@transport.govt.nz>; Tony Frost <Tony.Frost@parliament.govt.nz>
Cc: Audrey Sonerson <A.Sonerson@transport.govt.nz>; Brent Johnston <B.Johnston@transport.govt.nz>; Bronwyn Turley <B.Turley@transport.govt.nz>; Carmen Mak <C.Mak@transport.govt.nz>; David Wood <D.Wood@transport.govt.nz>; Paul O'Connell <P.O'Connell@transport.govt.nz>; Siobhan Routledge <S.Routledge@transport.govt.nz>; Karen Lyons <K.Lyons@transport.govt.nz>; Danny Pouwels <d.pouwels@transport.govt.nz>; Ella Steele <E.Steele@transport.govt.nz>; George Ross <G.Ross@transport.govt.nz>; Len Starling <L.Starling@transport.govt.nz>; Oliver Findlay-Badham <O.Findlay-Badham@transport.govt.nz>; Richard Manning <R.Manning@transport.govt.nz>; Tim Herbert <t.herbert@transport.govt.nz>; Jess Edlin <J.Edlin@transport.govt.nz>; Abby McRoberts <A.McRoberts@transport.govt.nz>
Subject: Cabinet paper - Draft GPS 2024 for public consultation - for initial review - updated version to be provided on Tuesday, 30 January 2024

Good afternoon Dom and Helen,

Please find attached a draft Cabinet paper, which seeks:

- Cabinet approval to publicly consult on the draft GPS (expected end of February 2024), and
- in-principle agreement to a funding package which includes new Crown debt, Crown opex and capex grants, and road user fee and charge increases.

Reference is also made in the paper to the proposed system reform programme.

A number of the points in the paper are still to be finalised, and I have highlighted in yellow particular areas where decisions are yet to be taken. In addition, the Treasury will need to review the paper, and provide comment on the proposed funding package – particularly the Budget 2024 pre-commitments of Crown capex/opex, and the additional Crown loan to NZTA.

Funding package

The funding package included in the Cabinet paper also assumes that any additional revenue generated by Motor Vehicle Registration (MVR) and/or FED/RUC increases will decrease the need for a Crown operating (Opex) grant (from \$1,380 million to \$947 million), with the total NLTF funding over 2024-27 held constant at \$20.8 billion.

We look forward to receiving feedback next week, before providing an updated version on Tuesday.

Many thanks
Richard

[seemail]

Richard Manning (he/his)
Kaitohutohu Matua – Ngā Ara Whakarato | Senior Adviser – Investment
Te Manatū Waka Ministry of Transport

M: s 9(2)(a) | E: r.manning@transport.govt.nz | transport.govt.nz



Te Manatū Waka is a COVID-19 vaccinated workplace. To meet our workplace safety requirements you will be asked to provide proof of vaccination when you visit our offices.

MINISTRY OF TRANSPORT

Wellington (Head Office) | Ground Floor, 3 Queens Wharf | PO Box 3175 | Wellington 6011 | NEW ZEALAND | Tel: +64 4 439 9000 |

Auckland | NZ Government Auckland Policy Office | 45 Queen Street | PO Box 106238 | Auckland City | Auckland 1143 | NEW ZEALAND | Tel: +64 4 439 9000 |

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1. Walking and Cycling activity class definition

At the meeting on Friday 26 January, the Minister requested we update the Walking and Cycling Activity Class to include the maintenance of walking and cycling infrastructure but to fund it at a 25% FAR. We have updated the below definition to reflect this (the change has been highlighted).

Walking and Cycling Activity Class

This activity class is for the purpose of investment in walking and cycling where there is either clear benefit for increasing economic growth or clear benefit for improving safety where demonstrated volumes of pedestrians and cyclists already exist.

Investment in walking and cycling is expected to make a contribution to economic growth and productivity. To achieve this, funding should be directed to reducing congestion and/or improving pedestrian and cyclist safety.

A provision has been made in the Walking and Cycling Activity Class to fund the maintenance of walking and cycling infrastructure (including footpaths, shared use paths and cycle paths). Walking and cycling maintenance should receive a maximum funding assistance rate of 25%.

Any investment in walking and cycling must be funded exclusively through this activity class.

The Government expects that any activities funded under this activity class will undergo robust consultation with community members and business owners that could be affected by the investment, prior to any investment decisions being made.

2. Revised Activity Class ranges table

Following the meeting Friday 26 January, and subsequent discussions with the Office, officials have revised the activity class ranges. In particular, we have increased the Rail Activity Class to reflect committed Crown funding.

The revised activity class table is shown on the next page.

Note, the implications of these activity class ranges (including the public transport services and infrastructure activity classes), have not yet been worked through with NZTA.

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MINISTRY OF TRANSPORT

3. Revenue modelling assumptions

Context

The Ministry is required to provide National Land Transport Fund revenue forecasts to Treasury for the Government baseline updates (such as the March Baseline Update, October Baseline Update). The forecasts also input into the Half-Year Economic and Fiscal Update (HYEFU), the Budget Economic and Fiscal Update (BEFU), and the Pre-Election Economic and Fiscal Update (PREFU).

How we do the modelling for VKT

For each update of the model, the Ministry generates a short-term VKT forecast (up to 5 years) based on recent trends in VKT/transport data and macroeconomic indicators, including:

- Macro-economic data, such as GDP forecasts and unemployment (from Treasury)
- Transport data (such as size of the vehicle fleet)
- Fuel prices (from MBIE).

We also produce a long-term VKT forecast (beyond 5 years), with VKT figures from the Ministry's Vehicle Fleet Emissions Model (VFEM) used as a baseline input to the model. This model includes assumptions and data such as:

- Population (from Stats NZ)
- GDP (from Treasury)
- household travel trends.

The above modelling is developed to be as objective as possible, and reflects observed trends and the most realistic scenarios. For example, it will not forecast a big decrease in VKT unless the trends are already showing VKT is dropping, or there is underlying data in the model to show a decrease in VKT.

Petrol Excise Duty (PED) revenue forecasts

The VKT forecast is used to come up with an estimated 'PED volume' (i.e. number of litres of petrol sold) by applying fuel efficiency trends to VKT data. PED rate assumptions are applied to the forecast volumes to derive the forecast revenue figures. The default assumption is that the PED rate does not increase (i.e. that it remains at 70.024 cents per litre) — any other scenarios we provide will explain the PED rate assumptions.

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MINISTRY OF TRANSPORT

4. A new GPS appendix detailing the Crown Investment Programme

The below tables have been prepared at pace, we are still waiting for some of the detail to come through and have not had a chance to undertake a QA.

The total cost figures have been based on available estimates, these may not reflect the most recent estimate and may not match the appropriated funding.

We have also provided a breakdown of the direct Crown funding commitments to land transport. This table was a part of the previous draft GPS that was released for consultation and reflects the total appropriated funding for land transport. We have not had time to update this table so figures may have changed.

Project	Region	Total Cost (\$M)	Estimated Completion Date
City rail link	Auckland	\$5,493	
Eastern busway	Auckland	\$1,409	
Transport choices			
Ev charging infrastructure		\$87.2	
Lower north island rail improvements (includes wairarapa rail upgrades funding from nzup)	Wellington / Manawātū	\$874	2029
Cyclone recovery and rebuild		\$1,677	
Rail network investment programme		\$2,190	

NZUP Rooding Projects	Region	Total Cost (\$m)	Estimated Completion Date
NZUP SH1 Whangarei to port Marsden h'way safety imp	Northland	238 - 269	
NZUP o Mahurangi - Penlink	Auckland	s 9(2)(j)	
NZUP South Auckland package	Auckland	787 - 884	
NZUP SH1 Papakura to Drury	Auckland	s 9(2)(j)	
NZUP northern pathway Westhaven to Akora	Auckland	51	
NZUP SH1-29 intersection improvements	Waikato	57 - 63	
NZUP Takitimu north link stage 1	Bay of Plenty	908 - 1011	

NZUP TAKITIMU north link stage 2	Bay of Plenty	57
NZUP SH58 safety improvements - stage 2	Wellington	s 9(2)(j)
NZUP SH2 Melling efficiency & safety imp	Wellington	s 9(2)(j)
NZUP Otaki to north of Levin	Wellington	s 9(2)(j)
NZUP Rolleston access improvements	Canterbury	221 - 255
NZUP Brougham St corridor improvements	Canterbury	77 - 94
NZUP SH75 Halswell Rd imp	Canterbury	62 - 65
NZUP SH73 Weedons-ross road intersection	Canterbury	13 - 15
NZUP Walnut Avenue intersection imp	Canterbury	13 - 15
NZUP SH1 Tinwald corridor improvements	Canterbury	12 - 15
NZUP Queenstown package (prev. Grant Rd)	Otago	290 - 390

NZUP Rail Projects	Region	Total Cost (\$M)	Estimated Completion Date
Wiri to Quay park - third main	Auckland	318.0	
Papakura to Pukekohe	Auckland	419.0	
Drury rail stations	Auckland	569.0	
Wellington railway station safety	Wellington	114.9	
Wairarapa rail upgrades	Reallocated to the Lower North Island rail upgrades		
Whangarei to Otiria	Northland	90.0	
Ashburton freight hub	Canterbury	2.5	

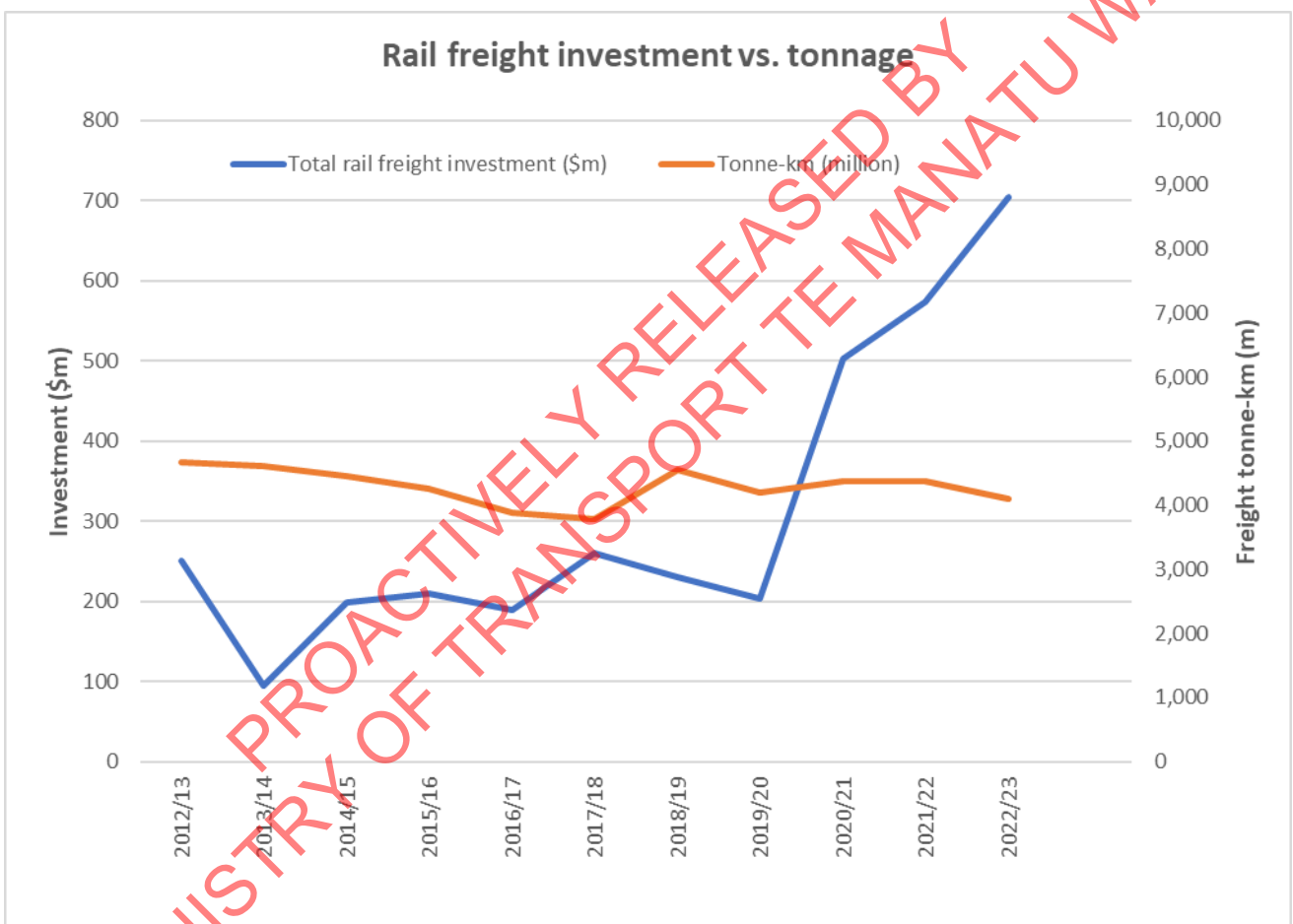
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	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Total	4,061,573	2,284,486	1,251,044	439,701	333,691	324,221	172,361	172,361	168,071	163,396

5. Rail investment vs freight tonne kms

As part of the information request this morning (Monday 29 January), the Office requested a graph showing expenditure on rail each year for the past ten years, compared to net tonne kilometres of freight that has travelled on the rail network in the same time period.

The below graph pulls together the available data on rail investments and rail tonne kilometres. This data has been pulled together at pace, and we have not had a chance to engage KiwiRail on this or undertake a proper QA of the data.





Indicative Activity Class funding deep dive (ranges as at January 29)

Indicative Activity Class	What will be delivered through it?	Committed spend (\$m)	2024-27 Activity Class range (\$m)	Implications of activity class ranges	Possible change in AC bands	2024-27 Activity Class range vs forecast spend
					Flexibility in the ranges that may have the least implications	<div style="display: flex; justify-content: space-between;"> ■ Pothole fund ■ Crown funding </div> <div style="display: flex; justify-content: space-between;"> ■ Activity Class range ■ Committed spend </div>
State highway pothole prevention and repair	Maintenance work relating to resealing, rehabilitating, and drainage on the state highway network. This activity class will not fund multi modal activities.	s 9(2)(ba)(i)	\$1,370 - \$2,160	The range enables the NZTA board to invest in an optimal level of pothole, prevention and repair on the state highway network. (This includes an allowance for the pothole fund). It is unclear if there is a sufficient allowance for emergency works.	Recommend no change	s 9(2)(ba)(i)
State highway operations	All other maintenance operations and renewals on the state highway network. Includes a provision for emergency works. This activity class will not fund multi modal activities.		\$1,890 - \$2,690	The range would enable the NZTA board to invest in an optimal portfolio. Noting there is minimal head room above forecast spend	Recommend no change	
Local road pothole prevention and repair	Maintenance work relating to resealing, rehabilitating, and drainage on local road network. This activity class will not fund multi modal activities.		\$1,820 - \$2,250	The range enables the NZTA board to invest in an optimal level of pothole, prevention and repair on the local road network. Based on the current bids, NZTA would not be able to fully utilize the \$250m pothole fund. It is unclear if there is a sufficient allowance for emergency works.	Recommend no change	
Local road operations	The ongoing maintenance operations and renewals on the local road network. Includes a provision for funding emergency works. This activity class will not fund multi modal activities.		\$780 - \$1,520	The range would enable the NZTA board to invest in an optimal portfolio.	Recommend no change	
Rail network	The Rail Network Improvement Plan (\$20m NLTf, and ~\$330m Crown grant per annum).		\$740 - \$1,670	The range allows for the Minister to allocate additional funding to the RNIP, over and above the Crown funding and TUC that is already committed.	Recommend no change	
Safety	Road Policing (\$400m-\$450m per annum), Road Safety Promotions (~\$50m per annum), Safety Cameras (\$100m per annum). This activity class will not invest in traffic calming measures.		\$1,530 - \$1,830**	The range would enable the NZTA board to invest in an optimal portfolio.	Upper band: -\$30m Lower band: -\$100m	

*The committed spend for state highway and local road pothole prevention and repair, and operations activity class is based on the NZTA's current estimates, which exceed the previous estimate.

**Reduced by \$20m per annum to align with the figures in the consultation draft GPS 2024.



Indicative Activity Class funding deep dive

Indicative Activity Class	What will be delivered through it?	Committed spend (\$m)	2024-27 Activity Class range (\$m)	Implications of activity class ranges	Possible change in AC bands	2024-27 Activity Class range vs forecast spend
					Flexibility in the ranges that may have the least implications	■ Activity Class range ■ Committed spend
Public transport services	New and existing public transport services, including bus, train and ferry services.	s 9(2)(ba)(i)	\$1,260 - \$2,010	The range allows for the NZTA board to maintain the level of service (at the current forecast) but this will need to be traded off against other activities and there may not be sufficient funding for new activities.	Upper band: -\$30m Lower band: -\$100m	s 9(2)(ba)(i)
Public transport Infrastructure	New/additional public transport infrastructure, and the ongoing maintenance operations and renewals of public transport infrastructure.		\$870 - \$2,190	The range allows for the NZTA board to fund existing commitments and "probable" activities, but there will be minimal funding for new activities and cost escalation.	Upper band: -\$30m Lower band: -\$100m	
Investment management	Programme business cases, transport planning documents, and a provision of the development and administration of the funding allocation management system.		\$205 - \$265	The range allows the NZTA to fund existing commitments and allows for a small (max \$80m) amount of discretionary funding for new activities.	Upper band: \$0m Lower band: \$0m	
State highway Improvements	Improvements to the existing state highway network and new state highway infrastructure. This activity class will not fund multi-modal improvements or traffic calming measures		\$3,750 - \$6,250	Increased activity class range to provide additional funding for RONS. At a minimum the NZTA board would need to invest an additional \$2 billion into State Highway Improvements over 2024-27.	Upper band: \$0m Lower band: \$0m	
Local road Improvements	Improvements to the existing local road network and new local road infrastructure. This activity class will not fund multi modal activities.		\$460 - \$1,210	Increased activity class range to provide additional funding for Local Road improvements. At a minimum the NZTA board would need to invest an additional \$245 million over 2024-27.	Upper band: -\$200m Lower band: -\$200m	
Walking and cycling	Both new/improved walking and cycling infrastructure, and the maintenance of walking and cycling infrastructure.		\$275 - \$510	The range allows the committed funding for improvements and the forecast maintenance to be funded (maintenance at 25% FAR). There is minimal funding for additional improvements and cost escalation.	Upper band: -\$30m Lower band: -\$30m	

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Activity Class ranges (as at January 29)

Activity Class funding ranges		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Continuing programmes											
Public transport services	Upper	650	670	690	710	730	750	770	790	810	830
	Lower	400	420	440	460	480	500	520	540	560	580
State highway pothole prevention and repair	Upper	660	730	770	970	1,020	1,030	1,050	1,070	1,080	1,100
	Lower	420	460	490	690	730	740	750	760	780	790
State highway operations	Upper	800	910	980	1,050	1,130	1,150	1,170	1,200	1,220	1,240
	Lower	560	640	690	730	780	800	820	830	850	870
Local road pothole prevention and repair	Upper	700	750	800	1,080	1,140	1,160	1,180	1,200	1,220	1,240
	Lower	570	610	640	840	890	900	920	930	950	970
Local road operations	Upper	450	480	590	420	450	460	470	480	490	500
	Lower	240	260	280	290	320	320	330	340	340	350
Investment management	Upper	85	90	90	90	95	95	100	100	105	110
	Lower	65	70	70	70	75	75	80	80	85	90
Safety	Upper	600	610	620	630	630	630	640	640	640	650
	Lower	500	510	520	530	530	530	540	540	540	550
Rail network	Upper	550	560	560	570	570	570	580	580	580	580
	Lower	360	360	20	20	20	20	20	20	20	20
Improvements											
Public transport Infrastructure	Upper	680	730	780	740	760	780	790	800	810	820
	Lower	240	290	340	360	380	400	400	400	400	400
State highway Improvements	Upper	1,950	2,050	2,250	2,300	2,350	2,400	2,400	2,400	2,400	2,400
	Lower	1,150	1,250	1,350	1,400	1,450	1,500	1,500	1,500	1,500	1,500
Local road Improvements	Upper	400	400	410	410	420	420	420	430	430	430
	Lower	150	150	160	160	170	170	170	180	180	180
Walking and cycling	Upper	250	130	130	130	130	130	130	130	130	130
	Lower	135	70	70	70	70	70	70	70	70	70

NLTF funding package											
Forecast NLTF revenue	4,311	4,429	4,564	4,691	4,723	4,761	4,800	4,837	4,869	4,903	
MVR increase	47	94	139	184	228	227	225	224	222	221	
FED/RUC increase	-	-	152	489	867	1,065	1,076	1,086	1,095	1,105	
Crown opex grant	133	386	428	-	-	-	-	-	-	-	
Crown capex grant	1,048	1,048	1,048	-	-	-	-	-	-	-	
Debt inflows	1,027	1,027	1,027	-	-	-	-	-	-	-	
Total revenue	6,566	6,984	7,359	5,364	5,819	6,053	6,100	6,146	6,186	6,229	
Less section 9	-56	-56	-56	-56	-56	-56	-56	-56	-56	-56	
NLTP revenue	6,510	6,928	7,303	5,308	5,763	5,997	6,044	6,090	6,130	6,173	
Less debt repayments	-661	-791	-1,295	-1,159	-958	-962	-962	-964	-928	-931	
Available NLTP revenue	5,848	6,136	6,008	4,149	4,805	5,035	5,082	5,126	5,202	5,242	
Minimum spend	4,790	5,090	5,070	5,620	5,895	6,025	6,120	6,190	6,275	6,370	
NLTF funding above the lower band	1,058	1,046	938	-1,471	-1,090	-990	-1,038	-1,064	-1,073	-1,128	

Changes compared to GPS 2024 consultation draft (\$m)	
2024-27 change	10-year change
-790	-3,560
-660	-4,930
250*	1,860*
250*	2,100*
250*	1,350*
250*	1,990*
-	-
-	-
-	-
-	-
-150	-150
-440	-1,140
-990	-1,690
-840	-1,540
1,590	14,740
390	9,340
-	-
-	-
-490	-1,870
-225	-1,085

Changes compared to GPS 2021 (\$m)	
2024-27 change	10-year change
-630	-2,640
-60	40
1,730*	8,930*
760*	4,570*
1,250*	6,110*
450*	3,470*
-20	-15
-30	-80
-1,280	-5,010
-1,260	-4,870
1,160	4,000
380	-320
-270	-780
-160	50
3,600	17,040
1,700	9,870
-1,310	-4,980
-1,690	-6,150
165	235
50	-20

*To compare against previous versions of GPS we have compared the sum of the lower & upper bands of the pothole prevention and repair, and operations activity classes against the maintenance activity class.

Crown funding Package - Government Policy Statement on land transport 2024	Funding sought (\$m)					Comment
	24/25	25/26	26/27	27/28	TOTAL	
Existing FED/ RUC Revenue	3,940	4,021	4,115	4,203	16,278	
Revenue from EV RUC	122	160	203	243	728	This has been included in existing revenue forecasts
TUC	18	18	18	18	72	This has been included in existing revenue forecasts
MVR	231	230	228	227	916	This has been included in existing revenue forecasts
Existing revenue	4,311	4,428	4,564	4,691	17,994	
NLTF revenue opportunities						
Increase FED/RUC			360	900	1,260	12 cents per litre increases in FED/RUC on 1 January 2027 followed by a 6 cent per litre increase on 1 Jan 2028.
Increase TUC	-	-	-	-	-	\$ 9(2)(f)(iv)
Increase MR1 (annual licensing fee)	47	94	139	184	465	Assumes a \$10 increase every year for the next 5 years in MR1 (i.e. the rate for most light vehicles increases from \$43.50, to \$93.5 in 2028/29) The figures are slightly difference as these have been modelled by MoT
Total NLTF revenue opportunities	47	94	499	1,084	1,725	
Crown Revenue						
Crown grant (operating)	- 103	150	- 15	-	31	The opex grant has been offset by increased in FED/RUC and MVR, NZTA back office savings and a reduction in the GPS 2024 activity class ranges. More details are provided below.
Crown grant (capital)					3,144	This is composed of \$1,544 million to confirm the previous government's 'in-principle' capital contribution to the GPS 2024 and \$1,600 million to replace the previous government's 'in-principle' contributions to the GPS 2024.
Crown loan	1,048	#####	1,048	# #####	3,080	To address funding shortfall.
Total Crown revenue opportunities	1,027	#####	1,027	# #####	3,080	
Total Crown revenue opportunities	1,971	2,225	2,059	#	6,255	
Total revenue	6,330	6,747	7,123	5,775	25,975	
Less section 9 funding	56	56	56	59		Section 9 is top sliced of NLTF revenue before it becomes available for investment in the NLTP
Total NLTF revenue	6,274	6,691	7,067	5,717		
NLTP 2024-27 revenue/expenditure 20,032						
Calculations for opex grant						
	24/25	25/26	26/27	27/28	TOTAL	
Original opex grant	180	480	720	-	1,380	Income to replace the Fuel Excise Duty/Road User Charge increases proposed by the previous government.
Less						
Savings from increased revenue	47	94	499	1,084	1,725	The opex grant has been reduced by the additional revenue generated from the increase in MVR and 12c FED/RUC.
Subtotal	133	386	221		739	
Savings from not refinancing \$2B loan subtotal	161	161	161	161	644	Refinancing the existing \$2B loan has been assumed as a precondition for NZTA accepting a further (\$3B) loan. If refinancing does not occur: 1. NZTA acceptance of a further loan is uncertain. 2. The fiscal cliff is increased from 2031. 3. Treasury will need to determine whether repayment risk is at level to be included as a specific fiscal risk or, if more likely than not, counted in forecasts
	- 28	225	60		256	
NZTA back office savings	25	25	25	25	100	\$25m per annum is calculated as approximately 7.5% of NZTAs back office.
Subtotal	- 53	200	35		181	
Reduction in GPS activity class ranges	50	50	50	0	150	If all Activity Class ranges, with the exceptions below, have been reduced by \$10m per annum. - The maintenance activity classes have been excluded as they are a priority from funding. - The investment management management has been excluded as the activity is already small (less than \$100m per annum). - The state highway improvements has been excluded from this as expenditure in that activity class would be capital expenditure. - Rail has been excluded as this is funded from TUC and Crown grants
Net opex grant	- 103	150	- 15		31	

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Crown funding Package - Government Policy Statement on land transport 2024	Funding sought (\$m)					Comment
	24/25	25/26	26/27	27/28	TOTAL	
Existing FED/ RUC Revenue	3,940	4,021	4,115	4,203	16,278	
Revenue from EV RUC	122	160	203	243	728	This has been included in existing revenue forecasts
TUC	18	18	18	18	72	This has been included in existing revenue forecasts
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Existing revenue	4,311	4,428	4,564	4,691	17,994	
NLTF revenue opportunities						
Increase FED/RUC			360	900	1,260	12 cents per litre increases in FED/RUC on 1 January 2027 followed by a 6 cent per litre increase on 1 Jan 2028.
Increase TUC	-	-	-	-	-	s 9(2)(i)(iv)
Increase MR1 (annual licensing fee)	47	94	139	184	465	Assumes a \$10 increase every year for the next 5 years in MR1 (i.e. the rate for most light vehicles increases from \$43.50, to \$93.5 in 2028/29) The figures are slightly difference as these have been modelled by MoT
Total NLTF revenue opportunities	47	94	499	1,084	1,725	
Crown Revenue						
Crown grant (operating)	133	386	221	-	739	Income to replace the Fuel Excise Duty/Road User Charge increases proposed by the previous government. The opex grant has been reduced by the additional revenue generated from the increase in MVR and 12c FED/RUC.
Crown grant (capital)					3,144	This is composed of \$1,544 million to confirm the previous government's 'in-principle' capital contribution to the GPS 2024 and \$1,600 million to replace the previous government's 'in-principle' contributions to the GPS 2024.
Crown loan	1,027	1,027	1,027	-	3,080	To address funding shortfall.
Total Crown revenue opportunities	2,207	2,461	2,295	-	6,963	
Total reveue	6,566	6,983	7,359	5,775	26,683	
Less section 9 funding	56	56	56	56		Section 9 is top sliced of NLTF revenue before it becomes available for investment in the NLTP
Total NLTF revenue	6,510	6,927	7,303	5,719		
NLTP 2024-27 revenue/expenditure	20,739					

		GPS 2024 Fundi		
Activity Class		2024/25 \$m	2025/26 \$m	2026/27 \$m
Continuing programmes				
Public transport services	Upper	640	660	680
	Lower	390	410	430
State highway pothole prevention and repair	Upper	660	730	770
	Lower	420	460	490
State highway operations	Upper	800	910	980
	Lower	560	640	690
Local road pothole prevention and repair	Upper	700	750	800
	Lower	570	610	640
Local road operations	Upper	450	480	590
	Lower	240	260	280
Investment management	Upper	85	90	90
	Lower	65	70	70
Safety	Upper	590	600	610
	Lower	490	500	510
Rail network	Upper	550	560	560
	Lower	360	360	20
Improvements				
Public transport Infrastructure	Upper	670	720	770
	Lower	230	280	330
State highway Improvements	Upper	1,950	2,050	2,250
	Lower	1,150	1,250	1,350
Local road Improvements	Upper	390	390	400
	Lower	140	140	150
Walking and cycling improvements	Upper	240	120	120
	Lower	125	60	60
Total Revenue		6,330	6,747	7,123
s(9) funding		-56	-56	-56
Total NLTF revenue		6,274	6,691	7,067
less debt repayments		-661	-791	-1,295
Available revenue		5,612	5,900	5,771
Minimum NLTP spend		4,740	5,040	5,020
NLTF discretionary funding		872	860	751

ng range			Forecast funding range			
2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
\$m	\$m	\$m	\$m	\$m	\$m	\$m
710	730	750	770	790	810	830
460	480	500	520	540	560	580
970	1,020	1,030	1,050	1,070	1,080	1,100
690	730	740	750	760	780	790
1,050	1,130	1,150	1,170	1,200	1,220	1,240
730	780	800	820	830	850	870
1,080	1,140	1,160	1,180	1,200	1,220	1,240
840	890	900	920	930	950	970
420	450	460	470	480	490	500
290	320	320	330	340	340	350
90	95	95	100	100	105	110
70	75	75	80	80	85	90
630	630	630	640	640	640	650
530	530	530	540	540	540	550
570	570	570	580	580	580	580
20	20	20	20	20	20	20
740	760	780	790	800	810	820
360	380	400	400	400	400	400
2,300	2,350	2,400	2,400	2,400	2,400	2,400
1,400	1,450	1,500	1,500	1,500	1,500	1,500
410	420	420	420	430	430	430
160	170	170	170	180	180	180
130	130	130	130	130	130	130
70	70	70	70	70	70	70
5,364	5,819	6,053	6,100	6,146	6,186	6,229
-59	-59	-60	-62	-63	-63	-64
5,305	5,759	5,993	6,038	6,083	6,123	6,165
-1,159	-958	-962	-962	-964	-928	-931
4,146	4,802	5,031	5,076	5,119	5,194	5,234
5,620	5,895	6,025	6,120	6,190	6,275	6,370
-1,474	-1,093	-994	-1,044	-1,071	-1,081	-1,136

Changes compared to A/C ranges 29 January			
2024-27 change		10-year change	
-	30	-	30
-	30	-	30
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	30	-	30
-	30	-	30
-	-	-	-
-	-	-	-
-	30	-	30
-	30	-	30
-	-	-	-
-	-	-	-
-	30	-	30
-	30	-	30
-	-	-	-
-	-	-	-
-	30	-	30
-	30	-	30

Changes compared to consultation draft AC ranges			
2024-27 change		10-year change	
-	820	-	4,960
-	690	-	3,590
-	250	-	1,860
-	250	-	2,100
-	250	-	1,350
-	250	-	1,990
-	-	-	-
-	-	-	-
-	30	-	30
-	30	-	30
-	150	-	150
-	440	-	1,140
-	1,020	-	1,720
-	870	-	1,570
-	1,590	-	14,740
-	390	-	9,340
-	30	-	30
-	30	-	30
-	520	-	1,900
-	255	-	1,115

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Question: How much revenue would a 10 percent increase in Farebox rates generate and options to increase Farebox share?

A 10 percent increase in farebox rates would likely reduce the NLTF share by between \$10 and \$20 million per annum

The table below details revenue and funding sources for public transport services over the past 15 years. Officials estimate that a 10 percent increase in farebox revenue would generate approximately \$30 to \$40 million in annual revenue, reducing the National Land Transport Fund (NLTF) and local share by between \$10 and \$20 million each, given the proportional split and Funding Assistance Rate (FAR) of approximately 51 percent. This is based on pre-pandemic revenue fare revenue of \$361 million (2018/19 financial year).

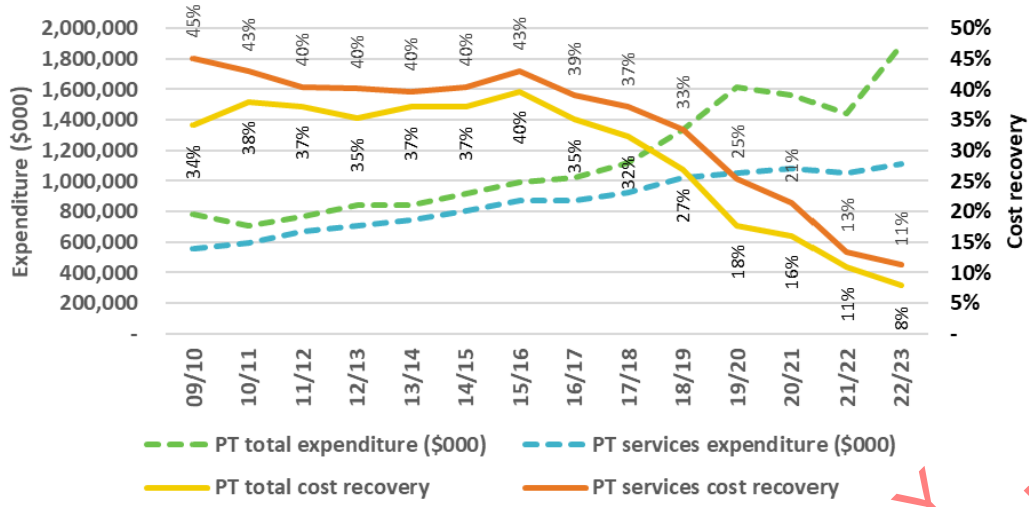
Officials expect that farebox revenue will significantly increase in the coming financial year (likely greater than 10 percent). This is due to the removal of significant subsidies that have been provided since COVID (conclusion of the half-price fares in June 2023, changes to the Community Connect Scheme, no additional top-ups to replace fare revenue following post-COVID patronage reductions). This will result in less Crown funding, but NLTF and local share will be similar to previous years.

Funding type / source	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Private	266,917	270,455	286,474	298,793	312,306	340,482	393,673	359,075	362,462	362,259	287,461	251,915	159,194	153,618
Fare revenue	266,337	269,791	285,626	297,993	311,340	339,532	392,605	357,971	361,463	360,965	285,563	249,653	156,318	148,912
Third-party revenue	580	664	849	800	967	950	1,068	1,105	999	1,294	1,898	2,262	2,876	4,705
Public	322,268	354,659	416,491	437,482	467,460	494,355	515,946	552,017	599,133	699,255	805,833	867,674	930,867	1,026,801
Local funding	146,469	158,963	185,092	190,960	204,830	216,982	223,638	246,014	270,934	318,431	329,972	341,900	423,474	329,768
NZTA funding	156,133	175,325	210,106	224,214	238,579	251,144	264,365	279,435	299,933	351,521	360,764	369,067	430,703	356,236
Crown funding	19,667	20,371	21,293	22,308	24,051	26,229	27,943	26,567	28,266	29,303	115,097	156,706	76,690	340,798
Total public transport services	589,186	625,114	702,965	736,275	779,766	834,837	909,619	911,092	961,595	1,061,514	1,093,299	1,119,588	1,090,061	1,180,419
Private share of PT service costs	45%	43%	41%	41%	40%	41%	43%	39%	38%	34%	26%	23%	15%	13%

Option to increase Farebox share

An option to increase Farebox revenue and its proportional share of public transport services, could be to require NZTA to reinstate the 50 percent farebox recovery ratio policy, which was established in 2010. At the time, this was a target for Public Transport Authorities (PTA) to achieve over two National Land Transport Programme (NLTP) cycles (by the mid-2010s). While limited policy work has been undertaken and we have not engaged with either NZTA or PTA's on reinstating the policy, we consider that regions would again need at least two NLTP cycles to build towards the target, as most regions are well below 30 percent farebox revenue – this would not be a 'quick fix' for GPS 2024. Officials expect that a 50 percent farebox target will be easier for the larger cities, including Auckland and Wellington. Further policy work could be commissioned to provide more robust estimates, more evidence, and an approach which looks at the impacts for all regions.

Public transport services and infrastructure expenditure and cost recovery



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Crown funding Package - Government Policy Statement on land transport 2024	Funding sought (\$m)					Comment
	24/25	25/26	26/27	27/28	TOTAL	
Existing FED/ RUC Revenue	3,940	4,021	4,115	4,203	16,278	
Revenue from EV RUC	122	160	203	243	728	This has been included in existing revenue forecasts
TUC	18	18	18	18	72	This has been included in existing revenue forecasts
MVR	231	230	228	227	916	This has been included in existing revenue forecasts
Existing revenue	4,311	4,428	4,564	4,691	17,994	
NLTF revenue opportunities						
Increase FED/RUC			360	900	1,260	12c one-off per litre increase in FED/RUC, starting 1 January 2027, followed by 6 cents per litre on 1 January 2028, followed by 4 cent per litre per annum increases.
Increase TUC	-	-	-	-	-	§ 9(2)(f)(iv)
Increase MR1 (annual licensing fee)	266	264	262	261	1,053	Assumes a \$50 increase in MR1 (i.e. the rate for most light vehicles increases from \$43.50, to \$93.5 in 2024/25)
Total NLTF revenue opportunities	266	264	622	1,161	2,313	
Crown Revenue						
Crown grant (operating)	-	30	-	-	30	The opex grant has been offset by increased in FED/RUC and MVR, NZTA back office savings and a reduction in the GPS 2024 activity class ranges. More details are provided below. Although it is showing a \$31m opex grant, given the increased revenue in 2024/25 we expect this could be removed.
Crown grant (capital)					4,144	This is composed of \$1,544 million to confirm the previous government's 'in-principle' capital contribution to the GPS 2024 and \$1,600 million to replace the previous government's 'in-principle' contributions to the GPS 2024. After 2027/28 there is an ongoing capital grant of \$1 billion per annum
Crown loan	1,048	1,048	1,048	1,000	3,080	To address funding shortfall over 2024-27
Total Crown revenue opportunities	1,027	1,027	1,027	1,000	7,254	
Total revenue	6,651	6,797	7,261	6,852	27,561	
Less section 9 funding	56	56	56	59	226	Section 9 is topliced of NLTF revenue before it becomes available for investment in the NLTP
Total NLTF revenue	6,596	6,741	7,205	6,793	27,335	The savings from not refinancing the \$2 billion loan and NZTA back office has reduced the need for revenue. In total over the 4 years we estimate there will be \$750 million in savings.
NLTP 2024-27 revenue/expenditure 20,542						
Calculations for opex grant						
	24/25	25/26	26/27	27/28	TOTAL	
Original opex grant	180	480	720		1,380	Income to replace the Fuel Excise Duty/Road User Charge increases proposed by the previous government.
Less						
Savings from increased revenue	266	264	622	1,161	2,313	The opex grant has been reduced by the additional revenue generated from the increase in MVR and 12c FED/RUC.
Subtotal	-	86	216	98	228	
Savings from not refinancing \$2B loan	161	161	161	161	644	Refinancing the existing \$2B loan has been assumed as a precondition for NZTA accepting a further (\$3B) loan. If refinancing does not occur: 1. NZTA acceptance of a further loan is uncertain. 2. The fiscal cliff is increased from 2031. 3. Treasury will need to determine whether repayment risk is at level to be included as a specific fiscal risk or, if more likely than not, counted in forecasts
subtotal	-	247	55	6	256	
NZTA back office savings	25	25	25	25	100	\$25m per annum is calculated as approximately 7.5% of NZTAs back office.
Subtotal	-	272	30	89	331	
Reduction in GPS activity class ranges	0	0	0	0	-	If all Activity Class ranges, with the exceptions below, have been reduced by \$10m per annum. - The maintenance activity classes have been excluded as they are a priority from funding. - The investment management management has been excluded as the activity is already small (less than \$100m per annum). - The state highway improvements has been excluded from this as expenditure in that activity class would be capital expenditure. - Rail has been excluded as this is funded from TUC and Crown grants
Net opex grant	-	272	30	89	331	A negative opex grant, means that we have additional savings that could be used to offset the need for the capex grant or the crown loan
Expenditure vs revenue						
Total NLTF revenue	6,596	6,741	7,205	6,793	27,335	
less debt repayments	-	501	630	1,134	998	3,263
Available revenue	6,095	6,111	6,071	5,795	24,072	
Minimum NLTP spend	4,790	5,090	5,070	5,620	20,570	
NLTF discretionary funding	1,305	1,021	1,001	175	3,502	

Crown funding Package - Government Policy Statement on land transport 2024	Funding sought (\$m)											Comment
	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	TOTAL	
Existing FED/ RUC Revenue	3,940	4,021	4,115	4,203	4,188	4,169	4,141	4,105	4,054	3,992	40,927	
Revenue from EV RUC	122	160	203	243	291	350	418	493	576	674	3,529	
TUC	18	18	18	18	18	18	18	18	18	18	180	
MVR	231	230	228	227	225	224	223	221	220	219	2,248	
Existing revenue	4,311	4,428	4,564	4,691	4,723	4,761	4,800	4,837	4,868	4,903	46,885	
NLTF revenue opportunities												
Increase FED/RUC			360	900	1,200	1,320	1,560	1,800	2,040	2,280	11,460	12c one-off per litre increase in FED/RUC, starting 1 January 2027, followed by 6 cents per litre on 1 January 2028, followed by 4 cent per litre per annum increases.
Increase TUC	-	-	-	-	-	-	-	-	-	-	-	s 9(2)(f)(iv)
Increase MRL (annual licensing fee)	266	264	262	261	259	257	256	254	253	252	2,584	Assumes a \$50 increase in MRL (i.e. the rate for most light vehicles) increases from \$43.50, to \$93.5 in 2024/25.
Total NLTF revenue opportunities	266	264	622	1,161	1,459	1,577	1,816	2,054	2,293	2,532	14,044	
Crown Revenue opportunities												
Crown grant (operating)	-	30	-	-	-	-	-	-	-	-	39	The operating grant has been offset by increased income from FED/RUC and MVR, NZTA back office savings and a reduction in the GPS 2024 activity class ranges. More details are provided below. Although it is showing a \$31m operating grant, given the increased revenue in 2024/25 we expect this could be removed.
Crown grant (capital)	-	-	-	-	-	-	-	-	-	-	10,144	This is composed of \$1,544 million to confirm the previous government's 'in-principle' capital contribution to the GPS 2024 and \$1,600 million to replace the previous government's 'in-principle' contributions to the GPS 2024. After 2027/28 there is an ongoing capital grant of \$1 billion per annum.
Crown loan	1,048	1,048	1,048	1,000	1,000	1,000	1,000	1,000	1,000	1,000	3,080	To address funding shortfall over 2024-27.
Total Crown revenue opportunities	1,027	2,104	2,075	1,000	1,000	1,000	1,000	1,000	1,000	1,000	13,254	
Total revenue	6,651	6,797	7,261	6,852	7,181	7,338	7,615	7,891	8,162	8,435	74,483	
Less section 9 funding	56	56	56	59	59	60	62	63	63	64	597	Section 9 is top sliced of NLTF revenue before it becomes available for investment in the NLTP.
Total NLTF revenue	6,596	6,741	7,205	6,793	7,122	7,279	7,553	7,828	8,098	8,371	73,586	
NLTP 2024-34 revenue/expenditure	73,586											
Calculations for opex grant												
	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	Total	
Original opex grant	180	480	720	-	-	-	-	-	-	-	1,380	Income to replace the Fuel Excise Duty/Road User Charge increases proposed by the previous government.
Less											0	
Savings from increased revenue	266	264	622	1,161	1,459	1,577	1,816	2,054	2,293	2,532	14,044	The opex grant has been reduced by the additional revenue generated from the increase in MVR and 12c FED/RUC.
Subtotal	86	216	98	-	-	-	-	-	-	-	228	
Savings from not refinancing \$28 loan	161	161	161	161	161	161	161	54	144	1,317	388	Refinancing the existing \$28 loan has been assumed as a precondition for NZTA accepting a further (\$38) loan. If refinancing does not occur: 1. NZTA acceptance of a further loan is uncertain. 2. The fiscal cliff is increased from 2031. 3. Treasury will need to determine whether repayment risk is at level to be included as a specific fiscal risk or, if more likely than not, counted in forecasts.
Subtotal	247	55	64	-	-	-	-	-	-	-	256	
NZTA back office savings	25	25	25	25	25	25	25	25	25	25	250	\$25m per annum is calculated as approximately 7.5% of NZTA's back office.
Subtotal	272	30	89	-	-	-	-	-	-	-	331	
Reduction in GPS activity class ranges	0	0	0	0	0	0	0	0	0	0	0	If all Activity Class Ranges, with the exceptions below, have been reduced by \$10m per annum. - The maintenance activity classes have been excluded as they are a priority from funding. - The investment management management has been excluded as the activity is already small (less than \$100m per annum). - The state highway improvements has been excluded from this as expenditure in that activity class would be capital expenditure. - Rail has been excluded as this is funded from TUC and Crown grants.
Net opex grant	272	30	89	-	-	-	-	-	-	-	331	A negative opex grant, means that we have additional savings that could be used to offset the need for the capex grant or the crown loan
Expenditure vs revenue												
Total NLTF revenue	6,596	6,741	7,205	6,793	7,122	7,279	7,553	7,828	8,098	8,371	73,586	
less debt repayments	501	630	1,334	998	797	801	801	1,018	1,073	1,248	10,000	
Available revenue	6,095	6,111	6,071	5,795	6,326	6,478	6,752	6,810	7,025	6,123	63,585	
Minimum NLTP spend	4,790	5,090	5,070	5,620	5,895	6,025	6,120	6,190	6,275	6,370	57,445	
NLTP discretionary funding	1,305	1,021	1,001	175	431	453	632	620	750	247	6,140	

These numbers are from the GPS AC model spreadsheet. *Make sure you are using the latest figures*

interest rate 4.85%

	10	9	8	7	6	5	4	3	2	1
Existing \$2bn loan	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Opening balance	2,000	1,840	1,672	1,496	1,311	1,118	915	702	479	245
Drawdown	0									
Principal repayments	-160	-168	-176	-185	-194	-203	-213	-223	-234	-245
End balance	1,840	1,672	1,496	1,311	1,118	915	702	479	245	0
Interest payments	-97	-89	-81	-73	-64	-54	-44	-34	-23	-12
Net cash outflow requirement	-257	-257	-257	-257	-257	-257	-257	-257	-257	-257

New GPS24 loan	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Opening balance	0	1,027	1,960	2,780	2,437	2,077	1,700	1,305	890	456
Drawdown	1,027	1,027	1,027							
Principal repayments	0	-94	-206	-343	-360	-377	-395	-415	-435	-456
End balance	1,027	1,960	2,780	2,437	2,077	1,700	1,305	890	456	0
Interest payments	0	-50	-95	-135	-118	-101	-82	-63	-43	-22
Net cash outflow requirement	0	-143	-301	-478	-478	-478	-478	-478	-478	-478

Debt repayments										
Auckland Transport Package	117	118	118	0	0	0	0	0	0	0
Housing Infrastructure Fund	0	0	0	0	3	9	17	27	0	0
PPPs	274	259	228	220	220	218	210	203	194	196
Shock facility (interest)	9	9	9							
Shock facility (principle)	0	0	250							
COVID facility (interest)	4	4	4	4						
COVID facility (principle)	0	0	127	200	0	0	0	0	0	0

\$m	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Total debt repayments (interest)	-110	-152	-189	-211	-182	-155	-127	-97	-66	-34
Total debt repayments (principle)	-552	-639	-1,106	-948	-776	-807	-835	-867	-862	-897
Total debt inflows	1,027	1,027	1,027	0	0	0	0	0	0	0
Net impact of debt	365	235	-269	-1,159	-958	-962	-962	-964	-928	-931

Bullet repayment										
Loan repayment	96	96	96	96	96	96	96	311	402	1,574

Debt repayment with bullet loan	501	630	1,134	998	797	801	801	1,018	1,073	2,248
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From: [George Ross](#)
To: [Helen FionaWhite](#); [Dominic Cowell-Smith](#)
Cc: [Tim Herbert](#); [Len Starling](#); [Richard Manning](#); [Oliver Findlay-Badham](#); [Paul O'Connell](#)
Subject: GPS additional advice 7/2
Date: Wednesday, 7 February 2024 12:05:00 pm
Attachments: [Graphs for PT share and Fuel consumption \(002\).xlsx](#)
[AC ranges A3 v5.0.pptx](#)
[image001.png](#)

Kia ora Helen and Dom,

Please find the below responses to your requests/questions that have come through this morning.

Let me know if you have any questions.

- 1. Increase funding in the Local Road Pothole Prevention activity class to allow for the forecast spend and the pothole fund to fit within the activity class range.**

Done (attached)

- 2. Would increasing the State Highway and Local Road Pothole Prevention, and Operations activity class ranges result in an increased level of maintenance?**

As the current NLTP 2024-27 bids for road maintenance fit within the current activity class ranges, ^{s 9(2)(g)(i)}

As we understand it, the current NLTP 2024-27 bids are indicative estimates of the level of work councils and NZTA expect they can do (and for Local Councils what they can afford) over 2024-27, these estimates will be refined/moderated/optimised by NZTA before they are funded as part of NLTP 2024-27. To ensure the NZTA Board has adequate discretion to fund an optimised maintenance programme we would advise against increasing the lower bands in the maintenance activity classes.

- 3. Would decreasing the State Highway Improvements activity class range increase the deliverability of the NZTA's capital investment programme.**

We are unable to comment on the overall deliverability of the NZTA's capital investment programme, but we are aware that the State Highway improvements activity class range will require a significant increase in investment. If there are concerns about the ability to ramp up investment, we would suggest lowering the lower band in the first couple of years, maintaining a high upper band will allow NZTA to bring forward and/or speed up investment (where there are opportunities to do so).

- 4. Confirm that walking and cycling maintenance and end-of-life bridges will not be funded from the road maintenance activity classes.**

Yes, walking and cycling maintenance is currently proposed to be funded from the Walking and Cycling activity class. At a 25% FAR this should be fundable within the current activity class ranges.

We will update the activity class definitions in the draft GPS to reflect that end-of-life bridge will be funded from the improvements activity class. We expect this should be able to be done without requiring funding to be transferred into the improvements

activity classes.

- 5. In the activity class table, group the State Highway Pothole Prevention and State Highway Operations activity classes under a State Highway Maintenance header (and do the same for Local Roads)**

We will update the activity class table in the draft GPS to reflect this.

- 6. PT Infrastructure is suggested to be at \$2.174bn committed spend in the Revised Activity Range. But the OC231033 briefing [Attachment 3] says that there is ^{s 9(2)(ba)(i)} committed spend for PT Infrastructure**

OC321033 Attachment 3 shows pre-commitments for 2024-27 NLTF but this is only a subset of the Committed spend (eg OC231033 Appendix 4 0 and the revised AC spreadsheet of last week).

Pre-commitments are investments that have been approved by the Board for funding during NLTP 24-27.

The other major components of the committed spend are:

- ‘Carry-forward’ commitments from 2021-24. These are works that were expected to be delivered in 21-24 but due to delays will now be delivered in 24-27. ^{s 9(2)(ba)(i)}
- ‘Forecast funding variations’. These are forecast cost escalations in carry-forward or pre-committed investments ^{s 9(2)(ba)(i)}

Other components include the ‘Probables’ (additional projects that are expected to become commitments ie be approved for NLTF funding by the NZTA Board) before July 2024 and ‘Continuous programmes’ (NLTF contributions to on-going investments such as the maintenance of bus and ferry terminals)

- 7. Provide an updated VKT graph that projects out to 2040.**

Done (attached)

- 8. Update annex E – Crown Projects & Costs**

We will update this and include it in the draft GPS.

Ngā mihi
George

George Ross ([he / his](#))

Kaitohutohu Matua | Senior Advisor - Investments

Te Rautaki Pūnaha Waka me te Pūtea Haumi | System Strategy & Investment

Te Manatū Waka Ministry of Transport

M: ^{s 9(2)(a)} | E: g.ross@transport.govt.nz | transport.govt.nz



	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
							Public funding							
Local funding	\$146,469.00	\$158,963.00	\$185,092.00	\$190,960.00	\$204,830.00	\$216,982.00	\$223,638.00	\$246,014.00	\$270,934.00	\$318,431.00	\$329,972.00	\$341,900.00	\$423,474.00	\$329,768.00
NZTA funding	\$156,133.00	\$175,325.00	\$210,106.00	\$224,214.00	\$238,579.00	\$251,144.00	\$264,365.00	\$279,435.00	\$299,933.00	\$351,521.00	\$360,764.00	\$369,067.00	\$430,703.00	\$356,236.00
Crown funding	\$19,667.00	\$20,371.00	\$21,293.00	\$22,308.00	\$24,051.00	\$26,229.00	\$27,943.00	\$26,567.00	\$28,266.00	\$29,303.00	\$115,097.00	\$156,706.00	\$76,690.00	\$340,798.00
Total (\$m)	\$322.27	\$354.66	\$416.49	\$437.48	\$467.46	\$494.36	\$515.95	\$552.02	\$599.13	\$699.26	\$805.83	\$867.67	\$930.87	\$1,026.80
							Private funding							
Fare revenue	266337	269791	285626	297993	311340	339532	392605	357971	361463	360965	285563	249653	156318	148912
Third-party revenue	580	664	849	800	967	950	1068	1105	999	1294	1898	2262	2876	4705
Total (\$m)	\$266.92	\$270.46	\$286.48	\$298.79	\$312.31	\$340.48	\$393.67	\$359.08	\$362.46	\$362.26	\$287.46	\$251.92	\$159.19	\$153.62
Total total (\$m)	\$589.19	\$625.11	\$702.97	\$736.28	\$779.77	\$834.84	\$909.62	\$911.09	\$961.60	\$1,061.51	\$1,093.29	\$1,119.59	\$1,090.06	\$1,180.42
Farebox share	45.20%	43.16%	40.63%	40.47%	39.93%	40.67%	43.16%	39.29%	37.59%	34.00%	26.12%	22.30%	14.34%	12.62%
Private share	45.30%	43.26%	40.75%	40.58%	40.05%	40.78%	43.28%	39.41%	37.69%	34.13%	26.29%	22.50%	14.60%	13.01%
Local share	24.86%	25.43%	26.33%	25.94%	26.27%	25.99%	24.59%	27.00%	28.18%	30.00%	30.18%	30.54%	38.85%	27.94%
NLTF share	26.50%	28.05%	29.89%	30.45%	30.60%	30.08%	29.06%	30.67%	31.19%	33.12%	33.00%	32.96%	39.51%	30.18%
Crown share	3.34%	3.26%	3.03%	3.03%	3.08%	3.14%	3.07%	2.92%	2.94%	2.76%	10.53%	14.00%	7.04%	28.87%
NLTF+Crown share	29.84%	31.31%	32.92%	33.48%	33.68%	33.22%	32.14%	33.59%	34.13%	35.88%	43.53%	46.96%	46.55%	59.05%
Patronage				131,470,748	136,901,477	144,229,809	148,010,886	153,096,489	158,448,040	168,375,315	138,797,621	120,156,084	86,388,239	129,188,181



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MINISTRY OF TRANSPORT



Indicative Activity Class funding deep dive (ranges as at February 7)

Indicative Activity Class	What will be delivered through it?	Committed spend (\$m)	2024-27 Activity Class range (\$m)	Implications of activity class ranges	Possible change in AC bands	2024-27 Activity Class range vs forecast spend
					Flexibility in the ranges that may have the least implications	
State highway pothole prevention	Maintenance work relating to resealing, rehabilitating, and drainage on the state highway network. This activity class will not fund multi modal activities.	s 9(2)(ba)(i)	\$1,370 - \$2,160	The range enables the NZTA board to invest the forecast level of pothole prevention on the state highway network, including an allowance for the pothole fund. It is unclear if there is a sufficient allowance for emergency works.	Recommend no change	s 9(2)(ba)(i)
State highway operations	All other maintenance operations and renewals on the state highway network. Includes a provision for emergency works. This activity class will not fund multi modal activities.		\$1,890 - \$2,690	The range would enable the NZTA board to fund the forecast programme. Noting there is minimal head room above forecast spend	Recommend no change	
Local road pothole prevention	Maintenance work relating to resealing, rehabilitating, and drainage on local road network. This activity class will not fund multi modal activities.		\$1,820 - \$2,530	The range enables the NZTA board to invest the forecast level of pothole prevention on the local road network, including an allowance for the pothole fund. It is unclear if there is a sufficient allowance for emergency works.	Recommend no change	
Local road operations	The ongoing maintenance operations and renewals on the local road network. Includes a provision for funding emergency works. This activity class will not fund multi modal activities.		\$780 - \$1,520	The range would enable the NZTA board to fund the forecast programme.	Recommend no change	
Rail network	The Rail Network Improvement Plan (\$20m NLTF, and ~\$330m Crown grant per annum).		\$740 - \$1,670	The range allows for the Minister to allocate additional funding to the RNIP, over and above the Crown funding and TUC that is already committed.	Recommend no change	
Safety	Road Policing (\$400m-\$450m per annum), Road Safety Promotions (~\$50m per annum), Safety Cameras (\$100m per annum). This activity class will not invest in traffic calming measures.		\$1,530 - \$1,830**	The range would enable the NZTA board to invest in the forecasted programme, with headroom for additional improvements.	Upper band: -\$30m Lower band: -\$100m	

*The committed spend for state highway and local road pothole prevention and repair, and operations activity class is based on the NZTA's current estimates, which exceed the October 2023 estimate.
 **Reduced by \$20m per annum to align with the figures in the consultation draft GPS 2024.

Indicative Activity Class funding deep dive

Indicative Activity Class	What will be delivered through it?	Committed spend (\$m)	2024-27 Activity Class range (\$m)	Implications of activity class ranges	Possible change in AC bands	2024-27 Activity Class range vs forecast spend
					Flexibility in the ranges that may have the least implications	■ Activity Class range ■ Committed spend
Public transport services	New and existing public transport services, including bus, train and ferry services.	s 9(2)(ba)(i)	\$1,260 - \$2,010	The range allows for the NZTA board to maintain the level of service (at the current forecast) but this will need to be traded off against other activities and there may not be sufficient funding for new activities.	Upper band: -\$30m Lower band: -\$100m	s 9(2)(ba)(i)
Public transport Infrastructure	New/additional public transport infrastructure, and the ongoing maintenance operations and renewals of public transport infrastructure.		\$870 - \$2,190	The range allows for the NZTA board to fund existing commitments and "probable" activities, but there will be minimal funding for new activities and cost escalation.	Upper band: -\$30m Lower band: -\$100m	
Investment management	Programme business cases, transport planning documents, and a provision of the development and administration of the funding allocation management system.		\$205 - \$265	The range allows the NZTA to fund existing commitments and allows for a small (max \$80m) amount of discretionary funding for new activities.	Recommend no change	
State highway Improvements	Improvements to the existing state highway network and new state highway infrastructure. This activity class will not fund multi-modal improvements or traffic calming measures		\$3,750 - \$6,250	Increased activity class range to provide additional funding for RONS. At a minimum, the NZTA board would need to invest an additional \$2 billion into State Highway Improvements over 2024-27.	Recommend no change	
Local road Improvements	Improvements to the existing local road network and new local road infrastructure. This activity class will not fund multi modal activities.		\$460 - \$1,210	Increased activity class range to provide additional funding for Local Road improvements. At a minimum, the NZTA board would need to invest an additional \$245 million over 2024-27.	Upper band: -\$200m Lower band: -\$200m	
Walking and cycling	Both new/improved walking and cycling infrastructure, and the maintenance of walking and cycling infrastructure.		\$275 - \$510	The range allows the committed funding for improvements and the forecast maintenance to be funded (maintenance at 25% FAR). There is minimal funding for additional improvements and cost escalation.	Upper band: -\$30m Lower band: -\$30m	

PROACTIVELY RELEASED BY MINISTRY OF TRANSPORT TE MANATŪ WAKA

Activity Class ranges (ranges as at February 7)

Activity Class funding ranges		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Continuing programmes											
Public transport services	Upper	650	670	690	710	730	750	770	790	810	830
	Lower	400	420	440	460	480	500	520	540	560	580
State highway pothole prevention	Upper	660	730	770	970	1,020	1,030	1,050	1,070	1,080	1,100
	Lower	420	460	490	690	730	740	750	760	780	790
State highway operations	Upper	800	910	980	1,050	1,130	1,150	1,170	1,200	1,220	1,240
	Lower	560	640	690	730	780	800	820	830	850	870
Local road pothole prevention	Upper	780	850	900	1,170	1,230	1,260	1,280	1,300	1,320	1,340
	Lower	570	610	640	840	890	900	920	930	950	970
Local road operations	Upper	450	480	590	420	450	460	470	480	490	500
	Lower	240	260	280	290	320	320	330	340	340	350
Investment management	Upper	85	90	90	90	95	95	100	100	105	110
	Lower	65	70	70	70	75	75	80	80	85	90
Safety	Upper	600	610	620	630	630	630	640	640	640	650
	Lower	500	510	520	530	530	530	540	540	540	550
Rail network	Upper	550	560	560	570	570	570	580	580	580	580
	Lower	360	360	20	20	20	20	20	20	20	20
Improvements											
Public transport Infrastructure	Upper	680	730	780	740	760	780	790	800	810	820
	Lower	240	290	340	360	380	400	400	400	400	400
State highway Improvements	Upper	1,950	2,050	2,250	2,300	2,350	2,400	2,400	2,400	2,400	2,400
	Lower	1,150	1,250	1,350	1,400	1,450	1,500	1,500	1,500	1,500	1,500
Local road Improvements	Upper	400	400	410	410	420	420	420	430	430	430
	Lower	150	150	160	160	170	170	170	180	180	180
Walking and cycling	Upper	250	130	130	130	130	130	130	130	130	130
	Lower	135	70	70	70	70	70	70	70	70	70

Changes compared to GPS 2024 consultation draft (\$m)	
2024-27 change	10-year change
-790	-3,560
-660	-4,930
250*	1,860*
250*	2,100*
530*	2,310*
250*	1,990*
-	-
-	-
-	-
-	-
-150	-150
-440	-1,140
-990	-1,690
-840	-1,540
1,590	14,740
390	9,340
-	-
-	-
-490	-1,870
-225	-1,085

Changes compared to GPS 2021 (\$m)	
2024-27 change	10-year change
-630	-2,640
-60	40
1,730*	8,930*
760*	4,570*
1,530*	7,070*
450*	3,470*
-20	-15
-30	-80
-1,280	-5,010
-1,260	-4,870
1,160	4,000
380	-320
-270	-780
-160	50
3,600	17,040
1,700	9,870
-1,310	-4,980
-1,690	-6,150
165	235
50	-20

*To compare against previous versions of GPS we have compared the sum of the lower & upper bands of the pothole prevention and repair, and operations activity classes against the maintenance activity class.

NLTF funding package										
NLTF revenue	4,311	4,428	4,564	4,691	4,723	4,761	4,800	4,837	4,869	4,903
MVR increase	266	264	262	261	259	257	256	254	253	252
FED/RUC increase	-	-	360	900	1,200	1,320	1,560	1,800	2,040	2,280
Crown opex grant	-	-	-	-	-	-	-	-	-	-
Crown funding for rail	339	338	-	-	-	-	-	-	-	-
Crown capex grant	1,048	1,048	1,048	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Debt inflows	1,027	1,027	1,027	0	0	0	0	0	0	0
Total revenue	6,990	7,105	7,261	6,852	7,182	7,338	7,616	7,891	8,162	8,435
s(9) funding	-56	-56	-56	-59	-59	-60	-62	-63	-63	-64
NLTF revenue	6,935	7,049	7,205	6,793	7,122	7,279	7,553	7,828	8,098	8,371
Debt repayments	-500	-630	-1,134	-998	-797	-801	-801	-1,018	-1,073	-2,248
Available NLTF revenue	6,490	6,475	6,127	5,854	6,385	6,537	6,815	6,873	7,089	6,187
Minimum NLTP spend	4,790	5,090	5,070	5,620	5,895	6,025	6,120	6,190	6,275	6,370
NLTF discretionary funding	1,644	1,329	1,001	175	431	453	632	620	751	-247