



28 November 2023

OC230887

Hon Simeon Brown
Minister of Transport

Action required by:
Friday, 8 December 2023

cc Hon Matt Dooney
Associate Minister of Transport

SEEKING DIRECTION ON DRAFT GPS 2024

Purpose

Seek your direction on changes to the current draft of the Government Policy on land transport (GPS) 2024 and on the timetable for its release.

Following the Briefing to the Incoming Minister you received from the Ministry of Transport (the Ministry), this briefing is part of a series that go into greater detail on specific subjects.

Key points

- A GPS must contribute to the purpose of the Land Transport Management Act 2003 (the Act), which is “an effective, efficient, and safe land transport system in the public interest.” The GPS provides national strategic direction and signals the investment funding available to the Waka Kotahi New Zealand Transport Agency (the Agency), local government and the wider transport sector over the next three-year funding period. The strategy and funding signals in the GPS are critical for the Agency and local government for planning, budgeting and rate setting. As the Minister, you are responsible for issuing the next GPS (GPS 2024).
- There are a range of significant challenges in the land transport funding/investment system that we would like to discuss with you. However, the GPS will need to progress at pace, while the other issues are being worked through. This is because the next funding cycle starts on 1 July 2024, and the Agency and local authorities need the GPS to complete their own investment planning processes before then. To that end, this briefing mentions relevant issues in passing but is not a comprehensive discussion of all of the challenges in the funding/investment system.
- A draft GPS 2024 for consultation purposes was published in September 2023. Changes to that draft are required to align with the policies and priorities of your new government. This briefing provides some advice about how to implement those matters through GPS 2024 and also provides options for other changes to the document that you may wish to make.
- As a first step, some elements of the revised GPS funding package need to be clarified. After receiving confirmation (or otherwise) from you about our assumptions

on the funding proposals we will advise you of the fiscal implications, and possible terms for the proposed \$3.1 billion loan. We will work with Treasury and the Agency on these matters.

- Once the amount of funding available to the National Land Transport Fund (NLTF) is confirmed we can work with you to reflect your priorities in the various NLTF Activity Classes, including embedding the changes you have already signalled.
- Early decisions are also required on the Transport for the Future Programme (TFP). These decisions include governance for the programme, the priority ranking of the projects, and identification of the projects to be considered for private financing and delivery. These are interdependent decisions, which will need to be made as a package.
- The Agency has developed indicative updated cost estimates for the proposed TFP projects. Some of those estimates have doubled since the last publicly-available figures from 2017. This means that further prioritisation will be required to make the TFP affordable.
- Noting the scale of the prioritisation task, we recommend the TFP is, at least initially, developed as a separate programme outside of the NLTF to ensure Ministers retain control of the programme, projects and funding. This also helps avoid a risk that Ministers exceed their statutory powers.
- Recent trends in the sector have seen under-estimation, under-delivery and real cost inflation. Given the constrained revenue environment, it is imperative to address these trends in short order. We will provide you with advice about managing expenditure and enhancing productivity, through a focus on efficiency within the GPS.
- Following issuance of the final GPS 2024, there are several matters that require resolution to enable the sector to return to a stable footing. These include decisions on revenue, prudent debt limits, and the split of decision rights between Ministers and the Agency. This briefing provides options to manage these issues in the short-term. Further advice will be provided on options for the longer-term settings.
- Officials are available to meet to discuss these matters at your convenience.

Recommendations

We recommend that you:

- 1 **note** that you need to issue a new Government Policy Statement on land transport as soon as is practical, and in any event before July 2024
- 2 **agree** to meet with officials at your earliest convenience to discuss how a revised GPS 2024 can contribute to achieving your transport objectives Yes / No
- 3 **note** the need for a communication strategy to guide Regional Transport Committees as they start public engagement on their Regional Land Transport Plans in the next few weeks

- 4 **agree** that officials work with your office to develop some key messages that can be provided to Regional Transport Committees in advance of the release of a new draft GPS 2024 Yes / No



Tim Herbert
Manager, Investment
 28 / 11 / 2023

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)	✓
Len Starling, Principal Advisor, Investment		
Oliver Findlay-Badham, Adviser, Investment		

PROACTIVELY RELEASED BY
 MINISTRY OF TRANSPORT TE MANATU WAKA

SEEKING DIRECTION ON DRAFT GPS 2024

The GPS is the statutory mechanism for the government to describe its transport investment objectives and to direct spending from the NLTF

- 1 The Land Transport Management Act 2003 (the Act) is the legislation that covers planning and funding of the land transport system. The Act requires that the Minister of Transport issue a GPS. The Agency then produces a National Land Transport Programme (NLTP) of investments to give effect to the GPS.
- 2 The Minister sets the strategic direction for land transport investment through the GPS. The GPS is therefore your key lever to influence how the NLTF is invested. It sets out the Government's priorities and expectations for the land transport sector over the following ten years. The next GPS needs to be issued before July 2024.
- 3 A GPS must contribute to the purpose of the Act, which is "an effective, efficient, and safe land transport system in the public interest." The Act specifies the content of the GPS, including mandatory and optional components. The mandatory components include:
 - 3.1 the results the Crown wishes to achieve from allocation of the NLTF;
 - 3.2 the Crown's land transport investment strategy;
 - 3.3 likely revenue, including changes to the duties, fees, and charges paid into the NLTF (this includes the rates of Fuel Excise Duty (FED), Road User Charges (RUC), vehicle registration and licensing fees);
 - 3.4 linking the amount of revenue raised from road users with the planned levels of expenditure from the NLTF;
 - 3.5 setting overall expenditure targets and expenditure ranges for specific activities ("Activity Classes"); and
 - 3.6 a statement of the Minister's expectations of how the Agency gives effect to the GPS.
- 4 The GPS provides direction to the Agency and to local authorities when developing their transport plans. Local authorities develop Regional Land Transport Plans (RLTP) that reflect a region's transport priorities. The Agency uses these to develop the NLTP. The NLTF funds the NLTP.
- 5 The Agency has statutory independence and its board has final decision rights on what is included in the NLTP. Except for two "approved programmes" (rail investment and road policing) the Minister cannot direct the Agency to include specific projects in the NLTP or fund them from the NLTF. The main interactions between strategy, planning and funding are shown in Figure 1.

Figure 1: The land transport strategy, planning and funding system



- 6 Under the Act, when preparing a GPS, the Minister must consult the Agency and have regard to the views of Local Government New Zealand and representative groups of land transport users and providers. Past practice has been to satisfy these requirements through public consultation.
- 7 The Act also requires that when preparing or renewing a GPS the Minister must be satisfied that the GPS:
 - contributes to the purpose of the Act;
 - takes into account any national energy efficiency and conservation strategy; and
 - takes into account any relevant national policy statement that is in force under the Resource Management Act 1991.

The previous government developed and consulted on a Draft GPS but did not finalise it

- 8 As shown in Figure 1, there is a link from the GPS to RLTPs and the NLTP. This means that GPS 2024 needs to be completed before July 2024 (ideally sooner) to allow time for the Agency and local authorities to complete their own planning processes.
- 9 The previous government publicly consulted on a draft GPS 2024 prior to the 2024 General Election. That document had six strategic priorities:
 - Maintaining and operating the system
 - Increasing resilience
 - Reducing emissions

- Safety
 - Sustainable urban and regional development
 - Integrated freight system.
- 10 The draft GPS 2024 proposed \$20.8 billion of revenue for the NLTF/NLTP for the next three financial years. This was composed of \$13.2 billion of existing FED/RUC revenue and \$7.6 billion of additional funding from various sources.
- 11 Public feedback was broadly supportive of the draft GPS 2024. Key concerns were:
- a lack of action on climate change
 - a lack of sustainable funding
 - the need for increased funding towards maintenance and resilience
- 12 Assuming that there will be significant changes between the previous consultation draft and your new version, you will need to consult again before GPS 2024 is finalised.

The Ministry will work with you to rewrite the GPS to reflect your government's policies and priorities

- 13 There are three main sections to the GPS document:
- The strategic priorities
 - The revenue and expenditure parameters
 - The Ministerial expectations
- 14 Key issues to work through for each of these are sections described in more detail below.

Strategic Priorities

- 15 The GPS strategic priorities reflect the results the Crown aims to achieve from the allocation of funding from the NLTF, and national land transport objectives and policies. The strategic priorities are often aspirational, long-term in nature, and are expected to be advanced through investment from a variety of different sources, not just the NLTF.
- 16 The Agency gives effect to the Strategic Priorities through its initial investment screening tool called the Investment Prioritisation Method (IPM). The IPM has "GPS alignment" as one of its three factors.¹ The combination of all three factors leads to an overall priority ranking, which determines if the proposal will be included in the NLTP.

¹ The other two factors are Scheduling and Efficiency. Scheduling is defined as the criticality or interdependency of the activity with other activities. Efficiency is the expected return on investment, usually calculated as a Benefit to Cost ratio.

- 17 The ideal number of strategic priorities is a matter of judgement. More (or broader) priorities enable you to show you are 'covering all the bases' and give more scope for the Agency to apply its judgement. On the other hand, that can also provide grounds for almost any investment to be included in the NLTP. Having less (or narrower) priorities creates more focus and clearer guidance for the Agency when it is deciding on activities to include in the NLTP.
- 18 Some possible areas of focus for a revised set of strategic priorities include:
- roads of national significance
 - better public transport
 - rebuilding regions
 - improving resilience
 - creating a more efficient and safer transport network
 - increasing productivity
 - delivering housing growth
 - road maintenance, including fixing potholes.
- 19 We would like to discuss your views on the strategic priorities before we provide you with a new draft of the priorities for consideration.

Revenue and Expenditure

You are revising the GPS 2024 revenue package

- 20 Table 1 below provides a comparison between the revenue package in the previous Consultation Draft and our understanding of your Fiscal plan.

Table 1: draft GPS proposed funding package

2024/25-2026/27	Consultation Draft NLTF revenue	Fiscal plan
Existing FED/RUC	\$13.1 billion	\$13.1 billion ²
Crown grant - opex	\$0.841 billion	\$1.380 billion
Crown grant - capex	\$1.544 billion	\$1.544 existing

² We note that forecast FED/RUC revenue was revised up to \$13.3 billion after publication of the consultation draft and is likely to be revised again as part of the Half Year Economic and Fiscal Update (HYEFU).

2024/25-2026/27	Consultation Draft NLF revenue	Fiscal plan
		+ new \$1.600 billion
Climate Emergency Response Fund (CERF)	\$500 million	\$0
Infringement fees	\$300 million	\$0
FED/RUC increases	\$1.380 billion	\$0
New Crown loan	\$3.1 billion	\$3.1 billion
Total revenue	\$20.765 billion	\$20.724 billion

- 21 As a first step we seek confirmation that this understanding is correct. Our critical assumption is that the funding provided to replace the cancelled FED/RUC increases (\$720 million per annum by 2026/27) is ongoing/permanent beyond 2027/28. This is necessary to provide sufficient future revenue certainty/repayment certainty, to enable the Agency to take on a new loan.
- 22 After confirmation of our assumptions, there are several points to resolve before confirming the GPS 2024 revenue package. These include:

Accounting treatment of the loan and grant-funded repayment arrangement needs confirmation

- 23 Your fiscal plan replaces revenue from fuel tax increases with an equivalent commitment funded from the operating allowance. This is expected to provide the revenue stream required for repayment of the new loan facility. This is similar to providing a loan that the Crown agrees in advance to write-off, which is, in effect, a grant. Depending on how Treasury judges the substance of this arrangement, it may be necessary to immediately account for all of the new loan as a grant (i.e. opex for the Crown).
- 24 In addition to potential accounting and fiscal impacts arising from changes to the loan, Treasury has advised that choosing to fund \$2.1 billion of activities through a direct Crown operating grant rather than increased FED/RUC is expected to have a corresponding negative impact on the operating balance (OBEGAL³) and will materially lessen the amount of funding available to support other government priorities.

³ OBEGAL – Operating Balance Before Gains and Losses

Agreement by the Agency's Board that it will accept a \$3.1 billion loan

25 In their feedback on the previous consultation draft, the Agency indicated that before in-principle agreement is provided for the \$3.1 billion loan, they will need to be provided written confirmation of:

- A plan to address the recommendations that have been highlighted in the Land Transport Revenue Review⁴
- A plan to resolve NLTF funding constraints by 2027
- Intent to support and accelerate implementation of policy and operational aspects to enable implementation of a new pricing and funding regime by 2027, e.g. new pricing model, congestion charging, E-RUC, telematics
- Assurance that the Crown will underwrite the debt liability of the NLTF if additional and substitute revenue sources are not secured in this period.

26 These points have not yet been addressed. We note that the Agency's feedback was provided in the context of planned FED/RUC increases. The change to that component of the plan may alter the Agency's assessment of the loan proposal. It would be preferable to settle terms for any loan with the Agency before issuing another draft of GPS 2024 for wider consultation.

Ensuring there is enough capital expenditure to support the capex/opex shift

27 The Fiscal Plan replaces some proposed operating funding with capital. Whether this is possible will depend on the amount of capex in the next NLTP. The previous funding package was limited to \$1.544 billion of new capital by the amount of capital the Agency was expected to expend. The Transport for the Future Programme (TFP) projects will have a different mix of opex (grants to local government, KiwiRail, etc) and capex (state highway expenditure). This means that the amount of capital that can be injected will change. We will need to work through this issue with the Agency and Treasury to confirm that the proposed capex/opex split is viable.

This funding solution is not sufficient to create a sustainable financial outlook

28 As per the Agency's response to the \$3.1 billion loan proposal, the previous government's proposed funding package did not create a sustainable financial outlook. ^{s 9(2)(g)(i)} The presence of one-off grants and loans means that GPS 2024's ten-year funding projections will show a significant reduction in revenue from 2027/28. ^{s 9(2)(g)(i)}

29 We will be providing you with separate advice on revenue options (OC230975 refers). However, we don't expect these issues to be resolved before a revised draft GPS 2024 is issued.

⁴ This review was a piece of joint policy work by the Ministry, Treasury and Waka Kotahi, completed in 2022, that provided Ministers with advice on options to fix the NLTF funding gap.

Expenditure

- 30 The consultation draft GPS 2024 included \$20.8 billion of expenditure over three years. We understand that your alternative funding proposal also aims to target that level of expenditure.
- 31 As part of the previous draft GPS 2024, \$20.8 billion was expected to be sufficient to allow the Agency to:
- continue with service delivery at current levels,
 - continue with approved projects from GPS 2021, and
 - provide some limited headroom for the preparatory phases of some Strategic Investment Programme (SIP) projects.⁵
- 32 The expenditure breakdown was as follows:
- \$2.7 billion of debt repayments. This includes repayments for principal and interest on existing PPPs and loan facilities, including the \$2 billion loan provided as part of GPS 2021, and the proposed \$3.1 billion loan for GPS 2024;
 - \$10.8 billion for ongoing maintenance and operations of the system (e.g., road maintenance, public transport services, road policing);
 - \$4.8 billion to continue capital projects already approved. These are primarily roading improvements and public transport infrastructure investments that were approved in 2021-24 but will still be in-progress in the 2024-27 period; and
 - \$2.4 billion to progress the SIP. This funding for the SIP was for the first three years of the programme, largely to pay for the scoping and pre-implementation phase of the SIP, but with some minimal funding for construction. You have signalled you will be redirecting funding from the SIP to the TFP.
- 33 Many of the expenditure projections outlined above come with caveats, including:
- The Agency's advice is that between \$10.8 billion and \$13.3 billion of maintenance and operations funding is the minimum required to sustain the existing network condition. Even the higher amount is unlikely to be sufficient to improve the overall condition of the road network, or fully fund significant emergency works events⁶;
 - s 9(2)(g)(i)

⁵ Projects in the SIP were Warkworth to Whangārei – State Highway 1; Auckland Northwest Rapid Transit; Auckland rail third and fourth rail mains; Avondale to Onehunga rail link; Auckland and Wellington Metropolitan Level Crossing Upgrade and Removal Programme; Cambridge to Piarere – State Highway 1; Tauranga to Tauriko – State Highway 29; Napier to Hastings – State Highway 2; Wellington CBD to Airport – State Highway 1 – Second Mount. Victoria Tunnel and Upgrades to Basin Reserve/Arras Tunnel; Wellington CBD to Island Bay – Mass Rapid Transit; Nelson (Rocks Road) shared path – State Highway 6; Nelson – Hope Bypass – State Highway 6; Christchurch Northern Link – State Highway 1; Ashburton Bridge – State Highway 1.

⁶ See the Agency Briefing to Incoming Minister, page 7, for information about sustainable maintenance levels.

- There are unresolved issues about funding for Cyclone Gabrielle repair works. This is one of the most urgent cost pressures and highest funding priorities; and
- Planning to improve the climate resilience of the network (respond and adapt to climate impacts) is in its early stages and we do not have a complete picture of the climate risks to our infrastructure.

There needs to be a heightened focus on expenditure control and productivity

- 34 Recent trends in the sector have been for under-estimation, under-delivery and cost inflation significantly higher than the Consumer Price Index. Given the constrained revenue environment, it is imperative to address these trends in short order.
- 35 The current costings include \$300 million of efficiency gains. A specific plan to achieve these savings has yet to be developed. Beyond that we believe there is a need to ensure the sector puts as much focus on maximising delivery through available revenue as requesting additional revenue. We intend to brief you on options for managing expenditure and enhancing productivity through a focus on efficiency within the GPS. This will include actions that can be made through the GPS to direct the Agency to focus on reducing costs, driving efficiency and embracing innovation, both internally and system-wide.

New capital works programme – Transport for the Future

- 36 The list of projects we understand the government intends to commence in the 2024-27 period is shown in Table 2. We understand that the estimated costs for these projects derive from the latest publicly-available figures, which date from 2017. We asked the Agency to update those estimates. Those updates are also shown in Table 2.
- 37 Some significant disclaimers on the updated estimates are necessary. As many of these projects have been inactive for 2-6 years, the confidence level in these estimates is lower than usual. The updated estimated costs in Table 2 are based on the last available estimate, inflated to 2023 dollars. The width of the estimate range reflects confidence in the scope of the project and the state of knowledge of other variables such as ground conditions. In particular, in some cases there is large uncertainty about the scope of the project (e.g. two or four lanes, number of interchanges, etc.). The upper range estimate has been increased where there is more uncertainty.

Table 2: Capital works programme, first three years package

TFP Project	2017 cost estimate	Updated estimate	Basis
Whangārei to Port Marsden Highway	\$1,310 million	s 9(2)(i)	2021 Detailed Business Case
Cambridge to Piarere Expressway	\$721 million		2023 design phase estimate
Mill Road Stage 1	\$1,300 million		2020 Detailed Business Case

TFP Project	2017 cost estimate	Updated estimate	Basis
East West Link	\$1,850 million	s 9(2)(i)	2018 Detailed Business Case
Tākitimu Northern Link Stage Two	\$627 million		2023 Design phase estimate
Belfast to Pegasus Motorway and Woodend Bypass	\$270 million		2014 scheme assessment
Eastern Busway	\$717 million		2019 Detailed Business Case
Lower North Island Rail upgrade	\$874 million		[To be confirmed]
Second Ashburton Bridge	\$113 million		2022 Detailed Business Case
Otago-Southland (Q'town+bridges 10-year commitment, pro-rated)	\$60 million		n/a
Plus preliminary work on longer-term TFP projects			n/a
Total	\$7,842 million		
Amount available in NLTP	\$2,385 million		

- 38 s 9(2)(i) This is due to inflation, changes to environmental and design standards, and the expanding scope of projects (e.g. grade separation and separate cycle lanes).
- 39 Your fiscal plan also noted an intention to reprioritise \$1.5 billion of funding from Mill Road and the Port Marsden Road and rail projects in the New Zealand Upgrade Programme (NZUP). We note that NZUP is under considerable cost pressure. Cancelling these three projects may help make the rest of the programme affordable, but is unlikely to create any material surplus for reallocation. For example, the Whangārei to Port Marsden Safety Improvements project is already paused due to lack of funding.
- 40 We note that the benefits of the TFP projects are unlikely to have escalated as rapidly as the costs. This may mean that projects that made sense in 2017 can today no longer be justified on a cost-benefit basis. We recommend that you commission and consider business cases for these projects before making final funding decisions.
- 41 You will need to make decisions about how you will fund these investments, and the administrative and procurement arrangements you will use to progress the projects.

Administrative arrangements / decision rights

42 As described above, the Act does not allow the Minister to direct the Agency to provide funding from the NLTF for any specific investment. That is, under existing legislation, you cannot direct the Agency to fund the TFP projects from the NLTF.

43 s 9(2)(h)



44

- The Agency has the right to fund other projects in preference to the ones preferred by the government if, for example, they assess those other projects to be a better strategic fit and have a higher Benefit-Cost Ratio.
- Given the requirement to exercise financial prudence, the Agency may choose not to fund the government's preferred projects (or any new projects) if the Board is unsure about ongoing funding for delivery.

45 The key trade-off here is between reducing bureaucracy and maintaining control. We consider there are three options:

- **Option 1:** Replicate the formulation in the consultation draft. This is administratively simple but gives the Agency the right to decide priorities within the programme, and to defer or fund other projects in preference to ones on the TFP. This can be partially but not fully mitigated by making the TFP a specific strategic priority.⁷; **OR**
- **Option 2: [Ministry recommendation]** Run the TFP, at least initially, as a separate work programme outside the NLTF. There are a range of advantages and disadvantages to working outside the NLTF. We would like to explore those with you in due course so that you are able to make an informed decision. However, in the short-term (i.e for the new consultation draft of GPS 2024) retaining TFP funding outside of the NLTF preserves your options. This will provide you with the opportunity to shape these projects to achieve the best outcomes.

Once the projects are fully scoped and planned, Ministers can determine the best way to fund and deliver them (i.e. via the NLTF, outside the NLTF, or via other avenues like Public-Private Partnerships). The GPS can still reference all the major land transport investments that the Crown is proposing. However, the TFP would be written to sit as part of the Crown's investment strategy that is

⁷ As was done with the Roads of National Significance in GPS 2009. As a strategic priority the strategic assessment of those projects is elevated, increasing the likelihood of receiving funding

(initially) funded outside of the NLTF. In this case the NLTF would be focused on maintenance and other continuing programmes. **OR**

- **Option 3:** Change the Act to allow for a set of capital projects to be part of an approved programme. An approved programme is NLTF expenditure that is signed off by the Minister. Existing approved programmes are limited to police and rail activities. Although relatively simple from a legal drafting perspective, adding an approved programme to cover road building would be a major change in the way the Act and the Agency operate. Therefore, we would recommend further policy consideration before pursuing this course. We also note that even a minor amendment would be challenging in the time available, particularly given the busy legislative agenda of your new government.

Procurement arrangements and Public Private Partnerships

46 We note your intention to progress some of the TFP projects as PPPs. Early identification of those projects will be important to allow establishment of appropriate governance arrangements. It will be necessary to ensure alignment between the PPP governance process and the agency that will eventually be responsible for payment of the unitary charges.

Activity classes

47 Once the funding envelope for the NLTF has been confirmed, we can provide you with options for allocation of that funding between activity classes. We note that the TFP signals some changes already. Our understanding of these is shown in Table 3 below.

Table 3 Changes to consultation draft Activity Classes

Activity class	Manifesto commitment
Continuous programmes	
Public transport services	
State highway maintenance	Increase (plus allow for \$500 million pothole fund)
Local road maintenance	Increase (plus pothole fund)
Investment management	
Rail network	
Improvements	
Public transport infrastructure	Decrease \$1.5 billion to fund Roads of National Significance (RoNS). Allocate \$3 billion to fund specific TFP Public Transport projects
State highway improvements	Increase \$1.5 billion (assuming RoNS sit in the NLTF)
Local road improvements	
Safety	Decrease \$3 billion to fund RoNS (and pothole fund?)

Activity class	Manifesto commitment
Walk and cycling improvements	Spend less
Coastal shipping	Spend less
Inter-regional public transport	Spend less
Other	
Reversing speed limit reductions (ring fence)	\$30 million from State Highway and Local Road Maintenance and Investment

48 We also note that the Agency has already received draft bids from local authorities for continuous programmes and improvement activities. These may also be useful to inform the activity class ranges.

49 We will brief you separately on road safety and how we can progress the Government's road safety priorities within the investment levels signalled in the GPS (see OC230859). We are also providing separate briefings on the Waitematā Harbour Crossing project (OC230875), Auckland Light Rail and Let's Get Wellington Moving (OC230960).

Ministerial expectations

50 The Ministerial expectations are important as they are the opportunity to provide more nuance about the way the Agency is expected to apply itself to giving effect to the GPS. The consultation draft has the following expectations:

- Deliver GPS outcomes in a way that provides value for money
- Investments must be efficient and effective
- The Agency to advise the Government on priority activities for Crown funding

51 We would like to discuss a revised expectations section with you. In particular, we suggest that you consider enhancing the expectations on the Agency to drive internal and system-wide efficiencies. We intend to provide you with additional advice on this matter.

Timing

The final GPS 2024 should be released as soon as possible to allow the Agency and regional transport committees to complete their own planning

52 Given that there will be significant changes to the document, you will need to consult again on GPS 2024 before it is finalised. Cabinet approval will be required for the revised consultation draft and then again for the final document. The Cabinet and public consultation processes will each take several weeks. This means that the time available for policy decisions to finalise GPS 2024 is extremely limited.

- 53 We have outlined a proposed timeline in Annex 1, including key points for your input.
- 54 We also note that, to meet their own statutory deadlines, Regional Transport Committee's (RTCs) will have to start public consultation on their RLTPs in December 2024. Given that it will not be possible to finalise GPS 2024 before then it would be useful to develop a communication strategy and some key messages, to assist RTCs and ensure, to the extent possible, that RTCs' consultation processes can be aligned/appropriate for the rewritten GPS. Options for that include an agreed communication from the Ministry or the Agency, or a statement of intentions from you.

Other matters to consider

You intend to shift NLTPs from a three-year to a ten-year horizon

- 55 We note your intention to shift the NLTP from a three-year to a ten-year investment horizon, to provide more certainty around long-term transport funding commitments. We agree this would be a positive move. Providing more certainty from the NLTP has been a long-standing concern of local government, the wider transport sector, and the construction industry. However, it is not without its challenges.
- 56 The GPS already has to provide a ten-year perspective, but current practice has been that only the first three years of the GPS have confirmed funding, with the remaining seven years being indicative only. A firmer ten-year view would require funding to be confirmed and committed across the full ten years. That would mean guaranteed FED/RUC increases and/or a combination of Crown loans and grants that would count against future operating allowances.
- 57 The second challenge is securing cross-party support. The Act provides for the Minister to review the GPS every three years and to amend it at any time. The Agency is then required to vary the NLTP to give effect to the amendments. Therefore, some level of cross-party consensus would likely be required to establish a credible ten-year funding and investment programme. The Agency and others would also need to consider how to structure funding guarantees and commitments, based on the limitation that the GPS could not bind future Governments.
- 58 Third is the question of how to integrate a ten-year investment horizon with "city deals". Will the city deals be "once and done" for ten years and will they all be done at the same time, so they can be integrated into a ten-year outlook?
- 59 The final item that needs consideration is the ability of any government to be able to specify particular projects. As already indicated, Ministers have limited powers to direct funding via the GPS, with the Agency ultimately responsible for determining NLTF funding to specific projects and/or programmes. Again, as indicated above, if Ministers do wish to have greater control over project/ programme selection, this means either holding the ten-year capital works programme outside of the NLTF or considering changes to the LTMA.
- 60 It would not be possible to make all the changes necessary to produce a ten-year investment horizon before GPS 2024 has to be finalised. However, GPS 2024 could signal your intent, and outline the work programme necessary deliver on that intent.

Climate Implications of Policy Assessment (CIPA)

61 Central government agencies are required to do a CIPA for all policy proposals that go to Cabinet and meet certain qualifying criteria (CO (20) 3 refers). A CIPA is a requirement if the impact on greenhouse gas emissions is likely to be equal or above 0.5 million tonnes carbon dioxide equivalent within the first ten years of the proposal period (i.e. an annual average of 50,000 tonnes). Not all roading projects will necessarily result in significant increases in emissions, but many of them will due to induced demand and embodied carbon.

62 The previous Minister of Transport committed to a CIPA on the Strategic Investment Programme before final Cabinet approval of GPS 2024. It is likely that the TFP proposals will also exceed the CIPA threshold and a CIPA analysis will be required.

s 9(2)(g)(i)

Climate Change Response Act 2002

63 The Climate Change Response Act 2002 (CCRA) sets out the strategic framework for New Zealand's approach to reducing emissions in line with our international commitments. The first three emissions budgets have been set, and in May 2022, the first Emissions Reduction Plan (ERP1) was released. ERP1 outlined the previous Government's plan to stay within the first emissions budget. The transport chapter of ERP1 sets out the specific actions to be taken between 2022 and 2025 to reduce transport emissions, in line with the emissions budget agreed for this period.

64 ERP1 contains a specific action to "ensure the next Government Policy Statement on Land Transport guides investment consistent with the emissions reduction plan." Following the release of ERP1, transport officials translated the transport chapter content into the Decarbonising Transport Action Plan (DTAP), which details how the government will implement its transport actions.

65 ERP1 also contains some specific actions that were expected to be implemented through GPS 2024. These include:

- Requiring new investments for transport projects to demonstrate how they will contribute to emissions-reduction objectives;
- Setting a high threshold for approving new investments for any transport projects, if they are inconsistent with emissions-reduction objectives; and
- Delivering major public transport service and infrastructure improvements in Auckland and Wellington.

66 The Crown is defending litigation where decision-makers are alleged to have paid insufficient attention to climate change, or to the consistency of their decisions with the ERP and/or emissions reduction targets.

67

s 9(2)(h)

68



Once GPS 2024 is finalised we need to begin policy work to fix several long-term issues

69 Current application of the GPS and the NLTF has moved some distance from the policy settings that the Act was designed to support, placing increasing strain on the system. For example:

- A large grey rectangular redaction box covering the content of the first bullet point. The text 's 9(2)(g)(i)' is written in red at the top left corner of the redacted area.
-
-
-

70 It will not be possible to address these issues before issuing another GPS consultation draft. However, the Ministry considers that they will all need to be addressed during this term of government. We plan to provide separate briefings on these matters in due course.

ANNEX 1 – KEY MILESTONES TO RELEASE GPS BY 1 JULY 2024

Note that the following timeline is indicative only.

Key Milestones	Dates
Meet with Minister of Transport to discuss: <ul style="list-style-type: none"> • Strategic priorities • Activity classes, and funding ranges 	December 2023
Update indicative draft GPS 2024 and Cabinet paper, following Ministerial direction (This is contingent on a finalised funding package – timeline hinges on when the funding package is agreed with Ministers.)	December 2023 – January 2024
Departmental consultation on draft GPS 2024 and Cabinet paper	December 2023/January 2024
Incorporate feedback following Departmental Consultation	January 2024
Ministerial consultation on draft GPS 2024 and Cabinet paper	January 2024
Incorporate feedback following Ministerial consultation	January/early February 2024
Consideration by Cabinet DEV Committee	February/March 2024
Cabinet approval the following Monday	February/March 2024
Public consultation begins on the draft GPS 2024	March/April 2024
Four-week public consultation process	March/April 2024
Officials consider submissions (1-week)	April 2024
Brief Minister on outcome of public consultation process	End of April/early May 2024
Incorporate Ministerial feedback post-public consultation	Mid-May 2024
Update draft GPS 2024 and Cabinet paper	Late-May 2024
Ministerial consultation (1-week)	Late-May/early June 2024

Consideration by DEV – unlikely to happen until early May (ANZAC day 25 April 2024, Easter 29 March – 1 April 2024)	June 2024
Cabinet confirmation	June 2024
GPS 2024 published (note GPS 2018 published on Thursday, 28 June 2018)	June 2024

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA



28 November 2023

OC230611

Hon Simeon Brown

Action required by:

Minister of Transport

Friday, 8 December 2023

cc Hon Matt Doocey

Associate Minister of Transport

ADVISING ON COST PRESSURES IN THE LAND TRANSPORT INVESTMENT PROGRAMME

Purpose

Advise you on the cost pressures in the land transport investment system, and seek your direction on next steps for effectively managing the transport investment programme.

Key points


- The previous government signalled investments of over \$280 billion in the land transport system. These investments include both new capital projects, and investment in the ongoing maintenance and operation of the land transport system. Of the currently estimated \$280 billion required to deliver these investments, only \$80 billion has been appropriated.
- This level of investment far exceeds the funding available and the capacity of the sector to deliver. We are already seeing cost increases and delivery delays across the programme of works. We expect that any substantive increase in the level of investment will further exacerbate these cost increases and delays.
- Your transport manifesto indicates a willingness to phase, cancel and re-scope existing projects, including Auckland Light Rail, the Second Waitematā Harbour Connection, Let's Get Wellington Moving and parts of the New Zealand Upgrade Programme. Officials estimate that cancelling Auckland Light Rail and the previous government's "Strategic Investment Programme" could free up an initial \$2.5 billion of funding over 2024-2027. Further work will be required to understand how the remaining projects can be reprioritised, rescoped or rephased and how much funding could be freed up beyond the 2024-2027 timeframe.
- Your manifesto commits to several additional projects. The New Zealand Transport Agency (the Agency) has provided initial costings for the Transport for the Future Programme. Although there is still a large amount of uncertainty around the costings, s 9(2)(f)(iv) These cost estimates are highly indicative and are dependent on several factors, including the final scope of the projects. The initial estimates in the manifesto for the TFP had a cost of \$25 billion.

IN CONFIDENCE

- To ensure that there is both funding and capacity to deliver your priorities, there is a need to further prioritise the transport investment programme and provide a sustainable level of funding into the system. We will be providing you with separate advice on revenue options (OC230975).
- Alongside this there is a need to ensure a greater focus on efficiency and performance across the sector. The recent cost increases are only partly due to inflation in material and labour costs. Other factors driving the costs include:
 - higher consenting and regulatory costs;
 - increasing land costs;
 - higher design standards (e.g. revised flood and seismic requirements);
 - addition of grade-separated cycle and walkways;
 - increasing environmental and amenity values;
 - the procurement and contracting models being used by the sector; and
 - an increase in overhead costs.
- Whilst these factors are legitimate reasons for cost increases, there needs to be a focus on mitigating the impact of these cost drivers to ensure there is as much of focus on efficiency and productivity as there is on the need for additional revenue.
- In the short term, there are changes you can make to reinforce the need for productivity and efficiency. These can be delivered and monitored through the Government Policy Statement on land transport 2024 (GPS-2024). Longer term, it would seem sensible to begin thinking through more fundamental changes to the way the land transport system operates.
- The Ministry can provide further advice on:
 - how to further prioritise the existing work programme;
 - changes that can be made in the short term through the GPS; and
 - the need for fundamental changes in the way the system operates.

Recommendations

We recommend you:

- 1 **note** the previous government signalled investment in the land transport system of over \$280 billion, which is unaffordable and undeliverable;
- 2 **s 9(2)(f)(iv)** 
- 3 **note** that the Ministry of Transport has work underway to review the way we plan and deliver long term transport investments, which we plan to progress once GPS 2024 is delivered and published in the middle of next year;

- 4 **agree** to initiate a formal reprioritisation of transport projects, including those in the Strategic Investment Programme and the Transport for the Future Programme; Yes / No
- 5 **agree** to meet with officials to discuss opportunities for changes in the short term that will provide a greater focus on delivery and productivity; and Yes / No
- 6 **agree** to meet with officials to discuss the need for longer term changes to the land transport investment system. Yes / No



Tim Herbert
Manager Investment
 28 / 11 / 2023

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		

PROACTIVELY RELEASED BY
 MINISTRY OF TRANSPORT TE MANATU WAKA

ADVISING ON COST PRESSURES IN THE LAND TRANSPORT INVESTMENT PROGRAMME

The previous Government signalled investments of over \$280 billion in the land transport system

The Pre-election Economic and Fiscal Update (PREFU), forecasted ~\$60 billion of National Land Transport Fund revenue over the next 10 years¹, which will be invested into the National Land Transport Programme

- Investment through the National Land Transport Programme (NLTP) includes both investment in the ongoing maintenance and operations of the system and improvements to the state highway, local road, and rail networks. This investment will be spread across the country and topped up by \$17 billion from Local Government for their projects.

In addition to the NLTP, the previous government signalled a commitment to invest over \$200 billion into specific transport projects and programmes

- Although it has been signalled that these projects will be delivered, funding has not been committed across the full build stage for most projects (e.g. only the business case stage of Auckland Light Rail is funded).
- In this briefing, we refer to the projects and programmes that the previous government signalled a commitment to deliver as the transport investment programme. Table 1 below summarises the transport investment programme, and it is outlined in more detail in **Annex 1**.

Table 1: The Transport Investment Programme

Project or programme	Estimated Total Cost (\$ million)	Appropriated Funding (\$ million)	Additional Funding required (\$ million)
Auckland Light Rail	14,600	189	14,411
Waitematā Harbour Connections	48,000	-	48,000
New Zealand Upgrade Programme	10,803	8,978	1,825
Rail Network Investment Programme and Metro Upgrades	39,612	2,190	37,422
Interisland Resilient Connection	2,465	2,465	-
Strategic Investment Programme	61,705	2,385	59,320

¹ Based on the consultation draft GPS 2024 funding package

National Land Transport Programme ²	48,032	48,032	-
Auckland Transport Alignment Project	29,948	3,496	26,451
Let's Get Wellington Moving ³	588	31	557
Debt repayments	9,617	9,617	-
Other ⁴	22,755	8,044	14,711
Total transport investment programme			

The transport system does not have the funding or capacity to deliver this level of investment

- 4 To fund the previous Government's transport investment programme, National Land Transport Fund (NLTF) revenue would need to increase by 17 percent each year for the next 5 years, from \$7.3 billion⁵ in 2021/22 to \$15.6 billion in 2026/27.
- 5 This forecast investment is largely in capital projects (\$185 billion) and does not make an allowance for the ongoing costs of these investments. Given the amount of investment, these ongoing costs will be substantial.
- 6 We will be providing you with separate advice on options to raise additional revenue.

We also need to significantly increase capacity and capability in the industry to deliver the investment programme

- 7 High-level analysis suggests we need to increase the number of workers in the transport sector across the country to ~65,000 by 2026/27, an increase from ~40,000 workers in 2022/23.⁶ This is significantly higher than what the current trend would suggest is feasible.

² The National Land Transport Programme investment reflects the 10-year NLTF revenue that is not being used to fund specific projects such as the Auckland Transport Alignment Project and Let's Get Wellington Moving

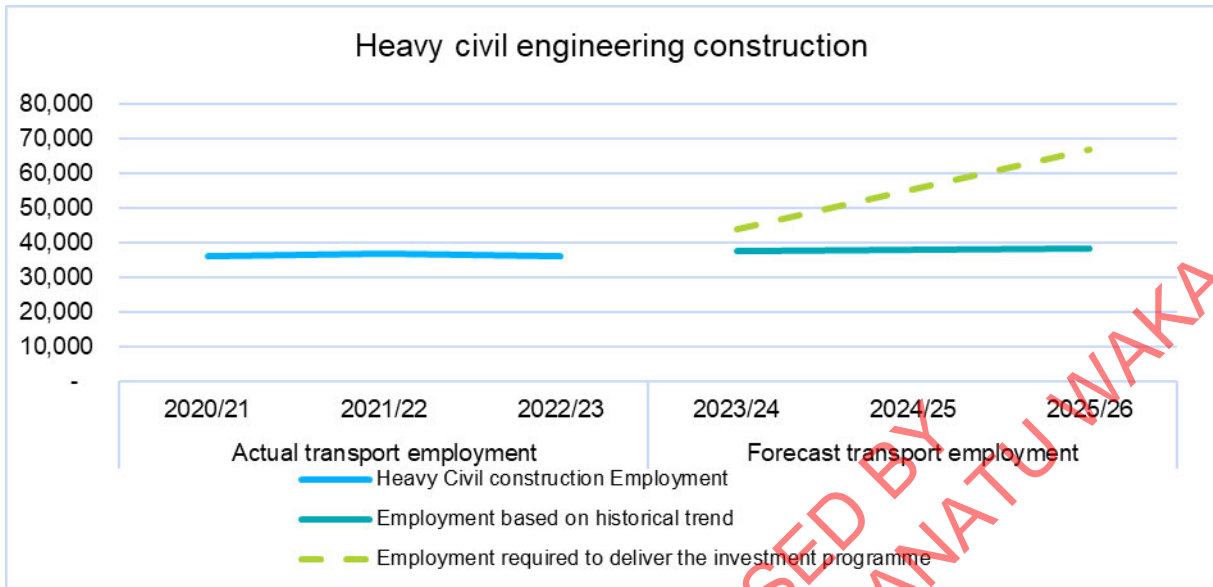
³ The Strategic Investment Programme includes the Second Mt Victoria Tunnel and the Mass Rapid Transit projects from Let's Get Wellington Moving

⁴ Other projects include: Transport Choices, the Eastern Busway, Lower North Island Rail Integrated Mobility, Christchurch Mass Rapid Transit, and the Cyclone Recovery and Rebuild package

⁵ The \$7.3 billion is made up of \$4.5 billion from the NLTF, \$1.5 billion from Local Government and \$1.3 billion from Crown Grants

⁶ Employment figures from StatsNZ ANZSIC06 E31

Figure 1: Historical and forecast heavy civil engineering and construction employment



8 Having the capability and capacity in the industry to build infrastructure is critical to delivering investments on time and within budget. The New Zealand Infrastructure Commission has reported the number of construction firms reporting working shortages is now at its highest level ever, with New Zealand requiring ~118,000 additional construction workers to deliver its infrastructure pipeline ^{s 9(2)(g)(i)}

9

Private financing, including Public-Private Partnerships (PPPs), will not increase industry capacity to deliver infrastructure projects

10 Whilst the use of private capital and Public Private Partnerships (PPPs) may provide alternative financing options for transport projects, these projects will face the same delivery constraints as any other project.

Initial cost estimates are increasingly unreliable indicators of final costs

11 Cost increases are not uncommon with large capital projects. This is, in part, due to the uncertainty and risk associated with large projects. However, although some level of uncertainty is inevitable, the risks increase significantly when projects are approved before the investigation, design and business case phases are completed. For example, the Interisland Resilient Connection (iReX) cost has increased by 235 percent since it was first approved, and it is still in its pre-implementation phase (i.e. building works have not yet fully commenced).

12 Cost increases across some large capital projects/programmes are shown below.

Table 2: Cost increases on selected transport infrastructure capital investments

Cost increases on selected transport infrastructure capital investments	Initial cost (\$ billion)	Current forecast cost (\$ billion)	Percentage increase
New Zealand Upgrade Programme ⁷	6.8	s 9(2)(i)	59%
Auckland Light Rail ⁸	5.25	14.6	178%
Waitematā Harbour Connections ⁸	20	48	140%
Interisland Resilient Connection	0.775	2.6	235%
City Rail Link ⁹	3.4	5.5	62%
Let's Get Wellington Moving ⁸	4.8	7.4	54%

13 The recent cost increases are only partly due to inflation in material and labour costs. Other factors driving the costs include:

- higher consenting and regulatory costs;
- increased land costs;
- higher design standards (e.g. revised flood and seismic requirements);
- addition of grade-separated cycle and walkways;
- increasing environmental and amenity values;
- the procurement and contracting models being used by the sector; and
- an increase in overhead costs.

14 Whilst some of these factors are legitimate reasons for cost increases, we need to focus on mitigating the impact of these cost drivers, to ensure they are not taken as unavoidable costs.

⁷ Cost increases in the New Zealand Upgrade Programme were more than this but have been offset, in part, by a reprioritisation exercise that was undertaken in 2021

⁸ Auckland Light Rail, Waitematā Harbour Connections, and parts of Let's Get Wellington Moving are still in the business case phase and will likely experience further cost increases and delivery delays as they move into implementation

⁹ Part of the reason for the delay and increase in cost of the City Rail Link is an increase in scope. In 2019, Ministers agreed to increase the size of the stations to accommodate nine-car trains over six-car trains

Cost increases and delivery delays are not limited to major capital projects and programmes

- 15 The NLTF annual report 2022-23 includes multiple measures for the delivery of the NLTP. In the past two years, no performance measure has achieved its target. A summary of these performance measures is provided below.

Table 3: Selected NLTF annual report 2021-2022 and 2022-23 performance measures

Selected NLTF annual report 2022-23 performance measures	Target	2021/22	2022/23
Proportion of state highway improvement activities funded by the NLTF delivered to agreed standards and timeframes	≥ 90%	86%	71%
Proportion of state highway improvement activities funded by the Crown delivered to agreed standards and timeframes	≥ 90%	58%	69%
Proportion of local road improvement activities funded by the NLTF delivered to agreed standards and timeframes	≥ 80%	61%	66%
Proportion of state highway maintenance activities delivered to agreed programme	≥ 90%	85%	72%
Proportion of the local road maintenance activities funded by the NLTF delivered to plan	≥ 90%	85%	82%

- 16 Whilst the sector has struggled to meet delivery targets over the past couple of years, there have been genuine reasons for the delivery delays. Sector-wide resource constraints have limited the ability to deliver projects on time. These constraints include a low availability of professional transport and construction services, which have affected design consultant commissioning, contractor procurement and materials acquisition.
- 17 Severe weather events (like Cyclones Hale and Gabrielle) further impacted the ability of the sector to deliver. These weather events occurred during the road maintenance season, limiting the ability to deliver maintenance programmes, and have resulted in resources being prioritised towards rebuild and recovery works.
- 18 NZTA advises that it expects delivery challenges to continue given the growth of the transport investment programme.

There is a need to reprioritise to free up funding and capacity

- 19 The TFP indicated a willingness to phase, cancel and/or rescope parts of Let's Get Wellington Moving, Auckland Light Rail, Waitemata Harbour Crossing, and the New Zealand Upgrade Programme. Cancelling the Auckland Light Rail and the Strategic Investment Programme will reduce the transport investment programme by \$76 billion. However, because these investments did not have committed funding, cancelling these projects only releases \$2.5 billion of actual funding towards delivery of the TFP.

Table 4: Funding freed-up from phasing, cancelling and/or rescoping selected projects

Project or programme	Total cost (\$ million)	Appropriated funding (\$ million)	Additional funding required
Transport investment programme	284,587	83,750	200,836
Less reprioritised projects			
<i>Auckland Light Rail</i>	14,600	189	14,411
<i>Strategic Investment Programme</i>	61,705	2,385	59,320
Net transport investment programme	208,282	81,176	127,105

- 20 We will need to work with Treasury, the Agency and KiwiRail to understand how the remaining projects can be reprioritised.

Transport for the Future programme

- 21 The Agency has developed indicative cost estimates for projects included in the TFP. Costs have been derived from previously completed business cases, scheme assessments or using internal experts. These costs remain highly indicative. Formal project level cost estimation will occur through business case work. As costs are indicative, there are a wide range of factors that will influence actual projects costs, including:
- Project scope, in particular function and form macro-level scope,
 - Project detailed design decisions, particularly in relation relating to intersections/interchanges and structures, or changes in design standards,
 - Project phasing and timing,
 - Future escalation of labour costs plant, and materials, and changes in property values,
 - The level of sector productivity gains that can be realised,
 - Ground conditions identified during detailed design phases,
 - Changes to consenting and/or other statutory approval requirements or timeframes, such as RMA changes, (e.g. fast-track legislation)
 - Consenting requirements and conditions
 - Market capacity and capability at the point of tendering and the selected procurement method,
 - Funding and/or financing options agreed for projects.

Table 5: Initial cost estimates to deliver the TFP

IN CONFIDENCE

Transport for the Future project	Initial estimate (\$ million) ¹⁰	Low estimate (\$ million)	High estimate (\$ million)
Roads of National Significance		s 9(2)(f)(iv), s 9(2)(i)	
Whangārei to Port Marsden	1,310		
Warkworth to Wellsford	2,200		
Cambridge to Piarere	721		
Tauriko West State Highway 29	1,900		
Mill Road Stage 1	1,300		
East-West Link	1,850		
Southern Links - Hamilton	600		
Petone to Grenada Link Road	1,800		
Cross Valley Link	1,900		
North West Alternative State Highway	2,325		
Tākitimu Northern Link Stage 2	627		
Second Mt Victoria Tunnel and Basin Reserve upgrade	2,200		
Hope Bypass	250		
Pegasus to Belfast Motorway and Woodend Bypass	270		
Total Roads of National Significance	17,353		
Better Public Transport			
Northwest Rapid Transit	2,900		
Eastern Busway	717		
Airport to Botany	1,071		
Lower North Island Rail	874		
Total Better Public Transport	5,562		
Rebuilding regions and improving resilience			
Second Ashburton Bridge	113		
Queenstown road network upgrade	100		
Otago-Southland bridge upgrades	100		
Total rebuilding regions and improving resilience	313		
Other			
Future announcements	200		
10% crown contingency	1,400		
Total Transport for the Future programme	24,828		

- 22 In addition to the above projects, you have identified four priorities to be funded from the National Resilience Fund. The Agency has provided some indicative costs for these priorities, summarised below.

¹⁰ Initial estimates are based on the figures in National's Transport for the Future manifesto

Table 6: *Roading projects to be funded from the National Resilience Fund*

s 9(2)(f)(iv)

- 23 Several of the projects included in the TFP are already included in the transport investment programme. Officials will need to work with Treasury, the Agency, and KiwiRail to understand how much additional funding is required.
- 24 Additional information on the cost estimates for the TFP and the National Resilience Fund projects is provided in **Annex 2**.

Next steps

As Minister, you have direct control over the level of investment in the land transport system, but have limited influence over the sector's ability to deliver

- 25 You can control investment in the transport sector through the GPS, the level of funding you make available through the NLTF, direct Crown funding, and commitments to deliver specific projects. If you wish you can phase, re-scope and cancel existing Crown funded projects to reduce or smooth the level of investment in the transport sector. Noting that, depending on the stage of the project, there may be a cost associated with canceling, phasing and re-scoping projects.
- 26 One of the best ways to increase capacity in the sector is a long-term commitment to investment. A long-term commitment to investment gives firms confidence to increase capacity, as they can see the potential for revenue certainty. In contrast, the sector is less likely to increase capacity in response to *ad-hoc* or short-term increases in funding. Instead, they are more likely to increase margins to build reserves for when the funding concludes.
- 27 Alongside long-term commitment to investment, the next best way to drive performance of the sector is to ensure there is as much of focus on efficiency and productivity as there is on the need revenue certainty.

In the immediate term, there is a need to reprioritise to free up funding and capacity

- 28 Your manifesto indicates a willingness to phase, re-scope and cancel existing projects. We support this and consider there is a need to undertake a formal reprioritisation of the existing transport investment programme and future projects.
- 29 While this may result in more projects being phased, re-scoped or canceled than signaled in your manifesto, it will provide confidence to the sector in the Crown's ability to fund and deliver these projects already underway and those, yet to be started, that you have indicated as a priority.

- 30 To undertake a formal reprioritisation, the Ministry alongside Treasury and delivery agencies, will need to understand your priorities for transport and understand the costs and benefits of individual projects.

In the short to medium term (i.e. three years) you can make changes to GPS 2024 that increase the focus on delivery, performance, and efficiency

- 31 You can direct the development of a performance and efficiency plan, through GPS 2024, to ensure there is a greater focus across the sector. This would be developed by the Ministry and the Agency, and could include reference to overarching performance and efficiency targets and reference specific actions. Both the plan and the targets would be approved by you, with regular monitoring of achievement.
- 32 The use of performance and efficiency plans is common for infrastructure delivery agencies. For example, the Office of Road and Rail (in the United Kingdom) produces an “Annual Assessment of National Highways’ performance”, which has key messages on the efficiency, enhancements portfolio, asset management, and environment. Each of these key messages contains several short-term and long-term measures and provides explanations when targets are not met. Savings targets are also established and actively monitored.
- 33 You could also stand up an industry task force to identify opportunities for efficiencies and productivity. This could build on the work of the Road Maintenance Taskforce in 2011 and include reviewing how we contract and deliver transport services/operations, capital projects and maintenance and renewals. The 2011 Road Maintenance Task Force had representation from across the sector and investigated efficiencies in the road maintenance sector. One of the results of the Road Maintenance Task Force was the establishment of the Road Efficiency Group, which had some success at the local authority level in driving efficiency.
- 34 If you choose to stand up a transport task force, the Ministry recommends the scope to include both ongoing expenditure on maintenance, operations and renewals, and capital expenditure at both the State Highway and Local Authority levels.
- 35 You can also direct the Ministry to increase its monitoring and assurance function. At a minimum, this would provide increased scrutiny and assurance on the Agency’s forecasts and provide additional oversight and assurance on the development and delivery of the NLTP.
- 36 We can provide further information on these changes, and if you wish to make them, we recommend they are included in GPS 2024. Our separate advice on GPS 2024 (OC230887 refers) provides further details.

In the longer-term, you may wish to make changes to how the land transport investment system is structured and operates

- 37 The immediate focus needs to be on delivery and performance. Longer term, officials consider it is important to address broader systemic issues with the land transport investment system, including project identification, funding, approval, and delivery.
- 38 To address these broader systemic issues, officials have begun work reviewing the way we plan and deliver long-term transport investments. This work, termed the

Future of the Transport Investment System, will identify potential changes and improvements to the transport investment system.

- 39 Officials will continue this work once Budget 2024 (expected May 2024) and GPS 2024 (deadline end of June 2024) have been delivered.

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

ANNEX 1: TRANSPORT INVESTMENT PROGRAMME

Project	Total cost (\$ million)	Approved funding (\$ million)	Additional funding required (\$ million)	Description
Auckland Light Rail (ALR)	14,600	189	14,411	Rapid transit connection between Auckland CBD and Māngere
Auckland Transport Alignment Project	29,948	3,496	26,451	Transport improvements in Auckland. Note that ATAP includes WHC, ALR, Eastern Busway, and CRL, but these projects have been reported separately
Auckland City Rail Link (CRL)	5,493	5,493	-	Construction of underground rail tunnels and new stations in Auckland CBD
Eastern Busway	1,409	-	1,409	Segregated busway between Pakuranga and Botany
Waitematā Harbour Connections (WHC)	48,000	-	48,000	Proposal to build additional Waitematā Harbour crossings
Interisland Resilient Connection	2,465	2,465	-	New Interislander ferries and supporting infrastructure in Picton and Wellington
Let's Get Wellington Moving	588	31	557	Programme of transport improvements in Wellington. This only reflects the transitional part of Let's Get Wellington Moving, the tunnel and mass rapid transit parts of this programme have been shifted to the Strategic Investment Programme
Lower North Island Rail Integrated Mobility	874	874	-	New trains and infrastructure upgrades on the Manuwatu and Wairarapa rail lines
Christchurch Mass Transit	3,588	-	3,588	Proposal to establish mass rapid transit across Greater Christchurch
Rail Network Investment Programme	4,500	2,190	2,310	Kiwi Rail's 10-year programme of investment in the rail network
Rail Metro programmes	35,112	-	35,112	Forecast investment as part of the Auckland and Wellington Metro Rail PBCs
Transport Choices	391	-	391	Large package of small, low-cost investments to support active and public transport nationwide
Cyclone recovery & rebuild package	11,000	1,677	9,323	Package of rebuild works to reinstate road/rail network in areas affected by extreme weather events in 2023
Strategic Investment Programme	61,705	2,385	59,320	A list of projects outlined in the consultation draft GPS 2024, that align to draft GPS 2024 outcomes and represent an opportunity for transformational change
New Zealand Upgrade Programme	10,803	8,978	1,825	Transport component of a national infrastructure programme, includes road and rail improvements

UNCLASSIFIED

National Land Transport Plan	48,032	48,032	-	Investment in the operations, maintenance, and improvement in the transport network, in line with the direction signalled in the GPS. The costs outline the NLTF and Local Government investment excluding the other projects on this list
Debt repayments	9,617	9,617	-	Repayments of existing debt facilities, including PPPs, and the additional \$3.1 billion loan included in the consultation draft GPS 2024
Total	288,125	85,427	202,697	

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAIKATO

IN CONFIDENCE

Annex 2: Transport for the Future cost estimates

(Waka Kotahi document: Cost Estimation – Purpose, Methodology and Assumptions (20/11/2023))

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

Cost pressures in the land transport system

Page 1

November 2023

Key points

- The level of investment in the transport sector is far greater than what the sector can deliver. This is causing cost increases and delays across the system.
- There needs to be as much of a focus on efficiency and productivity as there is on the need for additional revenue. This will ensure you can deliver your transport projects on time and within budget.
- We are seeking your direction on a reprioritisation of the existing commitments and any changes you would like to make in the short and long term.

The previous Government signalled transport investments of \$290 billion...

These investments are largely expected to begin within the next 20 years.

Many of the timeframes and costs are based on indicative estimates, and there has not been consideration of how to deliver or fund these projects. As detailed business cases have not been developed for several of these projects, it would not be surprising to see costs increase and timeframes pushed out.

Commitments to deliver these projects have been made on an *ad hoc* basis and it is likely that trying to deliver them without a coordinated portfolio approach will constrain the transport sector and drive-up costs.

...but has only appropriated \$85 billion funding

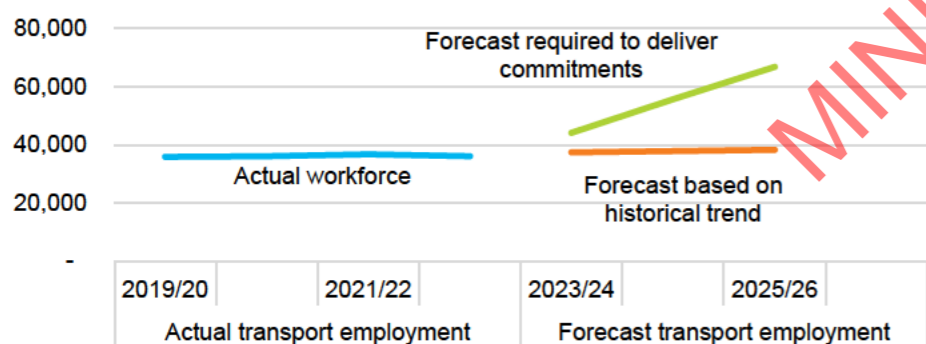
The remaining will need to be either funded from increases in FED & RUC, Crown grants, Crown debt, and/or private finance. The use of Crown debt or private finance will postpone the immediate cost burden but will need to be repaid, as such it does not fundamentally address the long-term affordability issues or the capacity constraints.

The transport sector does not have the capacity to deliver this level of investment

The transport sector is already experiencing considerable capacity constraints and is struggling to deliver projects on time and within budget.

It is likely that the current transport investment programme will exacerbate capacity issues.

Heavy civil construction employment



Employment figures from StatsNZ ANZSIC06 E31, 19 October 2023

The scale of proposals greatly exceeds the funding available to deliver them

The table below outlines the current signaled projects and the funding required / allocated to complete them.

Project (\$m)	Estimated Total cost	Appropriated funding	Additional required
Auckland Light Rail	\$14,600	\$189	\$14,411
Auckland Transport Alignment Project ¹	\$29,948	\$3,496	\$26,451
Auckland City Rail Link	\$5,493	\$5,493	-
Eastern Busway	\$1,409	-	\$1,409
Waitematā Harbour Connections	\$48,000	-	\$48,000
Interisland Resilient Connection	\$2,465	\$2,465	-
Let's Get Wellington Moving	\$588	\$31	\$557
Lower North Island Rail Integrated Mobility	\$874	\$874	-
Christchurch Mass Transit	\$3,588	-	\$3,588
Rail Network Investment Programme ¹	\$4,500	\$2,190	\$2,310
Rail Metro programmes	\$35,112	-	\$35,112
Transport Choices	\$391	-	\$391
Cyclone recovery & rebuild package	\$11,000	\$1,677	\$9,323
Strategic Investment Programme ²	\$61,705	\$2,385	\$59,320
New Zealand Upgrade Programme	\$10,803	\$8,978	\$1,825
National Land Transport Programme ¹	\$48,032	\$48,032	-
Debt repayments	\$9,617	\$9,617	-
Total	\$288,125	\$85,427	\$202,697

1. As the Auckland Transport Alignment Project, the Rail Network Investment Programme, and the National Land Transport Plan are ongoing, the total cost reflects the cost over the next 10 years.
2. The Strategic Investment Programme includes the Second Mt Vic Tunnel and the Mass Rapid Transit projects from Let's Get Wellington Moving

You have indicated a willingness to phase, re-scope and cancel existing projects

We have undertaken an initial reprioritisation exercise of Auckland Light Rail and the Strategic Investment Programme. But further work is needed to understand how the remaining projects can be reprioritised.

Cancelling Auckland Light Rail and the Strategic Investment Programme, could free up \$2.5 billion of appropriated funding

Transport for the Future

We have been working with the Agency to cost projects in the Transport for the Future Programme.

Costs have been derived from previously completed business cases, scheme assessments or using internal experts. These costs do not represent project estimates using the Agency's standard cost estimation processes. Formal cost estimation (at project level) will occur through business case work.

Transport for the Future (\$m)	Initial estimate*	Low estimate	High estimate
Roads of National Significance	\$17,353	s 9(2)(f)(iv), s 9(2)(i)	
Better Public Transport	\$5,562		
Rebuilding regions and improving resilience	\$313		
Future announcements	\$200		
10% Crown contingency	\$1,400		
Total programme	\$24,828		

*Initial costs represent costs included in National's Transport for the Future manifesto

s 9(2)(g)(i)

Cost pressures in the land transport system

Page 2

The transport sector is struggling to deliver on time and within budget

Cost increases and delivery delays have become common place in the transport sector. They are seen across both the ongoing maintenance, operations and renewals of the system and the capital improvements.

There are a range of underlying issues causing costs increases and delays, including that the sector does not have the capacity to deliver the level of investment. This is exacerbated by an insufficient focus on driving performance and efficiency.

In the past 2 years, several delivery targets have not been achieved

Proportion of activities delivering to agreed standards and timeframes	Target	2021/22	2022/23
State highway improvement activities (NLTF)	≥ 90%	86%	71%
State highway improvement activities (Crown)	≥ 90%	58%	69%
Local road improvement activities (NLTF)	≥ 80%	61%	66%
State highway maintenance activities	≥ 90%	85%	72%
Local road maintenance programme	≥ 90%	85%	82%

Measures from the Agency's annual report

Cost have increased across all major capital projects

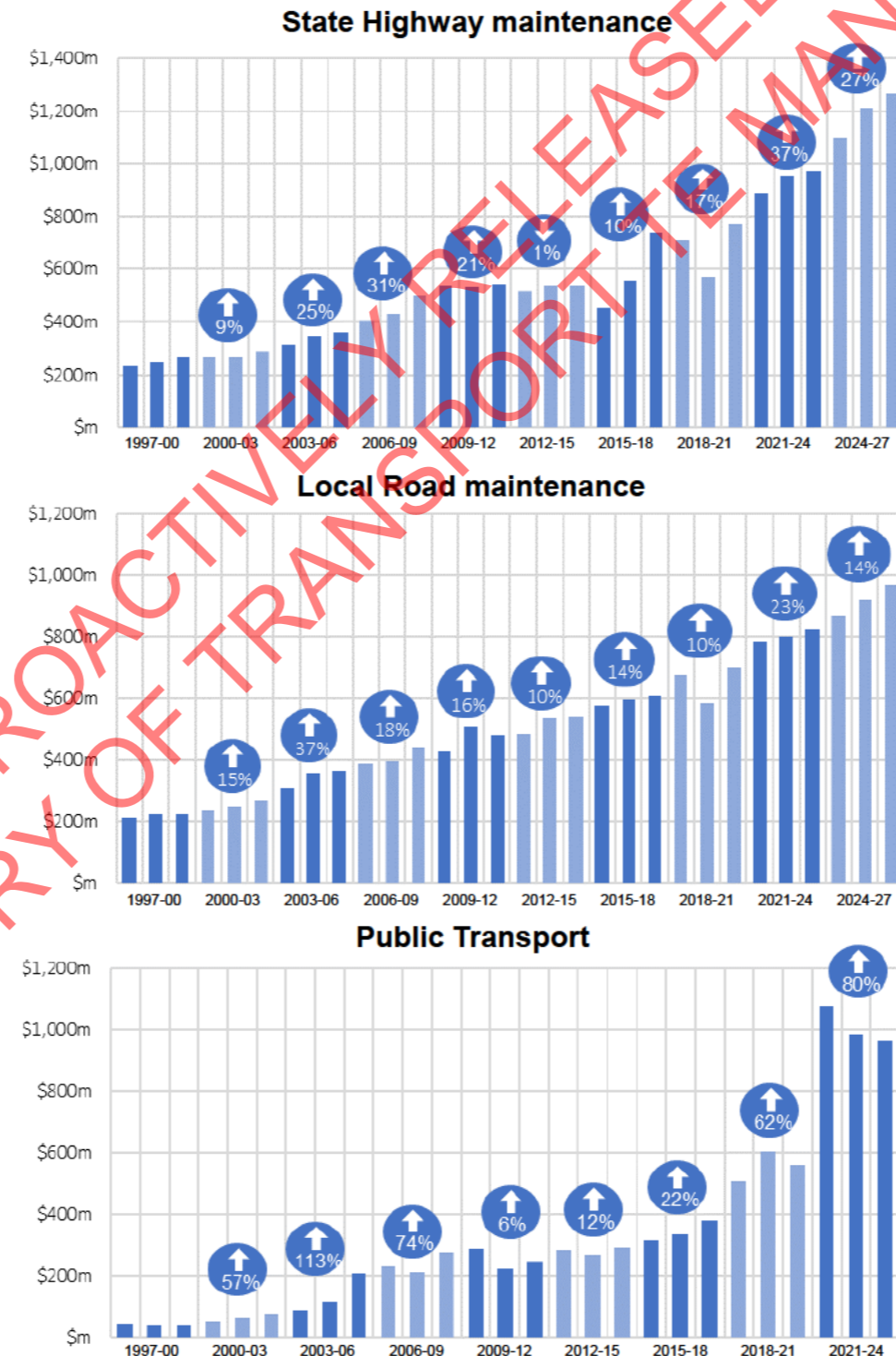
	Initial cost (\$Bn)	Current forecast cost (\$Bn)	Percentage increase
NZUP*	6.8	10.8	59%
Auckland Light Rail**	5.25	14.6	178%
Waitematā Harbour Connections**	20	48	140%
iReX	0.775	2.6	235%
City Rail Link	3.4	5.5	62%
LGWM**	4.8	7.4	54%

*Cost increases in the NZUP programme have been, in part, offset by a reprioritisation exercise that was undertaken in 2021.

**Auckland Light Rail, Waitematā Harbour Connections, and parts of Let's Get Wellington Moving, are still in their business case phase

Expenditure has increased on the ongoing maintenance operations and renewals of the system

Historical trends in expenditure on road maintenance and public transport has shown an increase in the nominal spend.



Productivity has fallen across the sector

Although nominal investment in road maintenance has increased year on year, there has been a decrease in the level of maintenance work on the network.

The primary causes of this are inflation, increased complexity of maintenance work, a loss of expertise and capacity in the maintenance sector resulting in stagnating or falling productivity. It is difficult to ascertain whether the amount spent on maintenance is delivering value for money.

Inflation accounts for some of the increase in costs

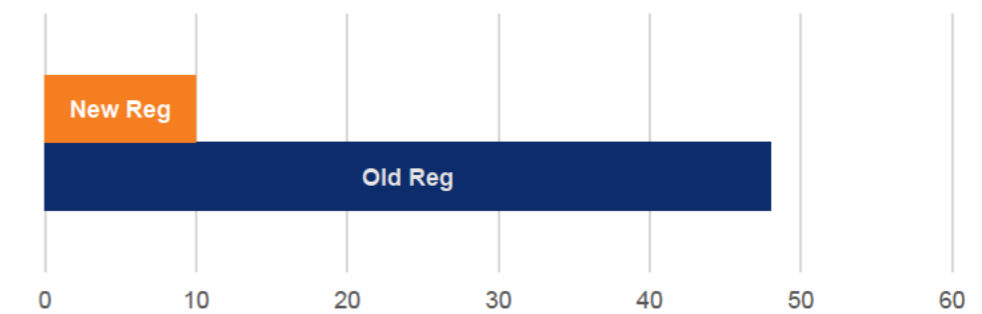
Inflation has played a large part in the cost increases in the maintenance programme, with the Agency's Network Outcomes Index showing the average inflation since 2009 at over 2%. But even accounting for inflation there has been consistent increases in road maintenance funding.

Real maintenance spend has grown by 2% per annum

New standards have reduced the efficiency of some activities

While it is important to get the right balance between safety and efficiency, new standards have had a large impact on the efficiency of some activities. For example, new health and safety standards for road maintenance have seen an ~80% reduction in the number of potholes filled per day.

Regulatory impact on the number of potholes filled per day



Numbers sourced from the Agency briefing BRI-2594

There are systemic cost increases and delays in the land transport sector, because the level of investment is far greater than the ability to deliver

Cost pressures in the land transport system

Page 3

Over recent years, land transport investment policy has diverged from the settings that the LTMA was designed to support

The Land Transport Management Act (LTMA) outlines a system with:

- Ministers setting the strategic direction for land transport.
- The Agency's and Local Authorities developing transport plans that give effect to the Minister's strategic direction.
- Revenue is hypothecated and invested into the transport network on a pay-go basis. Limited alternative funds are required, and use of debt is limited to working capital.
- The Agency has statutory independence, and the Board has final decision rights on what is funded through the NLTF.
- Monitoring and assurance ensures that investments represent value for money and that they are delivering on the Ministers strategic direction.

We now operate in a system with:

- A large degree of Ministerial involvement, including announcing and approving specific projects.
- The NLTF being topped up with increasingly large amounts of debt and Crown funding being used to fund specific projects.
- Monitoring and assurance, that focuses on the dollars spent, rather than output or value for money.

The divergence between how the system is functioning and how it has been set up to function is causing issues...

The increased level of Crown funding, has caused the roles and responsibilities across the system are becoming unclear and inconsistent. One of the implications of this is there has been a breakdown in the relationship between business case developers, decision makers and funders.

There is a need to ensure that business cases fully investigate all possible options and delivery methods (including "do nothing" and minimal investment/ cost options) before settling on any higher-cost interventions.

Investment decisions have become disconnected from the available revenue and market capacity. Decisions are increasingly being made without business cases being completed and the project scope and cost being fully understood meaning more cost increases, delays and ultimately an inability to deliver intended benefits.

At a system level, the focus has been on increasing revenue. There has been less of a focus on driving efficiency and managing cost escalation.

...this has resulted in a level of investment in the transport sector that is neither affordable nor deliverable

What can you do to address the cost pressures in the land transport system?

You have direct control over the level of investment in the land transport sector but have limited control over the sectors' ability to deliver. You can control the level of investment in the land transport sector through the Government Policy Statement on Land Transport (GPS), including the level of funding available and commitments to deliver specific projects.

The sector will respond to a long-term increase in funding by increasing their capacity, because they can see the potential for long-term profits.

In contrast, the sector is less likely to increase capacity in response to ad-hoc or short-term increases in funding. Instead, they are more likely to increase margins, to build reserves for when the funding ends.

Alongside increased funding, the next best ways to drive performance of the sector is to ensure there is as much of focus on efficiency and productivity as there is on the need for additional funding.

In the immediate term:

There is a need to reprioritise the existing work programme to free up funding and capacity

You have indicated a willingness to phase, re-scope and cancel existing projects. The Ministry supports this willingness to reprioritise and would like to undertake a formal reprioritisation of the existing programme of work, to confirm that the work programme is both affordable and deliverable.

To undertake a formal reprioritisation, the Ministry would need to:

- Understand your priorities for transport, and
- engage with Treasury, the Agency and KiwiRail to understand the costs and benefits of individual projects

In the short/medium term:

You can make changes that increase the focus on delivery, performance, and efficiency

You can direct the development of a performance and efficiency plan, through GPS 2024, to ensure there is a greater focus across the sector. This would be developed with the Agency and could include reference to overarching performance, efficiency targets and specific actions.

Outside of the GPS, you can create a task force to identify opportunities for efficiencies and productivity, including reviewing how we contract and deliver transport services and operations, capital projects, and maintenance and renewals.

You can also direct the Ministry to increase its monitoring and assurance function. This would enable the Ministry to put a greater focus on delivery and provide additional scrutiny when projects go over budget or are delayed.

The Ministry can provide further information on these proposed changes, and if you wish to make them, we recommend they are included in GPS 2024. We have provided you separate advice on GPS 2024 (OC230887).

In the longer term:

You may wish to make changes to how the system is structured and operates

The immediate focus needs to be on delivery and performance. Longer term, officials consider it is important to address broader systemic issues with the land transport investment system, including project identification, funding, approval, and delivery.

To address these broader systemic issues, officials have begun work to review the way we plan and deliver long-term transport investments.

This work, termed the Future of the Transport Investment System, will identify potential changes and improvements to the transport investment system, for Ministerial consideration.

Officials will continue this work once Budget 2024 has been delivered (expected May 2024) and GPS 2024 is published (deadline end of June 2024).

Cost Estimation – Purpose, Methodology and Assumptions (20/11/2023)

Purpose

The purpose of this document is to share preliminary indicative cost range for the projects to support MOT work to development of GPS activity class ranges.

Cost estimates are subject to further review and analysis. We will keep MOT informed as we revise our estimates.

We request that individual project estimates are not quoted, and that Waka Kotahi is provided opportunities to review the use of the numbers in briefings to Ministers and others.

Overall assumptions

Cost estimates are dependent on the outcomes the Minister trying to achieve and the costs and benefits of different design/timing options. These estimates are based on the latest known project scope. In many cases, the projects have been inactive for 2-6 years. Projects have scope/outcome options at different scales.

Cost ranges are modelled output based on various business case inputs. They do not represent project estimates using our standard cost estimation processes. Formal cost estimation (at project level) will occur through business case work.

- All cost ranges are indicative and provided as June 2023 figures.
- Costs will need to be further inflated to reflect the actual construction period,
- Cost ranges are provided to support Activity Class range development and Treasury Cashflow projections only - They are indicative of potential costs across the programme.
- Assumes projects will be managed as a portfolio focused on outcomes rather than fixed scope projects and will be delivered using standard NLTP governance and delivery processes. Alternative approaches may result in different cost estimates.

Source Information and its limitations

Starting cost estimates have been derived from previously completed business cases, scheme assessments or using internal experts.

Cost estimates range in time from 2013 up to 2023. More recent estimates will be more accurate but are still subject to variations in project scope.

Cost estimates have been sourced from business cases at various stages of the project delivery lifecycles including Programme business case, indicative business case, detailed business case and at design phase.

Early phases have higher uncertainty of scope (as designs are less progressed and detailed investigations, such as ground conditions) have not yet occurred and consents have not been secured. For example, only once a project reaches the pre-implementation phase would a detailed design be completed.

Typically, costs will increase as a project moves through business case phases as detailed scope and designs are finalised and consents are secured, hence the reason we focus on higher end P95 costs at early stages.

Model based methodology.

We have used a simple model to produce cost estimations. It uses two input values (If they exist) – 1) Last known P50 2) Last known P95,

To allow comparison between projects, two adjustments are applied:

Step 1 – Inflate last known business case to 2023 \$

- 1) We apply an inflation factor (source Waka Kotahi Open Data – Infrastructure and PT contract price adjustment – Informetrics/Stats NZ),
- 2) We apply a nominal 2% per annum adjusted for policy and standards changes (up until the commencement of construction),
- 3) We apply a nominal 15% contingency (if the previous business case excluded contingency),
- 4) We apply 9% overhead charge (if the previous business case excluded overheads),

Step 2 – Adjust the upper range for scope uncertainty

We adjust for scope uncertainty – Based on experience, each of the phases of the lifecycle has a different level of scope definition and risks. The earlier in the project lifecycle, the less defined scope, and the more unknown aspects. This infers higher cost risk multipliers.

This results in cost estimation range:

- Low estimate – Last known P50 (adjusted to 2023 \$)
- High estimate – Last known P95 (adjusted to 2023\$ + the calculated scope uncertainty multiplier)

Note – Projects in early phases will have larger ranges than projects that are more progressed.

Factors impacting actual costs

While modelled costs support high-level planning, such as activity class funding ranges development, there is a wide range of factors that will influence actual projects costs, including:

- Project scope, in particular function and form macro-level scope,
- Project detailed design decisions, particularly in relation relating to intersections/interchanges and structures, or changes in design standards,
- Project phasing and timing,
- Future escalation of labour costs plant, and materials, and changes in property values,
- The level of sector productivity gains that can be realised,
- Ground conditions identified during detailed design phases,
- Changes to consenting and/or other statutory approval requirements or timeframes, such as RMA changes, (e.g. fast-track legislation)
- Consenting requirements and conditions
- Market capacity and capability at the point of tendering and the selected procurement method,
- Funding and/or financing options agreed for projects.

Preliminary indicative cost ranges

Project	Indicative cost range	Cost notes
Roads of National Significance		
SH1 Whangarei to Port Marsden	s 9(2)(f)(iv), s 9(2)(i)	s 9(2)(g)(i)
SH1 Warkworth to Wellsford		
East-West Link		
Mill Road Stage 1		

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

NW Alternative SH	s 9(2)(f)(iv), s 9(2)(i) s 9(2)(g)(i)
Cambridge to Piarere	
Hamilton Southern Links	
Takitimu North Link Stage 2	
Tauriko West	
Petone to Grenada (Excluding Cross Valley Link)	
Cross Valley Link	
2nd Mt Vic Tunnel and Basin Reserve	

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

Hope Bypass	s 9(2)(f)(iv), s 9(2)(i)	
Belfast to Pegasus Motorway and Woodend Bypass		
Recovery & Resilience Projects		
Hawkes Bay Expressway	s 9(2)(f)(iv), s 9(2)(i)	s 9(2)(g)(i)
SH5 Napier to Taupo		
SH2 Napier to Gisborne		
SH1 Brynderwyns to Port Marsden		

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

2 nd Ashburton Bridge	s 9(2)(f)(iv)	
Queenstown Road Network upgrade		
Otago-Southland Bridge upgrades		
Better public transport projects		
North-West Rapid Transit	s 9(2)(f)(iv), s 9(2)(i)	s 9(2)(g)(i)
Airport to Botany Busway		
Eastern Busway (Stage 4)		
Lower North Island Rail	TBC	TBC

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

Tier 2 BIM: Government Policy Statement on land transport 2024 (GPS 2024)

November 2023

Key points

- The Government Policy Statement on land transport (GPS) 2024 will need to be released before 30 June 2024.
- We will rewrite the GPS to reflect your priorities and the Transport for the Future programme.

Points for discussion

- There are significant funding constraints in the system, but based on your proposed funding package (subject to some clarifications) we consider GPS2024 is affordable in its first three years.
- There will be a need to prioritise and sequence projects and programmes to reflect both affordability and capacity/ capability constraints in the sector.
- GPS 2024 should include a focus on performance and efficiency across the land transport system.

The Government Policy Statement on land transport (GPS) 2024 will need to be released by 30 June 2024

You have options around the composition of GPS 2024 and how it can best reflect the government's strategy for land transport, but it will need to be published by 30 June 2024.

We will rewrite GPS 2024 to reflect your priorities

The Ministry will work with you over the coming months to ensure GPS 2024 reflects your priorities.

The GPS should reference your Transport for the Future Programme and how it will be delivered. The Ministry recommends that the Transport for the Future Programme be written to sit as part of the Crown's investment strategy but be funded (initially) outside of the NLTF. In this case the NLTF would be focused on maintenance and other continuing programmes.

If substantive changes are made to the consultation draft GPS, it will be expected to go out for public consultation again. The Ministry will work with you to ensure the final GPS is published by 30 June 2024.

We will provide a revised draft GPS to you in December

The GPS outlines the Crown's land transport investment strategy over the next ten years.

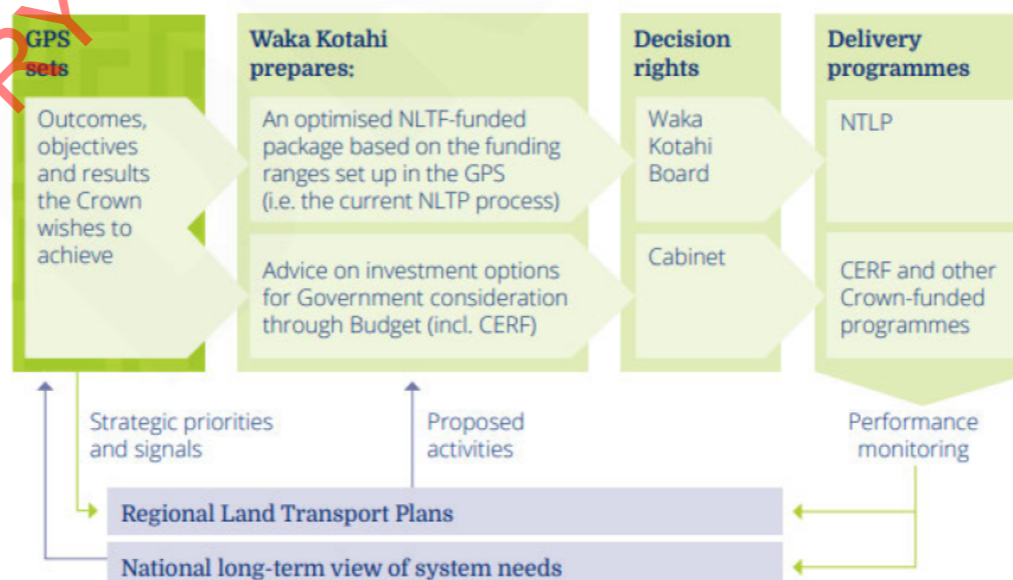
There are three main parts of the GPS:

1. **Strategic Priorities** – outlining outcomes the Crown is seeking, delivered through a range of funding sources. Previously this section has included references to the Government's Strategic Investment Programme and other commitments, including the Auckland Transport Alignment Project and the National Adaptation Plan.
2. **Investment in Land Transport** – forecasts available revenue and allocates National Land Transport Fund (NLTF) revenue across a range of activity classes. This section also references projects funded outside of the NLTF (e.g. the New Zealand Upgrade Programme) to give a view of the total investment in land transport.
3. **Ministerial Expectations** – provides your expectations on how funding should be used to achieve outcomes

How does the GPS deliver outcomes?

Guided by the GPS, Waka Kotahi New Zealand Transport Agency (the Agency) supports local government to create 10 year Regional Land Transport Plans (RLTPs), which it uses to create the three-year National Land Transport Programme (NLTP).

The Agency uses the NLTF to deliver the National Land Transport Programme (NLTP).



Consultation draft GPS 2024 at a glance

The previous Government released a draft GPS for public consultation over August and September. Below is a summary of what was included in the consultation GPS.

Strategic Priorities –

	Maintaining and operating the system		Integrated freight system
	Increasing resilience		Sustainable urban and regional development
	Reducing emissions		Safety

Investment in land transport -

The previous GPS included a funding package of \$20.8 billion over 2024-27. This was allocated across 12 activity classes:

Public transport services	Public transport infrastructure
State highway maintenance	State highway improvements
Local road maintenance	Local road improvements
Investment management	Walking and cycling improvements
Rail network	Coastal shipping
Safety	Inter-regional public transport

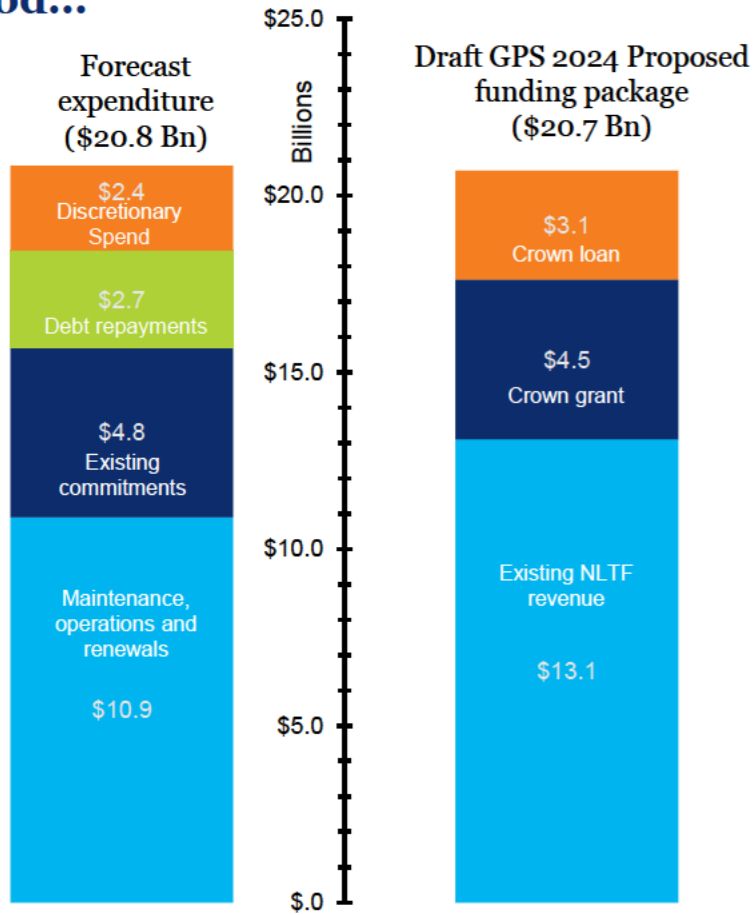
Ministerial Expectations

1	2	3
Deliver on GPS outcomes in a way that provides value for money	Investments must be efficient and effective	Advise the government on priority activities for Crown funding

Tier 2 BIM: Government Policy Statement on Land Transport 2024 (GPS 2024)

November 2023

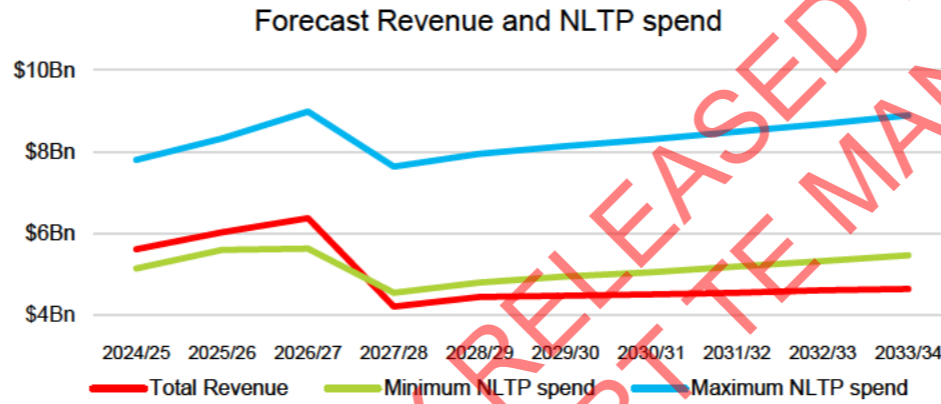
GPS 2024 is funded over the 2024-27 period...



Numbers have been rounded to the nearest \$100m

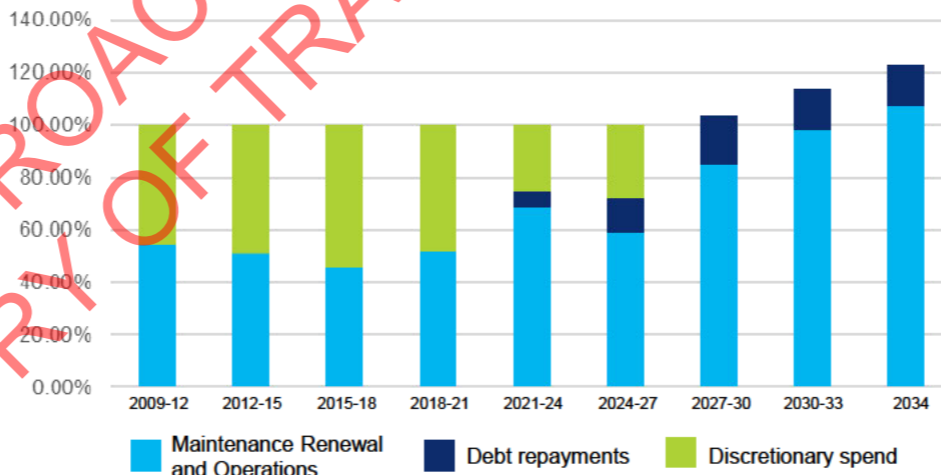
But there will be considerable funding constraints from 2027/28

While GPS 2024 provides funding for the first three years, it does not provide a sustainable pathway for the NLTF.



Essential spend will exceed NLTF revenue from 2027/28

Based on current forecasts, maintenance, renewals and operations, and debt repayments will exceed NLTF revenue from 2027/28 and nothing is available for discretionary spending.



Figures sourced from NLTF annual reports and Agency estimates

In the absence of a sustainable funding path the Agency may be reluctant to take on additional debt

While an on-going \$720 million p.a. is enough to repay the new loan, it is not enough to cover other expected costs from 2027/28. Therefore, the Agency may be hesitant to take on additional debt unless there is a commitment to increase revenue.

To reduce the funding constraints post 2027, the Ministry recommends:

1. Reprioritising existing commitments to free up funding in the out years

We have provided advice in OC230611 on the need to reprioritise the existing work programme into something that is affordable and deliverable.

We recommend that funding is prioritised in the following order:

1. Ongoing maintenance, renewals, and operations of the existing system
2. In-train capital works
3. New capital works

2. Including an expectation of increased performance/efficiency in GPS 2024

The GPS should put a focus on reducing costs and increasing performance and efficiency across the land transport sector.

You may wish to include a requirement, in GPS 2024, that the Agency produce a performance and efficiency plan. This would put the onus on the Agency to outline how it can achieve increased performance and efficiency.

A performance and efficiency plan may mention how the Agency will:

- increase the capability and capacity of the transport sector
- improve asset management practices across the sector
- provide analysis to inform price/quality trade-offs for maintenance and operations expenditure
- ensure business case and cost estimation reflect best practice
- manage its overheads and back-office costs

3. Starting work on the longer term funding solution

We will be providing you with separate advice on the long term revenue options (OC230975).

...based on our interpretation of your fiscal plan it could provide sufficient funding:

2024/25-2026/27	Consultation Draft Revenue (\$m)	Transport for the Future (\$m)
Existing FED/RUC	\$13,100	\$13,100
Crown grant - opex	\$841	\$1,380 (with \$720m p.a. ongoing beyond FY27)
Crown grant - capex	\$1,544	\$1,544 + new \$1,600
CERF	\$500	\$0
Infringement fees	\$300	\$0
FED/RUC increases	\$1,380	\$0
New Crown loan	\$3,100	\$3,100
Total revenue	\$20,765	\$20,724



8 December 2023

OC231033

Hon Simeon Brown

Action required by:

Minister of Transport

Monday, 11 December 2023

GPS 2024: STRATEGIC PRIORITIES, PROPOSED ACTIVITY CLASSES, FUNDING RANGES, AND PRE-COMMITMENTS

Purpose

You are meeting with Ministry of Transport (Ministry) officials on Monday, 11 December 2024 to discuss the draft Government Policy Statement on land transport (GPS 2024). This briefing provides advice and the following attachments to support this discussion:

- GPS 2024 draft strategic priorities (**Attachment 1**)
- GPS 2024 draft Ministerial expectations (**Attachment 2**)
- Pre-committed and 'probable' projects included in 2024-27 forecast (**Attachment 3**)
- Draft activity classes and funding ranges (**Attachment 4**).

Key points

- Officials have drafted strategic priorities for GPS 2024 (**Attachment 1**), reflecting direction received on 5 December 2024. These include Roads of National Significance (RoNS), economic growth and productivity, safety, and a well maintained and reliable network. We have included wording in the description of the safety priority to ensure it is clear that a balanced approach is expected.
- We have also attached draft Ministerial expectations (**Attachment 2**), which we recommend are read in conjunction with the strategic priorities. Officials suggest that *efficiency* is included as part of the Ministerial expectations to the New Zealand Transport Agency (NZTA), rather than as part of a strategic priority twinned with *safety*. This will help to ensure that efficiency is an expectation across all activities and avoid any suggestion that it only applies to the *safety* strategic priority.
- We also suggest that you consider amending the RoNS strategic priority to Transport for the Future. This would ensure that the non-roading priorities (the Better Public Transport and the Rebuilding Regions and Improving Resilience projects) can be more easily referenced in the strategic priorities.
- The draft Ministerial expectations have been developed to ensure that the NZTA has a clear statement of your expectations with respect to efficiency, delivery, value for money,

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

Name	Telephone	First contact
	s 9(2)(a)	

GPS 2024: STRATEGIC PRIORITIES, PROPOSED ACTIVITY CLASSES, FUNDING RANGES, AND PRE-COMMITMENTS

- 1 Following your discussion with Ministry of Transport (Ministry) officials on 5 December 2023, this briefing provides you with a set of draft strategic priorities, Ministerial expectations, and proposed activity class funding ranges for your review and comment. Officials have also attached information on pre-commitments on the National Land Transport Fund (NLTF) as requested.

Draft strategic priorities – GPS 2024

- 2 Officials have drafted the following strategic priorities for GPS 2024:
 - Transport for the Future or Roads of National Significance (RoNS)
 - Economic growth and productivity
 - Safety
 - A well maintained and reliable network
- 3 The strategic priorities for GPS 2024 are attached (**Attachment 1**) for comment and feedback. Officials suggest that the third strategic priority should focus on *safety* and that the NZTA is guided to focus on efficiency as part of your Ministerial expectations.
- 4 This will help to ensure that efficiency is an expectation across all the NZTA's activities, and avoid any suggestion that efficiency is only a consideration for the *safety* strategic priority. Efficiency could be reinforced by a specific point in the text of the *safety* priority, addressing the need to balance safety considerations with other objectives, including travel time.
- 5 We also seek your feedback on whether you wish to reference all of *Transport for the Future* projects within the strategic priorities. Some of these do not easily fit under a RoNS heading as they are not roads (the four Better Public Transport projects) or are not very large national roads (the Rebuilding Regions and Improving Resilience projects).
- 6 An option could be to reference these as "Other government commitments" outside of the strategic priorities, or you could change the RoNS strategic priority to *Transport for the Future*, and have subheadings within that strategic priority for *RoNS*, *Better Public Transport* and *Rebuilding Regions and Improving Resilience*.
- 7 Once we have a set of strategic priorities that you are comfortable with, we will draft a letter for you to provide to Regional Transport Committees (RTCs) advising of your priorities. This will help RTCs to align their Regional Land Transport Plans (RLTP) with the priorities. The wording in the letter will be appropriately caveated to indicate that these priorities are those that you intend to take to Cabinet, to preserve your ability to alter them in response to wider feedback from your colleagues.

- 8 We recommend consulting informally on the strategic priorities with other relevant Ministers including the Ministers of Finance, Infrastructure, and Regional Development before you send the letter.

Ministerial Expectations

- 9 Officials have drafted the Ministerial expectations (**Attachment 2**) to ensure the NZTA focuses on three key areas. These include focusing on the fundamentals, value for money, and other revenue sources and delivery models. We look forward to receiving feedback from you on these draft Ministerial expectations.

Precommitments

- 10 See Attachment 3 for a list of the projects with funding impacts in 2024/25-2026/27 that have already been approved or we understand are likely to be approved before the start of GPS 2024.

Proposed activity class and funding ranges – GPS 2024

- 11 **Attachment 4** provides the proposed activity classes and funding ranges.
- 12 We have removed *coastal shipping* and *inter-regional public transport* activity classes reflecting your direction.
- 13 The draft GPS 2024 Safety activity class will fund investment in the following safety activities:
- Road policing and associated equipment
 - Automated enforcement (safety cameras)
 - Road safety promotion and system management
 - Support for behavioural changes to improve road safety outcomes (education).

Funding ranges

- 14 The Act requires that the GPS include lower and upper ranges on each activity class. The ranges are a mechanism to allow the Minister to direct funding to activities in the desired proportions, while also allowing the Board some flexibility to accept the best projects and to manage its cashflow.
- 15 The lower and upper ranges set the minimum and maximum allowable expenditure in that activity class. Logically, the total (sum) of the lower ranges must be set at an amount less than the forecast revenue, otherwise the NZTA has been given an impossible task (i.e., it has been given less revenue than it is minimally required to spend).
- 16 The amount by which the forecast revenue exceeds the lower range is “headroom” available to the NZTA, enabling it some flexibility to accept the best projects and to

manage its business (for example, if a dry summer allows it to do more construction work than would be expected in an average year).

- 17 The lower ranges in **Attachment 4** have been set based on the cost of on-going programmes, existing commitments, and our understanding of your manifesto and coalition agreement commitments. You could reduce these lower ranges (allowing the NZTA more flexibility) but there is little room to increase the lower ranges as, in total, there is already very modest headroom above the minimum spend.
- 18 The upper ranges limit the NZTA's ability to commit all of its flexible spending to a single activity class. The upper ranges in **Attachment 4** are our suggestions as to sensible upper limits on spending to impose on each activity class.
- 19 There is more scope to change the upper ranges. However, if the difference between the lower and upper ranges is too tight, it will be difficult for the NZTA to manage its business. In addition, increasing the upper range beyond a certain point is ineffective if there is not enough revenue available to achieve that level of expenditure.
- 20 Explanations of the logic behind the proposed funding ranges for each activity class are provided in **Attachment 4**.
- 21 The Ministry has received initial feedback from the NZTA on the indicative activity class funding ranges but has not had time to consider that feedback before the deadline for this briefing. We will consider the NZTA's feedback and revise as necessary, before we provide you with another draft.

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT / TE MANATU WAKA

Attachment 1: GPS 2024 draft strategic priorities

1. The Government's four strategic priorities for GPS 2024 are:
 - Roads of National Significance or Transport for the Future;
 - Economic growth and productivity;
 - Safety; and
 - A well maintained and reliable network.

Strategic priority: Transport for the Future or Roads of National Significance

Roads of National Significance

2. A key part of our Transport for the Future Programme (TFP) is the reintroduction of the Roads of National Significance (RoNS). The RoNS are routes of national strategic importance due to their high freight and passenger traffic volumes, and the role these play in unlocking land for housing. The RoNS projects are focused on tackling congestion, improving road safety, and reducing travel times in the short term by removing bottlenecks in the state highway network.
3. Investment in the RoNS will directly support economic growth and productivity – by ensuring both people and goods get to destinations in a timely manner and by reducing travel times. The new RoNS include:
 - [the RoNS project list would be added here]
4. These transport connections will play a crucial role in supporting housing development and addressing the ongoing housing shortage. The targeted investments in roading infrastructure will ensure that our fastest growing cities can unlock tens of thousands of new homes across Auckland's North West, Hamilton, and Wellington.
5. There are also specific transport projects to tackle congestion and reduce travel times, including Mill Road in Auckland, a second Mt Victoria Tunnel in Wellington, the Hope Bypass in Tasman, and the Woodend Bypass north of Christchurch.
6. The RoNS programme will be an important ongoing part of the National Land Transport Programme. Funding and construction sector capacity constraints mean that not all of the RoNS projects will be able to start before June 2027. As the initial RoNS projects are completed, and as revenue allows, new projects from the list will commence.

[If RoNS is the strategic priority the section would end here. If the priority is *Transport for the Future*, then the section could go on to say...]

Better Public Transport

7. In addition to the roading investments through the RoNS, effective public transport provides commuters with more choice and helping to reduce congestion and travel times.
8. A key focus of this strategic priority will be delivery of a rapid transit network in Auckland, by taking advantage of equity finance. In Wellington, this will include

investment to replace rolling stock as part of the Lower North Island Rail Integrated Mobility (LNIRIM) programme.

9. Housing growth in Auckland will be supported by a modern rapid transit system, which allows for increased public transport choice, and building on the investment already made in the City Rail Link. The three key public transport corridors for Auckland include:

- [Better Public Transport project list to go here]

Rebuilding regions and improving resilience

10. Rebuilding regions and improving resilience will also be a key focus for GPS 2024. The following investments are focused on addressing transport pressures in our fastest growing regions, to address anticipated population growth and increases in international visitor numbers. Specific projects identified as part of the rebuilding regions and improving resilience initiative include:

- [Regions and Resilience project list to go here]

Strategic priority: Economic growth and productivity

11. This GPS reintroduces a focus on increasing economic growth and productivity as the primary objective for land transport expenditure. Reaching our nation's full potential requires that our land transport system moves people and freight as quickly, efficiently, and safely as possible.
12. Economically strategic investments in land transport, including the Roads of National Significance (RoNS), combined with better use of existing infrastructure, will boost New Zealand's long-term growth prospects, and improve housing affordability – making a material difference to our nation's standard of living.
13. These investments will also bring benefits for national economic growth and productivity, particularly given that State highways carry most inter-regional freight and link major ports, airports, and urban areas.
14. The expectation is that land transport funding will be directed into projects and activities that will support improved productivity and economic growth. The transport sector supports economic growth and productivity by providing quality transport connections, which enable goods and people to reach their destinations efficiently.
15. Optimising the use of existing networks and services to deliver an appropriate level of service for users will be critical. In addition, improving the productivity of the transport system, to help manage flows and congestion, will be important to allow users to make decisions in real time.
16. Road pricing, such as tolling and congestion charging, will play a key role in delivery of the Transport for the Future package, as part of a wider package of transport revenue and investment tools.
17. Tolling provides an opportunity for an additional source of revenue and can provide reduced travel times compared to alternative routes. Congestion charging will improve travel times and network performance, reducing costs for freight businesses and their customers. There could also be a reduced need for some capital works.

Strategic priority: Safety

18. Road safety is a responsibility we all share. Partnerships and shared solutions underpin a safe transport system. Improving road safety in an efficient and cost-effective manner is a key strategic priority for the Government.
19. GPS 2024 supports cost effective, coordinated investment in road safety outcomes, achieved through partnership between central and local government, industry, and stakeholders. Research and evaluation will also help to target road safety interventions and investments to support a safe transport system increasingly free from death and serious injuries.
20. Road deaths and serious injuries place a substantial burden on society, the economy, and the health sector each year, including through lost productivity. The social cost of road deaths and serious injuries is high, and they cause long-lasting effects for the families and communities involved.
21. GPS 2024 acknowledges these impacts and directs investment to improve the safety of road users through investment in road policing, safety cameras and educating road users through road safety promotion. In addition, investment will be directed to improve the safety of road users through safe infrastructure.
22. GPS 2024 will include investment in infrastructure to facilitate speed limit reviews, with a focus on reversing speed limit reductions where it is safe to do so, including the NZTA increasing speed limits to 110km/h on expressways where the road is engineered to that safety standard. It will enable speed management reviews, signage and infrastructure changes that comply with the government's new expectations for setting speed limits. The government expects a strong focus on economic factors, in particular travel times, as well as community views, alongside safety in speed management reviews. This will ensure enable people to get to where they need to go safely and quickly.

Strategic priority: A well maintained and reliable network

23. New Zealand's land transport system is one of our most important and valuable assets. It requires ongoing attention to keep at a standard that meets the needs of New Zealanders. Deferred investment in maintenance can result in deterioration that is, in the long run, much more costly and disruptive to fix. Efficient and effective maintenance of our transport networks is a crucial investment, particularly quickly and effectively responding to potholes across the roading network
24. New Zealand experiences a wide range of natural hazards – from earthquakes and volcanoes to extreme weather events, erosion, and landslides. Climate change is increasing the severity and frequency of some of those hazards, including flooding.
25. This is putting increasing pressure on the sector's capacity and resources to respond to natural hazard events. The impacts are often particularly acute in rural areas due to a lack of alternate routes and the travel distances to access markets and services. This GPS will prioritise investments that focus on the standard of the roading network and address critical vulnerabilities.

Attachment 2: Draft Ministerial expectations

The Minister expects the NZTA to focus on fundamentals and delivery

[Alternative titles: Back to basics or Emphasis on essentials]

26. The NZTA has a significant role to play in improving the performance and quality of our infrastructure. To deliver on this it will need to have a single-minded focus on its core statutory roles. All NLTP related activities need to be judged against the benchmark of whether the activity promotes delivery of this GPS.
27. The government is looking to the NZTA to deliver on its priorities at pace and with urgency. The elimination of our infrastructure deficit will require new ways of thinking, maximising the use of new funding and financing tools, implementing new delivery models and focusing on cost and value over the lifetime of any project. A sense of urgency is needed if we, as a nation, are to make up for lost time.
28. The NZTA needs to maintain a tight control on project scope and cost. Project specifications should take a “no frills” approach, focusing on delivery of the primary transport objectives that most cost-effectively deliver on the strategic priorities.
29. The NZTA is encouraged to identify and report to Minister on any regulatory or other government-controlled barriers to timely delivery.

The Minister expects the NZTA to focus on value for money

30. The NZTA is responsible for around \$7 billion of road user/taxpayer funds each year and manages one of New Zealand’s largest economic assets – the state highway network. Businesses rely on that network to generate the wealth that sustains us all and individuals rely on it for access to jobs, families, and friends. The NZTA must exercise the highest level of stewardship of its assets and investment funding to enable the people of New Zealand to prosper.
31. In exercising its stewardship role, the NZTA is expected to apply a clear intervention hierarchy – particularly, to look for best ways to use existing infrastructure before considering investment in new infrastructure. Obtaining value for money also includes the NZTA:
 - keeping its own costs under control and identifying savings that can be reinvested in maintaining or improving the network
 - selecting and funding activities and projects that will make the greatest contribution to the government’s long-term goals and priorities outlined in this GPS
 - choosing the most advantageous combination of whole of life cost and quality to meet a “no frills” specification
 - considering ways to manage workplace and driver safety without excessive spending on traffic management
 - a focus on providing services that meet the needs and service expectations of users
 - not proceeding with procurement until a cost-effective solution has been identified

- encouraging innovation and being open to new models of delivery that are likely to result in better and smarter services and/or lower costs.
32. As part of this expectation, the NZTA is expected to work with the Ministry to develop a performance and efficiency plan, to be approved by the Minister before 1 July 2024. This will contain relevant targets around the delivery of GPS 2024 and will entail regular reporting to the Minister on outcomes.
33. The NZTA has dual roles, as both the planner and deliverer of land transport infrastructure. The government recognises there can be an inherent conflict between these roles and expects the NZTA Board to take steps to ensure that there is effective separation between them so that the NZTA's role in delivering projects is not influencing robust options analysis.

The Minister expects the NZTA to consider other revenue sources and delivery models

34. There are several funding and procurement mechanisms already available to support investment in land transport, and the government expects to implement more of these during the term of GPS 2024.
35. The NZTA is expected to maximise its own revenue and consider opportunities to supplement that revenue with contributions from beneficiaries/users whenever possible. "Maximising" its own revenue means ensuring that the amount is spent on RUC investigations and enforcement is consistent with obtaining the largest amount of revenue, net of the investigation and enforcement costs.
36. I expect that the NZTA will consider tolling to construct and maintain the new RoNS. Opportunities for tolling schemes on roads should be explored where:
- they are likely to meet the requirements set out in the Act, and
 - toll revenues, net of the costs of the tolling scheme itself, will make a positive contribution to the costs of the project.
37. Other mechanisms with potential to contribute to land transport funding, for example road pricing, congestion charging and value capture, will be investigated by the government during the period covered by this GPS.
38. PPPs, concessions, and other alternative procurement options are to be considered for all projects greater than [\$100 million?] in value (major projects). I expect the NZTA to work closely with the National Infrastructure Agency (NIA), once established. The NIA will co-ordinate government funding, connect domestic and offshore investors with New Zealand infrastructure, and improve funding, procurement, and delivery across all key infrastructure projects in New Zealand. The NIA and the Treasury are to be consulted on the procurement options for major projects, and the Minister is to be advised of the NZTA's intended procurement plan before procurement commences.
39. The Infrastructure Commission provides guidance on the potential use of public-private partnerships (PPPs). Any proposed PPP that would result in a liability on the Crown balance sheet must be considered using the processes set out by the Infrastructure Commission and Treasury.
40. The Government is considering how city and regional deals between central and local government can provide an opportunity to integrate long-term strategy and planning, across the transport system. I expect that the NZTA will engage and work with the Ministry and relevant councils to support city deals.

s 9(2)(ba)(i)

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

Attachment 4: Draft activity classes and funding ranges

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA



Attachment 4: Draft activity classes and funding ranges

How have activity class ranges been developed?

The below activity class funding ranges have been based on the NZTA's forecasts, and the GPS 2021 activity class funding ranges. The funding ranges have also been updated to reflect manifesto commitments.

There is \$2.3 billion discretionary funding that has not yet been allocated to activity classes. You could allocate this to deliver your Transport for the Future programme by allocating funding into either an existing or a bespoke Transport for the Future activity class.

To reflect manifesto commitments and your direction to officials we have:

- Increased the State Highway and Local Road Maintenance Activity Class funding range by \$250m each over 2024-27
- Reallocated \$1.5 billion (\$150m per annum) from Public Transport Infrastructure to State Highway Improvements
- Shifted funding for safety infrastructure from the Safety Activity Class to State Highway Improvements
- Decreased the Walking and Cycling Improvements activity class funding range by 25%
- Removed the Coastal Shipping and Inter-regional Public Transport activity classes

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	850	930	1,020	1,090	1,170	1,270	1,340	1,440	1,550	1,670
	Lower	580	640	700	740	800	870	920	990	1,070	1,150
State highway maintenance	Upper	1,310	1,490	1,550	1,610	1,720	1,760	1,790	1,830	1,860	1,900
	Lower	990	1,120	1,150	1,170	1,250	1,280	1,300	1,330	1,360	1,380
Local road maintenance	Upper	1,130	1,210	1,330	1,160	1,240	1,270	1,290	1,320	1,340	1,370
	Lower	820	890	890	890	960	980	1,000	1,020	1,040	1,060
Investment management	Upper	85	90	90	90	95	95	100	100	105	110
	Lower	65	70	70	70	75	75	80	80	85	90
Rail network	Upper	550	560	560	570	570	570	580	580	580	580
	Lower	450	450	120	120	120	120	120	120	120	120
Safety	Upper	620	630	640	650	650	650	660	660	660	670
	Lower	520	530	540	550	550	550	560	560	560	570
Improvements											
Public transport Infrastructure	Upper	630	680	730	690	710	730	740	750	760	770
	Lower	190	240	290	310	330	350	350	350	350	350
State highway Improvements	Upper	1,050	1,150	1,350	650	650	650	650	650	650	650
	Lower	450	550	600	350	350	350	350	350	350	350
Local road Improvements	Upper	260	130	130	140	140	140	150	140	130	120
	Lower	130	60	50	50	60	60	60	60	60	60
Walking and cycling improvements	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 2021		
	2024-27 change	10-year change
	\$m	\$m
Public transport services	↑ 160 ↑ 600	↑ 2290 ↑ 3600
State highway maintenance	↑ 1230 ↑ 760	↑ 5420 ↑ 2720
Local road maintenance	↑ 1150 ↑ 450	↑ 3510 ↑ 1730
Investment management	↓ -20 ↓ -30	↓ -15 ↓ -80
Rail network	↑ 1160 ↑ 660	↑ 4000 ↑ 660
Safety	↓ -1220 ↓ -1200	↓ -4810 ↓ -4670
Public transport Infrastructure	↓ -420 ↓ -310	↓ -1280 ↓ -450
State highway Improvements	↑ 900 ↓ -450*	↑ 2240 ↑ 920
Local road Improvements	↑ 0 ↑ 30	↑ 0 ↑ 30
Walking and cycling improvements	↑ 165 ↑ 50	↑ 235 ↓ -20

Implications of the activity class ranges

There is \$2.3 billion of discretionary funding to deliver your Transport for the Future programme

Further work is needed to understand the funding requirements of Transport for the Future over 2024-27, but we can make some indicative changes to reflect your priorities.

You may wish to be more directive with NZTA by adjusting activity class funding ranges.

By setting activity classes lower bands above the level of committed expenditure, you are requiring NZTA to invest more in that activity class.

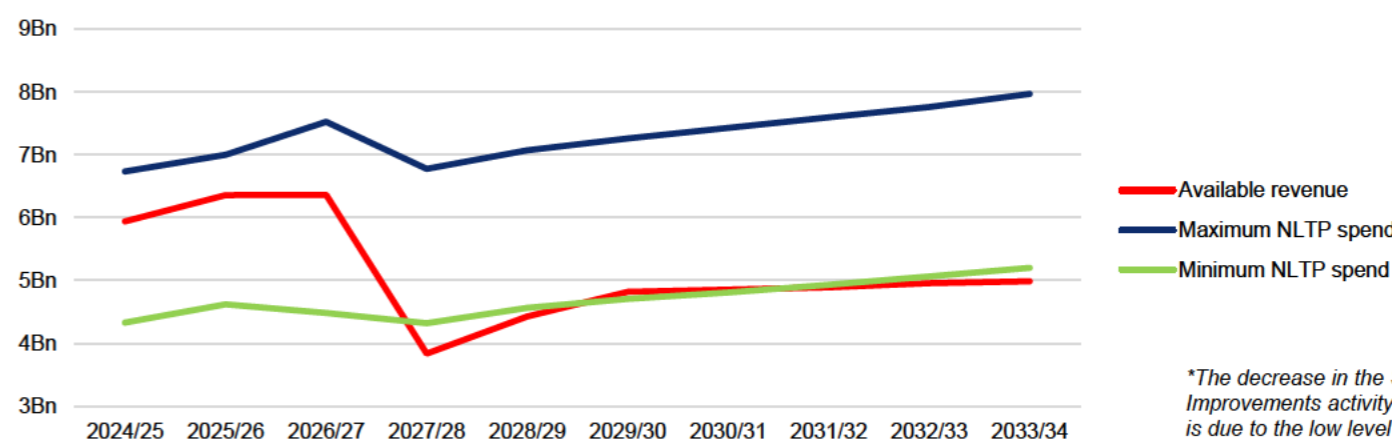
Equally by setting an activity classes upper band equal to committed expenditure, NZTA will be unable to invest any more in that activity class.

The Ministry can provide further advice on how activity class funding ranges can be changed.

Forecast NLTF revenue	4,255	4,373	4,508	4,632	4,664	4,701	4,737	4,774	4,805	4,839
Crown funding for rail	339	338	0	0	0	0	0	0	0	0
FED/RUC increase	0	0	0	360	720	1,080	1,080	1,080	1,080	1,080
Net impact of debt	365	236	-269	-1,159	-958	-962	-962	-964	-928	-931
Additional Crown grants	984	1,412	2,127	0	0	0	0	0	0	0
Available revenue	5,943	6,359	6,367	3,834	4,426	4,820	4,855	4,890	4,957	4,988
Committed spend	5,452	5,452	5,452							
Discretionary funding	491	907	915							

2024-27 discretionary funding \$2,314

Forecast Activity Classes ranges and available revenue



*The decrease in the State Highway Improvements activity class lower band, is due to the low level of committed expenditure going into 2024-27.



Indicative Activity Class funding deep dive

	Indicative Activity Class	What will be delivered through it?	How have funding ranges been set?	Committed spend (\$m)	2024-27 Activity Class range (\$m)	2024-27 Activity Class range vs forecast spend
Continuing programmes	Public transport services	New and existing public transport services, including bus, train and ferry services.	s 9(2)(ba)(i)		\$1,920 - \$2,800	s 9(2)(ba)(i)
	State highway maintenance	The ongoing maintenance operations and renewals on the state highway network. There is also a provision for emergency works.			\$3,260 - \$4,350	
	Local road maintenance	The ongoing maintenance operations and renewals on the local road network. It also includes a provision for funding emergency works			\$2,600 - \$3,670	
	Investment management	Programme business cases, transport planning documents, and a provision of the development and administration of the funding allocation managements system			\$205 - \$265	
	Rail network	The Rail Network Improvement Plan (\$120m NLTF, and ~\$330m Crown grant per annum)			\$1,020 - \$1,670	
	Safety	Road Policing (\$400m-\$450m per annum), Road Safety Promotions (~\$50m per annum), Safety Cameras (\$100m per annum)			\$1,590 - \$1,890	
Improvements	Public transport Infrastructure	New/additional public transport infrastructure, and the ongoing maintenance operations and renewals of public transport infrastructure.			\$810 - \$2,280	
	State highway Improvements	Improvements to the existing state highway network and new state highway infrastructure			\$1,600 - \$3,550***	
	Local road Improvements	Improvements to the existing local road network and new local road infrastructure			\$240 - \$520	
	Walking and cycling improvements	Walking and cycling infrastructure			\$275 - \$510	

*based on midpoint of NZTA forecast
 **Rail includes ~\$660m of Crown funding

Activity Class range vs forecast spend
 Crown funding
 Committed spend

PROACTIVELY RELEASED BY MINISTRY OF TRANSPORT TE MANATU WAKA

***We have made changes to the State Highway improvements activity to reflect direction in the manifesto.



21 December 2023

OC231060

Hon Simeon Brown
Minister of Transport

Action required by:
Friday, 12 January 2024

INITIAL DRAFT OF THE GOVERNMENT POLICY STATEMENT ON LAND TRANSPORT 2024

Purpose

This briefing provides you with a draft Government Policy Statement on land transport 2024 (GPS 2024) for feedback (**Attachment 1**); advice on matters you must consider, as Minister of Transport, before issuing a GPS (**Attachment 2**); and a timetable for publication (**Attachment 3**).


Key points

- Following your discussions with officials over the past fortnight, we have refined the *Strategic priorities* and *Ministerial expectations*. After receiving your feedback on this document, we will refine and further develop activity classes and funding ranges.
- The proposed strategic priorities for GPS 2024 are: *Roads of National Significance and Better Public Transport, Economic growth and productivity, Safety and efficiency, and A well maintained and reliable network*. We have suggested adding “and Better Public Transport” to the “Roads of National Significance” priority, as we consider this better reflects, and provides a more logical linkage to, the public transport projects in the Transport for the Future (TFF) programme.
- The funding package in GPS 2024 is sufficient for the New Zealand Transport Agency (NZTA) to continue with current service levels, deliver existing commitments, and proceed with some initial work on the Roads of National Significance (RoNS) and Better Public Transport (BPT) corridors.
- Our forecasts indicate that there will be an almost \$2 billion per annum decline in NLTF revenue from 2027/28, due to the end of fixed term Crown grants and loans.
- We understand you are considering a 6-cent increase in Fuel Excise Duty (FED) (and Road User Charge (RUC) equivalent) from 2027/28, (a cumulative increase of 18 cents by 2030/31). Assuming that this is in addition to other proposed revenue, that increase would allow for around \$500 million in additional spending from 2027-2030.
- An indicative timeline for Cabinet consideration, working back from public consultation beginning 27 February 2024, is attached at Attachment 3

BUDGET SENSITIVE

- This timeline assumes that the Cabinet 100-Day Plan Committee considers the draft GPS 2024 on 21 February 2024. As Cabinet Committee dates are still to be confirmed for 2024, we will amend the timeline as necessary once February 2024 committee dates are available.
- Key points which will need to be resolved early in the New Year before seeking Cabinet approval to publicly consult include:
 - confirmation of strategic priorities and Ministerial expectations;
 - activity classes and funding ranges to be include in GPS 2024;
 - the total revenue available to fund those activities, and the sources of that revenue (e.g., debt, grants, loans); and
 - a strategy for managing risks, including the relationship between the GPS and the emissions reduction plan.

We recommend that you:

- 1 **note** the statutory requirements on the Minister of Transport when preparing a GPS
- 2 **agree** to provide feedback on the Draft GPS by Monday, 12 January Yes / No
- 3 **note** our assumptions for your funding package Yes / No
- 4 s 9(2)(h) 
- 5 **note** that this draft GPS continues to assume that all projects are funded from within the NLTF
- 6 **agree** to refer a copy of this briefing to the Minister of Finance. Yes / No



Paul O'Connell
Deputy Chief Executive, Sector Strategy

21 December 2023

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

BUDGET SENSITIVE

Name	Telephone	First contact
Paul O'Connell, Deputy Chief Executive, Sector Strategy	s 9(2)(a)	✓
Tim Herbert, Manager, Investment		
Oliver Findlay-Badham, Adviser, Investment		

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

INITIAL DRAFT OF THE GOVERNMENT POLICY STATEMENT ON LAND TRANSPORT 2024

Statutory requirements when preparing a GPS

- 1 The Land Transport Management Act 2003 (the Act) requires you, when preparing a GPS, to have regard to the views of Local Government New Zealand (LGNZ), the views of representative groups of land transport users and providers, and take into account other requirements listed in section 67 of the Act.
- 2 Issuing a consultation draft of the GPS enables you to fulfil this first requirement (having regard to the views of LGNZ and representative groups). Other requirements you must be satisfied of or consider are described and addressed in **Attachment 2**, alongside our advice on whether we consider these requirements to have been met.

Strategic priorities

- 3 We have previously briefed you on developing your strategic priorities and Ministerial expectations (OC230887, OC231033, and OC231060 refer). The draft GPS 2024 includes four strategic priorities.

Roads of National Significance and Better Public Transport

- 4 This strategic priority has been included to highlight these projects, with an expectation that their national strategic importance is given consideration by the New Zealand Transport Agency (NZTA), when developing the National Land Transport Programme (NLTP).
- 5 Better Public Transport is attached to the RoNS strategic priority, as this is part of the Transport for the Future programme and indicates that these are also priority projects.
- 6 The GPS is currently written with the assumption that these corridors and projects will be managed within the NLTF.

Economic growth and productivity

- 7 This priority will help to ensure that investment is focused on assets which boost productivity, including more efficient use of existing infrastructure through demand management tools.

Safety and efficiency

- 8 This strategic priority reflects the need for people to get where they need to go quickly and safely. The wording reflects the fact that while safety is important, there also needs to be a focus on efficiency when delivering safety outcomes. In addition, the wording focuses on economic factors, in particular travel times, as well as community and road user views, alongside safety.

A well maintained and reliable network

- 9 This strategic priority highlights the importance of ensuring that assets are maintained to a reasonable level, the risks of deferred maintenance, and emphasises the importance of quickly and effectively responding to and fixing potholes.
- 10 NZTA has advised that discussion of potholes may be better addressed through the Ministerial Letter of Expectations. We will consider this and provide further advice in the New Year.

Ministerial expectations

- 11 The Ministerial expectations in are:
- 11.1 Fundamentals and delivery
- 11.2 Value for money
- 11.3 Consideration of other revenue sources and delivery models.

Fundamentals and delivery

- 12 This expectation aims to ensure NZTA is clearly focused on its statutory roles. It includes reference to all NLTP-related activities being judged against whether the activity promotes the delivery of the GPS.
- 13 It also includes reference to taking a 'no-frills' approach to ensure cost-effectiveness and invites the NZTA to report to you on any barriers (regulatory or otherwise) to delivery.

Value for money

- 14 Including value for money as an expectation signals to NZTA that you expect it to keep on top of costs, identify savings that can be reinvested in maintaining or improving the network, and focus on delivery of services which meet the needs and expectations of users. This includes keeping a tight control on its internal running costs.

Consideration of other revenue sources and delivery models

- 15 This expectation aims ensure NZTA maximises existing revenue sources through increasing RUC compliance, explores alternative delivery models and looks to new revenue sources. This could include use of toll roads, public private partnerships, concessions, and other alternative options where appropriate.

Including the Transport for the Future programme in GPS 2024

- 16 The attached draft assumes that you are delegating investment choice decisions to NZTA (i.e. the projects will be funded from the NLTF).

- 17 This means that it will be for the NZTA Board to prioritise and trade-off projects, guided by the expectations in the GPS, including the RoNS and the three other strategic priorities.
- 18 As part of the next iteration of the GPS in the New Year, we will include reference to a longer-term pipeline of work, including your preference to move to a ten-year NLTP period.

Based on your Fiscal Plan, GPS is funded for the first three years

- 19 We have assumed a 'baseline' funding package as proposed in the Government's 'Fiscal Plan'. That is summarised in Table 1.

Table 1: Funding for the NTLF from the Fiscal Plan

2024/25- 2026/27	Fiscal plan	Explanation
Existing FED/RUC	\$13.136 billion ¹	
Crown grant – operating	\$1.380 billion	Fiscal plan has \$180, 480 and 720 million respectively in years 1-3. Also \$720 million in year 4.
Crown grant – capital	\$3.144 billion	\$1.544 billion committed by the previous government and \$1.600 billion new
New Crown loan	\$3.080 billion	
Total revenue	\$20.740 billion	

- 20 The Fiscal Plan states that the *Crown – operating grant* is to repay the GPS 2024 loan facility. Given that loan repayments will continue for 10 years, we therefore assume in our baseline that the \$720 million per annum grant continues for at least 10 years.
- 21 Taking this as the baseline, GPS 2024 is funded for the first three years. Over that time, it has approximately \$2.3 billion of 'headroom' above the funding required for essential expenditure, including debt repayments, maintenance and operations, and pre-commitments.

Including GPS decisions in the Budget 2024 process

- 22 We expect that the February 2024 Cabinet paper, seeking approval to initiate public consultation on the draft GPS 2024, will include "in-principle" precommitments for GPS funding against Budget 2024 allowances, as per the Fiscal Plan.

¹ We note that forecast FED/RUC revenue was revised up to \$13.3 billion after publication of the consultation draft and is likely to be revised again as part of the Half Year Economic and Fiscal Update (HYEFU).

- 23 To signal this, and presuming you are invited to do so by the Minister of Finance, we will prepare placeholder bids for Budget 2024, for you to submit to Budget Minister(s).
- 24 Following public consultation on the GPS draft, the in-principle commitments can then be approved by Cabinet for inclusion in Budget 2024 and in time for release of the final GPS 2024 in late May 2024.

Advice on a 6 cents per litre annual increase to FED (and RUC equivalent) from 2027-30

Early decisions to put the NLTF on a sustainable revenue path would assist with NLTP 2024 investment decisions

25

s 9(2)(g)(i)

- 26 The current land transport revenue system is a relatively simple system, collecting revenue from road users using a limited set of tools (primarily FED and RUC). Beyond considering the potential future increases to FED and RUC, the Ministry is undertaking work to look at the range of revenue tools available, and how they can be used more effectively. Inclusion of additional revenue tools may not necessarily increase revenue (revenue would likely be collected from the same pool of users, who face the same pressures and have the same ability to pay as under the current system) but could support the move to a future land transport revenue system that is more resilient, equitable and efficient in the long term.

FED/RUC change scenarios

- 27 You have asked for advice on an annual increase to FED of 6 cents per litre (and RUC equivalent) for the three years following GPS 2024 (i.e., GPS 2027-30). We have developed two scenarios for this option:

Scenario 1 Additionality: The FED/RUC increases are in addition to the baseline (Para 21) opex funding of \$720 million per annum

- 28 After three annual increases of 6 cents per annum, the total additional FED/RUC is 18 cents per litre in 2030. This equates to a revenue increase of \$2.16 billion for GPS 2027-30 over the baseline scenario, and \$1.08 billion per annum thereafter.
- 29 The cashflows for scenario 1 are shown in Table 2.

BUDGET SENSITIVE

Table 2: Scenario 1 – impact on revenue (\$ million)

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Baseline FED/RUC revenue	4,255	4,373	4,508	4,632	4,664	4,701	4,737	4,774	4,805	4,839
Debt inflows	1,027	1,027	1,027	0	0	0	0	0	0	0
Crown opex grant	180	480	720	720	720	720	720	720	720	720
Crown capex grant	803	932	1,407	0	0	0	0	0	0	0
Additional FED/RUC	0	0	0	360	720	1,080	1,080	1,080	1,080	1,080
Available revenue	6,265	6,812	7,662	5,712	6,104	6,501	6,537	6,574	6,605	6,639

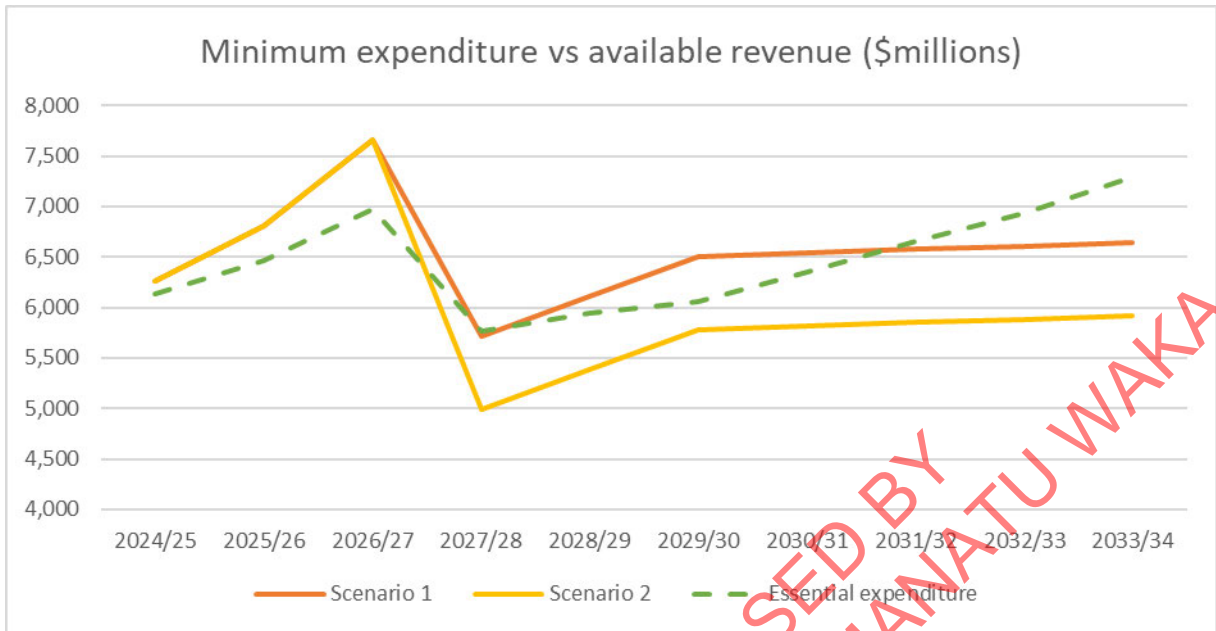
Scenario 2 Replacement: The additional FED/RUC is a replacement for the \$720 million opex grant

30 In this second scenario the opex grant is discontinued from GPS 2027/28 and replaced with the successive FED/RUC increases.

31

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

Figure 1: Forecast expenditure vs available revenue. Forecast continuous programmes from NZTA data



32 Officials estimate that an annual FED/RUC increase of 12 cents per litre would be required from 2027/28 to meet forecast essential expenditure.

Risks

33 s 9(2)(h)

34

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

35 [REDACTED] We are aware that the Government intends to take a different approach to meeting its emissions budgets and that this will be reflected the second emissions reduction plan, due to be published by the end 2024. We understand this may include greater reliance on the use of the Emissions Trading Scheme.

36 Following the recent Office of the Auditor General report on the New Zealand Upgrade Programme and Provincial Growth Fund, we expect the strength of decision making for the RoNS projects to also be examined. Having recent business cases for each of these projects and being prepared to modify the RoNS programme based on the information received will be necessary to demonstrate a robust decision process [REDACTED]

37 [REDACTED]

38 We have framed the RoNS strategic priority generally consistent with the parameters of the legislation. This wording makes it clear that the Agency has the right to fund other projects in preference to the ones preferred by the Government if, for example, they assess those other projects to be a better strategic fit and have a higher Benefit-Cost Ratio. [REDACTED]

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT
TE MANATU WAIKA

Attachment 1: Draft GPS 2024

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

Attachment 2: Statutory requirements when preparing a GPS

Matters you must consider

39 The Act requires that when preparing or renewing a GPS on land transport you must be satisfied that the GPS:

- contributes to the purpose of the Act
- takes into account any national energy efficiency and conservation strategy; and
- takes into account any relevant national policy statement that is in force under the Resource Management Act 1991.

Contribution to the purpose of the Act

40 The purpose of the Act is to “contribute to an effective, efficient, and safe land transport system in the public interest.” The GPS 2024 achieves this by providing the settings under which funding is directed to specific activities. In particular, effectiveness, efficiency and safety are all emphasised within the draft. Officials consider that the draft GPS 2024 contributes to the purpose of the Act.

National energy efficiency and conservation strategy

41 The most recent New Zealand Energy Efficiency and Conservation Strategy (2017-2022, EECS) has formally expired but has yet to be replaced. We suggest evaluating the draft GPS against the 2017-22 EECS, while noting that the target dates in the EECS have already passed and a re-evaluation may be required if a new EECS is issued before the final GPS 2024 is published.

42 The EECS sets the overarching policy direction for promoting energy efficiency, energy conservation and the use of renewable sources of energy. Efficient and low-emissions transport is one of three priority areas in the strategy. Within this priority, the focus areas are passenger e-vehicles, more efficient freight vehicles and more efficient use of those vehicles.

43 Passenger vehicles are the subject of other government initiatives. Improving freight efficiency is covered within the draft GPS 2024, under the *Roads of National Significance and Better Public Transport, and Economic growth and productivity* strategic priorities. Officials consider that the draft GPS takes into account the EECS.

Relevant RMA national policy statements

44 There are currently six national policy statements, but only one has direct implications on transport investment. This is the national policy statement on urban development (NPS-UD 2020), which is about well functioning urban environments. NPS-UD 2020 requires, *inter alia*, that plans make room for growth both ‘up’ and ‘out’, that rules are not unnecessarily constraining growth, and that planning across urban areas is aligned and coordinated.

- 45 These matters are covered by the *Roads of National Significance and Better Public Transport* and *Economic growth and productivity* priorities in the draft GPS 2024. Officials consider that the draft GPS 2024 takes into account relevant Resource Management Act 1991 national policy statements.

Waikato and Waipā Rivers Restoration Strategy

- 46 The Waikato and Waipā Rivers Restoration Strategy has the status of a national policy statement. In addition, the Ngāti Maniapoto Waipā River Deed of Settlement requires the Minister of Transport to take into account the Waikato/Waipā Vision and Strategy when revising a national land transport strategy. There is no longer a formal national land transport strategy but the GPS is (arguably) its successor.
- 47 The GPS 2024 doesn't have obvious connections to the Waikato/Waipā Restoration Strategy. Despite this, we have added the Maniapoto Māori Trust Board (the post-settlement governance entity) to the list of stakeholders who will be consulted on the draft GPS 2024.

Engage with relevant stakeholders

- 48 Have regard to the views of Local Government New Zealand and representative groups of land transport users and providers. Before issuing a GPS, the Minister must consult the Agency about the proposed GPS. These specific consultation requirements with relevant stakeholders will be met in the New Year, as part of the public consultation process.

PROACTIVELY RELEASED BY THE
MINISTRY OF TRANSPORT / TE MANATU WAIKATA

Attachment 3: Timetable for publication of GPS 2024

Milestone	Timeframe
Feedback from the Minister of Transport to officials on draft GPS 2024	Week ending 12 January 2024
Finalise and confirm key GPS 2024 inputs with Minister: <ul style="list-style-type: none"> • Strategic priorities • Ministerial expectations • Activity classes/funding ranges • Revenue settings 	Week ending 26 January 2024
Departmental consultation on draft GPS and Cabinet paper	29 – 31 January 2024
Ministerial and coalition partner consultation	5 – 9 February 2024
Incorporation of feedback	12 – 14 February 2024
Cabinet submission	15 February 2024
Consideration by Cabinet 100-Day Committee (Important note: to be confirmed in the New Year once Cabinet Committee dates for February 2024 have been published).	21 February 2024
Cabinet approval to publicly consult	26 February 2024
Public consultation on draft GPS 2024 begins Tuesday, 27 February 2024	
Four-week public consultation closes	29 March 2024
Officials consider submissions	1 – 5 April 2024
Brief Minister of Transport on outcome of public consultation process	8 April 2024
Incorporate Minister's feedback	8 – 12 April 2024
Update final GPS 2024 and Cabinet Paper	15 – 19 April 2024
Departmental consultation	22 – 26 April 2024

BUDGET SENSITIVE

Ministerial and coalition partner consultation	29 April – 10 May 2024
Submission to the Cabinet Office	13 May 2024
Consideration by Cabinet Economic Development Committee (DEV)	15 May 2024
Cabinet Confirmation	20 May 2024
GPS 2024 published and comes into effect Tuesday, 21 May 2024	

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA



11 January 2024

Hon Simeon Brown

Minister of Transport

AIDE MEMOIRE: MEETING WITH THE MINISTER OF FINANCE ON THE GOVERNMENT POLICY STATEMENT ON LAND TRANSPORT

To: Hon Simeon Brown, Minister of Transport

From: Paul O'Connell, Deputy Chief Executive, Sector Strategy

Date: 11 January 2024

OC Number: OC240001

Summary/Purpose

- 1 Provide you with speaking points for your meeting with the Minister of Finance on the Government Policy Statement on land transport 2024 (GPS 2024) on 12 January 2024.
- 2 We understand that your office is providing a meeting briefing and other background information for this meeting. We have provided information to support your office in developing that material.
- 3 This Aide Memoire provides some possible questions that the Minister of Finance may ask and our suggested responses.

Possible questions and answers

Question 1. Could we bring forward FED and RUC increases to reduce the level of funding required from Budget allowances, and reduce the risk of size of the future fiscal cliff when time-limited debt runs out?

Answer 1. Some very strong commitments on FED and RUC were made pre-election. Within those boundaries it might be possible to have FED/RUC increases from 1 July 2027, or possibly even six months earlier – by 1 January 2027. Relative to a 1 July 2027 start, the earlier date would increase GPS 2024 funding by \$180 million and GPS 2027 funding by \$360 million.

Question 2. Are there opportunities to provide increased forward certainty, for example, by indexing future FED and RUC increases?

Answer 2. Yes, indexing is something that we could consider for the future. However, any indexing would need to start from a sustainable position. The current position is that real

FED/RUC increases (or equivalent alternatives) are needed to meet future revenue needs. Inflation adjusting from an unsustainably low base would be counter-productive if it creates a perception that the low base is locked in for the foreseeable future.

Question 3. Do you expect that the proposed funding settings will be sufficient to support all Transport ambitions over the next ten years?

Answer 3. Delivery of the government's transport commitments will require additional funding in due course. The current estimates we're discussing today provide for the GPS essential spend and some seed funding for the RoNS and Better Public Transport projects. I expect that we will pursue private sector financing options for construction of several of these projects. However, there are projects in our commitments list that will not be suitable for private finance. The government will need to provide capital or consider revenue increase to the GPS if those projects are to progress. The GPS doesn't cover funding for all transport projects (eg rail, NZUP and several other parts of the transport sector)

Question 4. What processes will the Minister put in place to ensure that NZTA continues to get value for money out of NLTF spend, in accordance with the proposed 'Ministerial expectations' to be included in the GPS?

Answer 4. Value for money will be a key part of the GPS. Specifically, I will be including an expectation that NZTA provides me with a performance and efficiency plan and reports regularly against that.

Question 5. How will the capital investment components of the GPS (particularly Transport for the Future) align with, and draw on, the broader infrastructure work programme – for example, the infrastructure pipeline, and potential City Deals?

Answer 5. As you know, the cross-government policy framework for pipeline and city deals has yet to be developed. However, I will ensure that that GPS includes an expectation that NZTA supports the City Deals process. I note that there may be challenges integrating city deals with the statutory autonomy of NZTA with respect to expenditure from the National Land Transport Fund.



19 January 2024

Hon Simeon Brown

Minister of Transport

AIDE MEMOIRE: ADDITIONAL INFORMATION TO SUPPORT THE DEVELOPMENT OF GPS 2024

To: Hon Simeon Brown, Minister of Transport

From: Paul O'Connell

Date: 19 January 2024

OC Number: OC240002

Purpose

- 1 This briefing provides further information to support development of the Government Policy Statement on land transport 2024 (GPS 2024).

Introduction

- 2 As requested, attached to this aide memoire is additional information to clarify some GPS-related matters and to support your consideration of the draft GPS 2024 document currently being prepared. The further information includes:
 - 2.1 Proposed activity classes definitions and funding ranges (Annex 1 & 2).
 - 2.2 10-year maintenance spend information (Annex 3 – excel spreadsheet).
 - 2.3 The list of projects delivered as part of NLTP 2021-24 etc . (Annex 4 – excel spreadsheet).
 - 2.4 An explanation of the cost drivers in the Public Transport activity class.
 - 2.5 An explanation of the differences between the “forecast” and “probables” cost.
 - 2.6 An overall GPS 2024 funding package. (Annex 5 – excel spreadsheet)

Activity classes

- 3 Following your direction, officials have split the State Highway and Local Road Maintenance activity classes into the State Highway and Local Road Pothole

Prevention and Repair activity class, and the State Highway and Local Road Operations activity class.

4 In the version of the draft GPS provided to the Ministry on 15 January, these activity classes were called the Pothole Prevention and Repair activity class, and Operations activity class. An alternative title for the Pothole Prevention and Repair activity, that the sector may better understand would be the Maintenance and Renewals activity class, as this better reflects the types of activities that will be funded from this activity class.

5 The Pothole Prevention and Repair activity class has been defined as:

5.1 Investment in the ongoing maintenance, and renewal of the state highway network to deliver an appropriate level of service across all modes.

5.2 This activity class is for the purpose of investment in resealing, rehabilitation, and drainage maintenance of the state highway network.

5.3 This activity class will not invest in multi-modal improvements.

6 The Operations activity class has been defined as:

6.1 Investment in the ongoing operation of the state highway network.

6.2 Urgent response to transport network disruptions to restore an appropriate level of service.

7 Officials have also made the following changes to the activity classes:

7.1 Increased funding in the State Highway and Public Transport activity classes to support the delivery of Transport for the Future Projects

7.2 Removed the Coastal Shipping and Inter-regional Public Transport activity classes.

8 **Annex 1** outlines how the changes to the activity classes will be reflected in the GPS, including the change in funding ranges and the changes in definitions. Noting we will be seeking further clarification on how rail activities are funded.

9 To get a better understanding of what will likely be funded from the Pothole Prevention and Repair, and Operations activity classes, officials have mapped NZTA's work categories¹ for the existing Maintenance activity class, against the new activity classes. This mapping has been done under the assumption that everything funded from the Maintenance activity class will be able to be funded from either the Pothole Prevention and Repair activity class or the Operations activity class.

10 In GPS 2021, all maintenance activities were funded from the maintenance activity class, this included the maintenance and renewals of both footpaths and cycle paths.

11 Officials would like your direction on how the maintenance and renewals of footpaths and cycle paths should be funded through GPS 2024. You can specify, through

¹ Work categories provide a finer level of detail, underneath activity classes, on what can and cannot be funded.

activity class definitions, that the maintenance and renewals of footpaths and cycle paths are funded from:

- 11.1 the Pothole Prevention and Repair activity class.
 - 11.2 the Operations activity class.
 - 11.3 the Walking and Cycling activity class.
 - 11.4 a new Footpath and Cycle path activity class.
- 12 The mapping of work categories to the Pothole Prevention and Repair, and Operations activity classes and the work categories definitions are presented in **Annex 2**.
- 13 To finalise the activity class definitions and funding ranges, we need to:
- 13.1 Confirm the definition and naming of the Pothole Prevention and Repair activity class and Operations activity class align with your direction.
 - 13.2 Confirm how you would like to fund footpath and cycle path maintenance and renewals.
 - 13.3 Confirm that Safety Cameras are able to be funded from the Safety activity class.
 - 13.4 Engage with NZTA on the activity class ranges and definitions, to ensure they are workable.

10-year maintenance spend information

- 14 You requested a breakdown of the spend on maintenance spend over the past 10 years, this is provided in **Annex 3**. In Annex 3, officials have also included the spend on State Highway and Local Road maintenance, and Public transport from 1998-2021.
- 15 NZTA has broken down the spend on the Local Road and State Highway Maintenance by work categories and included the historical spend from 2012/13-2022/23, the currently approved spend for 2023/24, and the current requests (bids) for funding in 2024/25-2026/27.
- 16 The bids for funding in 2024/25-2026/27 will be subject to further assessment and moderation before they are approved.
- 17 Work Category 151 Network and asset management (WC 151) shows a decrease in funding in 2024-27. This is due in part to a change in how contingencies are managed. Previously, for the Maintenance activity class, it was held in WC 151, but in 2024-27 it will be split across the relevant work categories. It is also because the numbers currently only reflect regional bids and do not reflect maintenance funding held centrally (e.g. for Digital Maintenance and Digital Renewals).

NZTA comment on cost increases in 2024/25-2026/27

- 18 The bids for funding in 2024/25-2026/27 reflect a significant increase in funding compared to 2021/22-2023/24. NZTA has provided the following text to explain the increase in funding.

- 18.1 *"The growth in the size of the network. The state highway network has increased by ~100km per annum and many councils are growing their network to cater for development.*
- 18.2 *The complexity of infrastructure on the roads with new cycle lanes, safety barriers, intelligent transport systems etc, which cost more to maintain and replace.*
- 18.3 *Health & safety requirements of operations (e.g. Temporary Traffic Management and use of emulsions) driving investment and ongoing costs of operations to preserve worker safety.*
- 18.4 *The increase in traffic loading which causes more rapid deterioration of infrastructure bringing forward the need for renewals and increasing the robustness of the treatments we must use. For local roads heavier double decker buses and electric buses are also causing more rapid decay on bus routes.*
- 18.5 *Built and urban environment related rules, regulations and requirements including water quality requirements for discharges of storm water to streams or the coast, biodiversity requirements requiring removal of pest plants, noise limits requiring noise abating road surfaces and walls etc. and scheduling requirements to reduce works impacts on neighbours.*
- 18.6 *Input price movement have been dramatically greater than budgeted for in the current NLTP. Treasury forecasts of 1.5% pa were used, summing to a total 4.4% input price change for the period. However, the actual is closer to 20% to 28%.*
- 18.7 *Aggregate supply is getting harder to source, more expensive to extract and needs to be transported longer distances to site.*
- 18.8 *An increased spend for emergency works noting the geographic scale and intensity of events grew substantially across the 21-24 period".*

List of projects being delivered as part of NLTP 2021-24

- 19 See Annex 4.

Public transport cost drivers

- 20 NZTA advises that the main drivers of public transport operating cost for NLTP 2021/22-2023/24 have been:
- 20.1 Indexation of contracts. These contracts are gross cost contracts and are subject to indexation. When the GPS 2021 budget was set inflation was forecast at 2% per annum (i.e. a little more than 6% over the three years) but is now expected to total about 18.2%.
- 20.2 Farebox recovery was reduced during the COVID-19 pandemic and has still not returned to pre-pandemic levels.

- 20.3 Addition of new services e.g North-West bus, the Christchurch PT futures service, and the Devenport ferry (previously an exempt service).
- 21 Forecast cost drivers in NLTP 2024/25-2026/27 include:
- 21.1 Driver wage increases. The Crown funding for bus driver wages (Workforce Sustainability and Skills Improvement) ends in 2025/26, and will need to be covered by the NLTF and local funding from 2026/27.
- 21.2 The costs of bus fleet decarbonisation.
- 21.3 Indexation for service operations (bids are forecasting 3-7%).
- 21.4 The full effect of new services introduced in NLTP 2021/22-2023/24 and new services starting in the GPS 2024 period, including Papakura to Pukekohe electrification, City Rail Link service operations, and the increased use of Total Mobility Services.

Differences between “forecast” and “probables”

- 22 The figures provided in OC231033 included projects that have existing funding approvals (commitments) and projects that are likely (but not certain) to be approved by the NZTA Board before July 2024 (probables) that have funding implications for the 2024/25-2026/27 financial years.
- 23 The forecast spend includes the probables likely to be approved by 30 June 2024, because not all the probables will actually be approved or progress. In addition, the forecast also includes:
- 23.1 A forecast of carry-forward of commitments from 2021-24 (i.e. projects programmed for delivery in 2021/22-2023-24 but now expected to be delayed).
- 23.2 A forecast of expected funding variation applications (e.g scope or cost changes) that have a cash flow impact in 2024-27.
- 23.3 A forecast of continuous programmes.
- 24 The starting position of any activity class, prior to the consideration of new projects that may seek inclusion in NLTP 2024-27, is best represented by the activity class forecast.

GPS 2024 funding package

- 25 Following the Friday 12 January meeting with the Minister of Finance, the Ministry of Transport has modelled the impact of the proposed funding package on National Land Transport Fund (NLTF) revenue over the next 10 years.
- 26 Officials have modelled a funding package consisting of:
- 26.1 Existing NLTF revenue (including revenue from EV vehicles).

- 26.2 A 6 cent per litre increase in Fuel Excise Duty (and associated increase in Road User Charges) on 1 January 2027, 1 January 2028, and 1 January 2029. (a cumulative increase of 18 cents per litre).
- 26.3 An annual \$10 increase in the annual licensing fee starting on 1 July 2024, with the final increase happening on 1 July 2028 (In total increasing the annual licensing fee by \$50).
- 26.4 A \$1.38 billion Crown Grant (operating) over 2024-27.
- 26.5 A \$3.1 billion Crown Grant (capital) over 2024-27.
- 26.6 A \$3.1 billion Crown loan over 2024-27.
- 27 In total this revenue provides \$21.4 billion of funding over 2024-27 and \$63.3 billion of revenue over 2024-2034.
- 28 GPS 2024 forecasts expenditure of \$20.8 billion, the latest revenue forecast of \$21.4 billion provides additional funding of \$600m. You can use this funding to either:
- 28.1 Increase the available NLTF revenue for GPS 2024, or
- 28.2 Reduce the needs for Crown grants.
- 29 The annual breakdown is provided in **Annex 5**.

Topics for further discussion or advice

- 30 Officials would like further discussion on the activity class framework to confirm:
- 30.1 The definition and naming of the Pothole Prevention and Repair activity class and Operations activity class align with your direction.
- 30.2 How you would like to fund foot path and cycle path maintenance and renewals (see paragraph 11 above).
- 30.3 That Safety Cameras are able to be funded from the Safety activity class.
- 30.4 You agree that officials may work with NZTA on the activity class ranges and definitions, to ensure they are workable.
- 30.5 How you would like the possible additional \$600 million to be handled (see paragraph 28 above).
- 31 How you intend to fund Rail activities in GPS 2024. Noting that you are responsible for setting the Rail Network activity class range, and approving the Rail Network Investment Programme. The Rail Network Improvements Programme currently has ~\$330m of Crown funding approved in 2024/25 and 2025/26.

Contacts

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

Note: Annex 4 is withheld under S 9(2)(ba)(i)

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

Annex 1: Proposed GPS Activity Class section

Funding ranges for activity classes

Funding in the National Land Transport Programme is allocated to activity classes. The allocation of funding to these activity classes outlined in TABLE reflects the strategic direction the government has set.

The following activity classes will be used for the 2024-27 National Land Transport Programme:

- State highway Pothole Prevention and Repair
- State highway operations
- Local road Pothole Prevention and Repair
- Local road operations
- Safety
- Investment management
- Public transport services
- Rail network
- State highway improvements
- Local road improvements
- Public transport infrastructure
- Walking and cycling improvements

The activity classes follow on from GPS 2021, with the main change being State Highway and Local Road Maintenance activity classes have been split into State Highway and Local Road Pothole Prevention and Repair and State Highway and Local Roads Operations. The Road to Zero activity class has been renamed to the *Safety* activity class.

State Highway and Local Roads Pothole Prevention and Repair

The State Highway and Local Roads Pothole Prevention and Repair activity class is intended to address the significant rise in the number of potholes and deterioration of the roading network.

Previous Government Policy Statements have funded resealing, rehabilitating, and drainage maintenance activities through the State Highway and Local Roads Maintenance activity class. The State Highway and Local Roads Pothole Prevention and Repair activity class differs from this approach as it is ring-fenced to fund resealing, rehabilitating, and drainage maintenance activities and will not fund other maintenance activities.

This activity class is paired with a focus on achieving long-term maintenance outcomes of 2 percent of the state highway network renewed each year and 9 percent of the state highway network resealed each year, and increasing requirements for potholes to be fixed within 24 hours. These targets are expected to be reflected in the NZTA Performance and Efficiency Plan.

Funding in this activity class will not be used to make multi-modal improvements. Funding should only be used to reseal, rehabilitate, and maintain drainage on the state highway or local road networks.

State Highway and Local Road Operations

This activity class is for the purpose of investment in the operation of the state highway and local road networks.

Operational activities include managing demand and operating services to optimise utilisation across the network. This activity class will fund all operational activities on the state highway and local networks, and includes funding for emergency reinstatement after loss of service.

Safety activity class

The Safety activity class is for the purpose of investment in road policing and road safety promotion and will be focused on improving road safety through enforcement and behavioural change.

The Safety activity class will not invest in blanket speed limit reductions, raised pedestrian crossings, raised platforms, speed bumps, and any other type of safety infrastructure on state highways and local roads.

The Government expects that investment in road safety will be achieved through all activity classes as GPS 2024 takes a Safe System approach. This includes the delivery of new Roads of National Significance and investment in a well-maintained road network through pothole prevention and repair activity classes.

Funding toward road safety will be focused on safer roads, safer drivers, and safer vehicles.

Activity Classes are defined in detail in Appendix 1.

Funding ranges

Table 4 sets out the funding ranges for each activity class for 2024/25–2026/27 and the forecast funding range for 2030/31–2033/34.

The NZTA is required to allocate funding to activity classes within the funding ranges set out in Table 4 and within the overall expenditure targets set out in Table 3. There may be additional funding from other sources (such as Crown funding or local government) towards some projects and activities.

The expenditure targets do not envisage funding being allocated at the top end of every activity class range. Specifying the funding allocations as a range provides the NZTA with some flexibility to respond to the actual funding applications received and to manage issues such as weather delays affecting its own state highway investment programme.

TABLE 4. ACTIVITY CLASS FUNDING RANGES

Activity Class		GPS 2024 Funding range						Forecast funding range			
		2024/25 \$m	2025/26 \$m	2026/27 \$m	2027/28 \$m	2028/29 \$m	2029/30 \$m	2030/31 \$m	2031/32 \$m	2032/33 \$m	2033/34 \$m
Continuing programmes											
Public transport services	Upper	850	930	1,020	1,090	1,170	1,270	1,340	1,440	1,550	1,670
	Lower	580	640	700	740	800	870	920	990	1,070	1,150
State highway Pothole Prevention and Repair	Upper	830	940	960	980	1,050	1,070	1,090	1,110	1,130	1,150
	Lower	630	710	720	710	760	780	790	810	820	840
State highway operations	Upper	490	550	590	640	680	690	710	720	740	750
	Lower	350	400	430	460	490	500	510	520	530	540
Local road Pothole Prevention and Repair	Upper	790	860	860	870	930	950	970	990	1,010	1,030
	Lower	630	690	680	670	720	730	750	760	780	790
Local road operations	Upper	340	360	470	290	310	320	330	330	340	350
	Lower	180	190	200	210	220	230	230	240	240	250
Investment management	Upper	85	90	90	90	95	95	100	100	105	110
	Lower	65	70	70	70	75	75	80	80	85	90
Rail network ¹	Upper Lower										
Safety	Upper	620	630	640	650	650	650	660	660	660	670
	Lower	520	530	540	550	550	550	560	560	560	570
State highway Improvements	Upper	1,750	1,850	2,050	1,350	1,350	1,350	1,350	1,350	1,350	1,350
	Lower	950	1,050	1,100	850	850	850	850	850	850	850
Local road Improvements	Upper	260	130	130	140	140	140	150	140	130	120
	Lower	130	60	50	50	60	60	60	60	60	60
Public transport Infrastructure	Upper	1,030	1,080	1,130	1,090	1,110	1,130	1,140	1,150	1,160	1,170
	Lower	390	440	490	510	530	550	550	550	550	550
	Upper	250	130	130	130	130	130	130	130	130	130

¹ We are seeking further guidance on how Rail activities will be funded through GPS 2024.

Walking and cycling improvements	Lower	135	70	70	70	70	70	70	70	70	70
----------------------------------	-------	-----	----	----	----	----	----	----	----	----	----

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

Proposed GPS2024 Appendix 1: Activity class definitions

Continuous programmes:

State Highway Pothole Prevention and Repair

This activity class will invest in:

- the ongoing maintenance, and renewal of the state highway network to deliver an appropriate level of service across all modes.

This activity class is for the purpose of investment in resealing, rehabilitating, and drainage maintenance on the state highway network.

This activity class will not invest in multi-modal improvements.

State Highway Operations

This activity class will invest in the:

- ongoing operation of the state highway network.
- Urgent response to transport network disruptions to restore an appropriate level of service.

Local Road Pothole Prevention and Repair

This activity class will invest in the ongoing maintenance, and renewal of the local road network to deliver an appropriate level of service across all modes.

This activity class is for the purpose of investment in resealing, rehabilitating, and drainage maintenance on the state highway network.

This activity class will not invest in multi-modal improvements.

Local Road Operations

This activity class will invest in the:

- Ongoing operation of the local road network.
- Urgent response to transport network disruptions to restore an appropriate level of service.

Public Transport Services

This activity class will invest in the:

- operation and maintenance of existing public transport networks, to improve utilisation and/or maintain the level of service.
- new public transport services to improve the level of service and support an increase in uptake of public transport.

Safety

This activity class will invest in:

- road policing and associated equipment
- automated enforcement
- road safety promotion and system management
- support behavioural changes to improve road safety outcomes.

This activity class will not invest in infrastructure initiatives such as raised pedestrian crossings, raised platforms, and speed bumps on state highways and local roads.

Investment Management

This activity class will invest in:

- the management and delivery of transport planning. This includes the development of Regional Land Transport Plans (RLTPs), the development of Activity Management Plans (AMPs), the development of speed management plans, parking management plan, development of Programme Business Cases (PBCs) and the delivery of post implementation reviews.
- integrated land use and transport planning, including long term system planning, urban growth plans, transport emissions reduction plans, climate adaptation plans, VKT reduction plans, and Regional Spatial Strategies.
- The management and delivery of research into land transport issues to support sound system planning and investment.
- The management of funding allocation system. This includes the development of and administration of the National Land Transport Programme (NLTP), associated funding and procurement procedures, policies and guidelines, funding agreements with approved organisations, assistance and advice to approved organisations and regional land transport committees.

Rail Network

This activity class will invest in:

- a reliable and resilient national rail network. Including enabling KiwiRail to deliver ongoing maintenance, renewals and improvements to the rail network.

This activity class will be funded with revenue from Track User Charges (TUCs) and specific Crown funding.

Improvements activities:

Any improvements activities funded from the NLTF will undergo a robust business case process, including consultation with community members and business owners that could be affected by the investment, prior to any investment decisions being made.

Unless explicitly stated, each activity class can invest in every step of the intervention hierarchy including:

- Integrated planning
- Demand management
- Making the best use of the existing system
- New infrastructure.

State Highway Improvements

This activity class will invest to:

- optimise utilisation and/or improve levels of service across the state highway network.

This activity class will not invest in multi-modal improvements or traffic calming measures.

Local Road Improvements

This activity class will invest to:

- optimise the utilisation and/or improve levels of service across the local road network.

This activity class will not invest in multi-modal improvements.

Public Transport Infrastructure

This activity class will invest in:

- the maintenance, renewal of, or improvements to existing public transport infrastructure to improve utilisation.
- new public transport infrastructure to improve the level of service and support an increase in the uptake of public transport.

Walking and Cycling

This activity class will invest to:

- improve the level of service and increase uptake of walking and cycling (including micro mobility).

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

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

Annex 2: New activity class definitions and work category mapping

State Highway/Local Roads Pothole Prevention and Repair

This activity class will invest in:

- the ongoing maintenance, and renewal of the state highway/local road network to deliver an appropriate level of service across all modes.

This activity class is for the purpose of investment in resealing, rehabilitating, and drainage maintenance on the state highway network.

This activity class will not invest in multi-modal improvements.

Relevant work categories		Description
111	Sealed pavement maintenance	The routine care of sealed pavements to maintain their structural integrity and serviceability.
112	Unsealed pavement maintenance	The routine care of unsealed pavements to maintain their structural integrity and serviceability.
113	Routine drainage maintenance	The routine care of drainage facilities to maintain their function.
114	Structures maintenance	The routine works necessary to maintain the function, structural integrity and appearance of structures.
124	Cycle path maintenance*	The operation and maintenance of cycle and shared path facilities, including the operation of associated lighting.
125	Footpath maintenance*	The maintenance of public footpaths and facilities associated with public footpaths, such as pedestrian network connections, including stairs, alleyways and off-road connections.
131	Rail level crossing warning devices maintenance	The maintenance and renewal of rail level crossing warning devices carried
211	Unsealed road metalling	The planned periodic renewal of pavement layers, including top surface metal, on unsealed roads.
212	Sealed road resurfacing	The planned periodic resurfacing of sealed roads.
213	Drainage renewals	The like-for-like replacement of drainage facilities.
214	Sealed road pavement rehabilitation	The replacement of, or restoration of strength to, sealed pavements where other forms of maintenance and renewal are no longer economic.
215	Structures component replacements	The like-for-like replacement and renewal of structures

216	Bridge and structures renewals	The like-for-like replacement of bridges and structures that are at the end of their serviceable life.
221	Environmental renewals	The renewal of existing environmental control facilities related to roads.
222	Traffic services renewals	The renewal of existing, road furniture, lighting, signs and markings, and traffic management equipment and facilities (e.g. pavement markings, traffic signs, weighing facilities).
224	Cycle path renewal*	The renewal of existing cycle paths and shared path facilities, associated street lighting and traffic management equipment and facilities.
225	Footpath renewal*	The renewal of public footpaths and facilities associated with public footpaths such as pedestrian network connections, including stairs, alleyways and off-road connections.

*You may wish to fund the work categories relating to footpath and cycle path maintenance and renewals from a separate activity.

State Highway/Local Roads Operations

This activity class will invest in the:

- ongoing operation of the state highway/local road network.
- urgent response to transport network disruptions to restore an appropriate level of service.

Relevant work categories		Description
121	Environmental maintenance	The routine care and attention of the road corridor to maintain safety, aesthetic and environmental standards.
122	Network service maintenance	The routine care and attention of road features that support the safety performance and functional use of the network.
123	Network operations	The operation, maintenance and power costs of traffic signals and other traffic management equipment and facilities.
140	Minor events	The response to minor, short-duration, natural events that reduce service levels on part of the transport network.
141	Emergency works	The response to a defined, major, short-duration natural event that has reduced or will reduce customer levels of transport service significantly below those that existed prior to the event and results in unforeseen, significant expenditure.
161	Property management	The management of property purchased by the NZ Transport Agency (for its own activities) for future transport improvements and properties held for operational purposes.
151	Network and asset management	The general management and control of the road network and management of road infrastructure, including public footpaths and cycleways and associated facilities.

171	Financial grants	Grants to approved organisations at the discretion of NZ Transport Agency (as investor) to support the revocation and transfer of a road or road section from being a state highway to a local road.
-----	------------------	--

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

Work Category definitions

The definitions of work categories have been taken from NZTA's [Planning and Investment Knowledge Base](#). It is worth noting that a work category can relate to multiple activity classes, and the ones listed below relate to the State Highway and Local Road Maintenance Activity Classes.

Category	Description	Examples of activities	Exclusions
WC 111: sealed pavement maintenance	Work category 111 provides for the routine care of sealed pavements to maintain their structural integrity and serviceability.	<ul style="list-style-type: none"> • pavement dig-outs, patching and pothole repairs • pre-reseal repairs • unsealed shoulder maintenance on sealed roads • the approved organisation's or the Waka Kotahi NZ Transport Agency (for its own activities) share of pavement maintenance at railway level crossings together with any associated servicing fee • protective covering over the road where stock cross at grade • road protection against stock damage. 	There are no identified exclusions.
WC 112: unsealed pavement maintenance	Work category 112 provides for the routine care of unsealed pavements to maintain their structural integrity and serviceability.	<ul style="list-style-type: none"> • grading • flanking • spot metalling and pothole repair • restoration of the correct camber • maintenance of the running course. 	There are no identified exclusions.
WC 113: routine drainage maintenance	Work category 113 provides for the routine care of drainage facilities to maintain their function.	<ul style="list-style-type: none"> • cleaning of kerbed water channels, sumps and cesspits in urban areas (30 percent of total cost – see below) • routine maintenance, repair and reinstatement of surface water 	There are no identified exclusions.

Category	Description	Examples of activities	Exclusions
		<p>channels and routine maintenance and repair of sub-soil drains</p> <ul style="list-style-type: none"> • stream clearing and debris removal to maintain water courses through culverts (cross-sectional area less than 3.4 square metres) • removal of berms impeding drainage. 	
<p>WC 114: structures maintenance</p>	<p>Work category 114 provides for the routine work necessary to maintain the function, structural integrity and appearance of:</p> <ul style="list-style-type: none"> • road bridges • retaining structures • guard rails • tunnels • stock access structures • vehicular ferries • cattle stops • footpaths on road structures: <ul style="list-style-type: none"> ○ pedestrian overbridges/underpasses ○ bridge waterways, when the bridge itself is directly affected. 	<ul style="list-style-type: none"> • repairs to hand rails associated with structures • repairs to guard rails, including wire rope barriers • minor repairs to other components • all cleaning and painting • stream clearing and debris removal to maintain water courses under bridges • repairs to protective works • hire charges for Bailey bridges (excluding temporary bridges that are part of emergency works). 	<ul style="list-style-type: none"> • significant new or improved preventive works – these are funded under work category 357 • Work category 357: resilience improvements (webpage yet to come) • pedestrian bridges affording access to roads, streets or highways – these are funded under work category 125 • Work category 125: footpath maintenance • any bridge constructed by any agency subsequent to 1954 that does not conform to a recognised design code.
<p>WC 121: environmental maintenance</p>	<p>Work category 121 provides for the routine care and attention of the road corridor to maintain safety,</p>	<ul style="list-style-type: none"> • snow clearing and ice control • vegetation control (see conditions of funding below) 	<ul style="list-style-type: none"> • aesthetic treatments (such as flower gardens) on berms, shoulders, medians and traffic islands • maintenance of the area between the kerb and the road reserve boundary in

Category	Description	Examples of activities	Exclusions
	aesthetic and environmental standards.	<ul style="list-style-type: none"> • litter collection on rural roads and associated public footpaths, shared paths and cycle paths • removal of, and protection against, graffiti on road structures • maintenance and removal of effluent from stock-truck effluent disposal facilities • Stock Effluent Facilities Policy • any special treatment of run-off from the road to maintain water quality • sweeping loose chip and detritus from road intersections • removal of rocks and minor slip material from the road or catch fences • maintenance of rest areas • maintenance of protection planting, including maintenance pruning • non-recoverable costs arising from clearing the carriageway or associated public footpaths, shared paths or cycle paths of damaged vehicles, crash debris and spillages that are not the responsibility of emergency services • non-recoverable costs associated with removal of abandoned vehicles from road reserves. 	<p>urban areas – this is not eligible for funding assistance except as described below in ‘Conditions of funding for vegetation control’</p> <ul style="list-style-type: none"> • control of noxious plants declared in terms of the Biosecurity Act 1993 within the road reserve – this is not eligible for funding assistance unless it is included in a regional pest management strategy agreed by us as applying to road reserves.
WC 122: network services maintenance	<p>Work category 122 provides for the routine care and attention of road features that support the safety performance and functional use of the network including:</p>	<ul style="list-style-type: none"> • maintenance of: <ul style="list-style-type: none"> ○ traffic signs as accepted by Waka Kotahi policy • sign specifications: <ul style="list-style-type: none"> ○ road delineation marker posts 	<ul style="list-style-type: none"> • the reinstatement of facilities maintained under work category 122 caused by maintenance or construction work – this is charged to the maintenance or construction project

Category	Description	Examples of activities	Exclusions
	<ul style="list-style-type: none"> • road furniture • pavement markings • carriageway and pedestrian crossing lighting. 	<ul style="list-style-type: none"> ○ pavement markings (including bus priority lane and cycleway markings on all non-separated road surfaces) ○ signs and pavement markings required for stock crossings ○ sight rails • operation, maintenance and power costs of: <ul style="list-style-type: none"> ○ carriageway lighting and their control systems ○ Belisha beacons and lighting at pedestrian crossings. 	<ul style="list-style-type: none"> • any capital cost, either as a direct charge or by amortisation • maintenance of associated facilities specifically related to the footpath network, including signs, lighting, hand rails and guard rails – these are funded under work category 125 • Work category 125: footpath maintenance • any costs related to amenity lighting – this includes the lighting of: <ul style="list-style-type: none"> ○ buildings ○ property and reserves ○ under-veranda lighting ○ festive lighting ○ any other lighting not directly related to the operation of a road.
WC 123: network operations	<p>Work category 123 provides for the operation, maintenance and power costs of traffic signals and other traffic management equipment and facilities.</p>	<ul style="list-style-type: none"> • operation, maintenance and power costs of: • traffic signals • advanced traffic management systems • variable message signs • area-wide traffic control systems, including update of software • local area traffic management schemes, including speed control devices and threshold treatments • ramp metering • surveillance devices • traffic monitoring equipment, such as closed-circuit television systems 	<ul style="list-style-type: none"> • staff time for the operation of closer-circuit television systems (unless in a TOC) • the reinstatement of facilities maintained under this work category following a renewal or construction/implementation activity – this is charged to the renewal or construction/implementation project

Category	Description	Examples of activities	Exclusions
		<ul style="list-style-type: none"> • tunnel ventilation systems operation, fire control and emergency response preparedness • transport operations centres (TOCs) – labour and facility costs • emergency telephones on motorways • weighing facilities owned by an approved organisation or Waka Kotahi NZ Transport Agency (for its own activities) and/or operated as a weight surveillance facility • incident response and management 	
<p>WC 124: cycle path maintenance</p>	<p>Work category 124 provides for the operation and maintenance of cycle and shared path facilities, including the operation of associated lighting.</p> <p>Waka Kotahi NZ Transport Agency (for its own activities) maintains all cycling and shared path facilities within its designations and/or the state highway corridor (including pavement surfacing, pavement markings, sweeping, the replacement of light luminaries and electricity charges) unless agreed otherwise with the approved organisation.</p>	<ul style="list-style-type: none"> • maintenance and renewal of public cycle paths and shared paths and facilities – this may include signs, markings, traffic signals, lighting, handrails/guardrails etc. • routine work necessary to maintain the function, structural integrity and appearance of cycling infrastructure that provides access across or under roads, streets, highways, runways, waterways, railways or footpaths • routine care of drainage facilities • environmental maintenance of cycle paths and shared paths not directly associated with roadways, including litter collection and vegetation management where vegetation would impede safe access and use – the detailed criteria for funding of vegetation control as set out in work 	<ul style="list-style-type: none"> • renewal of cycle facilities, such as resurfacing or reconstruction – these are funded under work category 224 • Work category 224: cycle path renewals • cycle paths and facilities with no direct transport function or that are not available to the general public at all times, for example cycle and shared paths and facilities not adjacent to a roadway and not forming part of a cycling network – these include but are not limited to paths in parks with minimal or no through function and unsealed mountain bike trails • pedestrian-only walking paths and facilities – these are funded under work category 125 • Work category 125: footpath maintenance

Category	Description	Examples of activities	Exclusions
	<p>Approved organisations maintain all cycling and shared path facilities outside Waka Kotahi designations and/or the state highway corridor, unless agreed otherwise with us (Waka Kotahi as investor).</p> <p>Waka Kotahi (for its own activities) intends to optimise the road user experience and to minimise the cost of service delivery where possible. Therefore, Waka Kotahi (for its own activities) may, in some instances agree to take responsibility for the maintenance of cycling and shared path facilities outside its designation, or vice versa to delegate responsibility for assets within its control to an approved organisation.</p>	<p>category 121 are applicable to this work category.</p>	<ul style="list-style-type: none"> • construction/implementation of new cycle facilities or capital work on existing facilities, such as the provision of new lighting – these are funded under work category 452 • Work category 452: cycling facilities • reinstatement of excavations/patches on surfacing caused by utility providers, including the council's reticulated network provision • road shoulders that are part of a cycling network – these are funded under work category 111. • Work category 111: sealed pavement maintenance
<p>WC 125: footpath maintenance</p>	<p>Work category 125 provides for the maintenance of public footpaths and facilities associated with public footpaths, such as pedestrian network connections, including stairs, alleyways and off-road connections.</p>	<ul style="list-style-type: none"> • footpath patching and pothole repairs in paved, sealed and unsealed footpath surfaces • treatments to address isolated pavement joint irregularities or surface defects in concrete paths • maintenance of footpaths and pedestrian accessways and facilities, 	<ul style="list-style-type: none"> • footpath renewals, such as resurfacing or reconstruction – these are funded under work category 225 • footpaths and facilities used for recreational purposes (such as paths that do not connect to the wider footpath network) – these are not eligible for funding assistance

Category	Description	Examples of activities	Exclusions
		<p>including associated structures and bridges, signs or furniture, provided the facilities are consistent with a relevant walking and/or cycling strategy or plan</p> <ul style="list-style-type: none"> operations, maintenance and power costs of footpath lighting vegetation control on footpaths that meets the conditions of funding in work category 121. 	<ul style="list-style-type: none"> footpaths and facilities that are not in public ownership or to which the public does not have full access at all times of the day, for example footpaths in parks that are closed to the public at night maintenance of shared pedestrian cycling paths and facilities – these are funded under work category 124 vegetation control that does not meet the conditions of funding in work category 121 construction/implementation of new or improved shared pedestrian and cycle paths and walking facilities – these are funded under work categories 451 and 452.
<p>WC 131: level crossing warning devices</p>	<p>Work category 131 provides for approved organisations and Waka Kotahi NZ Transport Agency (for its own activities) to share the costs associated with the maintenance and renewal of rail level crossing warning devices carried out by the relevant rail track authority where the crossing is part of the road controlling authority's road, cycle or footpath network. This includes public access links to rail stations and interchanges.</p>	<ul style="list-style-type: none"> Work category 131 covers the maintenance and renewal of barrier arms and warning devices. The relevant rail track authority plans and programmes the qualifying activities and communicates these to affected approved organisations and Waka Kotahi (for its own activities) to enable them to incorporate the activities in their local road and state highway maintenance programmes for the National Land Transport Programme (NLTP). Where the relevant rail track authority responds to unplanned events, or to rail level crossing deterioration 	<ul style="list-style-type: none"> rail level crossing warning devices improvements – these are funded under work category 321 rail level crossings for private property access only.

Category	Description	Examples of activities	Exclusions
		<p>occurring ahead of schedule, the costs of these activities also qualify for funding from the National Land Transport Fund (NLTF).</p>	
<p>WC 140: minor events</p>	<p>Work category 140 enables funding from the National Land Transport Fund (NLTF) for the response to minor, short-duration, natural events that reduce service levels on part of the transport network.</p>	<ul style="list-style-type: none"> • any activities that would otherwise qualify as emergency works under work category 141 except that the total cost of the works is less than \$100,000 per event per approved organisation or Waka Kotahi NZ Transport Agency (for its own activities in the region) – these include but are not limited to: <ul style="list-style-type: none"> ○ removal of rocks and slip material from roads, public footpaths and cycleways that have resulted from minor events ○ repairs to road, public footpaths and cycleway surfaces in response to minor events ○ reinstatement of network facilities damaged as a result of a minor event. 	<p>Work category 140 excludes any activities excluded under work category 141, which are but not limited to:</p> <ul style="list-style-type: none"> • the effects of scour, degradation, aggradation and land movements that have accumulated over time • costs of damage or deficiencies from land movements that have not been triggered by a specific event • the repair of any damage to work under construction, including within the post-construction maintenance period – this is a charge to the activity under construction and is expected to be covered by the supplier's insurance • any damage that is the result of a human intervention or incident, for example caused by a vehicle crash or operational activity • improvements associated with permanent reinstatement – these should be assessed and prioritised as improvement activities, separate from the emergency works funding application and, if approved, funded from the appropriate improvement activity class and work category

Category	Description	Examples of activities	Exclusions
			<ul style="list-style-type: none"> costs to respond to damage that may be caused by qualifying events but the activities are not eligible for NLTF, for example aesthetic treatments on berms, shoulders, medians and traffic islands.
WC 141: emergency works	<p>Work category 141 enables funding from the National Land Transport Fund (NLTF) in response to a defined, major, short-duration natural event (a qualifying event) that has reduced or will reduce customer levels of transport service significantly below those that existed prior to the event and results in unforeseen, significant expenditure.</p>	<ul style="list-style-type: none"> Work category 140 excludes any activities excluded under work category 141, which are but not limited to: <ul style="list-style-type: none"> the effects of scour, degradation, aggradation and land movements that have accumulated over time costs of damage or deficiencies from land movements that have not been triggered by a specific event the repair of any damage to work under construction, including within the post-construction maintenance period – this is a charge to the activity under construction and is expected to be covered by the supplier's insurance any damage that is the result of a human intervention or incident, for example caused by a vehicle crash or operational activity improvements associated with permanent reinstatement – these should be assessed and prioritised as improvement activities, separate from the emergency works funding application and, if approved, funded 	<ul style="list-style-type: none"> minor events of less than \$100,000 total cost – these are funded from within the approved organisation's and Waka Kotahi (for its own activities in the region) approved maintenance programme under work category 140 the effects of scour, degradation, aggradation and land movements that have accumulated over time costs of damage or deficiencies from land movements that have not been triggered by a specific event the repair of any damage to work under construction, including within the post-construction maintenance period – this is a charge to the activity under construction and is expected to be covered by the supplier's insurance any damage that is the result of a human intervention or incident, for example caused by a vehicle crash or operational activity improvements associated with permanent reinstatement – these should be assessed and prioritised as improvement activities, separate from the emergency works funding

Category	Description	Examples of activities	Exclusions
		<p>from the appropriate improvement activity class and work category</p> <ul style="list-style-type: none"> costs to respond to damage that may be caused by qualifying events but the activities are not eligible for NLTF, for example aesthetic treatments on berms, shoulders, medians and traffic islands. 	<p>application and, if approved, funded from the appropriate improvement activity class and work category</p> <ul style="list-style-type: none"> costs to respond to damage that may be caused by qualifying events but the activities are not eligible for funding from the NLTF, for example aesthetic treatments on berms, shoulders, medians and traffic islands.
<p><u>WC 151: network and asset management</u></p>	<p>Work category 151 provides for the general management and control of the road network and management of road infrastructure, including public footpaths and cycleways and associated facilities.</p>	<ul style="list-style-type: none"> management of the road, cycle and footpath network promotion and information activities (network user information – see below) that maximise the delivery of mode-share targets and efficiency of the transport network in support of the activity management plan implementation and operation of road asset management systems regular, routine updates to the activity management plan roughness and condition rating surveys traffic-count surveys, including pedestrian and cycle counts road network inspections and field validation of proposed programmes routine refreshing of the asset deterioration model maintenance and routine updating of transport models legalisation of existing road reserves as specified below 	<ul style="list-style-type: none"> professional services for developing speed management plans - development of these plans are funded as activities through work category 003, within the investment management activity class professional services for road maintenance activity classes for work categories 123 and 141: expenses involved in legalisation surveys other than those specified below travel behaviour change activities targeted towards safety – these are funded from work category 432 continuing existing travel demand management activities that are directly attributable to passenger transport services – these can be funded as part of the public transport continuous programme work category 524 travel behaviour change activities to support the successful implementation and establishment phase of a new

Category	Description	Examples of activities	Exclusions
		<ul style="list-style-type: none"> • management of the stock of Bailey bridges (Waka Kotahi NZ Transport Agency for its own activities only) • special road maintenance, renewal or improvement related studies that do not fit the transport planning work categories' description, for example KiwiRAP studies • professional services for road maintenance activity classes other than for operational traffic management and emergency works. 	<p>activity or programme of activities – these are to be funded as part of the activity or programme to which they relate.</p>
<p>WC 161: property management - state highways</p>	<p>Work category 161 provides for activities and costs associated with the management of property purchased by Waka Kotahi NZ Transport Agency (for its own activities) for future transport improvements and properties held for operational purposes.</p>	<ul style="list-style-type: none"> • for rental operations: <ul style="list-style-type: none"> ○ valuations for rent reviews ○ rates and grants ○ maintenance and renewal ○ management fees • for management of properties that cannot be rented: <ul style="list-style-type: none"> ○ rates and grants ○ maintenance and renewal ○ management fees ○ forestry • valuation of held property portfolio for financial reporting • statutory compliance activities on held properties • real estate agent fees – for leasing properties. 	<p>The work category excludes costs associated with acquiring or disposing of land.</p>
<p>WC 171: financial grants</p>	<p>Work category 171 provides for grants to approved organisations at</p>	<ul style="list-style-type: none"> • a grant made to support the revocation and transfer of a road or road section from being a state highway to a local road which will in 	<ul style="list-style-type: none"> • costs to ensure the road is in a fit-for-purpose condition prior to the transfer of ownership and all costs associated with the revocation process – these

Category	Description	Examples of activities	Exclusions
	the discretion of Waka Kotahi NZ Transport Agency (as investor).	future be funded at the approved organisation's normal funding assistance rate – the grant must not increase the local share of the maintenance programme costs by more than 3% over that allocated for the full year prior to the transfer.	are funded under the relevant state highway maintenance or improvement activity class and work categories.
WC 211: unsealed road metalling	Work category 211 provides for the planned periodic renewal of pavement layers, including top surface metal, on unsealed roads.	<ul style="list-style-type: none"> • planned periodic renewal of pavement layers, including top surface metal, on unsealed roads for the purpose of either: <ul style="list-style-type: none"> ○ replacing wearing coarse aggregate, or ○ restoring pavement strength and shape. 	<ul style="list-style-type: none"> • spot metalling of pavements, which is funded under work category 112.
WC 212: sealed road resurfacing	Work category 212 provides for the planned periodic resurfacing of sealed roads.	<ul style="list-style-type: none"> • conventional maintenance chip reseals • second coat seals, except on subdivision roads • asphaltic surfacing not exceeding 40 mm average depth • void-filling seal coats • texturising seals • emulsified bitumen seals, commonly known as 'slurry seals' • milling old surface and resurfacing not exceeding 40 mm average depth • other approved special-purpose chip seals • raising service covers and reinstatement of pavement markings and raised pavement markers as a result of resurfacing. 	<ul style="list-style-type: none"> • the cost of any pavement repairs preparatory to carrying out resurfacing – this is funded under work category 111 • the second coat sealing of sub-divisional roads – this is deemed to be part of sub-divisional construction and does not qualify for funding assistance. • surfacing exceeding 40 mm average depth – this is funded under work category 214.

Category	Description	Examples of activities	Exclusions
WC 213: drainage renewals	Work category 213 provides for the like-for-like replacement of drainage facilities.	Examples of qualifying activities include, but may not be limited to, replacing on a like-for-like basis: <ul style="list-style-type: none"> • culverts with a cross-sectional area of less than 3.4 square metres may have the cross-sectional area increased if the current design standard requires so • repair and replacement of kerbs and channels, if the deterioration is likely to adversely affect the performance of the pavement. 	<ul style="list-style-type: none"> • replacement of culverts with a cross-sectional area of 3.4 square metres or greater – these are funded under work category 216. • Work category 216: bridges and structures renewals • improvements beyond those noted above are excluded but may instead be funded as follows: <ul style="list-style-type: none"> ○ where the improvement component is less than \$2 million in total, from work category 341: low-cost, low-risk improvements from the relevant road improvement activity class- ○ where the improvement component exceeds \$2 million, as a standalone improvement from work category 324: road improvements.
WC 214: sealed road pavement rehabilitation	Work category 214 provides for the replacement of, or restoration of strength to, sealed pavements where other forms of maintenance and renewal are no longer economic.	<ul style="list-style-type: none"> • granular overlays • rip and relay • pavement stabilisation • asphaltic overlays or grader-laid asphaltic material • pavement replacement (including the use of recycled materials) • structural asphaltic concrete rehabilitation. 	<ul style="list-style-type: none"> • improvements – where it is prudent to carry out some improvements in conjunction with the rehabilitation, these may be included in the low-cost, low-risk programme and the associated improvements investment pathways and charged to the improvement activity class and work category if the total cost for approval is \$2 million or less – improvements costing more than \$2 million should be

Category	Description	Examples of activities	Exclusions
			<p>carried out under the appropriate improvement work category</p> <ul style="list-style-type: none"> • pavement strengthening of unsealed roads – this is funded under work category 211.
<p>WC 215: structures component replacements</p>	<p>Work category 215 provides for the like-for-like replacement renewal of components of:</p> <ul style="list-style-type: none"> • road bridges • retaining structures • guardrails • tunnels • stock access structures • cattle stops • footpaths on road structures • pedestrian overbridges/underpasses. 	<ul style="list-style-type: none"> • replacement of deteriorated structural members • replacement of damaged components • replacement of bridge decks • replacement or modification of gabion baskets • replacement of handrails on structures • replacement of guardrail components • replacement of crib blocks in retaining structures supporting roads. 	<ul style="list-style-type: none"> • the complete replacement of a structure on a like-for-like basis is funded under work category 216 • improvements to the bridge or structure at the time of replacement that are beyond the like-for-like basis – these are funded under work category 322.
<p>WC 216: bridge and structures renewals</p>	<p>Qualifying activities are like-for-like replacement of bridges and structures that are at the end of their serviceable life. A bridge or structure is at the end of its serviceable life when replacing the structure within the relevant NLTP period is:</p> <ul style="list-style-type: none"> • more cost effective than continuing to investment in maintaining the structure to provide the level of access 	<ul style="list-style-type: none"> • a bridge and its immediate approaches • retaining structures, including sea walls, that support a road • tunnels • culverts with a cross-sectional area of 3.4 square metres or greater. 	<ul style="list-style-type: none"> • renewal of bridges or structures that are not at end of life but are proposed primarily to address a network deficiency • culverts with a cross-sectional area of less than 3.4 square metres – these are funded under work category 213 • increasing the width of structures beyond the minimum design standard to allow for additional lanes and/or shared-use paths – these would be assessed as an improvement under a different work category

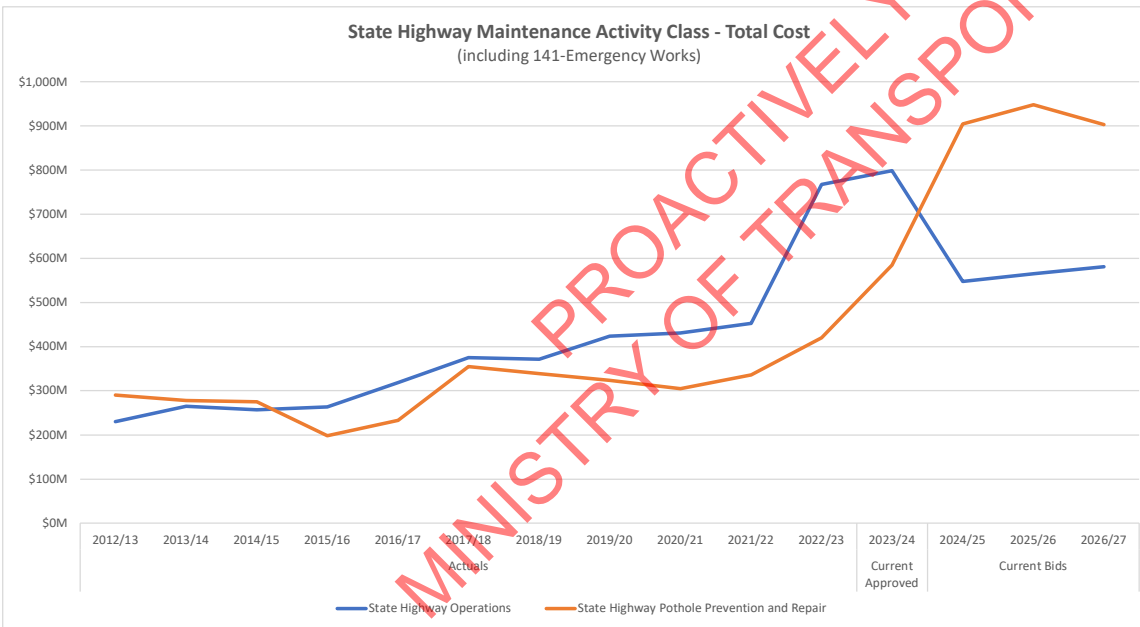
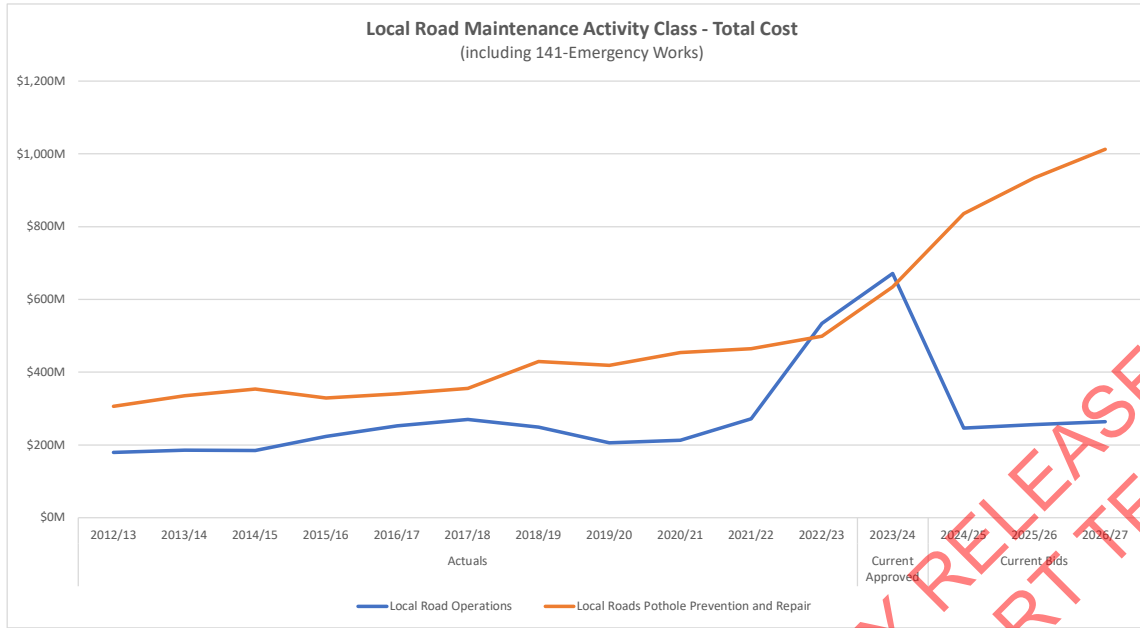
Category	Description	Examples of activities	Exclusions
	<p>deemed appropriate for the network and</p> <ul style="list-style-type: none"> the risks associated with endeavouring to continue to maintain the structure are considered unacceptable from a life risk perspective. 		<ul style="list-style-type: none"> other improvements to the bridge or structure at the time of replacement that are beyond like-for-like. <p>These excluded activities may instead be assessed under the following work categories:</p> <ul style="list-style-type: none"> where the improvement component is less than \$2 million in total, from work category 341: low-cost, low-risk improvements from the relevant road improvement activity class: where the improvement component exceeds \$2 million, as a standalone improvement from work category 322: new or improved bridges and structures.
WC 221: environmental renewals	<p>Work category 221 provides for the renewal of existing environmental control facilities related to roads.</p>	<ul style="list-style-type: none"> existing stock-truck effluent disposal facilities catch fences and protection planting provided for protection of the carriageway from land movement and slip material any facility for the special treatment of run-off from the road to maintain water quality noise walls. 	<p>There are no identified exclusions.</p>
WC 222: traffic services renewals	<p>Work category 222 provides for the renewal of existing:</p> <ul style="list-style-type: none"> road furniture, lighting, signs and markings 	<ul style="list-style-type: none"> traffic signs, traffic signals and area-wide traffic control systems road delineation marker posts pavement markings, including bus priority lane and cycleway markings 	<ul style="list-style-type: none"> the reinstatement of facilities moved or removed during maintenance or construction/implementation work – this is charged to the maintenance or construction/implementation project

Category	Description	Examples of activities	Exclusions
	<ul style="list-style-type: none"> traffic management equipment and facilities. 	<p>on all non-separated road surfaces, and markings for stock crossings</p> <ul style="list-style-type: none"> sight rails carriageway lighting, including poles and replacement of lanterns at the end of their economic life with more efficient types Belisha beacons and lighting at pedestrian crossings advanced traffic management systems variable-message signs local area traffic management schemes, including speed-control devices and threshold treatments ramp-metering equipment surveillance devices and traffic-monitoring equipment, such as closed-circuit television systems emergency telephones on motorways weighing facilities owned by a road controlling authority and/or operated as a weight surveillance facility. 	<ul style="list-style-type: none"> amenity lighting – this is not eligible for funding assistance.
WC 224: cycle path renewal	<p>Work category 224 provides for the renewal of existing cycle paths and shared path facilities, associated street lighting and traffic management equipment and facilities.</p>	<ul style="list-style-type: none"> cycle path and shared paths and facilities, including associated drainage, structures and bridges, provided the facilities are consistent with a relevant cycling or walking and cycling strategy or plan cycle path lighting assets cycle path traffic management and monitoring equipment and facilities. 	<ul style="list-style-type: none"> outine maintenance of existing facilities – this is funded under work category 124 renewal of on-road cycle facilities – this is funded in conjunction with works funded under work categories 212 or 214 renewal of on-road traffic management facilities for the control of vehicular traffic – this is funded under work category 222.

Category	Description	Examples of activities	Exclusions
WC 225: footpath renewal	<p>Work category 225 provides for the renewal of public footpaths and facilities associated with public footpaths such as pedestrian network connections, including stairs, alleyways and off-road connections.</p>	<ul style="list-style-type: none"> • footpath renewals, such as resurfacing or reconstruction, provided the facilities are consistent with a relevant walking and cycling strategy or network plan • renewal of any associated drainage, structures and bridges • renewal of footpath lighting assets. 	<ul style="list-style-type: none"> • the cost of any pavement repairs prior to carrying out resurfacing – this is funded under work category 125 • renewal of shared walking and cycling facilities – this is funded under work category 224 • the cost of second coat sealing of footpaths within subdivisions – this is deemed to be part of subdivisional construction and does not qualify for assistance • the cost of improvements to and expansion of the footpath network and associated facilities – this is funded under work category 451.
WC 421: Travel demand management and behaviour change	<p>The purpose of travel demand management and behaviour change is to support efficient and effective use of the transport system, to reduce the negative impacts of travel, and to influence how, when and where people travel.</p> <p>Travel demand management, in conjunction with travel behaviour activities, has the following objectives:</p>	<ul style="list-style-type: none"> • pricing (including parking) initiatives where these are targeted at improving the relative attractiveness of shared and active modes compared with car travel • travel plans, accessibility plans, and associated education and promotion initiatives including journey planning • tools – maps and way-finding • research/monitoring to better understand audiences, opportunities, testing of messages, interventions or to inform travel planning • experiential events such as open streets, car-free days and challenges. 	<ul style="list-style-type: none"> • education, promotion and communication activities with a safety outcome are funded from work category 432: Safety promotion, education and advertising • education, promotion and communication activities that promote new walking or cycling facilities or services are funded from work categories 451: Walking facilities and 452: Cycling facilities • existing travel demand management activities which are funded under work category 151 or as part of the public transport continuous programme work category 524 • physical improvements, maintenance and service activities supporting travel

Category	Description	Examples of activities	Exclusions
	<p>influence transport demand to better balance it with supply</p> <p>shape travel behaviour to ease pressure on the transport network and the environment</p> <p>deliver economic benefits to businesses and communities.</p> <p>This work category provides for new travel demand management and behaviour change activities. Ongoing activities are determined as a business-as-usual function and should be included under work category 151: Network and asset management or work category 524: Public transport operations and management.</p>		<p>demand management and behaviour change – these can be funded from the following activity classes:</p> <ul style="list-style-type: none"> ○ walking and cycling improvements ○ public transport infrastructure ○ public transport services ○ local road improvements ○ state highway improvements ○ local road maintenance ○ state highway maintenance.

PROACTIVELY RELEASED BY
 MINISTRY OF TRANSPORT TE MANATU WAIWAI



PROACTIVELY RELEASED BY
 MINISTRY OF TRANSPORT TE MANATU WAKA

State Highway Pothole Prevention and Repair

Work Category	Actuals (\$m)											Current Approved (\$m)		Current Bids (as at 12 Jan 24) (\$m)		
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	
111 Sealed pavement maintenance	68.49	75.59	62.54	44.24	49.74	96.80	61.88	65.44	66.77	67.68	92.87	100.23	121.95	126.44	125.39	
112 Unsealed pavement maintenance	0.15	0.24	0.34	0.24	0.30	0.25	0.07	0.41	0.25	0.25	0.35	-	0.34	0.32	0.31	
113 Routine drainage maintenance	10.60	12.61	16.09	12.39	13.85	17.20	16.16	13.54	11.95	13.66	16.53	18.85	31.63	31.90	31.90	
114 Structures maintenance	19.70	17.91	20.75	19.17	21.56	28.97	23.60	23.50	21.92	32.00	37.60	38.39	80.81	81.93	84.19	
124 Cycle path maintenance	0.25	0.19	0.41	0.30	0.41	0.36	0.40	0.62	0.59	0.60	0.24	1.36	1.41	1.44	1.45	
125 Footpath maintenance	-	-	-	-	-	-	-	-	-	-	-	-	0.08	0.08	0.08	
131 Rail level crossing warning devices maintenance	-	0.40	-	0.12	0.21	0.25	0.18	-	-	-	-	-	0.59	0.63	0.65	
211 Unsealed road metalling	0.44	0.17	0.18	-	0.22	0.17	0.03	0.87	0.19	0.11	0.20	0.26	0.30	0.33	0.33	
212 Sealed road resurfacing	95.45	86.88	72.10	51.37	64.80	103.12	114.40	107.79	93.56	120.60	147.71	193.89	231.04	235.53	235.07	
213 Drainage renewals	4.15	6.07	5.96	4.28	4.70	6.10	7.03	10.15	10.32	9.55	10.75	15.75	26.78	26.62	25.28	
214 Sealed road pavement rehabilitation	55.33	44.50	39.90	34.50	28.30	47.21	63.72	56.79	58.76	57.00	61.35	116.57	198.31	201.88	200.33	
215 Structures component replacements	17.66	17.50	21.32	16.69	30.24	30.60	30.19	23.43	22.77	17.46	27.23	53.58	77.25	86.43	79.51	
216 Bridge and structures renewals	-	-	-	-	-	-	-	-	-	-	-	-	34.83	64.41	20.89	
221 Environmental renewals	0.71	0.56	3.73	1.56	3.22	2.12	1.65	2.25	1.77	0.28	0.72	5.99	6.13	6.48	6.94	
222 Traffic services renewals	8.73	10.62	17.01	11.62	15.09	21.57	19.91	19.00	15.72	17.23	24.62	39.83	99.23	83.14	91.01	
224 Cycle path renewal	-	-	-	-	-	-	-	-	-	0.05	-	-	0.09	0.10	0.11	
225 Footpath renewal	-	-	-	-	-	-	-	-	-	-	-	-	0.12	0.13	0.13	
231 Associated improvements	4.16	2.44	3.19	-	-	-	-	-	-	-	-	-	-	-	-	
241 Preventive maintenance	4.54	2.71	11.78	1.52	-	-	-	-	-	-	-	-	-	-	-	
Total cost	290.35	278.36	275.32	198.01	232.63	354.73	339.23	323.80	304.57	336.46	420.18	584.89	904.90	948.24	902.98	

State Highway Operations

Work Category	Actuals (\$m)											Current Approved (\$m)		Current Bids (as at 12 Jan 24) (\$m)		
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	
121 Environmental maintenance	41.61	43.70	47.48	46.18	52.83	65.91	63.00	64.93	64.30	64.27	73.37	75.95	105.63	107.44	107.75	
122 Network service maintenance	36.87	39.73	38.03	35.98	37.23	42.07	40.89	39.35	43.85	43.50	47.14	57.59	59.00	63.03	69.57	
123 Network operations (called Operational traffic management to 21)	31.84	42.53	28.68	35.01	45.79	48.17	51.15	61.20	63.20	65.04	67.96	98.64	175.35	186.39	194.69	
140 Minor events	-	-	-	-	-	0.12	-	-	-	-	-	-	-	-	-	
Emergency works (incl NIWE Crown Funds up to 2023/24 only)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
141 NIWE not included in bid total	55.44	59.62	39.66	26.05	51.08	83.05	80.32	80.01	100.14	73.27	291.00	454.68	150.11	150.11	150.11	
161 Property management	13.95	12.48	13.41	13.68	13.34	14.06	11.72	13.20	16.43	13.84	10.04	17.95	18.91	19.27	19.59	
151 Network and asset management	50.42	67.31	89.37	106.10	118.18	121.29	124.57	164.78	143.46	192.78	277.70	93.59	38.41	38.71	39.30	
171 Financial grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total cost	230.13	265.37	256.64	263.00	318.45	374.67	371.64	423.46	431.37	452.71	767.20	798.40	547.40	564.96	581.02	

Local Roads Pothole Prevention and Repair

Work Category	Actuals (\$m)											Current Approved (\$m)		Current Bids (as at 12 Jan 24) (\$m)		
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	
111 Sealed pavement maintenance	59.00	59.60	61.15	65.28	67.20	61.42	74.19	71.64	77.84	78.52	93.00	120.29	128.43	139.75	151.59	
112 Unsealed pavement maintenance	16.62	17.62	18.04	18.85	19.89	21.68	22.11	23.61	25.44	25.91	28.91	30.23	36.09	37.81	39.29	
113 Routine drainage maintenance	17.66	17.21	18.08	22.81	23.78	23.52	26.48	26.48	29.44	30.14	34.52	37.20	55.39	58.28	60.00	
114 Structures maintenance	6.17	5.98	6.56	7.36	7.37	8.65	9.71	9.40	10.16	9.47	10.50	12.97	21.95	23.29	24.69	
124 Cycle path maintenance	0.53	0.69	0.67	0.76	0.76	0.94	1.21	1.00	1.18	1.19	1.39	1.79	3.53	3.70	3.86	
125 Footpath maintenance	-	-	-	-	-	-	37.51	33.68	38.69	11.43	9.91	10.54	15.66	16.69	17.22	
131 Rail level crossing warning devices maintenance	1.53	1.64	1.79	0.74	0.78	0.53	0.62	0.81	0.79	0.68	0.78	1.04	1.12	1.10	1.23	
211 Unsealed road metalling	18.83	19.74	21.62	22.29	21.91	30.89	29.72	25.68	28.28	26.68	28.02	34.38	41.30	43.34	47.03	
212 Sealed road resurfacing	80.62	89.82	88.68	83.42	89.54	88.80	108.93	108.55	115.60	128.72	119.86	151.86	196.31	227.34	253.05	
213 Drainage renewals	17.15	19.79	24.34	20.27	20.75	21.96	27.18	24.89	27.00	26.98	28.13	39.45	51.30	56.48	63.74	
214 Sealed road pavement rehabilitation	55.63	64.00	69.76	55.46	58.40	64.28	55.61	56.38	54.71	53.88	60.33	74.96	125.49	144.41	160.36	
215 Structures component replacements	9.31	10.97	13.49	11.67	11.12	14.66	16.51	13.59	20.22	15.65	18.02	25.27	35.05	37.37	38.01	
216 Bridge and structures renewals	-	-	-	-	-	-	-	-	-	6.81	7.79	30.33	30.68	42.55	41.24	
221 Environmental renewals	0.04	0.21	0.02	0.10	0.08	0.06	0.05	0.02	0.14	0.02	0.05	0.29	0.82	0.90	1.02	
222 Traffic services renewals	15.69	19.36	20.81	19.87	19.02	18.22	23.23	22.86	24.47	25.53	30.48	29.88	46.96	52.67	58.48	
224 Cycle path renewal	-	-	-	-	-	-	-	-	-	0.38	0.44	0.65	1.45	2.10	1.87	
225 Footpath renewal	-	-	-	-	-	-	-	-	-	22.53	26.37	33.05	44.55	46.65	50.34	
231 Associated improvements	4.83	4.58	5.01	-	-	-	-	-	-	-	-	-	-	-	-	
241 Preventive maintenance	2.92	3.68	3.81	0.33	0.02	-	-	-	-	-	-	-	-	-	-	
Total cost	306.52	334.89	353.83	329.21	340.63	355.61	429.04	418.58	453.95	464.53	498.50	634.18	836.06	934.43	1,013.03	

Local Road Operations

Work Category	Actuals (\$m)											Current Approved (\$m)		Current Bids (as at 12 Jan 24) (\$m)		
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	
121 Environmental maintenance	23.04	24.52	26.16	30.46	30.34	31.06	32.38	34.17	37.77	41.43	45.36	42.51	55.97	58.69	60.66	
122 Network service maintenance	36.69	37.19	39.05	44.05	44.43	47.40	44.53	44.66	46.94	51.62	55.89	58.67	67.34	70.24	72.79	
123 Network operations (called Operational traffic management to 21)	5.63	6.33	6.09	8.55	7.97	10.34	9.70	9.64	11.67	11.47	10.27	11.60	15.43	15.88	16.29	
140 Minor events	-	-	-	1.37	2.99	4.16	4.36	4.67	5.40	8.02	10.06	5.43	10.71	11.27	11.72	
Emergency works (incl NIWE Crown Funds up to 2023/24 only)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
141 NIWE not included in bid total	86.07	88.42	82.34	100.78	125.57	128.03	105.06	52.01	37.42	89.75	347.84	476.33	-	-	-	
151 Network and asset management	27.89	29.31	31.22	39.95	40.53	49.48	53.02	60.37	66.94	69.38	64.61	76.52	97.04	100.26	102.71	
171 Financial grants	-	-	-	-	1.03	0.02	0.00	0.28	6.45	-	-	-	-	-	-	
Total cost	179.32	185.77	184.84	223.16	252.86	270.51	249.06	205.80	212.78	271.68	534.04	671.05	246.48	256.35	264.17	

Local Roads Maintenance Activity Class by Work Category

NIWE Share Only
 as at 31 Jan 24
 Please note: the bids for 24-27 are indicative only based on what has been included in councils' bids based on normal FAR for all activities. The bids excludes emergency works provision, carry forwards from 23/24, current commitments, Nationally delivered activities and a contingency. NCTA has yet to fully assess the bids and form a judgement on the extent to which the bids can be supported/are affordable

WC code	WC name	Actuals												Current Approved		Current Bids (as at 12 Jan 24) - see note above		
		2012/13 NIWE Share	2013/14 NIWE Share	2014/15 NIWE Share	2015/16 NIWE Share	2016/17 NIWE Share	2017/18 NIWE Share	2018/19 NIWE Share	2019/20 NIWE Share	2020/21 NIWE Share	2021/22 NIWE Share	2022/23 NIWE Share	2023/24 NIWE Share	2024/25 NIWE Share	2025/26 NIWE Share	2026/27 NIWE Share		
111	Sealed pavement maintenance	58,998,903	59,593,533	61,152,049	65,173,845	67,193,553	61,430,814	74,187,863	71,638,286	77,837,833	78,524,919	92,696,942	100,793,223	128,426,400	139,751,710	151,588,726		
112	Unsealed pavement maintenance	16,620,999	17,404,707	18,029,730	18,888,255	19,893,359	21,693,502	22,307,276	23,613,334	25,435,136	25,925,091	28,077,806	30,925,091	36,091,009	37,808,508	39,202,099		
113	Roadside drainage maintenance	17,656,815	17,208,709	18,084,197	22,816,289	23,778,450	23,518,735	26,485,429	26,458,010	29,460,817	34,516,815	37,395,489	38,390,961	58,384,036	60,805,863			
114	Structure maintenance	6,168,955	5,980,739	6,563,582	7,379,289	8,652,587	9,712,113	10,164,188	9,401,818	10,164,188	9,401,818	9,408,021	12,866,290	21,850,741	23,290,356	24,684,599		
121	Environmental maintenance	23,037,853	24,515,575	26,154,319	28,464,862	30,343,080	31,064,219	32,379,379	34,167,602	37,789,710	41,483,562	45,366,280	42,569,669	55,965,195	58,694,216	60,658,147		
122	Network service maintenance (called Traffic Services maintenance until 21/23)	36,688,385	37,180,616	39,053,795	44,066,219	44,426,446	47,404,887	44,535,027	44,660,882	46,325,668	55,020,660	58,606,029	67,336,028	70,238,595	72,787,137			
123	Network operations (called Operational traffic management to 21/23)	5,631,542	6,354,553	6,080,144	6,546,953	7,970,127	10,344,088	9,701,751	9,641,614	11,867,310	10,974,164	11,472,602	11,599,035	15,451,024	15,884,545	16,293,878		
124	Cycle path maintenance	533,190	689,245	665,996	760,374	762,910	944,930	1,208,255	1,001,371	1,181,756	1,191,026	1,385,495	1,788,782	3,527,421	3,709,416	3,855,148		
125	Footpath maintenance																	
131	Rail level crossing warning device maintenance (called Level crossing warning device until 21/22)	1,528,482	1,644,098	1,788,378	739,125	777,015	528,356	620,922	812,473	792,684	862,646	908,548	1,045,286	1,045,286	1,093,788	1,227,354		
140	Minor events																	
141	Network and asset management	27,891,133	29,312,489	31,221,653	39,951,197	40,526,581	49,483,293	53,016,240	60,367,004	66,940,121	69,373,804	64,614,156	76,517,400	97,097,084	100,264,437	100,706,211		
171	Financial grants					1,028,125	15,648			278,125		6,448,020						
211	Unsealed road milling	18,823,178	19,743,826	21,622,082	22,291,732	21,908,782	30,888,296	25,724,967	25,679,205	28,178,481	26,683,985	28,020,650	34,379,881	41,297,657	43,340,797	47,092,180		
212	Sealed road resurfacing	80,414,277	89,822,728	88,684,492	83,416,886	88,596,800	88,799,215	108,934,302	115,596,250	129,546,037	119,858,155	119,858,155	186,308,879	227,844,511	238,092,882			
213	Drainage renewal	17,151,951	19,739,947	24,338,159	20,387,042	20,751,095	21,887,896	27,136,817	24,800,994	26,997,534	26,725,197	28,130,719	39,449,840	51,302,165	56,484,250	63,343,098		
214	Sealed road pavement rehabilitation	55,627,177	63,999,134	69,758,504	55,457,189	54,399,072	64,281,071	55,008,378	56,381,262	54,705,880	63,862,384	60,333,235	74,961,821	125,491,502	144,405,607	160,356,420		
215	Structure component replacements	9,314,114	10,968,960	13,490,835	11,673,697	11,123,783	14,662,182	16,505,457	13,589,921	20,317,282	15,649,181	18,024,634	25,773,301	35,046,844	37,385,402	38,029,694		
216	Bridges and structures renewal																	
221	Environmental renewal	41,970	206,426	17,992	101,869	82,014	63,860	90,518	31,801	1,833,744	6,806,316	30,351,432	42,569,788	41,297,659				
222	Traffic services renewal	15,685,271	19,383,326	20,806,250	19,870,477	19,023,304	18,126,992	23,228,470	22,860,349	24,464,711	25,533,880	30,478,336	29,880,028	46,960,201	52,674,388	58,478,439		
224	Cycle path renewal																	
225	Footpath renewal																	
231	Associated Improvements	4,833,009	4,578,736	5,014,956														
241	Preventive maintenance	2,920,906	3,675,023	3,806,053	329,716	23,695												
Sub Total		399,771,110	432,242,428	456,331,470	451,286,214	467,915,095	498,088,271	573,031,891	572,364,790	629,307,740	646,457,289	684,702,800	828,899,489	1,082,539,031	1,190,781,705	1,277,192,513		
241	Emergency works (incl NIWE Crown Funds up to 2023/24 only. NIWE not included in bid total)	86,070,145	88,421,481	82,335,959	100,779,525	125,574,738	128,027,892	102,060,983	52,070,114	37,423,299	89,754,404	247,884,532	476,302,147					
Total		485,841,255	520,663,909	538,667,429	552,065,739	593,486,933	626,116,163	675,092,874	624,434,904	716,731,039	736,211,693	932,587,332	1,305,201,636	1,082,539,031	1,190,781,705	1,277,192,513		

PROACTIVELY RELEASED BY
 MINISTRY OF TRANSPORT TE MANatū Waka

State Highways Maintenance Activity Class by Work Category

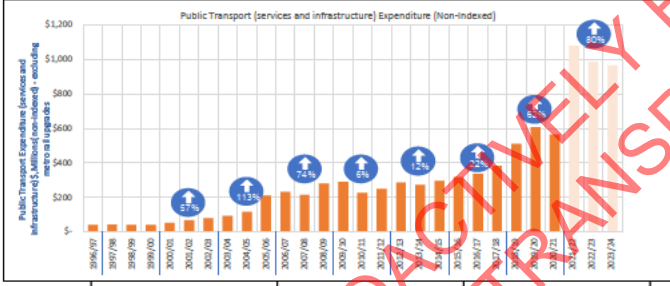
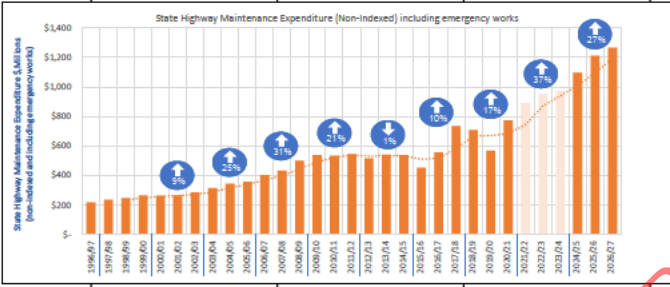
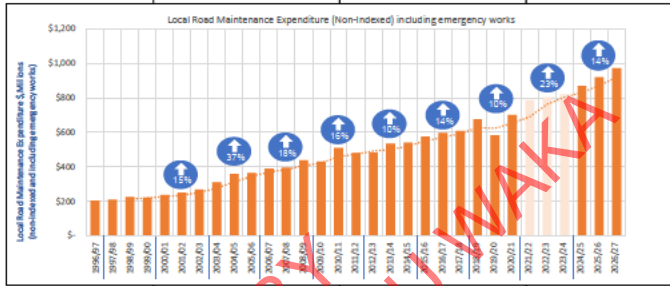
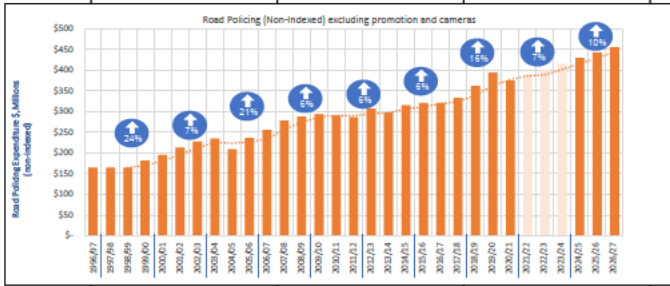
Total Cost as at 15 Jan 24

Please note: the SHM approved funding for the 2022/23/24 comprises only regional budgets and excludes centrally held funding related to National Office, Nationally Delivered Programmes, Digital Maintenance, Digital Renewals, Central Pool, National Funds, SCRM, Market Growth, Asset Growth, and Inflation adjustment. This month impacts WC 151. The total bids for 24-27 are based on the SHMPP. NZTA has yet to fully assess and determine the extent to which the bids can be supported/are affordable

WC code	WC name	Actuals												Current Approved (See note above)	Current Bids (as at 12 Jan 24)		
		2012/13 NZTA Share	2013/14 NZTA Share	2014/15 NZTA Share	2015/16 NZTA Share	2016/17 NZTA Share	2017/18 NZTA Share	2018/19 NZTA Share	2019/20 NZTA Share	2020/21 NZTA Share	2021/22 NZTA Share	2022/23 NZTA Share	2023/24 NZTA Share		2024/25 NZTA Share	2025/26 NZTA Share	2026/27 NZTA Share
111	Sealed pavement maintenance	68,490,249	75,577,023	62,537,894	44,235,820	49,735,032	96,799,252	61,879,301	65,444,343	66,769,817	67,683,724	92,967,849	100,232,733	121,953,731	126,441,681	125,992,588	
112	Unsealed pavement maintenance	147,639	237,834	344,364	239,743	295,832	254,881	72,738	413,075	248,505	246,097	353,176	275,004	335,985	317,343	306,872	
113	Routine drainage maintenance	10,600,941	12,610,822	16,089,798	12,387,621	13,847,312	17,197,319	16,158,182	13,538,744	11,949,446	13,659,674	16,534,145	18,845,709	31,402,142	31,901,722	31,901,115	
114	Structures maintenance	18,697,968	17,897,672	20,790,023	19,170,889	21,536,443	26,906,561	23,599,318	23,524,654	21,914,858	31,095,349	37,596,010	38,397,835	40,812,717	81,290,262	84,154,021	
121	Environmental maintenance	41,626,998	43,697,819	47,483,537	46,177,220	52,821,893	63,911,042	63,023,543	64,928,937	66,296,305	64,274,762	79,369,500	75,991,019	106,625,543	107,444,479	107,753,069	
122	Network service maintenance (called Traffic Services maintenance until 21/22)	36,872,080	39,733,445	38,034,310	35,979,934	37,226,062	42,067,313	40,890,833	39,392,440	43,850,625	43,502,854	47,142,168	57,592,812	58,995,719	63,027,777	69,567,505	
123	Network operations (called Operational traffic management to 21/22)	31,836,140	42,833,778	28,676,109	35,014,889	45,794,255	48,169,787	51,148,473	61,198,634	63,201,432	65,040,755	67,957,980	86,041,656	175,345,646	186,393,682	194,692,673	
124	Cycle path maintenance	250,737	190,270	409,289	304,907	411,352	364,819	399,785	618,589	589,026	659,842	239,253	1,397,454	1,442,419	1,446,218	1,446,218	
129	Footpath maintenance	-	-	-	-	-	-	-	-	-	-	-	-	77,664	77,664	78,020	
131	Rail level crossing warning devices maintenance (called Level crossing warning devices until 21/22)	-	395,026	-	124,751	207,025	251,575	175,834	-	-	-	-	-	592,286	628,510	653,205	
140	Minor events	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
151	Network and asset management	50,417,791	67,312,637	89,373,291	106,103,818	118,175,606	121,286,972	124,565,137	164,777,656	143,498,476	192,784,475	277,695,424	93,590,683	38,411,576	38,710,786	39,304,637	
161	Property management	13,949,243	12,476,314	13,412,790	13,479,862	13,343,105	14,063,016	11,718,045	13,196,559	16,927,559	13,841,501	10,036,410	17,948,860	18,913,102	19,272,451	19,590,647	
171	Financial grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
211	Unsealed road metalling	438,426	169,161	181,612	217,243	169,247	169,247	31,790	979,220	190,781	307,460	203,565	260,111	298,710	330,243	334,047	
212	Sealed road resurfacing	95,447,881	86,881,122	72,100,984	51,367,886	64,894,213	100,120,420	114,404,871	107,384,479	93,899,276	120,601,941	147,714,650	193,888,015	231,041,631	235,533,167	235,071,002	
213	Drainage renewals	4,149,162	6,064,039	5,963,795	4,284,679	4,702,290	6,098,886	7,094,829	10,551,016	10,921,888	9,550,631	10,748,945	26,763,446	26,620,938	25,283,617		
214	Sealed road pavement rehabilitation	35,328,407	44,501,317	39,901,276	34,504,139	38,287,396	47,205,739	67,722,443	58,758,135	56,997,003	61,346,937	116,568,498	198,100,064	203,883,703	200,326,233		
215	Structures component replacements	17,660,413	17,495,946	21,322,658	16,689,686	30,239,804	30,604,360	30,193,207	23,429,790	22,773,902	17,456,017	27,226,253	53,550,408	77,248,567	86,881,098	79,514,335	
216	Bridge and structures renewals	710,903	556,611	3,727,313	1,540,459	3,223,049	2,252,029	1,621,547	2,252,029	1,772,594	278,634	5,947,383	6,128,270	64,408,439	20,893,998		
221	Environmental renewals	8,732,401	10,616,635	17,014,415	11,621,269	15,093,808	21,569,135	19,308,662	18,995,263	15,721,866	17,233,297	24,622,877	39,827,428	93,233,563	83,139,465	91,009,953	
224	Cycle path renewal	-	-	-	-	-	-	-	-	-	-	45,004	-	94,504	97,549	109,948	
225	Footpath renewal	-	-	-	-	-	-	-	-	-	-	-	-	122,989	127,050	127,961	
231	Associated improvements	4,157,736	2,439,600	3,190,633	-	-	-	-	-	-	-	-	-	-	-	-	
241	Preventive maintenance	4,539,505	2,706,723	11,781,543	1,515,750	-	-	-	-	-	-	-	-	-	-	-	
Sub Total		485,034,100	484,115,964	492,295,344	434,947,292	500,003,410	646,347,950	630,557,560	697,354,625	635,809,491	715,906,030	896,376,796	928,615,190	1,302,189,685	1,363,096,610	1,333,889,704	
141	Emergency works (incl NIWE Crown Funds up to 2023/24 only. NIWE not included in bid total)	55,444,686	59,658,236	39,658,540	36,048,282	51,076,243	83,052,510	80,316,714	80,008,415	100,137,764	75,270,464	291,001,622	454,676,965	150,108,667	150,108,667	150,108,667	
Total		520,478,786	543,774,220	531,953,904	461,015,574	551,079,653	729,400,460	710,874,274	747,263,040	747,263,040	789,176,494	1,187,378,418	1,353,292,145	1,452,208,352	1,513,205,277	1,483,998,371	

Info for Chart	Actuals												Current Approved		Current Bids		
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27		
Operations and Maintenance	273,889,286	312,680,810	317,111,365	313,419,434	353,424,937	435,459,114	393,610,309	446,973,239	432,711,049	493,634,063	623,792,115	502,825,759	634,101,174	657,594,775	674,883,050		
Renewals	191,164,834	171,433,154	175,183,979	121,547,868	146,578,473	210,890,836	236,947,351	220,281,386	209,096,442	222,271,967	272,584,681	425,789,431	668,088,512	705,501,834	659,006,654		

PROACTIVELY RELEASED BY THE MINISTRY OF TRANSPORT



PROACTIVELY RELEASED BY
 MINISTRY OF TRANSPORT
 TE MANATU WAIKA

Crown funding Package - Government Policy Statement on land transport 2024	Funding sought (\$m)				Comment
	24/25	25/26	26/27	TOTAL	
Existing FED/ RUC Revenue	3,940	4,021	4,115	12,075	
Revenue from EV RUC	122	160	203	485	
TUC	18	18	18	54	
MVR	231	230	228	689	
Existing NLTF revenue	4,311	4,428	4,564	13,303	
NLTF revenue opportunities					
Increase FED/RUC			180	180	Three annual 6 cents per litre increases in FED/RUC, starting on 1 January 2027 will increase revenue by \$1,080m per annum from 2029/30.
Increase TUC	-	-	-	-	s 9(2)(b)(iv)
Increase MVR	47	94	139	281	Assumes a \$10 increase every year for the next 5 years (i.e. up to \$93.5 in 2028/29)
Total NLTF revenue opportunities	47	94	319	461	
Crown Revenue opportunities					
Crown grant (operating)	180	480	720	1,380	Income to replace the Fuel Excise Duty/Road User Charge increases proposed by the previous government. This is \$539m more than what was included in PREFU.
Crown grant (capital)	1,048	1,048	1,048	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	2,255	2,555	2,795	7,604	
Total NLTF revenue	6,613	7,077	7,678	21,368	

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 NLTF 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			152	489	867	1,065	1,076	1,086	1,095	1,105	6,936	Three annual 6 cents per litre increases in FED/RUC, starting on 1 January 2027 will increase revenue by \$1,063m per annum from 2029/30.
Increase TUC	-	-	-	-	-	-	-	-	-	-	-	s 9(2)(f)(iv)
Increase MR1 (annual licensing fee)	47	94	139	184	228	227	225	224	222	221	1,812	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)
Total NLTF revenue opportunities	47	94	292	673	1,096	1,292	1,301	1,309	1,317	1,326	8,747	
Crown Revenue opportunities												
Crown grant (operating)	180	480	720	-	-	-	-	-	-	-	#	Income to replace the Fuel Excise Duty/Road User Charge increases proposed by the previous government.
Crown grant (capital)											#	This is \$539m more than what was included in PREFU.
Crown loan	1,048	1,048	1,048	-	-	-	-	-	-	-	#	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.
Total Crown revenue opportunities	2,255	2,555	2,795	-	-	-	-	-	-	-	#	To address funding shortfall.
Total NLTF revenue	6,613	7,077	7,651	5,364	5,818	6,053	6,100	6,146	6,186	6,229	63,236	

PROACTIVELY RELEASED BY
 MINISTRY OF TRANSPORT TE MANATU WAKA

Proposed Activity Class Split

Recommendations

1. Our preference is to continue with the current structure. Targeted and specific reporting on critical delivery items can easily be facilitated. We believe that revising our reporting formats can largely meet the desired outcome and provide transparency over the split between renewals and other spend.

The current structure does also allow the "ring fencing" of specific budgets to control the transfer of approved funding to other activities. This facility has been used in the NLTP for WC 216 Bridge Renewals.

2. If a split is preferred, we would recommend splitting the activity classes along the lines of maintenance & operation vs renewal (see below). This will facilitate councils desire to maintain the distinction between opex and capex as well as normal flexibility required to adjust funding between renewals and maintenance. We would in this case require sufficient latitude in the activity class funding ranges to provide flexibility to adjust the levels of funding for the reasons noted above.

Maintenance Activity Class	Renewals Activity Class
111 - Sealed pavement maintenance	211 - Unsealed road metalling
112 - Unsealed pavement maintenance	212 - Sealed road resurfacing
113 - Routine drainage maintenance	213 - Drainage renewals
114 - Structures maintenance	214 - Sealed road pavement rehabilitation
121 - Environmental maintenance	215 - Structures component replacements
122 - Network services maintenance	216 - Bridge and structures renewals
123 - Network operations	221 - Environmental renewals
124 - Cycle path maintenance	222 - Traffic services renewals
125 - Footpath maintenance	224 - Cycle path renewal
131 - Level crossing warning devices	225 - Footpath renewal
140 - Minor events	
141 - Emergency works	
151 - Network and asset management	
161 - Property management	
171 - Financial grants	

3. The options suggested by the Ministry for splitting the maintenance activity classes are not recommended by NZTA. Our concerns may be summarised as:
 - the splits do not seem to align to the focus (renewals/reseal/drainage) that we heard from the Minister.
 - the carving off footpath/cycleway maintenance into the W&C activity class would be problematic.
 - with a split AC - the ranges for the two ACs would need to be wide enough to allow operational flexibility to respond to circumstances and events.

Factors to consider when changing Maintenance Activity Class structure:

1. Key purpose of Maintenance Activity Class

- Transportation assets are constructed under capital improvement activity classes and must be justified by a business case. Likewise, they are upgraded/improved or even removed only as a result of a compelling business case.
- The key purpose of maintenance is to ensure that all existing assets (already fully justified) achieve their full life cycle, and can therefore deliver the required level of service, through the efficient and cost-effective delivery of road maintenance operations and renewals, at the least whole of life cost.

- A certain level of maintenance is essential to ensure the appropriate level of service for any asset is maintained.
- Climate change is a significant game changer for road maintenance and demands a paradigm shift in our approach. Core asset preservation is key. This will require increased frequency of cyclic maintenance, greater focus on preventive maintenance, more proactive intervention criteria, increased capacity in the stormwater drainage system, increased planting to secure slopes and embankments, etc. The effects that will need to be addressed include:
 - Rising sea levels – inundation, coastal erosion.
 - More intense wind and storm events – greater risk of damage and disruption.
 - Greater rainfall intensity – overloading of road drainage and natural water-courses, higher ground water levels and more flooding.
 - Extreme heat – increased risk of wild-fires and asset degradation.
 - More droughts – ground level deformations on soft subgrades, reduced water supplies and impacts on rural land-use.
- The current local road and state highway maintenance activity classes comprise the maintenance, operation and renewal of all transportation asset groups, except PT. This places all the related knowledge and skill sets for the management of asset maintenance in one activity class. National impacts on the activity are consistently managed across all the asset types. Funding distribution can be optimised across the different asset types in response to demand.
 - Maintenance Contracts (local road and state highway) are set up in a way that forms a contract management team and supporting personal/teams that deliver maintenance, operations and renewals. This means that many roles within teams function across maintenance and renewal activities, for example the routine maintenance operator will do day to day activities but also capture data as part of asset management that feeds into renewal planning, or the delivery operation manager who co-ordinates across activities to close a section of road and arrange for routine, reactive and preventative works to be carried out for greater efficiency. These interdependencies that create efficiencies would be impacted with the separation of work categories. Could also result in additional resourcing to be able to clearly split business cost to Maintenance and/or Renewals.

2. Opex/capex

- Most councils fund maintenance activity from their rate take and renewals/capital work from loans. It can be complicated for them to establish and manage financial systems and processes where different sources of funding have to be sourced, managed and reported upon in one contract or delivery area. This would be extreme in the event that a single work category bridged multiple funding sources.

3. Balance between maintenance and renewal activity

- Forward Works Programmes for resurfacing and/or pavement rehabilitation are generally prepared a year in advance of implementation – this allows for planning of resources and for any preparation work to be undertaken in a timely manner. However, the programme may change for a variety of reasons, including:
 - site validation of the treatment lengths indicating better durability than anticipated (work can be deferred for one or more years)
 - deterioration of other lengths on the network (require expeditious treatment)
 - recent heavy maintenance (may facilitate a deferral to optimise the life of the treated area)
 - unseasonable weather impacting physical works output
 - contractual issues
 - funding availability
 - unexpected events diverting resource.

When a deferral becomes inevitable, a maintenance regime is set up to keep the asset operational until its renewal can be accommodated. Maintenance and renewals complement each other and facilitate agility when dealing with unplanned events or outcomes.

4. Cost of changes to supply chain

- There are costs to councils every time we make a change to the activity classes and work categories. Council's need to make changes to contracts, works order system, claiming system, etc. Further the contractors would need to amend their systems as well with the associated variation costs to the contract.

5. Local Share

- For councils there is no point in increasing the funding available for rehabs, reseals and drainage if the local share is not available.

6. Encouraging early renewals

- Care is required to support intervention via a renewal at the right time for the asset, not driven by availability of funds. If approved organisations find it easier to access funds for renewals (capex which is debt funded) than maintenance (opex which is rates funded) it can lead to work on a more expensive and disruptive renewal as opposed to the maintenance that is all that is required.

7. Work Category Adjustments

- Current work category definitions are well understood by the industry – there is significant risk of confusion if changes are made without appropriate consultation/promulgation.
- Bids for 2024-27 NLTP have already been developed and submitted by all road controlling authorities, based on the current definitions in PIKB. Regional Land Transport Plans have also been completed based on the current definitions.

Assurance of activity eligibility

The key assurance processes that ensure NLTP funding is spent under the appropriate work category/activity class are:

1. Funding request review of supporting data/evidence by Investment Advisors prior to funding approval.
2. Claim review of supporting detail prior to claim approval.
3. Regular technical (3-5 yearly) and procedural (1-3 yearly) investment assurance audits.

Temporary Traffic Management Costs

TTM is normally incorporated in the rates for the individual maintenance activity and is not recorded as a separate cost. Different contract models are used by councils, but most will have no separated TTM costs. However, we do have records of variations to existing state highway maintenance contracts due to policy changes - see table below. For example, when the three road workers were tragically killed on site in February 2019, NZTA changed its policy to require that traffic management on all state highway sites was to be at least level 2 standard. The resulting impacts of this change show up in the table from late 2018/19 as the additional cost impact was quantified and claimed by contractors. It reduces again as contracts are re-let with the adjusted cost again incorporated in the rates.

TTM-related Variations to SH Maintenance Contracts									
WC	Work Category Name	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23
111	Sealed pavement maintenance				521,345	3,286,356	0		
121	Environmental maintenance								70,978
122	Traffic services maintenance				482,632	1,418,890	1,330,674	1,809,466	1,128,738
123	Operational traffic management	6,874			1,790,501	7,642,695	11,261,413	9,640,145	10,581,265
151	Network and asset management	60,139	6,000	3,360	683,305	2,935,051	751,287	602,597	748,532
215	Structures component replacements					312,677	10,712		
221	Environmental renewals					0	0		
222	Traffic services renewals					1,708,657	143,548	-1	
Grand Total		67,013	6,000	3,360	3,477,783	17,304,326	13,497,635	12,052,208	12,529,512

This week we have also requested data from two of our Tier 1 SH contractors on proportion of TTM costs as a % of activity being delivered. We are expecting to receive that back early next week and will provide as soon as possible.

s 9(2)(g)(i)

Reasons for Maintenance cost increases (provided to the MoT on 12/12/23):

- The growth in the size of the network. We have added about 100 km pa of SH and many councils are growing their network to cater for development.
- The complexity of infrastructure on the roads with new cycle lanes, safety barriers ITS etc, which cost more to maintain and replace.
- Health & safety requirements of operations (eg TTM and use of emulsions) driving investment, and sometimes ongoing costs into operations to preserve worker safety.
- The increase in traffic loading which causes more rapid decay of infrastructure bring forward the need for renewals and increasing the robustness of the treatments we must use. For local roads heavier double decker buses and electric buses are causing more rapid decay on bus routes.
- Built and urban environment related rules, regulations and requirements incl water quality requirements for discharges of storm water to streams or the coast, biodiversity requirements requiring removal of pest plants, noise limits requiring noise abating road surfaces and walls etc. and scheduling requirements to reduce works impacts on neighbours.
- Input price movement (indexes that reflect weighted averages of the prices (unit costs) of inputs used by the industry) have been dramatically greater than budgeted for in the current NLTP. Treasury forecasts of 1.5% pa were used, summing to a total 4.4% input price change for the period. However, the actual is closer to 20% to 28%. Bitumen is the most significant single cost.
- Aggregate supply is getting harder to source, more expensive to extract and needs to be transported longer distances to site.
- An increased provision for emergency works noting the geographic scale and intensity of events grew substantially across the 21-24 period.
- Historic under investment in some locations has resulted in a deterioration of network condition, which will accelerate if current maintenance trends continue, and the level of renewals are not increased.



1 February 2024

OC240011240011

Hon Simeon Brown Simeon Brown

Action required by:

Minister of Transport Transport

Friday, 2 February 2024

SEEKING AGREEMENT FOR DEPARTMENTAL CONSULTATION

Purpose

This briefing provides an updated draft Government Policy Statement on land transport 2024 (GPS 2024) (**Attachment 1**), and a draft Cabinet paper (**Attachment 2**), seeking agreement to initiate public consultation and a timeline, including key milestones to publication of the final GPS 2024 (**Attachment 3**).

Key points

- The draft Cabinet paper seeks approval to initiate public consultation on the draft GPS 2024, and in-principle agreement to the proposed funding package.
- The draft GPS 2024 incorporates your earlier feedback on the document (OC231060 refers) and discussions with Ministry of Transport (Ministry) officials to date.
- As per your direction, we have highlighted parts of the draft GPS 2024 and draft Cabinet paper relating to funding issues that will not be circulated for departmental consultation. We welcome your feedback on whether we have highlighted too much or too little information.

Recommendations

We recommend you:

- 1 **approve** the draft GPS and draft Cabinet paper for departmental consultation ^{s 9(2)(h)} , noting that the Ministry will remove the highlighted sections Yes / No
- 2 **Indicate** whether you would like any changes made to the highlighted sections
- 3 **note** the Ministry intends to provide an updated GPS by 14 February 2024 that reflects feedback from Departments, Ministers (following your direction), and Crown Law
- 4 **note** the Ministry intends to provide a draft public consultation plan by 15 February 2024



Paul O'Connell
Deputy Chief Executive, Sector Strategy
 1 February 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		✓
Oliver Findlay-Badham, Adviser, Investment		

SEEKING AGREEMENT FOR DEPARTMENTAL CONSULTATION

Draft GPS 2024 reflects your direction and discussions to date

- 1 This briefing attaches an updated draft GPS 2024 (**Attachment 1**) and a draft Cabinet paper (**Attachment 2**). These incorporate all feedback received from the office to date.
- 2 To enable publication of the final GPS in line with the timeframe in **Attachment 3**, a Cabinet decision to release the Draft GPS 2024 is required by 26 February 2024.
- 3 You have indicated that the version for Departmental consultation should not include details on the funding package and activity class ranges. In the attached draft GPS and draft Cabinet paper, Officials have highlighted our proposed redactions in purple (**example**). We welcome your feedback on these proposed redactions.

Important notes on the draft GPS 2024

- 4 As per your direction we have removed the activity class ranges and proposed funding package from the departmental consultation version of the draft GPS and Cabinet paper.
- 5 Following confirmation of the activity class ranges and proposed funding package these will be included in the version of the draft GPS and Cabinet that are lodged with the Cabinet office on 15 February 2024.

Material not included in the draft GPS 2024

- 6 The draft GPS 2024 will not include the following information:
 - Details of the next Rail Network Investment Programme (RNIP)
 - Policy on the use of PPPs and tolling for new transport infrastructure

Draft Cabinet Paper

- 7 The draft Cabinet paper seeks approval to initiate a four-week public consultation process on the draft GPS 2024 and in-principle agreement to provide additional funding over the 2024-27 period.

Next steps

Departmental consultation

- 8 Following your approval, we propose consultation on the draft GPS and Cabinet paper with the following agencies:
 - Department of the Prime Minister and Cabinet
 - Treasury
 - Ministry of Housing and Urban Development

- Infrastructure Commission
- NZTA (agency level, formal board consultation comes later, in parallel with public consultation)
- Department of Internal Affairs
- KiwiRail
- Cyclone Recovery Unit
- NZ Police
- Ministry of Primary Industries
- Department of Conservation
- Ministry of Business, Innovation and Employment (Economic Development)
- Ministry for the Environment

9 We expect to provide an updated GPS and Cabinet paper on 14 February which reflects feedback from Departmental Consultation and Ministerial feedback as directed by your office.

s 9(2)(h)

Ministerial and coalition consultation

- 11 Officials recommend that you allow at least two days between release of the GPS to departments and commencement of your engagement with your colleagues. This will ensure departments can advise their Ministers before you seek their support as part of the Ministerial consultation process.
- 12 The Ministry will compile agency feedback and provide you with suggested amendments before finalising the Cabinet paper and draft GPS for lodgement with the Cabinet Office. Following Cabinet approval, we will then commence wider public consultation, including the NZTA Board, local authorities, representative groups of land transport users and providers, and the wider public.

NZTA Board

- 13 The Land Transport Management Act 2003 (the Act) requires that you consult the Agency (NZTA) before issuing a GPS. NZTA officials have made many contributions to the development of the draft GPS 2024, including through the provision of information, discussion on policy issues, and feedback on earlier drafts of the document. However, they have been careful to note that this earlier process does not constitute formal consultation with their Board, consistent with the requirements of the Act.
- 14 Following Cabinet's approval to consult, we recommend that you write to the Chair of NZTA, providing them with a copy of the draft GPS 2024 formally seeking the Board's feedback, before finalising GPS 2024.
- 15 Officials expect to provide you a draft letter for the NZTA Board Chair by 22 February 2024.

Public consultation

- 16 We propose a four-week public consultation process, commencing as soon as possible after Cabinet approval. Our previous consultation process involved an online survey, and an email submissions process for those wanting to provide more detailed feedback. We expect to provide a consultation plan to you in the next fortnight.

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

Attachment 1: Draft GPS 2024

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

Attachment 2: Draft cabinet paper

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

Attachment 3: Timeline for GPS 2024

Milestone	Timeframe
s 9(2)(h)	
Briefing including updated draft GPS2024 and draft Cabinet paper (seeking approval to consult)	1 February 2024
Minister's approval for departmental consultation	2 February 2024
Departmental consultation on draft GPS and Cabinet paper	2 – 8 February 2024
Ministerial and coalition partner consultation	5 – 9 February 2024
Waitangi Day	6 February 2024
Incorporation of feedback	12 – 13 February 2024
Final to Minister	Early on 14 February 2024
Cabinet submission	15 February 2024
Consideration by Cabinet 100-Day Committee	20 February 2024
Prepare consultation letter to NZTA Board	22 February 2024
Cabinet approval to publicly consult	26 February 2024
Public consultation on draft GPS 2024 begins Tuesday, 27 February 2024	
Preparation of Climate Implication of Policy Assessment, including Ministry for the Environment consultation	22 March – 25 March 2024
Four-week public consultation closes	29 March 2024
Easter weekend	29 March – 1 April 2024
Officials consider submissions	30 March 2024
Brief Minister of Transport on outcome of public consultation process	8 – 12 April 2024

Incorporate Minister's feedback	15 – 19 April 2024
Update final GPS 2024 and Cabinet Paper	18 April 2024
Departmental consultation	22 April – 27 April 2024
ANZAC Day	25 April 2024
Ministerial and coalition partner consultation	29 April – 11 May 2024
Submission to the Cabinet Office	13 May 2024
Consideration by Cabinet Economic Development Committee (DEV)	15 May 2024
Cabinet Confirmation	20 May 2024
GPS 2024 published and comes into effect Tuesday, 21 May 2024	

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA



25 January 2024

Hon Simeon Brown

Minister of Transport

AIDE MEMOIRE: FURTHER INFORMATION TO SUPPORT GPS 2024

To: Hon Simeon Brown, Minister of Transport

From: Paul O'Connell

Date: 25 January 2024

OC Number: OC240040

Purpose

- 1 This aide memoire provides further information to support development of the Government Policy Statement on land transport 2024 (GPS 2024).

Introduction

- 2 As requested, attached to this aide memoire is additional information to clarify some GPS-related matters and to support your consideration of the draft GPS 2024 document currently being prepared. The further information includes:
 - 2.1 Activity Class funding ranges updates
 - 2.2 Options for funding of safety cameras
 - 2.3 Options for funding of footpath and cycle path maintenance
 - 2.4 How debt and PPP repayments are being treated compared to GPS 2021
 - 2.5 Fuel Excise Duty forecasts from HYEPU
 - 2.6 Summary of submissions from the September 2023 draft GPS 2024 consultation.

Activity Class funding ranges updates

- 3 As requested, we have provided information on adjustments to activity class ranges. These changes have been made to increase investment in road maintenance and to provide additional funding to deliver RONS projects.

- 4 Reducing activity class ranges will put pressure on the spending in that activity class. Officials will need to work with the activity class experts at NZTA to understand the detailed implications of the proposed changes and, if not, what alternative savings opportunities can be identified.
- 5 Equally, where activity class ranges have increased, officials will need to work with activity class experts at NZTA to understand any implications.
- 6 The key changes to activity classes are listed below, more detail is provided in **Annex 1**:
- 6.1 State Highway Maintenance and Local Road Maintenance has been split into Pothole Prevention and Repair and Operations
- 6.1.1 The **State Highway and Local Road Pothole Prevention and Repair** activity classes have been split out from the previous Maintenance activity class and ring-fences funding for resealing, rehabilitating and drainage works on roads. These activity classes will not fund any other maintenance activity and does not fund any multimodal activity (e.g. footpath maintenance).
- 6.1.2 An additional \$100m per annum has been allocated to each of the **State Highway and Local Road Pothole Prevention and Repair** activity classes, to implement your \$500m pothole fund.(this is currently set at \$600m in this draft)
- 6.1.3 The **State Highway and Local Road Operations** activity classes fund almost all other road maintenance work that used to be funded under the combined maintenance Activity Classes. This includes emergency works. The exception is multimodal activities (e.g. footpath and cycle path maintenance), which will no longer be funded except from the walking and cycling activity class. As no funding has been transferred to the walking and cycling activity class, to allow for footpath and cycle path maintenance to be funded, NZTA would be required to reprioritise within the Walking and Cycling activity class.
- 6.2 The upper and lower bounds in the **State Highway Improvements activity class** have both been increased significantly (\$390m at the lower bound and \$1,590m at the upper bound), to fund the Roads of National Significance. The increases in this activity class have been made possible by decreasing the funding ranges of the other activity classes.
- 6.3 The lower bound in the **Rail Network** activity class has been reduced to the level of Track User Charges (TUC) forecast (\$20m). The upper bound is unchanged. This is necessary to allow for the additional Crown funding that has been committed to the NLTF to support rail investment. We note that you have separate control of future rail funding through approval of the Rail Network Investment Programme.
- 6.4 The upper and lower bounds in the **Public Transport Services** and **Infrastructure** activity classes have been reduced to put pressure on the forecast expenditure and to limit the scope for cost escalation in these activity classes. The Public Transport Services activity class has been reduced by

\$200m per annum and the Public Transport Infrastructure activity class has been reduced by \$100m per annum.

6.5 The **Walking and Cycling** activity class range has decreased following the removal of CERF funding and a further 25% reduction has been made. Although footpath and cycle path maintenance and renewals will be funded from this activity class, no additional funding has been provided.

6.6 In the consultation draft of the previous GPS 2024, the **Local Road Improvements** activity class included adjustments to bring it in line with the Walking and Cycling activity class (which had been increased with CERF funding). The upper and lower bounds in the Local Road Improvements activity class have been decreased following the removal of these adjustments.

Options for funding of safety cameras

- 7 There are two main components of safety camera funding:
- capital expenditure on the purchase and installation of new safety cameras and associated infrastructure, and
 - operational expenditure on the routine maintenance of safety cameras and the processing of infringements.
- 8 The operational expenditure is far larger than the capital expenditure, due to the relatively low cost of the cameras compared to the ongoing, labour-intensive activities of processing infringements and maintaining the cameras.
- 9 There are three high-level options for safety camera funding:
- Funding both capex and opex from the Safety Activity Class
 - Funding the capex from the State Highways and Local Road Improvements Activity Classes, and the opex from the Safety Activity Class
 - Funding the opex component from Crown Grants and the capex from the NLTF

The Ministry recommends funding Safety Cameras from the Safety Activity Class

- 10 Funding Safety Cameras from the Safety Activity Class allows both NZTA and Local Government to access funding for new Safety Cameras and creates a clear link between the capital and operational expenditure.
- 11 Funding Safety Cameras from the State Highways and Local Road Improvements Activity Class would still allow both NZTA and Local Government to access funding for new Safety Cameras. As the State Highway and Local Road Improvements Activity Classes do not fund any ongoing operational expenditure, the operational expenditure would need to be funded from a different activity class, this could either be funded from the Safety Activity Class or the State Highway and Local Road Operations Activity Class.

- 12 The primary goal of Safety Cameras is to generate a safety benefit (e.g. a reduction in deaths and serious injuries) but they will also generate revenue from infringements. There is a rationale for providing Crown funding for the processing of these infringements. If this rationale was to be accepted it would be possible to fund some of the operational costs of safety cameras from Crown grants, with the rest of the funding coming from the relevant activity classes.

Options for funding of footpath and cycle path maintenance

- 13 You requested options for how footpath and cycle path maintenance and renewals be funded, at high level these options are:
- As part of the State Highway and Local Roads Operations Activity Class
 - As part of the Walking and Cycling Activity Class
 - As part of a new Walking and Cycling Maintenance Activity Class
- 14 If a new walking and cycling maintenance activity class is created, you would need to reallocate funding from existing activity classes. If footpath and cycle path maintenance is funded from an existing activity class, funding would be traded off against activities within those activity classes.

Applying a 25% funding assistance rate for footpath maintenance

- 15 You can set criteria for funding assistance rates as per the Land Transport Management Act 2003 section 20C. You can set these criteria either through the GPS or in a letter to the NZTA Board.
- 16 We estimate that a 25% reduction in FAR for footpath maintenance could save approximately \$90 million over 2024-27. We would need to confirm this estimate with NZTA before proceeding. However, this version of the activity classes has not transferred funding to the walking and cycling activity classes for maintenance – it has instead privileged the pothole repair funding and state highway improvement funding.
- 17 No funding has been transferred to the walking and cycling activity class to enable it to fund footpath and cycle path maintenance. If you provide guidance on the FAR rate this may imply funding has been provided or budgeted for walking and cycling maintenance.
- 18 The impact of this reduction is uncertain. Councils may still proceed with some works despite the lower assistance rate ^{s 9(2)(g)(i)}
^{s 9(2)(g)(i)}

How debt and PPP repayments are being treated compared to GPS 2021

- 19 In 2022 the Ministry identified an issue with the way NZTA was recording “financed investment” (i.e. investment funded via loans and PPPs) and debt repayments. A remedy for this issue was included in the September 2023 public consultation draft of GPS 2024. The exact same approach is being followed for the new GPS2024 currently being prepared. Details of the issue are given below.

20 In GPS 2021 NZTA has not been recording “financed investment” against an activity class at the time of the investment but has instead been recording the interest/principal repayment against an activity class at the time of repayment of the loan. This is problematic for several reasons:

- Some expenditure is not being counted against the activity class as it occurs
- The State Highway Investment Activity Class was giving an increasingly misleading picture of available investment funding as a large and increasing proportion was pre-committed to debt repayment
- With a Crown loan to the NLTF it is not practical to identify the specific investments that have been financed (as with general taxation, the money goes into a large fund and it is not possible to trace where any particular dollar is spent). This means that attribution of the loan repayment to an activity class is arbitrary and open to manipulation, especially if the attribution to an Activity Class occurs ten years after the money was borrowed and spent. Any future refinancing would further complicate this picture.
- There is also a legal question of whether an interest payment falls under the Act’s definition of an activity (this is required to enable an interest payment from an Activity Class).

21 The solution settled on is to record all expenditure (whether from cash or financing) against the appropriate activity class at the time it occurs, using standard accrual accounting principles. Debt repayments will be subtracted from the NLTF before the allocation of NLTF funds to specific activity classes.

Fuel Excise Duty forecasts from HYEFU

22 The HYEFU Petrol Excise Duty projections are attached as **Annex 2**. The key section of those projections is below. It shows very little change in nominal PED revenue over the next 10 years. Faster substitution of EVs would change this picture but there would be a corresponding increase in EV-RUC.

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Gross PED revenue (m \$)	1,887	1,928	1,931	1,944	1,955	1,931	1,906	1,876	1,844	1,803

Summary of submissions from the September 2023 draft GPS 2024 consultation

23 A briefing on submissions on the previous draft GPS 2024 is attached (OC230823, **Annexes 3, 4, 5, 6**). This information has been provided in full, with the approval of our CEO, after consideration of the provisions of Cabinet office circular CO (23) 12.

Next steps

- 24 Once you are satisfied with the levels of the activity classes and agree, officials need to engage with NZTA on the activity class ranges, this engagement will focus on outlining any implications of the current activity class ranges and finding any additional savings that can be re-invested in the State highway improvements activity class. Officials will report back on this engagement early next week.
- 25 Officials will need to work with Treasury and NZTA to understand how the Crown grant will be used to fund capex and opex expenditure. The level of capex and opex expenditure will depend on the activity class funding ranges and will impact the Crowns fiscal aggregates.

Contacts

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

PROACTIVELY RELEASED BY
 MINISTRY OF TRANSPORT TE MANATU WAKA



Indicative Activity Class funding deep dive

Indicative Activity Class	What will be delivered through it?	How have funding ranges been set?	Committed spend (\$m)	2024-27 Activity Class range (\$m)	Key changes to activity class ranges	2024-27 Activity Class range vs forecast spend
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.	Based on NZTA forecast 10-year maintenance forecast. The activity class ranges over 2024-27 period have been aligned with NZTA's current estimates for resealing, rehabilitating, and drainage.	s 9(2)(ba)(i)	\$1,570 - \$2,270	Split maintenance funding into two activity classes. The activity class ranges have been increased \$100m per annum in response to the Pothole fund.	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.	Based on NZTA forecast 10-year maintenance forecast. The activity class ranges over 2024-27 period have been aligned with NZTA's current estimates for road maintenance work.		\$1,890 - \$2,690	Split maintenance funding into two activity classes. Retained funding for emergency works.	
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.	Based on NZTA forecast 10-year maintenance forecast. The activity class ranges over 2024-27 period have been aligned with NZTA's current estimates for resealing, rehabilitating, and drainage.		\$1,990 - \$2,600	Split maintenance funding into two activity classes. The activity class ranges have been increased \$100m per annum in response to the Pothole fund.	
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.	Based on NZTA forecast 10-year maintenance forecast. The activity class ranges over 2024-27 period has been aligned with NZTA's current estimates for road maintenance work.		\$780 - \$1,520	Split maintenance funding into two activity classes. Retained funding for emergency works.	
Rail network	The Rail Network Improvement Plan (\$20m NLTF, and ~\$330m Crown grant per annum).	Based on Rail Network Improvement Plan forecasts. The range assumes the Crown will provide ~\$330m in 2026/27.		\$60 - \$1,670	Constrained lower band to the level of TUC (\$20m). This allows you to stop cross-subsidization of rail.	
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.	Based on NZTA forecasts and shifting infrastructure spend to State Highway and Local Road improvements. The range has been set to allow limited flexibility.		\$1,530 - \$1,830**	No change.	

■ Pothole fund ■ Crown funding
 Activity Class range ■ Committed spend

*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?	How have funding ranges been set?	Committed spend (\$m)	2024-27 Activity Class range (\$m)	Key changes to activity class ranges	2024-27 Activity Class range vs forecast spend
Public transport services	New and existing public transport services, including bus, train and ferry services.	Based on NZTA forecast of between s 9(2)(ba)(i) over 2024-27. The range has been set to allow the board flexibility to deal with possible cost increases.	s 9(2)(ba)(i)	\$1,320 - \$2,200	Reduced funding by \$200m per annum to reign in cost escalation and put pressure on the committed spend. This has been reinvested into State Highway improvements.	s 9(2)(ba)(i)
Public transport Infrastructure	New/additional public transport infrastructure, and the ongoing maintenance operations and renewals of public transport infrastructure.	Based on GPS 2021 ranges and have adjusted the range to account for \$150m pa transfer to State Highway Improvements.	s 9(2)(ba)(i)	\$870 - \$2,190	Reduced funding by \$100m per annum to reign in cost escalation and put pressure on the committed spend. This has been reinvested into State Highway improvements.	s 9(2)(ba)(i)
Investment management	Programme business cases, transport planning documents, and a provision of the development and administration of the funding allocation managements system.	Based on NZTA forecast of s 9(2)(ba)(i) per annum. No additional flexibility is needed.	s 9(2)(ba)(i)	\$205 - \$265	No change.	s 9(2)(ba)(i)
State highway Improvements	Improvements to the existing state highway network and new state highway infrastructure. This activity class will not fund make multi-modal improvements or traffic calming measures	Based on GPS 2021 ranges, and accounting for changes with safety infrastructure and debt repayments. The lower band was adjusted to be below committed expenditure.	s 9(2)(ba)(i)	\$3,750 - \$6,250	Increased activity class range to provide additional funding for RONS.	s 9(2)(ba)(i)
Local road Improvements	Improvements to the existing local road network and new local road infrastructure. This activity class will not fund multi modal activities.	Based on GPS 2021 ranges, and accounting for changes with safety infrastructure. The range allows for flexibility to deal with cost increases.	s 9(2)(ba)(i)	\$240 - \$520	Previous GPS increased funding to be in line with Walking and Cycling funding. This has been removed.	s 9(2)(ba)(i)
Walking and cycling	Both new/improved walking and cycling infrastructure, and the maintenance of walking and cycling infrastructure.	Based on GPS 2021 ranges and reduced by 25 percent. The range allows for flexibility to deal with cost increases.	s 9(2)(ba)(i)	\$275 - \$510	Removed CERF funding and decreased range by ~25%	s 9(2)(ba)(i)

□ Activity Class range
 ■ Crown funding
 ■ Committed spend

PROACTIVELY RELEASED UNDER THE OFFICIAL INFORMATION ACT
 MINISTRY OF TRANSPORT TE MANATŪ WAKA

Activity Class ranges

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	730	820	890	970	1,070	1,140	1,240	1,350	1,470
	Lower	380	440	500	540	600	670	720	790	870	950
State highway pothole prevention and repair	Upper	690	770	810	970	1,020	1,030	1,050	1,070	1,080	1,100
	Lower	480	530	560	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	810	870	920	1,080	1,140	1,160	1,180	1,200	1,220	1,240
	Lower	620	670	700	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	20	20	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	260	130	130	140	140	140	150	140	130	120
	Lower	130	60	50	50	60	60	60	60	60	60
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
-600	-2,000
-600	-2,000
360*	1,970*
450*	2,300*
600*	1,700*
420*	2,160*
-	-
-	-
-	-
-150	-150
-1,120	-1,820
-990	-1,690
-840	-1,540
1,590	14,740
390	9,340
-690	-2,690
-220	-1,020
-490	-1,870
-225	-1,085

Changes compared to GPS 2021 (\$m)	
2024-27 change	10-year change
-440	290
0	1,600
1,840*	9,040*
960*	4,770*
1,600*	6,460*
620*	3,640*
-20	-15
-30	-80
-1,280	-5,010
-1,260	-4,870
1,160	4,000
-300	-1,000
-270	-780
-160	50
3,600	17,040
1,700	9,870
-2,000	-7,670
-1,910	-7,170
165	235
50	-20

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
Crown funding for rail	339	338	0	0	0	0	0	0	0	0
MVR increase	47	94	139	184	228	227	225	224	222	221
FED/RUC increase	0	0	152	489	867	1,065	1,076	1,086	1,095	1,105
Additional Crown grants	1,181	1,434	1,476	0	0	0	0	0	0	0
Debt inflows	1,027	1,027	1,027							
Total NLTF revenue	6,905	7,322	7,359	5,364	5,819	6,053	6,100	6,146	6,186	6,229
Less debt repayments	-661	-791	-1,295	-1,159	-958	-962	-962	-964	-928	-931
Available NLTF revenue	6,243	6,530	6,064	4,205	4,861	5,091	5,138	5,182	5,258	5,298

*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.

This round: HYEFU23
 Macro inputs: Treasury final forecast for HYEFU23
 Scenario: High

Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Period	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ST_FORECAST	ST_FORECAST	ST_FORECAST	ST_FORECAST	ST_FORECAST	LT_FORECAST	LT_FORECAST	LT_FORECAST	LT_FORECAST	LT_FORECAST	
Key volumes: Level																	
Light RUC net km (m km)	11,112	11,898	11,386	11,998	12,644	13,553	12,085	13,622	14,413	15,252	16,090	16,149	16,186	16,168	16,081	15,924	
Heavy RUC net km (m km)	4,022	4,071	3,868	4,141	4,171	4,153	4,212	4,531	4,649	4,757	4,857	4,873	4,885	4,894	4,899	4,898	
Light BEV RUC net km (m km)	0	0	0	0	0	0	752	1,363	1,871	2,465	3,112	3,879	4,837	5,927	7,098	8,396	
Heavy BEV RUC net km (m km)	0	0	0	0	0	0	20	36	50	68	89	114	144	180	222	269	
PHEV RUC net km (m km)	0	0	0	0	0	0	316	520	610	692	769	848	931	1,013	1,090	1,163	
PED volume (m L)	3,249	3,243	2,878	3,108	2,851	2,960	2,725	2,802	2,814	2,838	2,859	2,826	2,790	2,747	2,701	2,642	
Light petrol VKT (m km)	33,217	33,210	31,218	31,186	30,402	31,302	30,628	30,388	30,792	31,341	31,863	31,778	31,659	31,469	31,223	30,836	
Light petrol VKT per capita (km)	6,835	6,720	6,194	6,112	5,944	6,062	5,831	5,732	5,756	5,808	5,854	5,791	5,723	5,645	5,559	5,450	
TUC GTK (Tonne-km)	0	0	0	0	0	6,130,861,644	9,070,318,124	9,106,042,951	9,633,949,125	9,599,021,320	9,630,979,452	9,632,242,004	9,626,646,618	9,614,099,991	9,631,564,114	9,629,747,507	9,633,064,859
Key volumes: Annual percentage changes																	
Light RUC net km (m km)	6.59%	7.07%	-4.31%	5.38%	5.38%	7.19%	-10.83%	12.72%	5.81%	5.82%	5.49%	0.36%	0.23%	-0.11%	-0.54%	-0.97%	
Heavy RUC net km (m km)	4.67%	1.22%	-5.00%	7.08%	0.72%	-0.44%	1.43%	7.58%	2.59%	2.33%	2.10%	0.33%	0.25%	0.19%	0.09%	-0.01%	
Light BEV RUC net km (m km)								81.29%	37.24%	31.77%	26.26%	24.63%	24.71%	22.53%	19.76%	18.29%	
Heavy BEV RUC net km (m km)								77.31%	39.12%	36.21%	31.28%	28.09%	26.42%	24.77%	23.16%	21.25%	
PHEV RUC net km (m km)								64.60%	17.43%	13.39%	11.18%	10.27%	9.75%	8.77%	7.68%	6.67%	
PED volume (m L)	0.01%	-0.18%	-11.25%	7.98%	-8.28%	3.84%	-7.93%	2.81%	0.42%	0.86%	0.74%	-1.16%	-1.28%	-1.51%	-1.70%	-2.16%	
Light petrol VKT (m km)	1.78%	-0.02%	-6.00%	-0.10%	-2.51%	2.96%	-2.16%	-0.78%	1.33%	1.78%	1.66%	-0.26%	-0.37%	-0.60%	-0.78%	-1.24%	
Light petrol VKT per capita (km)	-0.16%	-1.68%	-7.83%	-1.33%	-2.75%	1.99%	-3.81%	-1.69%	0.42%	0.89%	0.79%	-1.08%	-1.16%	-1.37%	-1.52%	-1.96%	
TUC GTK (Tonne-km)						47.95%	0.39%	5.80%	-0.36%	0.33%	0.01%	-0.06%	-0.13%	0.18%	-0.02%	0.03%	
Revenues: Level (\$m ex GST)																	
Road User Charges																	
Light RUC net revenue (m \$)	608	696	720	801	753	596	806	913	966	1,022	1,078	1,082	1,084	1,083	1,077	1,067	
Heavy RUC net revenue (m \$)	948	982	991	1,127	1,041	757	1,154	1,246	1,278	1,308	1,336	1,340	1,343	1,346	1,347	1,347	
Light BEV RUC net revenue (m \$)	0	0	0	0	0	0	13	91	125	165	209	260	324	397	476	563	
Heavy BEV RUC net revenue (m \$)	0	0	0	0	0	0	0	7	19	24	31	40	49	61	74	74	
PHEV RUC net revenue (m \$)	0	0	0	0	0	0	5	35	41	46	52	57	62	68	73	78	
RUC refunds (m \$)	43	54	57	63	72	44	75	79	83	87	92	94	96	98	100	102	
Gross RUC revenue (m \$)	1,599	1,732	1,769	1,991	1,866	1,397	2,061	2,364	2,500	2,648	2,790	2,848	2,915	2,986	3,058	3,133	
RUC admin revenue (m \$)	13	13	13	13	13	12	14	17	18	19	20	20	21	21	22	22	
RUC revenues net of admin fees (m \$)	1,586	1,718	1,756	1,977	1,853	1,384	2,047	2,346	2,482	2,628	2,770	2,827	2,894	2,964	3,036	3,111	
RUC revenues net of admin fees & refunds (m \$)	1,543	1,664	1,699	1,915	1,781	1,341	1,973	2,268	2,399	2,541	2,678	2,734	2,798	2,867	2,937	3,009	
Fuel Excise Duties																	
Gross PED revenue (m \$)	1,934	2,016	1,915	2,176	1,766	1,333	1,908	1,962	1,970	1,987	2,002	1,979	1,953	1,924	1,891	1,850	
Gross LPG revenue (m \$)	35	37	36	40	46	49	53	51	52	52	53	53	53	53	53	54	
Gross CNG revenue (m \$)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Gross FED revenue (m \$)	1,969	2,053	1,950	2,216	1,813	1,382	1,961	2,013	2,022	2,039	2,054	2,032	2,006	1,977	1,945	1,904	
FED refunds (m \$)	65	66	68	68	60	68	68	76	77	79	79	79	79	78	78	76	
Net FED revenue (m \$)	1,904	1,987	1,883	2,149	1,753	1,314	1,893	1,937	1,945	1,961	1,975	1,952	1,927	1,899	1,867	1,828	
Motor Vehicle Register																	
MR1 revenue (m \$)	229	230	232	236	235	243	255	260	263	263	263	262	260	259	258	256	
MR2 revenue (m \$)	44	41	36	38	40	37	31	30	30	30	30	30	30	30	30	30	
MR13 revenue (m \$)	8	8	7	8	7	8	8	8	8	8	8	8	8	8	8	8	
Gross MVR revenue (m \$)	281	279	275	282	283	287	294	309	310	310	310	309	308	306	306	304	
MVR admin revenue (m \$)	45	43	41	42	40	42	43	43	43	43	43	43	43	42	41	41	
MVR revenues net of admin fees & COO (m \$)	228	228	227	232	235	237	243	255	257	258	259	258	257	256	256	255	
MVR refunds (m \$)	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
MVR revenues net of admin fees, refunds & COO (r)	227	227	226	231	234	236	242	252	256	257	257	257	256	255	255	254	
Track User Charges																	
TUC net revenue (m \$)	0	0	0	0	7	15	19	20	20	20	20	20	20	20	20	20	
TOTALS																	
Total gross revenues (m \$)	3,849	4,064	3,995	4,489	3,969	3,080	4,336	4,702	4,852	5,017	5,174	5,209	5,249	5,290	5,329	5,362	
Total admin fees (m \$)	65	64	62	63	61	62	64	68	70	71	71	71	71	71	71	72	
Total revenues net of admin fees (m \$)	3,783	3,999	3,933	4,426	3,908	3,018	4,271	4,633	4,782	4,946	5,103	5,137	5,178	5,219	5,257	5,290	
Total refunds (m \$)	109	121	126	131	133	113	144	156	161	167	173	174	176	177	179	180	
Total net revenues (m \$)	3,674	3,878	3,807	4,294	3,776	2,905	4,127	4,478	4,621	4,779	4,930	4,963	5,002	5,041	5,079	5,111	
Revenues: Annual percentage changes																	
Road User Charges																	
Light RUC net revenue (m \$)	6.41%	14.42%	3.58%	11.21%	-6.02%	-20.88%	35.35%	13.18%	5.81%	5.82%	5.49%	0.36%	0.23%	-0.11%	-0.54%	-0.97%	
Heavy RUC net revenue (m \$)	5.39%	3.60%	0.96%	13.65%	-7.56%	-27.29%	52.36%	7.99%	2.59%	2.33%	2.10%	0.33%	0.25%	0.19%	0.09%	-0.01%	
Light BEV RUC net revenue (m \$)								602.57%	37.24%	31.77%	26.26%	24.63%	24.71%	22.53%	19.76%	18.29%	
Heavy BEV RUC net revenue (m \$)								582.84%	17.43%	13.39%	11.18%	10.27%	9.75%	8.77%	7.68%	6.67%	
PHEV RUC net revenue (m \$)								53.3%	5.54%	5.02%	2.02%	2.02%	2.13%	2.13%	2.12%	2.16%	
RUC refunds (m \$)	10.47%	26.25%	5.13%	9.95%	-14.08%	-39.17%	71.30%	5.31%	5.33%	5.54%	5.02%	5.02%	5.02%	5.02%	5.02%	5.02%	
Gross RUC revenue (m \$)	5.90%	8.32%	2.44%	12.54%	-6.24%	-25.16%	47.56%	17.43%	5.79%	5.88%	5.38%	2.08%	2.34%	2.44%	2.42%	2.45%	
RUC admin revenue (m \$)	3.15%	3.14%	-5.58%	5.60%	-4.46%	-5.52%	9.66%	2.43%	6.90%	5.63%	4.93%	1.67%	1.95%	2.07%	2.07%	2.12%	
RUC revenues net of admin fees (m \$)	5.93%	8.37%	2.20%	12.99%	-6.29%	-25.30%	47.90%	14.62%	5.79%	5.89%	5.38%	2.08%	2.34%	2.44%	2.43%	2.46%	
RUC revenues net of admin fees & refunds (m \$)	5.81%	7.87%	2.11%	12.67%	-6.96%	-24.74%	47.14%	14.97%	5.80%	5.90%	5.39%	2.08%	2.35%	2.45%	2.44%	2.47%	
Fuel Excise Duties																	
Gross PED revenue (m \$)	0.01%	4.25%	-5.03%	13.66%	-18.83%	-24.55%	43.19%	2.81%	0.42%	0.86%	0.74%	-1.16%	-1.28%	-1.51%	-1.70%	-2.16%	
Gross LPG revenue (m \$)	-0.06%	6.05%	-3.88%	11.55%	16.28%	5.50%	8.39%	-3.05%	0.82%	0.74%	0.63%	0.63%	0.15%	0.80%	0.17%	0.75%	
Gross CNG revenue (m \$)	-68.85%	-100.00%															
Gross FED revenue (m \$)	0.00%	4.28%	-5.01%	13.62%	-18.20%	-23.78%	41.96%	2.65%	0.43%	0.86%	0.73%	-1.12%	-1.23%	-1.46%	-1.64%	-2.09%	
FED refunds (m \$)	15.87%	1.41%	2.71%	-0.42%	-11.27%	13.46%	0.56%	11.04%	1.46%	1.82%	1.61%	-0.35%	-0.51%	-0.79%	-1.01%	-1.50%	
Net FED revenue (m \$)	-0.46%	4.88%	-5.26%	14.13%	-18.42%	-25.06%	44.11%	2.35%	0.39%	0.82%	0.70%	-1.15%	-1.26%	-1.49%	-1.66%	-2.11%	
Motor Vehicle Register																	
MR1 revenue (m \$)	1.05%	0.28%	1.15%	1.57%	-0.30%	3.16%	5.00%	2.16%	0.96%	0.02%	-0.13%	-0.31%	-0.58%	-0.44%	-0.45%	-0.59%	
MR2 revenue (m \$)	1.29%	-6.36%	-13.48%	7.03%	4.62%	-8.33%	-14.28%	14.68%	4.47%	2.37%	1.00%	0.49%	-1.16%	0.13%	0.55%	0.68%	
MR13 revenue (m \$)	1.60%	0.99%	-4.64%	10.70%	-10.30%	2.52%	5.64%	1.75%	0.40%	0.31%	0.21%	-0.09%	0.44%	0.32%	0.30%	0.19%	
Gross MVR revenue (m \$)</																	

2034 2035 2036 2037 2038 2039 2040 2041 2042 2043 2044 2045 2046 2047 2048 2049 2050 2051 2052 2053
 LT_FORECAST

15,710	15,436	15,099	14,700	14,232	13,702	13,024	12,333	11,647	10,977	10,341	9,739	9,161	8,606	8,075	7,567	7,142	6,739	6,357	5,997
4,884	4,857	4,830	4,799	4,766	4,730	4,678	4,624	4,569	4,511	4,452	4,390	4,324	4,256	4,183	4,107	4,041	3,971	3,897	3,818
9,930	11,718	13,734	15,999	18,500	21,398	24,423	27,388	30,178	32,740	34,978	36,999	39,026	40,967	42,928	44,633	46,275	47,815	49,219	50,512
319	372	430	493	561	633	711	795	883	977	1,079	1,188	1,305	1,427	1,556	1,690	1,820	1,954	2,092	2,233
1,238	1,312	1,383	1,454	1,521	1,592	1,648	1,707	1,744	1,740	1,717	1,683	1,643	1,598	1,550	1,496	1,449	1,403	1,357	1,313
2,578	2,504	2,414	2,309	2,190	2,057	1,905	1,745	1,590	1,442	1,303	1,174	1,056	948	851	763	685	616	556	503
30,370	29,775	28,980	27,997	26,804	25,421	23,778	21,994	20,234	18,524	16,896	15,376	13,962	12,649	11,453	10,362	9,380	8,507	7,736	7,054
5,330	5,190	5,018	4,816	4,582	4,320	4,017	3,695	3,381	3,079	2,795	2,532	2,289	2,065	1,863	1,680	1,516	1,371	1,244	1,132
9,627,348,965	9,622,601,894	9,629,683,668	9,611,560,635	9,616,799,353	9,629,092,779	9,613,713,889	9,610,983,129	9,620,942,505	9,627,119,014	9,625,045,558	9,607,674,500	9,636,329,635	9,603,653,730	9,603,315,699	9,616,638,017	9,615,946,428	9,630,649,284	9,618,197,038	9,628,597,666

-1.34%	-1.75%	-2.18%	-2.64%	-3.18%	-3.72%	-4.95%	-5.31%	-5.56%	-5.75%	-5.80%	-5.82%	-5.93%	-6.06%	-6.17%	-6.29%	-6.29%	-5.62%	-5.65%	-5.67%	-5.66%
-0.30%	-0.54%	-0.56%	-0.64%	-0.69%	-0.76%	-1.11%	-1.15%	-1.19%	-1.28%	-1.32%	-1.38%	-1.50%	-1.59%	-1.70%	-1.82%	-1.62%	-1.73%	-1.86%	-2.01%	
18.27%	18.01%	17.20%	16.49%	15.63%	15.67%	14.14%	12.14%	10.18%	8.49%	6.84%	5.78%	5.48%	4.97%	4.79%	3.97%	3.68%	3.33%	2.94%	2.63%	
18.76%	16.60%	15.54%	14.64%	13.82%	12.89%	12.40%	11.70%	11.13%	10.64%	10.38%	10.17%	9.79%	9.40%	9.03%	8.59%	7.71%	7.35%	7.06%	6.76%	
6.41%	6.03%	5.41%	5.09%	4.65%	4.65%	3.50%	3.60%	2.18%	-0.22%	-1.34%	-2.01%	-2.36%	-2.76%	-2.98%	-3.50%	-3.13%	-3.14%	-3.29%	-3.25%	
-2.44%	-2.89%	-3.60%	-4.32%	-5.19%	-6.07%	-7.37%	-8.39%	-8.89%	-9.33%	-9.66%	-9.86%	-10.04%	-10.24%	-10.27%	-10.32%	-10.24%	-10.05%	-9.80%	-9.51%	
-1.51%	-1.96%	-2.67%	-3.39%	-4.26%	-5.16%	-6.47%	-7.50%	-8.00%	-8.45%	-8.79%	-9.00%	-9.19%	-9.41%	-9.45%	-9.37%	-9.40%	-9.30%	-9.07%	-8.80%	
-2.21%	-2.63%	-3.32%	-4.01%	-4.86%	-5.73%	-7.01%	-8.02%	-8.50%	-8.92%	-9.23%	-9.42%	-9.59%	-9.78%	-9.79%	-9.84%	-9.75%	-9.55%	-9.29%	-9.00%	
-0.06%	-0.05%	0.07%	-0.19%	0.05%	0.13%	-0.16%	-0.03%	0.10%	0.06%	-0.02%	-0.18%	0.30%	-0.34%	0.00%	0.14%	-0.01%	0.15%	-0.13%	0.11%	

1,053	1,034	1,012	985	954	918	873	826	780	735	693	652	614	577	541	507	479	451	426	402
1,343	1,336	1,328	1,320	1,311	1,301	1,286	1,272	1,257	1,241	1,224	1,207	1,189	1,170	1,150	1,129	1,111	1,092	1,072	1,050
665	785	920	1,072	1,239	1,434	1,636	1,835	2,022	2,194	2,344	2,479	2,615	2,745	2,876	2,990	3,100	3,204	3,298	3,384
88	102	118	135	154	174	196	219	243	269	297	327	359	392	428	465	501	537	575	614
83	88	93	97	102	107	110	114	117	119	115	113	110	107	104	100	97	94	91	88
104	107	110	113	117	121	125	129	134	138	141	144	147	150	153	156	158	161	163	165
3,215	3,304	3,403	3,514	3,634	3,774	3,915	4,064	4,207	4,339	4,453	4,557	4,664	4,769	4,878	4,972	5,070	5,162	5,246	5,324
23	23	24	25	25	26	27	28	29	30	31	31	32	33	33	34	35	35	36	36
3,192	3,281	3,379	3,489	3,609	3,747	3,887	4,036	4,178	4,309	4,422	4,526	4,632	4,737	4,845	4,938	5,035	5,127	5,211	5,288
3,088	3,174	3,270	3,376	3,492	3,627	3,762	3,907	4,045	4,171	4,282	4,382	4,486	4,587	4,692	4,782	4,877	4,966	5,047	5,123

1,805	1,753	1,690	1,617	1,533	1,440	1,334	1,222	1,113	1,010	912	822	740	664	596	534	479	431	389	352
54	54	54	55	55	55	55	55	55	56	56	56	56	56	56	56	57	57	57	57
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1,859	1,807	1,745	1,672	1,588	1,495	1,389	1,277	1,169	1,065	968	878	796	720	652	591	536	488	446	409
75	73	71	69	65	62	58	53	49	45	41	37	34	31	28	25	23	21	19	18
1,784	1,734	1,673	1,603	1,523	1,433	1,332	1,224	1,120	1,021	927	841	762	690	624	565	513	467	427	391

255	254	253	251	250	249	249	247	247	246	245	244	243	242	242	241	240	240	240	239
39	39	39	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
303	302	301	299	298	297	297	295	295	294	294	292	292	291	290	289	289	288	288	287
41	40	40	40	40	39	39	39	38	38	38	38	37	37	37	37	37	37	36	36
254	253	252	251	250	250	249	248	248	248	247	246	246	245	245	244	243	243	243	243
1	1	1	1	1	1	2	2	2	2	2	2	2	2	2	2	2	2	2	2
253	252	251	250	249	248	248	247	247	246	246	245	244	243	243	242	242	242	241	241

20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
5,397	5,433	5,469	5,505	5,540	5,586	5,621	5,658	5,692	5,718	5,735	5,748	5,772	5,801	5,841	5,872	5,915	5,959	6,000	6,041
72	72	72	73	73	74	75	75	76	77	77	78	78	79	79	79	80	80	81	81
5,325	5,362	5,396	5,432	5,467	5,513	5,546	5,582	5,616	5,644	5,668	5,670	5,694	5,722	5,762	5,793	5,835	5,878	5,920	5,960
181	182	182	183	183	184	184	184	184	184	183	183	182	182	182	183	183	184	184	185
5,145	5,180	5,214	5,249	5,284	5,328	5,362	5,398	5,431	5,458	5,476	5,488	5,512	5,540	5,580	5,610	5,652	5,695	5,736	5,775

-1.34%	-1.75%	-2.18%	-2.64%	-3.18%	-3.72%	-4.95%	-5.31%	-5.56%	-5.75%	-5.80%	-5.82%	-5.93%	-6.06%	-6.17%	-6.29%	-6.29%	-5.62%	-5.65%	-5.67%	-5.66%
-0.30%	-0.54%	-0.56%	-0.64%	-0.69%	-0.76%	-1.11%	-1.15%	-1.19%	-1.28%	-1.32%	-1.38%	-1.50%	-1.59%	-1.70%	-1.82%	-1.62%	-1.73%	-1.86%	-2.01%	
18.27%	18.01%	17.20%	16.49%	15.63%	15.67%	14.14%	12.14%	10.18%	8.49%	6.84%	5.78%	5.48%	4.97%	4.79%	3.97%	3.68%	3.33%	2.94%	2.63%	
18.76%	16.60%	15.54%	14.64%	13.82%	12.89%	12.40%	11.70%	11.13%	10.64%	10.38%	10.17%	9.79%	9.40%	9.03%	8.59%	7.71%	7.35%	7.06%	6.76%	
6.41%	6.03%	5.41%	5.09%	4.65%	4.65%	3.50%	3.60%	2.18%	-0.22%	-1.34%	-2.01%	-2.36%	-2.76%	-2.98%	-3.50%	-3.13%	-3.14%	-3.29%	-3.25%	
2.32%	2.51%	2.74%	2.98%	3.17%	3.58%	3.49%	3.58%	3.28%	2.89%	2.41%	2.12%	2.14%	2.04%	2.08%	1.72%	1.63%	1.44%	1.31%	1.31%	
2.60%	2.78%	3.01%	3.24%	3.43%	3.84%	3.74%	3.83%	3.52%	3.12%	2.64%	2.33%	2.36%	2.25%	2.29%	1.92%	1.97%	1.82%	1.63%	1.49%	
2.29%	2.48%	2.71%	2.96%	3.16%	3.58%	3.48%	3.58%	3.28%	2.90%	2.42%	2.13%	2.15%	2.05%	2.09%	1.73%	1.79%	1.65%	1.46%	1.33%	
2.61%	2.78%	3.01%	3.24%	3.43%	3.84%	3.74%	3.83%	3.52%	3.12%	2.64%	2.34%	2.36%	2.25%	2.29%	1.92%	1.97%	1.83%	1.63%	1.49%	
2.62%	2.79%	3.02%	3.25%	3.44%	3.85%	3.75%	3.84%	3.53%	3.13%	2.64%	2.34%	2.37%	2.26%	2.29%	1.92%	1.97%	1.83%	1.64%	1.50%	

-2.44%	-2.89%	-3.60%	-4.32%	-5.19%	-6.07%	-7.37%	-8.39%	-8.89%	-9.33%	-9.66%	-9.86%	-10.04%	-10.24%	-10.27%	-10.32%	-10.24%	-10.05%	-9.80%	-9.51%
0.16%	0.55%	0.37%	0.34%	0.33%	0.32%	0.20%	0.42%	0.20%	0.16%	0.26%	0.13%	0.38%	0.10%	0.62%	-0.03%	0.32%	0.31%	0.14%	0.32%
-2.35%	-2.79%	-3.48%	-4.17%	-5.01%	-5.85%	-7.09%	-8.05%	-8.49%	-8.87%	-9.14%	-9.26%	-9.39%	-9.50%	-9.45%	-9.41%	-9.25%	-8.97%	-8.64%	-8.27%
-1.80%	-2.27%	-2.99%	-3.71%	-4.58%	-5.45%	-6.71%	-7.70%	-8.17%	-8.57%	-8.86%	-9.02%	-9.15%	-9.28%	-9.25%	-9.23%	-9.08%	-8.83%	-8.51%	-8.16%
-2.38%	-2.81%	-3.50%	-4.19%	-5.02%	-5.87%	-7.10%	-8.06%	-8.51%	-8.86%	-9.13%	-9.25%	-9.40%	-9.51%	-9.46%	-9.42%	-9.25%	-8.98%	-8.64%	-8.28%

-0.48%	-0.53%	-0.47%	-0.60%	-0.46%	-0.33%	-0.26%	-0.51%	-0.25%	-0.32%	-0.24%	-0.52%	-0.31%	-0.33%	-0.25%	-0.45%	-0.17%	-0.18%	-0.13%	-0.42%
-0.35%	0.21%	0.04%	0.28%	-0.39%	0.53%														

This round: HYEFU23
 Macro inputs: Treasury final forecast for HYEFU23
 Scenario: Low

YE June	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Period	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ST_FORECAST	ST_FORECAST	ST_FORECAST	ST_FORECAST	ST_FORECAST	LT_FORECAST	LT_FORECAST	LT_FORECAST	LT_FORECAST	LT_FORECAST	
Key volumes: Level																	
Light RUC net km (m km)	11,112	11,898	11,386	11,998	12,644	13,553	11,022	12,149	12,804	13,552	14,262	14,320	14,358	14,339	14,252	14,096	
Heavy RUC net km (m km)	4,022	4,071	3,868	4,141	4,171	4,153	3,980	4,179	4,281	4,378	4,473	4,490	4,502	4,511	4,516	4,515	
Light BEV RUC net km (m km)	0	0	0	0	0	0	691	1,162	1,444	1,725	2,013	2,365	2,814	3,351	3,972	4,695	
Heavy BEV RUC net km (m km)	0	0	0	0	0	0	17	26	31	37	44	53	62	73	84	97	
PHEV RUC net km (m km)	0	0	0	0	0	0	350	623	792	950	1,101	1,252	1,402	1,538	1,658	1,761	
PED volume (m L)	3,249	3,243	2,878	3,108	2,851	2,960	2,663	2,706	2,703	2,715	2,725	2,692	2,656	2,613	2,567	2,509	
Light petrol VKT (m km)	33,217	33,210	31,218	31,186	30,402	30,949	29,784	29,350	29,577	29,979	30,370	30,286	30,167	29,976	29,730	29,343	
Light petrol VKT per capita (km)	6,835	6,720	6,194	6,112	5,944	5,994	5,670	5,536	5,529	5,555	5,580	5,517	5,449	5,371	5,285	5,176	
TUC GTK (Tonne-km)	0	0	0	0	0	6,130,861,644	9,070,318,124	7,609,585,817	7,646,736,659	7,624,819,078	7,639,188,452	7,648,689,657	7,630,258,123	7,629,539,548	7,633,814,688	7,608,469,342	7,634,508,165
Key volumes: Annual percentage changes																	
Light RUC net km (m km)	6.59%	7.07%	-4.31%	5.38%	5.38%	7.19%	-18.67%	10.22%	5.39%	5.84%	5.24%	0.41%	0.26%	-0.13%	-0.61%	-1.10%	
Heavy RUC net km (m km)	4.67%	1.22%	-5.00%	7.08%	0.72%	-0.44%	-4.15%	4.99%	2.43%	2.28%	2.18%	0.36%	0.27%	0.21%	0.10%	-0.01%	
Light BEV RUC net km (m km)							68.31%	24.19%	19.50%	16.67%	17.50%	19.00%	19.06%	18.54%	18.19%	18.19%	
Heavy BEV RUC net km (m km)							52.85%	19.79%	19.87%	18.92%	18.37%	17.99%	17.08%	16.27%	15.40%	15.40%	
PHEV RUC net km (m km)							78.21%	27.13%	19.94%	15.89%	13.70%	11.95%	9.75%	7.81%	6.19%	6.19%	
PED volume (m L)	0.01%	-0.18%	-11.25%	7.98%	-8.28%	3.84%	-10.03%	1.62%	-0.13%	0.44%	0.38%	-1.22%	-1.34%	-1.59%	-1.78%	-2.27%	
Light petrol VKT (m km)	1.78%	-0.02%	-6.00%	-0.10%	-2.51%	1.80%	-3.76%	-1.46%	0.77%	1.36%	1.30%	-0.28%	-0.39%	-0.63%	-0.82%	-1.30%	
Light petrol VKT per capita (km)	-0.16%	-1.68%	-7.83%	-1.33%	-2.75%	0.84%	-5.40%	-2.36%	-0.13%	0.47%	0.44%	-1.13%	-1.22%	-1.44%	-1.60%	-2.06%	
TUC GTK (Tonne-km)						47.95%	-16.10%	0.49%	-0.29%	0.19%	0.12%	-0.24%	-0.01%	0.06%	-0.33%	0.34%	
Revenues: Level (\$m ex GST)																	
Road User Charges																	
Light RUC net revenue (m \$)	608	696	720	801	753	596	735	814	858	908	956	959	962	961	955	944	
Heavy RUC net revenue (m \$)	948	982	991	1,127	1,041	757	1,090	1,149	1,177	1,204	1,230	1,235	1,238	1,241	1,242	1,242	
Light BEV RUC net revenue (m \$)	0	0	0	0	0	0	11	78	97	116	135	158	189	224	266	315	
Heavy BEV RUC net revenue (m \$)	0	0	0	0	0	0	0	4	10	12	14	17	20	23	27	27	
PHEV RUC net revenue (m \$)	0	0	0	0	0	0	6	42	53	64	74	84	94	103	111	118	
RUC refunds (m \$)	43	54	57	63	72	44	70	72	75	79	82	84	86	88	90	92	
Gross RUC revenue (m \$)	1,599	1,732	1,769	1,991	1,866	1,397	1,921	2,155	2,264	2,380	2,488	2,546	2,613	2,684	2,757	2,832	
RUC admin revenue (m \$)	13	13	13	13	13	12	13	16	16	17	18	18	19	19	20	20	
RUC revenues net of admin fees (m \$)	1,586	1,718	1,756	1,977	1,853	1,384	1,908	2,139	2,248	2,363	2,470	2,528	2,594	2,665	2,737	2,811	
RUC revenues net of admin fees & refunds (m \$)	1,543	1,664	1,699	1,915	1,781	1,341	1,838	2,067	2,173	2,284	2,389	2,444	2,509	2,577	2,647	2,720	
Fuel Excise Duties																	
Gross PED revenue (m \$)	1,934	2,016	1,915	2,176	1,766	1,333	1,865	1,895	1,893	1,901	1,908	1,885	1,860	1,830	1,797	1,757	
Gross LPG revenue (m \$)	35	37	36	40	46	49	41	36	36	37	37	37	37	38	38	38	
Gross CNG revenue (m \$)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Gross FED revenue (m \$)	1,969	2,053	1,950	2,216	1,813	1,382	1,906	1,931	1,929	1,938	1,945	1,922	1,897	1,868	1,835	1,795	
FED refunds (m \$)	65	66	68	68	60	68	66	73	74	75	76	75	75	74	73	72	
Net FED revenue (m \$)	1,904	1,987	1,883	2,149	1,753	1,314	1,840	1,858	1,855	1,863	1,869	1,847	1,822	1,794	1,762	1,722	
Motor Vehicle Register																	
MR1 revenue (m \$)	229	230	232	236	235	243	236	220	211	207	203	200	198	195	193	192	
MR2 revenue (m \$)	44	41	36	38	40	37	26	25	25	25	26	26	26	26	26	26	
MR13 revenue (m \$)	8	8	7	8	7	8	8	8	8	8	8	8	8	8	8	8	
Gross MVR revenue (m \$)	281	279	275	282	283	287	269	252	244	239	236	233	231	228	227	225	
MVR admin revenue (m \$)	45	43	41	42	40	42	39	36	34	33	33	32	32	31	31	30	
MVR revenues net of admin fees & COO (m \$)	228	228	227	232	235	237	223	209	202	198	196	194	192	190	188	187	
MVR refunds (m \$)	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
MVR revenues net of admin fees, refunds & COO (r)	227	227	226	231	234	236	222	208	201	197	195	193	191	189	187	186	
Track User Charges																	
TUC net revenue (m \$)	0	0	0	0	7	15	16	16	16	16	16	16	16	16	16	16	
TOTALS																	
Total gross revenues (m \$)	3,849	4,064	3,995	4,489	3,969	3,080	4,112	4,354	4,453	4,573	4,686	4,718	4,757	4,796	4,834	4,868	
Total admin fees (m \$)	65	64	62	63	61	62	60	59	58	58	58	58	58	58	58	58	
Total revenues net of admin fees (m \$)	3,783	3,999	3,933	4,426	3,908	3,018	4,053	4,295	4,394	4,515	4,627	4,660	4,699	4,738	4,776	4,810	
Total refunds (m \$)	109	121	126	131	133	113	138	146	150	154	158	160	161	163	164	165	
Total net revenues (m \$)	3,674	3,878	3,807	4,294	3,776	2,905	3,915	4,149	4,245	4,361	4,469	4,500	4,538	4,576	4,612	4,644	
Revenues: Annual percentage changes																	
Road User Charges																	
Light RUC net revenue (m \$)	6.41%	14.42%	3.58%	11.21%	-6.02%	-20.88%	23.40%	10.72%	5.39%	5.84%	5.24%	0.41%	0.26%	-0.13%	-0.61%	-1.10%	
Heavy RUC net revenue (m \$)	5.39%	3.60%	0.96%	13.65%	-7.56%	-27.29%	43.95%	5.42%	2.43%	2.28%	2.18%	0.36%	0.27%	0.21%	0.10%	-0.01%	
Light BEV RUC net revenue (m \$)							593.47%	24.19%	19.50%	16.67%	17.50%	19.00%	19.06%	18.54%	18.19%	18.19%	
Heavy BEV RUC net revenue (m \$)							586.65%	27.13%	14.76%	18.92%	18.37%	17.99%	17.08%	16.27%	15.40%	15.40%	
PHEV RUC net revenue (m \$)							153.53%	4.65%	4.77%	4.19%	4.19%	2.26%	2.26%	2.38%	2.36%	2.40%	
RUC refunds (m \$)	10.47%	26.25%	5.13%	9.95%	14.08%	-39.17%	61.35%	1.93%	1.93%	1.94%	1.94%	1.94%	1.94%	1.94%	1.94%	1.94%	
Gross RUC revenue (m \$)	5.90%	8.32%	2.44%	12.54%	-6.24%	-25.16%	37.53%	12.17%	5.10%	5.11%	4.56%	2.33%	2.62%	2.72%	2.70%	2.72%	
RUC admin revenue (m \$)	3.15%	3.14%	-5.58%	5.60%	-4.46%	-5.52%	1.99%	21.90%	6.20%	4.86%	4.12%	1.87%	2.18%	2.31%	2.31%	2.36%	
RUC revenues net of admin fees (m \$)	5.93%	8.37%	2.20%	12.99%	-6.29%	-25.30%	37.85%	12.10%	5.09%	5.11%	4.56%	2.33%	2.62%	2.72%	2.70%	2.72%	
RUC revenues net of admin fees & refunds (m \$)	5.81%	7.87%	2.11%	12.67%	-6.96%	-24.74%	37.09%	12.49%	5.11%	5.12%	4.57%	2.33%	2.63%	2.74%	2.71%	2.74%	
Fuel Excise Duties																	
Gross PED revenue (m \$)	0.01%	4.25%	-5.03%	13.66%	-18.83%	-24.55%	39.92%	1.62%	-0.13%	0.44%	0.38%	-1.22%	-1.34%	-1.59%	-1.78%	-2.27%	
Gross LPG revenue (m \$)	-0.06%	6.05%	-3.88%	11.55%	16.28%	5.50%	-15.59%	-13.39%	0.87%	1.40%	0.66%	1.03%	0.04%	0.87%	0.73%	0.91%	
Gross CNG revenue (m \$)	-68.85%	-100.00%															
Gross FED revenue (m \$)	0.00%	4.28%	-5.01%	13.62%	-18.20%	-23.78%	37.95%	1.30%	-0.11%	0.46%	0.38%	-1.18%	-1.30%	-1.54%	-1.74%	-2.21%	
FED refunds (m \$)	15.87%	1.41%	2.71%	-0.42%	-11.27%	13.46%	-2.44%	9.77%	0.91%	1.42%	1.26%	-0.37%	-0.54%	-0.83%	-1.07%	-1.59%	
Net FED revenue (m \$)	-0.46%	4.86%	-5.26%	14.13%	-18.42%	-25.06%	40.05%	0.99%	-0.15%	0.42%	0.35%	-1.21%	-1.33%	-1.57%	-1.76%	-2.24%	
Motor Vehicle Register																	
MR1 revenue (m \$)	1.05%	0.28%	1.15%	1.57%	-0.30%	3.16%	-2.89%	-6.80%	-3.92%	-2.13%	-1.59%	-1.58%	-1.26%	-1.39%	-1.06%	-0.59%	
MR2 revenue (m \$)	1.29%	-6.36%	-13.48%	7.03%	4.62%	-8.33%	-28.55%	-5.27%	1.02%	0.90%	-0.15%	1.41%	0.60%	0.54%	0.89%	-0.40%	
MR13 revenue (m \$)	1.60%	0.99%	-4.64%	10.70%	-10.30%	2.52%	-0.06%	-0.22%	0.23%	0.27%	0.22%	0.27%	0.16%	0.30%	0.17%	0.25%	
Gross MVR revenue (m \$)	-1.10																

2034 2035 2036 2037 2038 2039 2040 2041 2042 2043 2044 2045 2046 2047 2048 2049 2050 2051 2052 2053

LT_FORECAST	LT_FORECAST	LT_FORECAST	LT_FORECAST	LT_FORECAST	LT_FORECAST	LT_FORECAST	LT_FORECAST	LT_FORECAST	LT_FORECAST	LT_FORECAST	LT_FORECAST	LT_FORECAST	LT_FORECAST	LT_FORECAST	LT_FORECAST	LT_FORECAST	LT_FORECAST	LT_FORECAST	LT_FORECAST
13,882	13,607	13,271	12,871	12,404	11,874	11,196	10,504	9,819	9,149	8,512	7,910	7,333	6,778	6,247	5,739	5,314	4,910	4,528	4,168
4,501	4,474	4,447	4,416	4,383	4,347	4,295	4,241	4,186	4,128	4,068	4,007	3,941	3,873	3,800	3,724	3,657	3,588	3,514	3,435
5,580	6,641	7,869	9,284	10,883	12,764	14,817	17,086	19,486	21,958	24,280	26,455	28,689	30,894	33,158	35,211	37,232	39,155	40,931	42,586
111	126	142	160	179	199	222	246	272	300	331	366	404	445	490	538	582	629	679	734
1,855	1,939	2,008	2,073	2,109	2,104	2,062	2,005	1,936	1,860	1,779	1,694	1,609	1,523	1,439	1,354	1,282	1,216	1,155	1,099
2,444	2,370	2,280	2,176	2,056	1,923	1,771	1,611	1,456	1,308	1,169	1,040	922	814	717	629	551	482	422	369
28,878	28,283	27,487	26,505	25,311	23,929	22,285	20,502	18,741	17,032	15,404	13,883	12,470	11,156	9,960	8,869	7,888	7,015	6,243	5,562
5,056	4,916	4,744	4,542	4,308	4,045	3,743	3,421	3,107	2,805	2,521	2,257	2,015	1,791	1,589	1,405	1,242	1,097	969	858
7,633,824,037	7,627,699,187	7,638,528,622	7,639,424,223	7,648,179,300	7,626,227,253	7,639,967,463	7,626,774,851	7,626,697,043	7,639,934,377	7,629,238,938	7,635,670,225	7,634,585,800	7,631,396,997	7,627,580,556	7,636,145,849	7,631,924,991	7,637,692,511	7,627,577,254	7,646,890,706

-1.52%	-1.98%	-2.47%	-3.01%	-3.63%	-4.27%	-5.71%	-6.18%	-6.52%	-6.82%	-6.96%	-7.07%	-7.30%	-7.57%	-7.83%	-8.13%	-7.41%	-7.59%	-7.78%	-7.95%
-0.32%	-0.59%	-0.61%	-0.69%	-0.75%	-0.82%	-1.20%	-1.25%	-1.30%	-1.39%	-1.44%	-1.51%	-1.64%	-1.75%	-1.87%	-2.00%	-1.79%	-1.91%	-2.06%	-2.23%
18.85%	19.03%	18.49%	17.98%	17.23%	17.28%	16.09%	15.31%	14.05%	12.69%	10.58%	8.96%	8.44%	7.69%	7.33%	6.19%	5.74%	5.17%	4.54%	4.04%
14.08%	13.04%	12.83%	12.49%	12.05%	11.23%	11.56%	10.90%	10.51%	10.38%	10.41%	10.46%	10.37%	10.21%	10.01%	9.73%	8.23%	8.08%	8.04%	8.03%
5.32%	4.52%	3.56%	3.28%	1.73%	-0.25%	-1.99%	-2.77%	-3.44%	-3.92%	-4.34%	-4.78%	-5.01%	-5.37%	-5.52%	-5.93%	-5.31%	-5.12%	-4.98%	-4.86%
-2.57%	-3.04%	-3.80%	-4.57%	-5.51%	-6.47%	-7.88%	-9.03%	-9.63%	-10.18%	-10.64%	-10.99%	-11.33%	-11.73%	-11.96%	-12.25%	-12.43%	-12.50%	-12.52%	-12.53%
-1.59%	-2.06%	-2.81%	-3.57%	-4.50%	-5.46%	-6.87%	-8.00%	-8.59%	-9.12%	-9.65%	-9.87%	-10.18%	-10.53%	-10.72%	-10.96%	-11.07%	-11.06%	-11.00%	-10.91%
-2.32%	-2.77%	-3.50%	-4.24%	-5.16%	-6.10%	-7.49%	-8.61%	-9.18%	-9.71%	-10.14%	-10.44%	-10.75%	-11.11%	-11.29%	-11.53%	-11.65%	-11.66%	-11.62%	-11.54%
-0.01%	-0.08%	0.14%	0.01%	0.11%	-0.29%	0.18%	-0.17%	0.00%	0.17%	-0.14%	0.08%	-0.01%	-0.04%	-0.05%	0.11%	-0.06%	0.08%	-0.13%	0.25%

930	912	889	862	831	796	750	704	658	613	570	530	491	454	419	385	356	329	303	279
1,238	1,230	1,223	1,214	1,205	1,195	1,181	1,166	1,151	1,135	1,119	1,102	1,084	1,065	1,045	1,024	1,006	987	966	945
374	445	527	622	729	855	993	1,145	1,306	1,471	1,627	1,772	1,922	2,070	2,222	2,359	2,495	2,623	2,742	2,853
31	35	39	44	49	55	61	68	75	83	91	101	111	122	135	148	160	173	187	202
124	130	135	139	141	141	138	134	130	125	119	114	108	102	96	91	86	81	77	74
94	97	100	103	107	111	115	119	124	128	131	134	137	140	143	146	148	151	153	156
2,913	3,003	3,102	3,212	3,333	3,472	3,613	3,763	3,906	4,037	4,152	4,256	4,363	4,468	4,577	4,670	4,768	4,861	4,945	5,023
21	21	22	22	23	24	25	26	27	28	29	29	30	31	31	32	32	33	33	34
2,893	2,981	3,080	3,190	3,310	3,448	3,588	3,737	3,879	4,009	4,123	4,226	4,333	4,437	4,546	4,638	4,736	4,828	4,911	4,989
2,798	2,885	2,980	3,087	3,203	3,337	3,473	3,617	3,755	3,882	3,992	4,093	4,196	4,297	4,403	4,493	4,587	4,677	4,758	4,834

1,712	1,659	1,596	1,523	1,440	1,346	1,240	1,128	1,020	916	818	728	646	570	502	440	386	338	295	258
38	39	39	39	39	39	39	40	40	40	40	40	40	40	40	41	41	41	41	41
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1,750	1,698	1,635	1,562	1,479	1,386	1,280	1,168	1,059	956	858	769	686	611	543	481	427	378	336	299
71	69	67	64	61	58	53	49	45	40	37	33	29	26	23	21	19	17	15	13
1,679	1,629	1,568	1,498	1,417	1,328	1,226	1,119	1,015	915	822	736	657	584	519	460	408	362	322	286

190	188	187	186	185	184	184	183	182	182	181	180	180	179	179	178	177	177	177	176
26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26
8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
223	222	221	220	219	218	218	217	216	216	215	214	214	213	213	213	212	211	211	210
30	30	29	29	29	29	28	28	28	28	28	28	28	27	27	27	27	27	27	27
186	184	184	183	182	182	181	181	180	180	179	179	179	178	178	178	177	177	176	176
1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
185	183	183	182	181	181	180	179	179	179	178	178	178	177	176	176	176	175	175	175

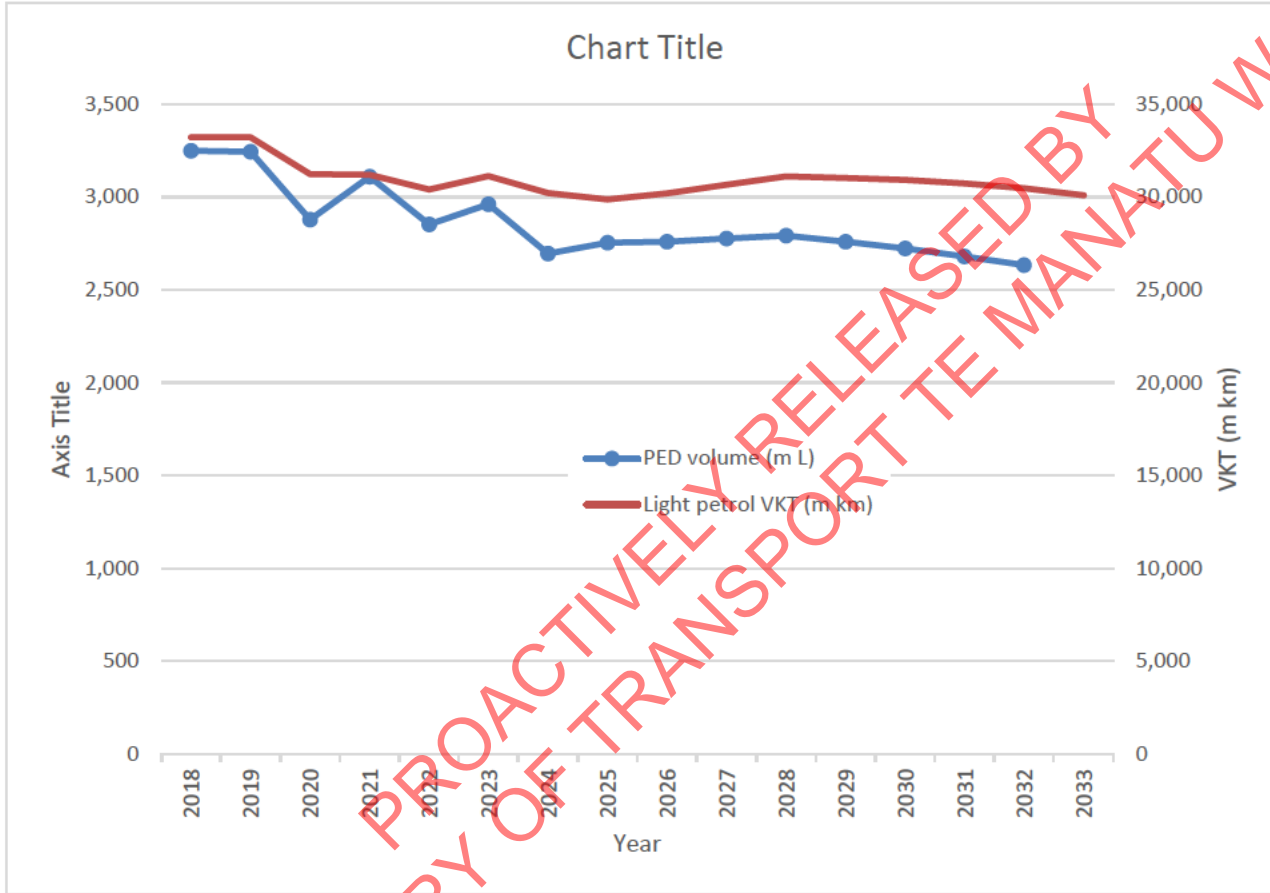
16 16 16 16 16 16 16 16 16 16 16 16 16 16 16 16 16 16 16 16

4,902	4,938	4,974	5,011	5,047	5,092	5,127	5,164	5,198	5,225	5,241	5,255	5,280	5,308	5,348	5,380	5,423	5,466	5,508	5,549
58	58	59	59	60	61	61	62	63	64	65	65	65	66	66	67	67	68	68	68
4,844	4,880	4,915	4,951	4,987	5,031	5,065	5,102	5,135	5,167	5,197	5,220	5,244	5,270	5,297	5,323	5,355	5,399	5,440	5,481
166	167	168	168	169	169	170	170	170	169	169	168	168	168	168	168	168	169	170	170
4,678	4,713	4,747	4,783	4,818	4,862	4,896	4,932	4,965	4,992	5,008	5,022	5,047	5,075	5,114	5,145	5,187	5,230	5,270	5,310

-1.52%	-1.98%	-2.47%	-3.01%	-3.63%	-4.27%	-5.71%	-6.18%	-6.52%	-6.82%	-6.96%	-7.07%	-7.30%	-7.57%	-7.83%	-8.13%	-7.41%	-7.59%	-7.78%	-7.95%
-0.32%	-0.59%	-0.61%	-0.69%	-0.75%	-0.82%	-1.20%	-1.25%	-1.30%	-1.39%	-1.44%	-1.51%	-1.64%	-1.75%	-1.87%	-2.00%	-1.79%	-1.91%	-2.06%	-2.23%
18.85%	19.03%	18.49%	17.98%	17.23%	17.28%	16.09%	15.31%	14.05%	12.69%	10.58%	8.96%	8.44%	7.69%	7.33%	6.19%	5.74%	5.17%	4.54%	4.04%
14.08%	13.04%	12.83%	12.49%	12.05%	11.23%	11.56%	10.90%	10.51%	10.38%	10.41%	10.46%	10.37%	10.21%	10.01%	9.73%	8.23%	8.08%	8.04%	8.03%
5.32%	4.52%	3.56%	3.28%	1.73%	-0.25%	-1.99%	-2.77%	-3.44%	-3.92%	-4.34%	-4.78%	-5.01%	-5.37%	-5.52%	-5.93%	-5.31%	-5.12%	-4.98%	-4.86%
2.57%	2.77%	3.02%	3.27%	3.48%	3.92%	3.80%	3.89%	3.55%	3.12%	2.60%	2.28%	2.30%	2.18%	2.23%	1.88%	1.74%	1.54%	1.39%	1.39%
2.88%	3.07%	3.31%	3.56%	3.75%	4.18%	4.06%	4.15%	3.80%	3.36%	2.83%	2.50%	2.52%	2.40%	2.44%	2.04%	2.09%	1.94%	1.73%	1.58%
2.54%	2.74%	2.99%	3.26%	3.47%	3.91%	3.80%	3.89%	3.56%	3.13%	2.61%	2.29%	2.32%	2.20%	2.24%	1.85%	1.91%	1.76%	1.56%	1.41%
2.88%	3.07%	3.31%	3.56%	3.75%	4.19%	4.06%	4.15%	3.80%	3.36%	2.83%	2.51%	2.53%	2.40%	2.44%	2.04%	2.10%	1.94%	1.73%	1.58%
2.89%	3.08%	3.32%	3.57%	3.76%	4.20%	4.07%	4.16%	3.81%	3.37%	2.84%	2.51%	2.53%	2.41%	2.45%	2.05%	2.10%	1.95%	1.74%	1.59%

-2.57%	-3.04%	-3.80%	-4.57%	-5.51%	-6.47%	-7.88%	-9.03%	-9.63%	-10.18%	-10.64%	-10.99%	-11.33%	-11.73%	-11.96%	-12.25%	-12.43%	-12.50%	-12.52%	-12.53%
0.19%	1.00%	0.08%	0.82%	0.31%	0.52%	0.51%	0.22%	0.37%	0.27%	0.16%	0.51%	0.49%	0.23%	0.35%	0.52%	0.44%	-0.03%	0.24%	0.37%
-2.50%	-2.97%	-3.70%	-4.45%	-5.46%	-6.29%	-7.65%	-8.74%	-9.29%	-9.79%	-10.18%	-10.46%	-10.72%	-11.02%	-11.14%	-11.31%	-11.35%	-11.27%	-11.13%	-10.96%
-1.91%	-2.41%	-3.18%	-3.95%	-4.88%	-5.83%	-7.21%	-8.32%	-8.88%	-9.39%	-9.79%	-10.06%	-10.33%	-10.62%	-10.74%	-10.90%	-10.93%	-10.84%	-10.68%	-10.50%
-2.52%	-2.99%	-3.73%	-4.47%	-5.38%	-6.31%	-7.66%	-8.76%	-9.31%	-9.81%	-10.20%	-10.48%	-10.74%	-11.03%	-11.16%	-11.33%	-11.37%	-11.29%	-11.15%	-10.99%

-1.04%	-0.83%	-0.51%	-0.47%	-0.47%	-0.57%	-0.25%	-0.56%	-0.26%	-0.63%	-0.19%	-0.05%	-0.56%	-0.32%	-0.21%	-0.48%	-0.31%	-0.18%	-0.19%	-0.19%
-0.09%	0.18%	-0.42%	0.62%	-0.18%	-0.11%	-0.05%	0.35%	-0.16%	0.18%	0.46%	0.22%								



PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

This round: HYEFU23
 Macro inputs: Treasury final forecast for HYEFU23
 Scenario: Medium

YE June Period	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ST_FORECAST	ST_FORECAST	ST_FORECAST	ST_FORECAST	ST_FORECAST	LT_FORECAST	LT_FORECAST	LT_FORECAST	LT_FORECAST	LT_FORECAST	
Key volumes: Level																	
Light RUC net km (m km)	11,112	11,898	11,386	11,998	12,644	13,553	11,507	12,838	13,559	14,367	15,151	15,210	15,247	15,229	15,142	14,985	
Heavy RUC net km (m km)	4,022	4,071	3,868	4,141	4,171	4,153	4,105	4,358	4,471	4,576	4,674	4,690	4,702	4,711	4,716	4,715	
Light BEV RUC net km (m km)	0	0	0	0	0	0	720	1,247	1,611	2,016	2,457	2,999	3,689	4,499	5,409	6,445	
Heavy BEV RUC net km (m km)	0	0	0	0	0	0	19	31	40	50	61	76	94	117	143	173	
PHEV RUC net km (m km)	0	0	0	0	0	0	331	567	696	814	923	1,034	1,148	1,258	1,357	1,445	
PED volume (m L)	3,249	3,243	2,878	3,108	2,851	2,960	2,694	2,754	2,758	2,776	2,791	2,758	2,722	2,680	2,633	2,575	
Light petrol VKT (m km)	33,217	33,210	31,218	31,186	30,402	31,118	30,201	29,865	30,179	30,658	31,108	31,023	30,904	30,714	30,468	30,081	
Light petrol VKT per capita (km)	6,835	6,720	6,194	6,112	5,944	6,026	5,750	5,634	5,642	5,681	5,715	5,652	5,585	5,506	5,420	5,312	
TUC GTK (Tonne-km)	0	0	0	0	6,130,861,644	9,070,318,124	8,365,618,865	8,626,734,868	8,626,734,868	8,626,734,868	8,626,734,868	8,626,734,868	8,626,734,868	8,626,734,868	8,626,734,868	8,626,734,868	8,626,734,868
implied fuel efficiency l/100 km	9.78	9.77	9.22	9.97	9.38	9.51	8.92	9.22	9.14	9.06	8.97	8.89	8.81	8.72	8.64	8.56	
Key volumes: Annual percentage changes																	
Light RUC net km (m km)	6.59%	7.07%	-4.31%	5.38%	5.38%	7.19%	-15.10%	11.56%	5.62%	5.96%	5.46%	0.39%	0.24%	-0.12%	-0.57%	-1.03%	
Heavy RUC net km (m km)	4.67%	1.22%	-5.00%	7.08%	0.72%	-0.44%	-1.16%	6.18%	2.59%	2.35%	2.13%	0.35%	0.26%	0.20%	0.09%	-0.01%	
Light BEV RUC net km (m km)								73.06%	29.23%	25.14%	21.89%	22.05%	23.00%	21.95%	20.24%	19.15%	
Heavy BEV RUC net km (m km)								63.87%	26.72%	25.77%	23.68%	23.40%	24.12%	23.74%	22.61%	20.83%	
PHEV RUC net km (m km)								71.17%	22.66%	16.93%	13.22%	11.09%	11.09%	9.56%	7.89%	6.46%	
PED volume (m L)	0.01%	-0.18%	-11.25%	7.98%	-8.28%	3.84%	-8.98%	2.21%	0.14%	0.67%	0.54%	-1.19%	-1.31%	-1.55%	-1.74%	-2.22%	
Light petrol VKT (m km)	1.78%	-0.02%	-6.00%	-0.10%	-2.51%	2.35%	-2.95%	-1.11%	1.05%	1.58%	1.47%	-0.27%	-0.38%	-0.62%	-0.80%	-1.27%	
Light petrol VKT per capita (km)	-0.16%	-1.68%	-7.83%	-1.33%	-2.75%	1.39%	-4.59%	-2.02%	0.15%	0.69%	0.60%	-1.10%	-1.19%	-1.40%	-1.56%	-2.01%	
TUC GTK (Tonne-km)						47.95%	-7.77%	3.12%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Revenues: Level (\$m ex GST)																	
Road User Charges																	
Light RUC net revenue (m \$)	608	696	720	801	753	596	768	860	908	963	1,015	1,019	1,022	1,020	1,014	1,004	
Heavy RUC net revenue (m \$)	948	982	991	1,127	1,041	757	1,124	1,198	1,230	1,258	1,285	1,290	1,293	1,296	1,297	1,297	
Light BEV RUC net revenue (m \$)	0	0	0	0	0	0	12	84	108	135	165	201	247	301	362	432	
Heavy BEV RUC net revenue (m \$)	0	0	0	0	0	0	0	5	14	17	21	26	32	39	47	56	
PHEV RUC net revenue (m \$)	0	0	0	0	0	0	6	38	47	55	62	69	77	84	91	97	
RUC refunds (m \$)	43	54	57	63	72	44	72	75	79	83	87	88	90	92	94	97	
Gross RUC revenue (m \$)	1,599	1,732	1,769	1,991	1,866	1,397	1,990	2,255	2,377	2,507	2,630	2,688	2,705	2,726	2,888	2,973	
RUC admin revenue (m \$)	13	13	13	13	13	12	13	16	17	18	19	19	20	20	21	21	
RUC revenues net of admin fees (m \$)	1,586	1,718	1,756	1,977	1,853	1,384	1,977	2,239	2,360	2,489	2,611	2,669	2,733	2,806	2,878	2,952	
RUC revenues net of admin fees & refunds (m \$)	1,543	1,664	1,699	1,915	1,781	1,341	1,904	2,164	2,281	2,406	2,525	2,580	2,645	2,713	2,783	2,856	
							0.473693322										
Fuel Excise Duties																	
Gross PED revenue (m \$)	1,934	2,016	1,915	2,176	1,766	1,333	1,887	1,928	1,931	1,944	1,955	1,931	1,906	1,876	1,844	1,803	
Gross LPG revenue (m \$)	35	37	36	40	46	49	47	44	44	44	45	45	45	45	46	46	
Gross CNG revenue (m \$)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Gross FED revenue (m \$)	1,969	2,053	1,950	2,216	1,813	1,382	1,934	1,972	1,975	1,988	1,999	1,976	1,951	1,922	1,889	1,849	
FED refunds (m \$)	65	66	68	68	60	68	67	74	75	77	78	77	77	76	76	74	
Net FED revenue (m \$)	1,904	1,987	1,883	2,149	1,753	1,314	1,866	1,898	1,900	1,912	1,922	1,899	1,874	1,846	1,814	1,774	
							0.464278907										
Motor Vehicle Register																	
MR1 revenue (m \$)	229	230	232	236	235	243	245	242	239	236	234	231	229	228	226	225	
MR2 revenue (m \$)	44	41	36	38	40	37	29	30	31	32	32	32	32	32	33	33	
MR13 revenue (m \$)	8	8	7	8	7	8	8	8	8	8	8	8	8	8	8	8	
Gross MVR revenue (m \$)	281	279	275	282	283	287	281	280	278	276	274	272	270	268	267	265	
MVR admin revenue (m \$)	45	43	41	42	40	42	41	40	39	38	38	37	37	36	36	36	
MVR revenues net of admin fees & COO (m \$)	228	228	227	232	235	237	233	232	231	229	228	226	225	224	222	221	
MVR refunds (m \$)	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
MVR revenues net of admin fees, refunds & COO (r)	227	227	226	231	234	236	232	231	230	228	227	225	224	223	221	220	
							0.007636729										
Track User Charges																	
TUC net revenue (m \$)	0	0	0	0	7	15	18	18	18	18	18	18	18	18	18	18	
TOTALS																	
Total gross revenues (m \$)	3,849	4,064	3,995	4,489	3,969	3,080	4,223	4,525	4,648	4,789	4,921	4,954	4,994	5,034	5,073	5,105	
Total admin fees (m \$)	65	64	62	63	61	62	62	64	64	65	65	65	65	65	65	65	
Total revenues net of admin fees (m \$)	3,783	3,999	3,933	4,426	3,908	3,018	4,161	4,461	4,584	4,725	4,856	4,890	4,929	4,970	5,008	5,041	
Total refunds (m \$)	109	121	126	131	133	113	141	151	155	160	165	167	168	170	171	172	
Total net revenues (m \$)	3,674	3,878	3,807	4,294	3,775	2,905	4,020	4,311	4,429	4,564	4,691	4,723	4,761	4,800	4,837	4,869	
Revenues: Annual percentage changes																	
Road User Charges																	
Light RUC net revenue (m \$)	6.41%	14.42%	3.58%	11.21%	-6.02%	-20.88%	28.86%	12.05%	5.62%	5.96%	5.46%	0.39%	0.24%	-0.12%	-0.57%	-1.03%	
Heavy RUC net revenue (m \$)	5.39%	3.60%	0.96%	13.65%	-7.56%	-27.29%	48.45%	6.60%	2.59%	2.35%	2.13%	0.35%	0.26%	0.20%	0.09%	-0.01%	
Light BEV RUC net revenue (m \$)								592.23%	29.23%	25.14%	21.89%	22.05%	23.00%	21.95%	20.24%	19.15%	
Heavy BEV RUC net revenue (m \$)										151.55%	23.68%	23.40%	24.12%	23.74%	22.61%	20.83%	
PHEV RUC net revenue (m \$)								584.69%	22.66%	16.93%	13.42%	12.00%	11.09%	9.56%	7.89%	6.46%	
RUC refunds (m \$)	10.47%	26.25%	5.13%	9.95%	14.08%	-39.17%	66.26%	3.53%	4.96%	5.12%	4.55%	2.14%	2.14%	2.26%	2.28%		
Gross RUC revenue (m \$)	5.90%	8.32%	2.14%	12.54%	-6.24%	-25.16%	42.47%	13.33%	5.41%	5.47%	4.92%	2.20%	2.48%	2.58%	2.59%		
RUC admin revenue (m \$)	3.15%	3.14%	-5.58%	5.60%	-1.46%	-5.52%	23.04%	6.51%	5.21%	4.48%	1.77%	2.07%	2.19%	2.19%	2.24%		
RUC revenues net of admin fees (m \$)	5.93%	8.37%	2.20%	12.59%	-6.29%	-25.30%	42.80%	13.27%	5.40%	5.47%	4.92%	2.21%	2.48%	2.58%	2.59%		
RUC revenues net of admin fees & refunds (m \$)	5.81%	7.87%	2.11%	12.67%	-6.96%	-24.74%	42.04%	13.64%	5.41%	5.48%	4.93%	2.21%	2.49%	2.60%	2.57%		
Fuel Excise Duties																	
Gross PED revenue (m \$)	0.01%	4.25%	-5.03%	13.66%	-18.83%	-24.55%	41.55%	2.21%	0.14%	0.67%	0.54%	-1.19%	-1.31%	-1.55%	-1.74%	-2.22%	
Gross LPG revenue (m \$)	-0.06%	6.05%	-3.88%	11.55%	16.28%	5.50%	-3.56%	-7.57%	0.84%	0.77%	0.71%	0.66%	0.61%	0.57%	0.54%	0.50%	
Gross CNG revenue (m \$)	-68.85%	-100.00%															
Gross FED revenue (m \$)	0.00%	4.28%	-5.01%	13.62%	-18.20%	-23.78%	39.96%	1.98%	0.16%	0.67%	0.54%	-1.15%	-1.27%	-1.50%	-1.69%	-2.15%	
FED refunds (m \$)	15.87%	1.41%	2.73%	-0.42%	-11.27%	13.46%	-0.94%	10.40%	1.19%	1.62%	1.42%	-0.36%	-0.53%	-0.81%	-1.04%	-1.55%	
Net FED revenue (m \$)	-0.46%	4.38%	-5.26%	14.13%	-18.42%	-25.06%	42.07%	1.67%	0.12%	0.63%	0.51%	-1.18%	-1.30%	-1.53%	-1.71%	-2.17%	
Motor Vehicle Register																	
MR1 revenue (m \$)	1.05%	0.28%	1.15%	1.57%	-0.30%	3.16%	0.82%	-1.32%	-1.20%	-1.10%	-1.01%	-0.92%	-0.				

2034 2035 2036 2037 2038 2039 2040 2041 2042 2043 2044 2045 2046 2047 2048 2049 2050 2051 2052 2053
 LT_FORECAST LT_FORECAST LT_FORECAST LT_FORECAST LT_FORECAST LT_FORECAST LT_FORECAST LT_FORECAST LT_FORECAST LT_FORECAST LT_FORECAST LT_FORECAST LT_FORECAST LT_FORECAST LT_FORECAST LT_FORECAST LT_FORECAST LT_FORECAST LT_FORECAST

14,771	14,497	14,160	13,761	13,294	12,764	12,085	11,394	10,708	10,039	9,402	8,800	8,222	7,667	7,136	6,628	6,203	5,800	5,418	5,058
4,701	4,674	4,647	4,616	4,583	4,547	4,495	4,441	4,386	4,328	4,268	4,207	4,141	4,073	4,000	3,924	3,858	3,788	3,714	3,635
7,685	9,146	10,811	12,703	14,816	17,265	19,971	22,856	25,646	28,261	30,591	32,728	34,891	36,990	39,120	41,002	42,828	44,551	46,126	47,586
205	238	275	315	358	403	452	504	558	617	680	748	822	901	985	1,073	1,159	1,248	1,342	1,441
1,530	1,610	1,681	1,748	1,808	1,872	1,898	1,883	1,850	1,807	1,755	1,697	1,636	1,571	1,506	1,436	1,376	1,319	1,266	1,217
2,510	2,436	2,346	2,242	2,122	1,989	1,837	1,677	1,522	1,374	1,235	1,106	989	880	783	695	617	548	488	435
29,615	29,020	28,225	27,243	26,049	24,666	23,023	21,239	19,479	17,769	16,141	14,621	13,207	11,894	10,698	9,607	8,625	7,752	6,981	6,300
5,191	5,051	4,879	4,678	4,444	4,181	3,878	3,556	3,242	2,941	2,656	2,393	2,150	1,926	1,724	1,541	1,377	1,232	1,105	993
8,626,734,868	8,626,734,868	8,626,734,868	8,626,734,868	8,626,734,868	8,626,734,868	8,626,734,868	8,626,734,868	8,626,734,868	8,626,734,868	8,626,734,868	8,626,734,868	8,626,734,868	8,626,734,868	8,626,734,868	8,626,734,868	8,626,734,868	8,626,734,868	8,626,734,868	8,626,734,868
8.48	8.39	8.31	8.23	8.15	8.06	7.98	7.90	7.82	7.73	7.65	7.57	7.48	7.40	7.32	7.24	7.15	7.07	6.99	6.91

-1.43%	-1.86%	-2.32%	-2.82%	-3.40%	-3.99%	-5.31%	-5.72%	-6.02%	-6.26%	-6.34%	-6.41%	-6.56%	-6.75%	-6.92%	-7.12%	-6.41%	-6.50%	-6.59%	-6.64%
-0.31%	-0.56%	-0.58%	-0.66%	-0.72%	-0.79%	-1.15%	-1.19%	-1.24%	-1.33%	-1.37%	-1.44%	-1.56%	-1.66%	-1.78%	-1.90%	-1.70%	-1.81%	-1.95%	-2.11%
19.24%	19.01%	18.20%	17.50%	16.63%	16.53%	15.67%	14.44%	12.21%	10.20%	8.25%	6.98%	6.61%	6.02%	5.76%	4.81%	4.45%	4.02%	3.53%	3.17%
18.46%	16.46%	15.50%	14.53%	13.60%	12.56%	12.19%	11.42%	10.85%	10.43%	10.24%	10.13%	9.86%	9.59%	9.31%	8.96%	7.96%	7.71%	7.53%	7.37%
5.86%	5.24%	4.44%	3.98%	3.40%	3.54%	-7.62%	-8.70%	-9.25%	-9.74%	-10.13%	-10.40%	-10.66%	-10.94%	-11.06%	-11.22%	-11.24%	-11.16%	-11.01%	-10.83%
-2.50%	-2.96%	-3.70%	-4.44%	-5.34%	-6.27%	-7.62%	-8.70%	-9.25%	-9.74%	-10.13%	-10.40%	-10.66%	-10.94%	-11.06%	-11.22%	-11.24%	-11.16%	-11.01%	-10.83%
-1.55%	-2.01%	-2.74%	-3.48%	-4.38%	-5.31%	-6.66%	-7.75%	-8.29%	-8.78%	-9.16%	-9.42%	-9.67%	-9.95%	-10.05%	-10.20%	-10.22%	-10.12%	-9.95%	-9.76%
-2.26%	-2.70%	-3.41%	-4.13%	-5.01%	-5.91%	-7.24%	-8.31%	-8.83%	-9.30%	-9.67%	-9.91%	-10.14%	-10.41%	-10.50%	-10.63%	-10.63%	-10.52%	-10.34%	-10.13%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

990	971	949	922	891	855	810	763	717	673	630	590	551	514	478	444	416	389	363	339
1,293	1,285	1,278	1,269	1,260	1,250	1,236	1,221	1,206	1,190	1,174	1,157	1,139	1,120	1,100	1,079	1,061	1,042	1,021	1,001
515	613	724	851	993	1,157	1,338	1,531	1,718	1,893	2,050	2,193	2,338	2,478	2,621	2,747	2,870	2,985	3,099	3,188
56	66	76	87	98	111	124	139	154	170	187	206	226	248	271	295	319	343	369	396
102	108	113	117	121	125	127	126	124	121	118	114	110	105	101	96	92	88	85	82
99	102	104	108	111	115	120	124	128	132	136	139	142	145	148	150	153	156	158	160
3,055	3,144	3,244	3,354	3,475	3,614	3,755	3,905	4,048	4,179	4,293	4,397	4,505	4,610	4,719	4,812	4,910	5,002	5,087	5,165
22	22	23	23	24	25	26	27	28	29	30	30	31	32	32	33	33	34	35	35
3,033	3,122	3,221	3,331	3,450	3,589	3,729	3,878	4,020	4,150	4,264	4,367	4,474	4,578	4,686	4,779	4,876	4,968	5,052	5,130
2,934	3,021	3,116	3,223	3,339	3,473	3,609	3,754	3,891	4,018	4,128	4,229	4,332	4,433	4,539	4,629	4,723	4,813	4,894	4,970

1,758	1,706	1,643	1,570	1,486	1,393	1,287	1,175	1,066	962	865	775	692	616	548	487	432	384	342	305
46	46	47	47	47	47	47	47	48	48	48	48	48	48	48	49	49	49	49	49
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1,804	1,752	1,689	1,616	1,533	1,440	1,334	1,222	1,114	1,010	913	823	740	665	597	535	481	433	391	354
73	71	69	66	63	60	56	51	47	43	39	35	32	28	26	23	21	19	17	15
1,731	1,681	1,620	1,550	1,469	1,380	1,278	1,171	1,067	967	874	788	709	636	571	512	460	414	374	338

223	222	221	219	218	217	216	216	215	214	213	213	212	211	211	210	209	209	208	208
33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33
8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
264	263	261	260	259	258	257	257	256	255	254	254	253	253	252	251	251	250	250	249
35	35	35	34	34	34	34	33	33	33	33	33	33	32	32	32	32	32	32	32
220	219	219	218	217	216	216	215	214	214	213	213	212	212	212	211	211	210	210	210
1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	2	2	2	2	2
219	218	217	217	216	215	214	214	213	213	212	211	211	211	210	210	209	209	208	208

18 18 18 18 18 18 18 18 18 18 18 18 18 18 18 18 18 18 18 18

5,141	5,177	5,212	5,249	5,285	5,330	5,365	5,402	5,435	5,462	5,479	5,492	5,517	5,545	5,586	5,617	5,660	5,704	5,745	5,786
65	65	66	66	67	67	68	69	69	70	71	71	72	73	73	74	74	74	74	75
5,076	5,112	5,147	5,183	5,218	5,263	5,297	5,333	5,366	5,399	5,408	5,421	5,445	5,473	5,513	5,544	5,586	5,630	5,671	5,711
173	174	175	175	176	176	177	177	177	176	176	175	175	175	175	175	175	176	177	177
4,903	4,938	4,972	5,008	5,042	5,087	5,120	5,156	5,190	5,216	5,232	5,246	5,270	5,299	5,338	5,369	5,411	5,454	5,494	5,534

-1.43%	-1.86%	-2.32%	-2.82%	-3.40%	-3.99%	-5.31%	-5.72%	-6.02%	-6.26%	-6.34%	-6.41%	-6.56%	-6.75%	-6.92%	-7.12%	-6.41%	-6.50%	-6.59%	-6.64%
-0.31%	-0.56%	-0.58%	-0.66%	-0.72%	-0.79%	-1.15%	-1.19%	-1.24%	-1.33%	-1.37%	-1.44%	-1.56%	-1.66%	-1.78%	-1.90%	-1.70%	-1.81%	-1.95%	-2.11%
19.24%	19.01%	18.20%	17.50%	16.63%	16.53%	15.67%	14.44%	12.21%	10.20%	8.25%	6.98%	6.61%	6.02%	5.76%	4.81%	4.45%	4.02%	3.53%	3.17%
18.46%	16.46%	15.50%	14.53%	13.60%	12.56%	12.19%	11.42%	10.85%	10.43%	10.24%	10.13%	9.86%	9.59%	9.31%	8.96%	7.96%	7.71%	7.53%	7.37%
5.86%	5.24%	4.44%	3.98%	3.40%	3.54%	1.43%	-0.83%	-1.75%	-2.30%	-2.89%	-3.57%	-4.01%	-4.16%	-4.59%	-4.22%	-4.13%	-4.00%	-3.86%	-3.66%
2.45%	2.64%	2.88%	3.13%	3.38%	3.75%	3.65%	3.45%	3.42%	3.01%	2.51%	2.20%	2.22%	2.11%	2.16%	1.78%	1.83%	1.69%	1.49%	1.35%
2.74%	2.93%	3.16%	3.40%	3.59%	4.01%	3.90%	3.99%	3.56%	3.24%	2.74%	2.42%	2.44%	2.33%	2.36%	1.98%	2.03%	1.88%	1.68%	1.54%
2.41%	2.61%	2.86%	3.11%	3.31%	3.75%	3.64%	3.74%	3.44%	3.01%	2.51%	2.21%	2.24%	2.13%	2.17%	1.79%	1.85%	1.71%	1.51%	1.37%
2.75%	2.93%	3.16%	3.40%	3.60%	4.02%	3.90%	3.99%	3.66%	3.25%	2.74%	2.42%	2.44%	2.33%	2.37%	1.98%	2.03%	1.88%	1.69%	1.54%
2.76%	2.94%	3.17%	3.41%	3.60%	4.02%	3.91%	4.00%	3.67%	3.25%	2.75%	2.43%	2.45%	2.34%	2.37%	1.99%	2.04%	1.89%	1.69%	1.55%

-2.50%	-2.96%	-3.70%	-4.44%	-5.34%	-6.27%	-7.62%	-8.70%	-9.25%	-9.74%	-10.13%	-10.40%	-10.66%	-10.94%	-11.06%	-11.22%	-11.24%	-11.16%	-11.01%	-10.83%
0.48%	0.45%	0.43%	0.41%	0.39%	0.37%	0.36%	0.34%	0.33%	0.32%	0.31%	0.29%	0.28%	0.27%	0.27%	0.26%	0.25%	0.24%	0.24%	0.23%
-2.43%	-2.88%	-3.59%	-4.31%	-5.48%	-6.06%	-7.36%	-8.38%	-8.88%	-9.31%	-9.64%	-9.84%	-10.02%	-10.21%	-10.24%	-10.28%	-10.20%	-10.00%	-9.74%	-9.44%
-1.86%	-2.34%	-3.08%	-3.83%	-4.73%	-5.64%	-6.86%	-8.00%	-8.51%	-8.96%	-9.30%	-9.52%	-9.71%	-9.91%	-9.95%	-10.01%	-9.93%	-9.74%	-9.48%	-9.19%
-2.45%	-2.90%	-3.61%	-4.33%	-5.20%	-6.08%	-7.38%	-8.40%	-8.89%	-9.33%	-9.65%	-9.85%	-10.03%	-10.22%	-10.25%	-10.30%	-10.21%	-10.02%	-9.75%	-9.46%

-0.63%	-0.58%	-0.55%	-0.51%	-0.48%	-0.45%	-0.43%	-0.40%	-0.38%	-0.36%	-0.35%	-0.33%	-0.
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	-----



20 February 2024

OC240127

Hon Simeon Brown
Minister of Transport

Action required by:
Wednesday, 21 February 2024

CABINET PAPER FOR LODGEMENT AND DEPARTMENTAL FEEDBACK

Purpose

Update you on the feedback from Departmental consultation and seek approval to submit the draft Government Policy Statement on land transport 2024 (GPS) to Cabinet on 22 February 2024.

Key points

Cabinet paper for lodging with the Cabinet Office 22 February 2024

- The attached draft Cabinet paper seeks approval to initiate public consultation on the draft GPS 2024 (including proposed increases to Motor Vehicle Registration (MVR) fees), and in-principle agreement to the proposed funding package (**annex 1**).
- The Cabinet paper has not been circulated for Departmental consultation, but we have consulted with Treasury on the financial recommendations.

Departmental feedback on the draft GPS 2024

- Four key themes have emerged from Departmental consultation on the draft GPS 2024, including:
 - a need for direction on climate change
 - providing a greater priority for resilience
 - the level of direction in the GPS to NZTA
 - concerns over the reduction in funding for public transport and walking and cycling.
- We have begun incorporating feedback from Departments in instances where feedback does not fundamentally change the intent of the document. These have been left as tracked changes in the draft GPS 2024 document (**annex 2**).
- A further list of comments from Departments which may have substantive implications for GPS 2024 have been attached for your review (**annex 3**).

Key Risks

- The draft GPS is proposed to be considered by Cabinet on 28 February 2024 by the Cabinet Economic Policy Committee. This will require it to be lodged by 10am Thursday 22 February 2024. If we do not make this date it will be unlikely this will be considered by Cabinet within the Government's first 100 days.

Recommendations

We recommend you:

- | | | |
|---|--|----------|
| 1 | agree to the changes made to the draft GPS and Cabinet paper | Yes / No |
| 2 | agree to the GPS funding package, including increasing MVR by \$50 on 1 January 2025, outlined in detail in annex 4 | Yes / No |
| 3 | note that further changes will be made to the Cabinet paper and draft GPS -
s 9(2)(h) [redacted] – and we will submit final documents to your office 4:00pm on Wednesday 21 st February | Yes / No |



David Wood
Deputy Chief Executive, Investment and Monitoring

Hon Simeon Brown
Minister of Transport
..... / /

- Minister's office to complete:
- | | |
|--|---|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Declined |
| <input type="checkbox"/> Seen by Minister | <input type="checkbox"/> Not seen by Minister |
| <input type="checkbox"/> Overtaken by events | |

Comments

Contacts


Name	Telephone	First contact
David Wood, Deputy Chief Executive, Investment and Monitoring	s 9(2)(a) [redacted]	
Tim Herbert, Manager, Investment		✓
Oliver Findlay-Badham, Adviser, Investment		

CABINET PAPER FOR LODGEMENT AND DEPARTMENTAL FEEDBACK

Cabinet paper to be lodged with the Cabinet Office 22 February 2024

- 1 The attached draft Cabinet paper (**annex 1**) seeks approval to initiate a four-week public consultation process on the draft GPS 2024 and in-principle agreement to provide additional funding over the 2024-27 period.
- 2 Officials have made changes to the Cabinet paper to reflect your proposed increases to the Motor Vehicle Registration (MVR) licensing rate, the inclusion of an ongoing \$1 billion capital grant and the draft Terms of Reference for a Transport Revenue Expert Advisory Group.
- 3 Officials are currently undertaking a final quality assurance of the financials included in both the draft GPS and Cabinet paper. This may result in minor changes to the financials in the final version that is lodged with the Cabinet Office. We will update you if there any significant changes (or changes to the GPS funding package).

Changes to the MVR increases

- 4 s 9(2)(h) 
- 5 To mitigate this risk, officials advise publicly consulting on the changes to MVR as part of the public consultation on the draft GPS.
- 6 We will then engage with the PCO after public consultation has closed, and expect to institute the MVR increase on 1 January 2025. This will change the additional revenue anticipated in the first year to be ~\$130m (compared to ~\$260m) when compared to the original proposal to begin 1 July 2024. This is slightly lower than the proposed OPEX grant of \$180 million but this should be manageable through other proposed savings. We have provided a revised revenue breakdown in **annex 4**.
- 7 Officials have updated the recommendations in the Cabinet paper to reflect these changes.
- 8 Officials have not yet updated the funding package in the GPS and Cabinet paper, this is a minor technical change, and officials can update it following Ministerial direction.
- 9 Officials have prepared an A3 on the MVR proposal to be attached to the Cabinet paper, this is provided in **annex 5**.

Inclusion of an ongoing \$1 billion capital grant

- 10 Officials have included a recommendation to approve an ongoing capital grant of \$1 billion to the NLTF.
- 11 Treasury have advised that their strong preference – with respect to broader principles of fiscal discipline and financial stability – is for the proposed capital grant

to end in 2026/27 rather than continue in perpetuity. This is outlined in their comment in the attached Cabinet paper. (**annex 1**)

- 12 If the ongoing \$1 billion capital grant, is not approved, the funding package in the draft GPS will need to be updated.

Inclusion of a recommendation to establish a Transport Revenue Expert Advisory Group

- 13 Following Ministerial direction, officials have added into the Cabinet paper content on, and a recommendation to establish, a Transport Revenue Advisory Group.

- 14 The Group will be made up of experts from business, industry, and academia. Initially, the Group will focus on the work programme and package of policies to implement fleet-wide road user charges.

- 15 A draft terms of reference has also been included in the Cabinet paper. It has also been provided in **annex 6**

The draft GPS 2024 has been updated with feedback from Departmental consultation

- 16 We have received feedback from:

- Treasury
- Ministry of Housing and Urban Development (MHUD)
- Te Waihanga - The Infrastructure Commission (Te Waihanga)
- New Zealand Transport Agency Waka Kotahi (NZTA),
- Department of Internal Affairs (DIA)
- KiwiRail
- New Zealand Police
- Ministry of Business Innovation and Employment (MBIE),
- Ministry for the Environment (MfE)
- Accident Compensation Corporation (ACC)
- Ministry of Health (MoH)
- Crown Law Office (Crown Law).

- 17 Departments have provided a number of minor/technical changes these are incorporated as tracked changes in the draft GPS (**annex 2**). A table containing substantive comments from departments and the Ministry's recommended response are attached (**annex 3**).

- 18 For your interest, we have also attached the feedback cover letters from NZTA (**annex 7 and 8**), KiwiRail (**annex 9**) and ^{s 9(2)(h)} [REDACTED]

Departments were supportive of changes to the Strategic Priorities and system reform

- 19 MoH were very supportive of the Safety strategic priority, particularly an increase to enforcement actions related to drink and drug drivers and the targets laid out in the draft GPS 2024.

- 20 Several agencies were supportive of the system reform elements, including the 10-year investment plan and the National Land Transport Plan (NLTP) alignment to the 30-year Infrastructure Plan.
- 21 MBIE support the inclusion of an economic growth strategic priority and would like to see this expanded to include other travel modes.
- 22 KiwiRail are supportive of the use of market-wide pricing tools and the move to Road User Charges.
- 23 The key themes of departmental feedback are:
- 23.1 a need for direction on climate change
 - 23.2 providing a greater priority for resilience
 - 23.3 the level of direction in the GPS to NZTA
 - 23.4 concerns over the reduction in funding for public transport and walking and cycling.

Concerns with climate change response

- 24 s 9(2)(h)
- 25 s 9(2)(g)(i)
- 26 MBIE and MfE have recommended bringing more discussion of resilience to the Maintenance and Resilience strategic priority and have raised that the focus on maintenance and pothole repair may impact on adaptation and mitigation intentions.
- 27 s 9(2)(h)
- 28 The Ministry has included a paragraph in the System Reform section outlining the GPS stance on climate change and emissions reduction.

Some Agencies have suggested that resilience be prioritised further

- 29 NZTA suggests that the GPS should be clearer about how it intends to support climate adaptation.
- 30 MBIE would like to see a 10 year view of resilience, particularly regarding managed retreat.

s 9(2)(h)

- 31 MfE see that resilience is secondary to maintenance in the strategic priority. They would like for resilience to be more explicitly outlined in the GPS so it may support work potentially being developed for the adaptation framework.
- 32 Te Waihanga are concerned that having Resilience and Maintenance in the same Strategic priority may lead to Resilience being demoted.
- 33 The Ministry does not recommend any changes to the GPS. The GPS currently articulates resilience as critically important to achieving the government overall objectives and refers to the need to provide a resilient transport network in regard to both increased significant weather events and earthquakes. Maintaining the current network is an important aspect of resilience, as first and foremost there is a need to ensure that the current network is operational.

Several departments have concerns around the statutory independence of the NZTA Board

- 34 NZTA, Treasury, and Te Waihanga have raised that some of the language used in the draft GPS could be seen as directive.

35 s 9(2)(h)

Several departments have raised concern with the reduction in Public Transport and Active Transport modes

- 36 MBIE and MHUD are concerned that a reduction in funding for Walking and Cycling will impact on urban intensification.

37 s 9(2)(g)(i)

- 38 MfE are concerned that the deprioritising of Walking and Cycling and Public Transport will limit action on climate change, as well as potentially impacting the function of urban areas.

- 39 The Ministry has not suggested any changes regarding Walking and Cycling and Public Transport investment.

- 40 The level of expenditure in individual activity classes should ultimately reflect the Ministers priorities. Whilst this is true that Walking and Cycling and Public Transport are receiving less funding than previously signalled in the September consultation version of the GPS 2024, the level of funding reflects the current Governments priorities.

- 41 NZTA has also advised that there is a strong case to increase funding in the Public Transport services activity class, and that if additional funding is not provided existing services may be impacted. Officials are awaiting additional feedback from NZTA on the need for additional funding.

Additional notes

- 42 NZTA have advised that they are currently awaiting advice from the Public Service Commission about the correct name for NZTA in Government documents. They have requested that they are referred to as New Zealand Transport Agency Waka Kotahi (NZTA) in the meantime.
- 43 As a part of their feedback, NZTA has pointed out that some data used is not accurate or is potentially misleading. They have provided new graphs and data as a part of their response. We have provided in **annex 11**. KiwiRail has also asked for additional context to be provided for graphs relevant to rail.
- 44 Te Waihanga have expressed an interest in working with the Ministry of Transport on several of the reform points raised in the draft GPS.
- 45 The major transport projects map within the draft GPS provided on page 42 (appendix B) shows exclusively road projects, please advise if you would like this to also include rail projects.

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

ANNEX 1 - CAB PAPER

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

ANNEX 2 – DRAFT GPS 2024

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

ANNEX 3 – LIST OF DEPARTMENTAL COMMENTS

s 9(2)(g)(i)

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

ANNEX 4 – REVISED REVENUE BREAKDOWN

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

ANNEX 5 – A3 ON MVR INCREASE

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

**ANNEX 6 – DRAFT TERMS OF REFERENCE FOR TRANSPORT
REVENUE EXPERT ADVISORY GROUP**

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

**ANNEX 7 – NEW ZEALAND TRANSPORT AGENCY FEEDBACK
COVER LETTER PROVIDED 12 FEBRUARY 2024**

s 9(2)(g)(i)



PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

**ANNEX 8 – NEW ZEALAND TRANSPORT AGENCY FEEDBACK
COVER LETTER PROVIDED 15 FEBRUARY 2024**

s 9(2)(g)(i)

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

ANNEX 9 – KIWIRAIL FEEDBACK COVER LETTER

s 9(2)(g)(i)

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

s 9(2)(h)

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

ANNEX 11 – REPLACEMENT GRAPHS PROPOSED BY NZTA

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

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

interest rate s 9(2)(i)

	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
---------------------------------	-----	-----	-------	-----	-----	-----	-----	-------	-------	-------

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 MR1 (annual licensing fee)	133	264	262	261	259	257	256	254	253	252	2,451	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	133	264	622	1,161	1,459	1,577	1,816	2,054	2,293	2,532	13,911	
Crown Revenue opportunities												
Crown grant (operating)	-	-	-	-	-	-	-	-	-	-	-	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)											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	1,000	To address funding shortfall over 2024-27.
Crown funding for rail	1,027	1,027	1,027	-	-	-	-	-	-	-	-	
Total Crown revenue opportunities	2,414	2,413	2,075	1,000	1,000	1,000	1,000	1,000	1,000	1,000	13,901	
Total revenue	6,858	7,105	7,261	6,852	7,181	7,338	7,615	7,891	8,162	8,435	74,697	
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	6,802	7,049	7,205	6,793	7,122	7,279	7,553	7,828	8,098	8,371	74,100	
NLTP 2024-34 revenue/expenditure	74,100											
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	133	264	622	1,161	1,459	1,577	1,816	2,054	2,293	2,532	13,911	The opex grant has been reduced by the additional revenue generated from the increase in MVR and 12c FED/RUC.
Subtotal	47	216	98	-	-	-	-	-	-	-	360	

Savings from not refinancing \$2B loan	161	161	161	161	161	161	161	54	144	1,317	388	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	- 114	55	- 64	-	-	-	-	-	-	-	-	123	
NZTA back office savings	25	25	25	25	25	25	25	25	25	25	25	\$25m per annum is calculated as approximately 7.5% of NZTAs back office.	
Subtotal	- 139	30	- 89	-	-	-	-	-	-	-	-	198	
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	- 139	30	- 89	-	-	-	-	-	-	-	-	198	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	6,802	7,049	7,205	6,793	7,122	7,279	7,553	7,828	8,098	8,371	74,100
less debt repayments	- 501	- 630	- 1,134	- 998	- 797	- 801	- 801	- 1,018	- 1,073	- 2,248	- 10,000
Available revenue	6,301	6,419	6,071	5,795	6,326	6,478	6,752	6,810	7,025	6,123	64,100
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
NLTF discretionary funding	1,511	1,329	1,001	175	431	453	632	620	750	- 247	6,655

PROACTIVE RELEASED BY
 MINISTRY OF TRANSPORT TE MANATU WAIKA

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	-	-	-	-	-	s 9(2)(f)(iv)
Increase MR1 (annual licensing fee)	133	264	262	261	920	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	133	264	622	1,161	2,180	
Crown Revenue						
Crown grant (operating)	-	-	-	-	-	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 funding for rail	339	338				
Crown loan	1,027	1,027	1,027	-	3,080	To address funding shortfall over 2024-27.
Total Crown revenue opportunities	2,414	2,413	2,075	1,000	7,901	
Total revenue	6,858	7,105	7,261	6,852	28,075	
Less section 9 funding	56	56	56	59	226	Section 9 is top sliced of NLTF revenue before it becomes available for investment in the NLTP
Total NLTF revenue	6,802	7,049	7,205	6,793	27,849	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	21,056					
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	133	264	622	1,161	2,180	The opex grant has been reduced by the additional revenue generated from the increase in MVR and 12c FED/RUC.
Subtotal	47	216	98		360	
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	- 114	55	- 64	-	- 123	
NZTA back office savings	25	25	25	25	100	\$25m per annum is calculated as approximately 7.5% of NZTAs back office.
Subtotal	- 139	30	- 89	-	- 198	
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	- 139	30	- 89	-	198	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	6,802	7,049	7,205	6,793	27,849	
less debt repayments	- 501	- 630	- 1,134	- 998	- 3,263	
Available revenue	6,301	6,419	6,071	5,795	24,586	
Minimum NLTP spend	4,790	5,090	5,070	5,620	20,570	
NLTF discretionary funding	1,511	1,329	1,001	175	4,016	



Increasing the annual motor vehicle licence fees (MVR)

What is 'MVR'?

MVR describes the collective revenue received from fees and charges relating to initial motor vehicle registration, annual licensing and change of ownership of a vehicle. This motor vehicle registration (MVR) revenue is then paid into the National Land Transport Fund.

Here we are talking about 'MR1' referenced in the forecast – which is just the annual renewal of the licence (referred to as "rego").

What are the current rates?

For most road users, the current annual re-licencing fee is \$43.50 – as invoiced by NZTA:

FEE BREAKDOWN - 12 MONTH LICENCE PERIOD	
Licence fee*	\$43.50
ACC Levy*	\$41.27
Other levies*	-
Admin fee	\$7.53
GST*	\$13.85
Online total	\$106.15
	In-store total \$109.48

*Fee varies with licence period or rounding.

But there are other rates for specific vehicles, so it might be we increase each of these by 115%:

Part 2 Licence fees		
Vehicle type		Fee (\$)
1	For a motorcycle (not being a motorcycle to which clause 3 applies)	24.50
2	For a moped (not being a moped to which clause 3(a) applies)	14.50
3	For a—	
	(a) veteran motor vehicle (including a motorcycle and a moped):	10.50
	(b) vintage motor vehicle (including a motorcycle but not including a moped)	19.50
4	For a trailer that, with the load it is for the time being carrying, does not weigh more than 2 000 kilograms	24.50
5	For a tractor or self-propelled agricultural machine	43.50
6	For a traction engine	10.50
7	For an all-terrain vehicle	24.50
8	For a motor vehicle not falling within any of the previous categories	43.50
9	For any trade plate for use on a motorcycle or moped	24.50
10	For any trade plate for use on any other motor vehicle	43.50

Schedule 5 Part 2 item 5: amended, on 1 October 2012, by regulation 19(2) of the Land Transport (Motor Vehicle Registration and Licensing) Amendment Regulations 2012 (SR 2012/227).

What legislative change is required?

Changing these fees can be done by Order in Council.

- These fees are set under the [Land Transport \(Motor Vehicle Registration and Licensing\) Regulations 2011](#)
- [Sections 167, 168 & 269 of the Land Transport Act 1998](#) includes the enabling provisions for these regulations.

What is the rationale for change?

There are different reasons as to why the MVR might be increased.

Reasons might be:

1. **To restore the effectiveness** of the fee closer to what it originally was. If adjusted for inflation (General CPI), the MVR fee of \$43.50 in 1992 Q1 would be equivalent to \$90.50 in 2023 Q4.
2. **To recover costs**, which could involve calculating non-use related costs (e.g. traffic lights, not surface wear-and-tear). But MVR probably isn't the right tool for this. Road User Charges do this better.
3. **To reflect an 'access charge'**. In a way, the MVR fee gives access to the road network (you get penalised for driving without paying it), and the network has improved/increased since the 1990s.
4. **As a charge to raise revenue**. This is the most straight forward rationale, and s168(4)(h) of the Land Transport Act does allow for this charge to contribute generally to land transport revenue.
5. **Debt reduction** is another trade-off to consider. Increasing revenue can mean a reduction in debt. It's also worth noting Government has signalled FED & RUC won't be raised until 2027.

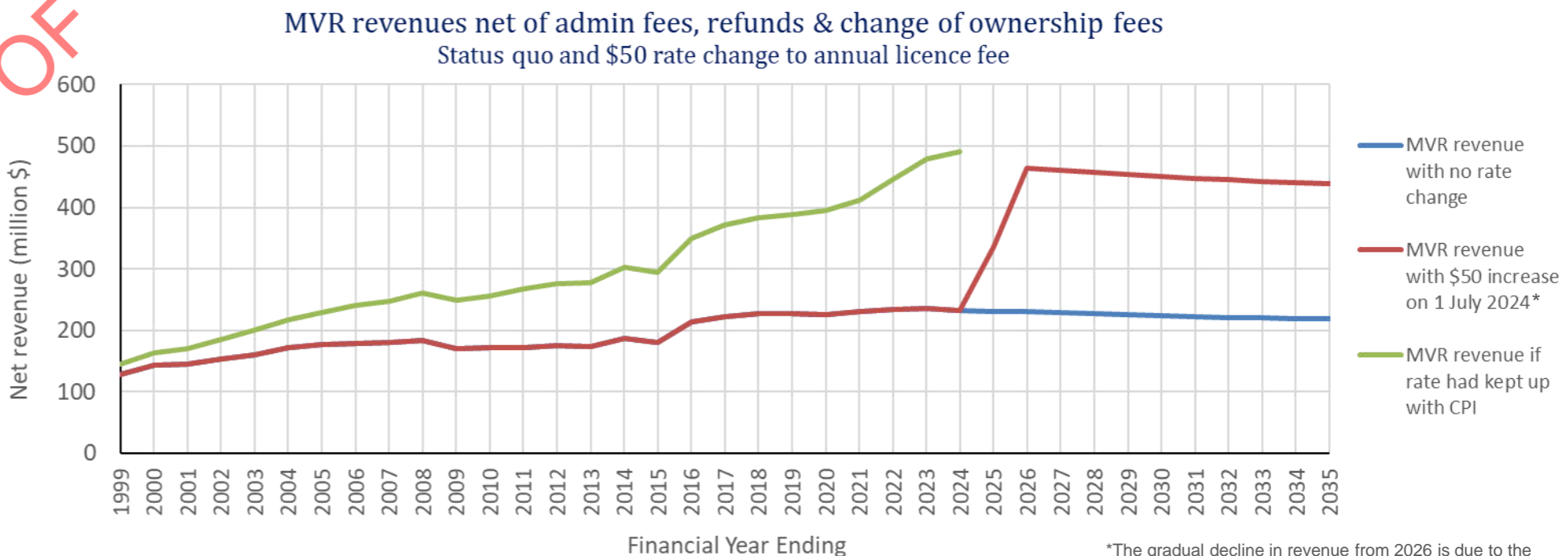
Impacts of changing MVR

1. **MVR is a fixed fee**, payable regardless of how much the vehicle is used or how the ability of a household to pay. Distance based charges (FED & RUC) have generally been considered a fairer option to raise revenue – the more you drive, the more you pay.
2. **It will impact on households differently**. An extra \$50 (or 115% more) is significant when it comes time to pay the Rego for each vehicle. However, households spend on average each week between \$88 and \$292 (~14% of their total costs) on transport each week. So an extra \$1 per week, per vehicle, would not have a significant impact on 'most' households. The number of vehicles per household has been steadily increasing, there are now more two-car than single-car households.
3. **MVR fees are collected from a broad base**. As at 31 January 2024 there were nearly 5.8 million registered vehicles in NZ – including off road vehicles and trailers etc – all of which need an annual licence, or to be exempted.

How much revenue will this raise?

A **one-off increase** to MVR of \$50 (or 115%) from 2025 would result in an increase of ~\$230 million per annum – or \$469 million total MVR revenue for the NLTF per year. This option has been included in the GPS24.

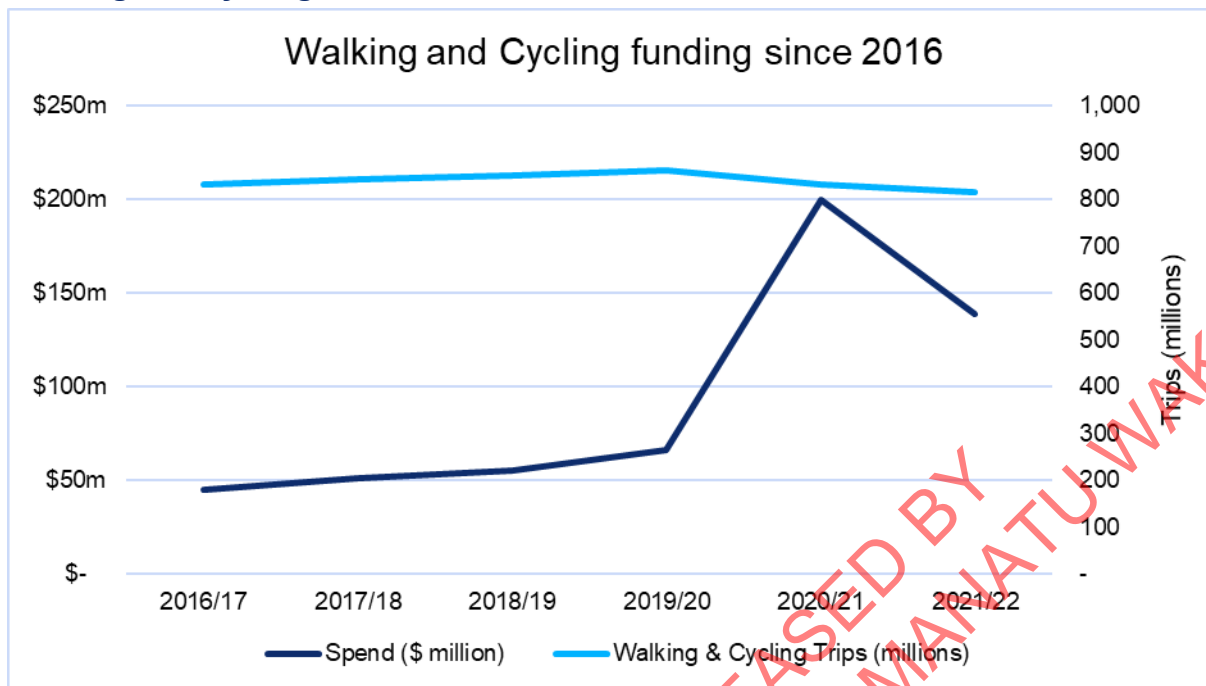
Increasing MVR by \$50 (or 115%) per annual licence issued is roughly equivalent to a 4c/L increase in FED & RUC



*The gradual decline in revenue from 2026 is due to the level of vehicle ownership declining in the forecast model

GPS graphs

Walking and cycling



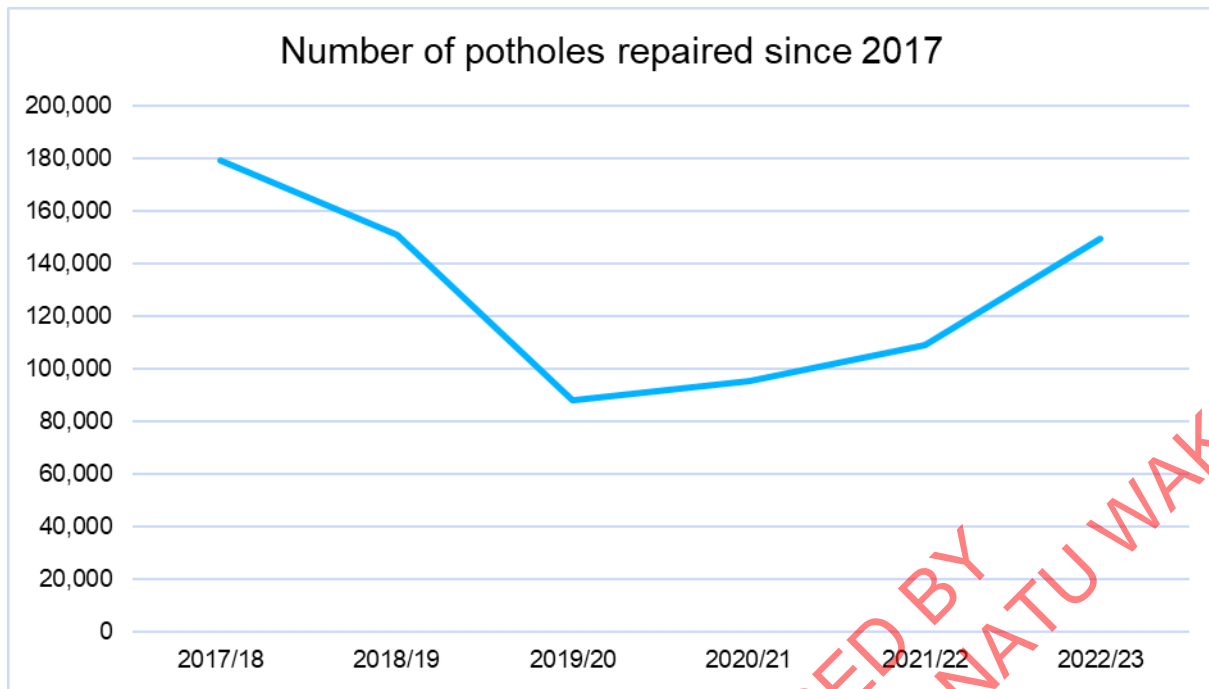
To be inserted under the walking and cycling heading in the section on Strategic Priority 1: Economic Growth and Productivity

Caveats:

- COVID19 impacted surveying in 2019/20, 2020/21, and 2021/22. Results will reflect the travel patterns observed when and where surveying could take place.
- Please note change in survey methodology for 2015 - 2018 - results may not be strictly comparable to other years.
- Time periods are based on 3 year rolling averages, but only years with the same survey methodology are grouped together.
- 2020-2023 data is provisional as at 16 Feb 2024

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAIKA

Potholes



To be inserted in the Strategic Priority 2: Maintenance and Resilience section. (possibly between the last 2 paragraphs)

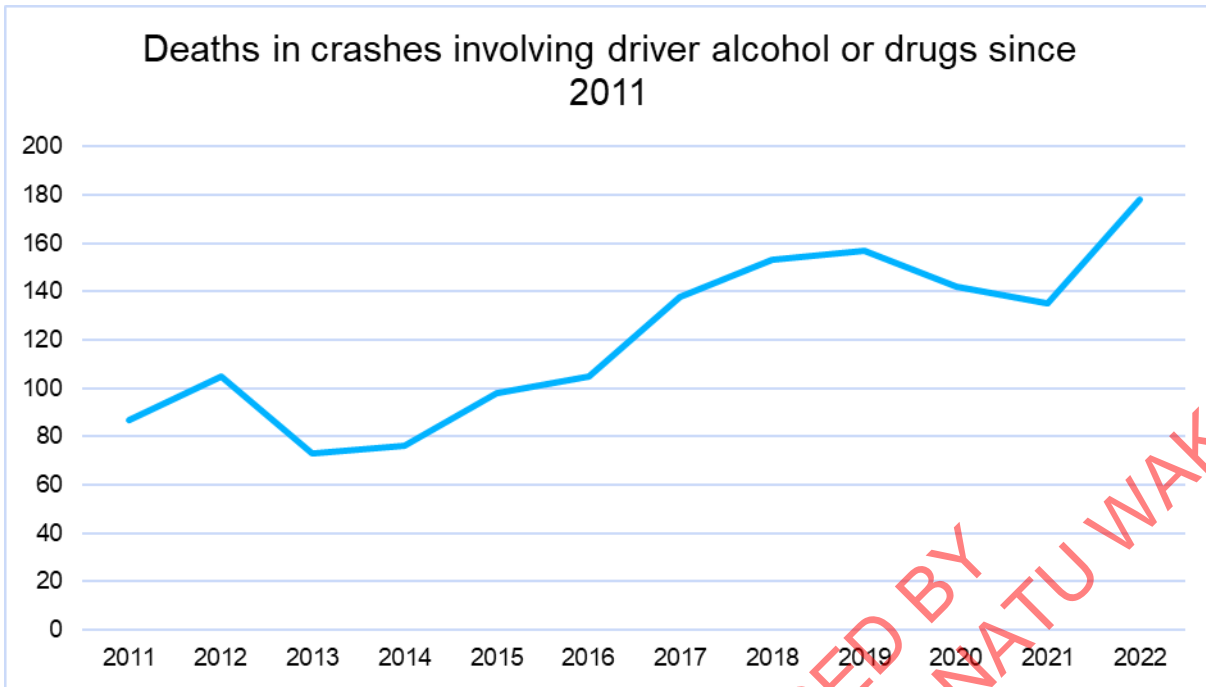
Caveats:

- This data includes all reworks (e.g. potholes that may have required multiple repairs).
- This data is based on “faults” recorded in road assessment and maintenance management (RAMM). This means that potholes that have not been recorded in RAMM are not included.
- Data provided is subject to our supplier’s data’s accuracy.
- Each pothole counts as 1 unit, no matter the size of the pothole.

NZTA is unable to provide information about the number of potholes that occur each year. NZTA would need to commission our suppliers to provide this information which would take time.

NZTA have noted that they are currently revising their pothole data, and expect to get a new data across shortly. This will include a data on the number of repair jobs/call outs since 2017/18.

Alcohol and Drugs

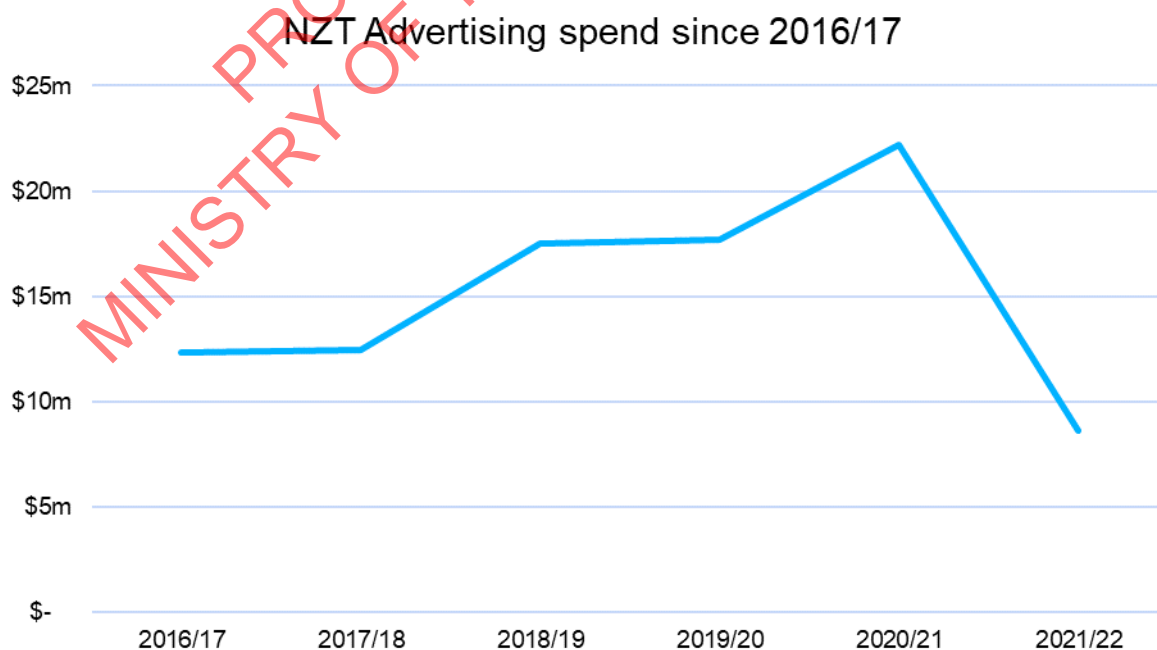


To be inserted in the Strategic Priority 3: Safety Section. (Just after the paragraph with all the DSI stats)

Caveats:

Based on data extracted from the Crash Analysis System 2023-10-26. From 2016, alcohol information from crash reports is not comparable with earlier years. Prior to 2016, alcohol/drugs is listed as a factor when a driver's blood or breath alcohol level is above the legal limit, if drugs are proved to be in the driver's blood, or when the attending officer suspects that alcohol/drug consumption contributed to the crash. From 2016, officer suspicion is not included. Rates of drug testing of driver's blood have also changed over time.

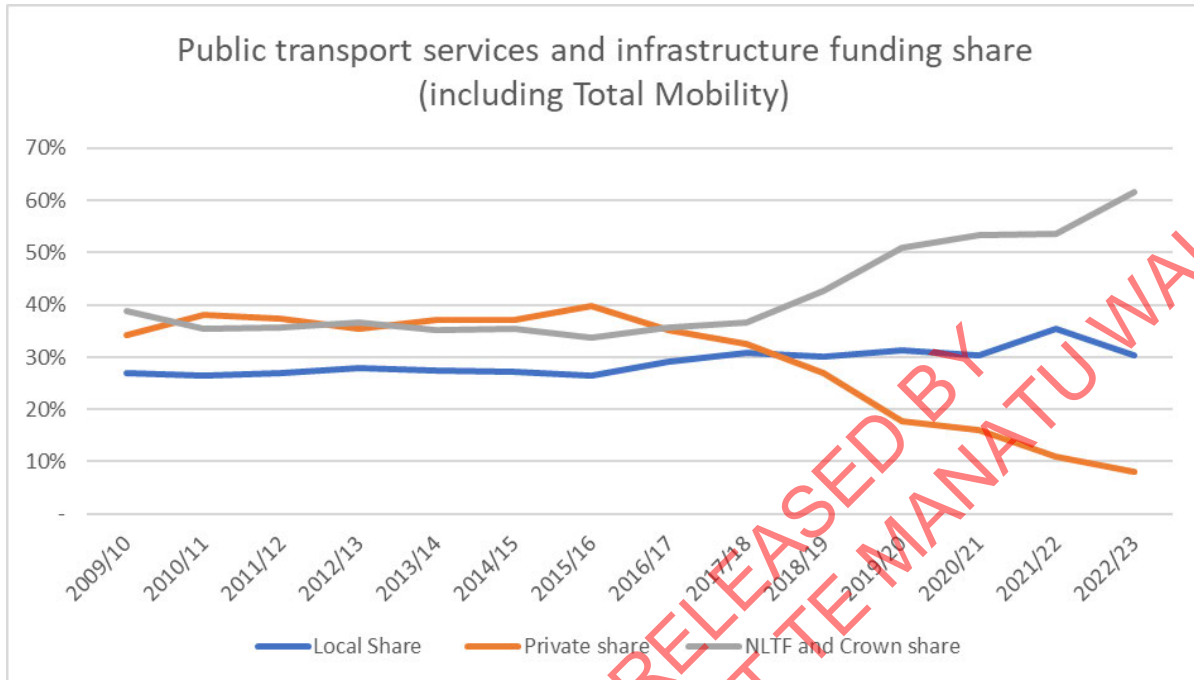
NZTA advertising spend



Caveats:

The graph shows NZTA's spend on advertising costs. This includes both advertising production costs and media costs and includes the Road to Zero social licence campaign (that is being rolled out across 2021/22 – 2022/23).

Public Transport

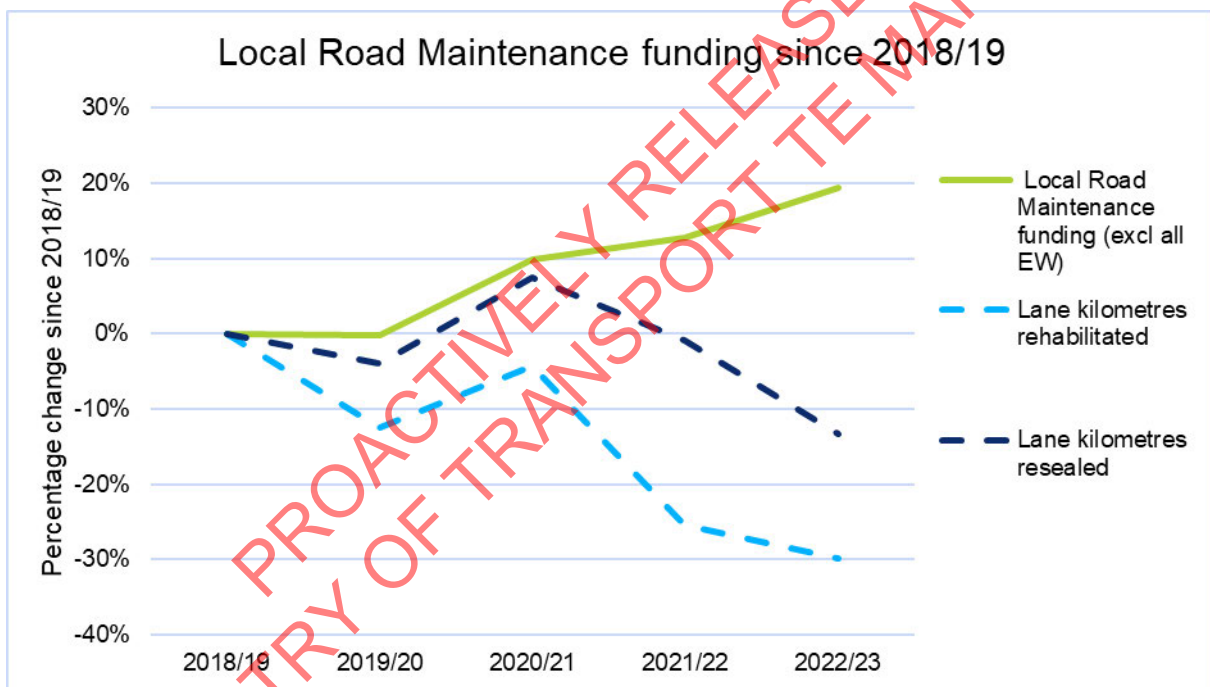
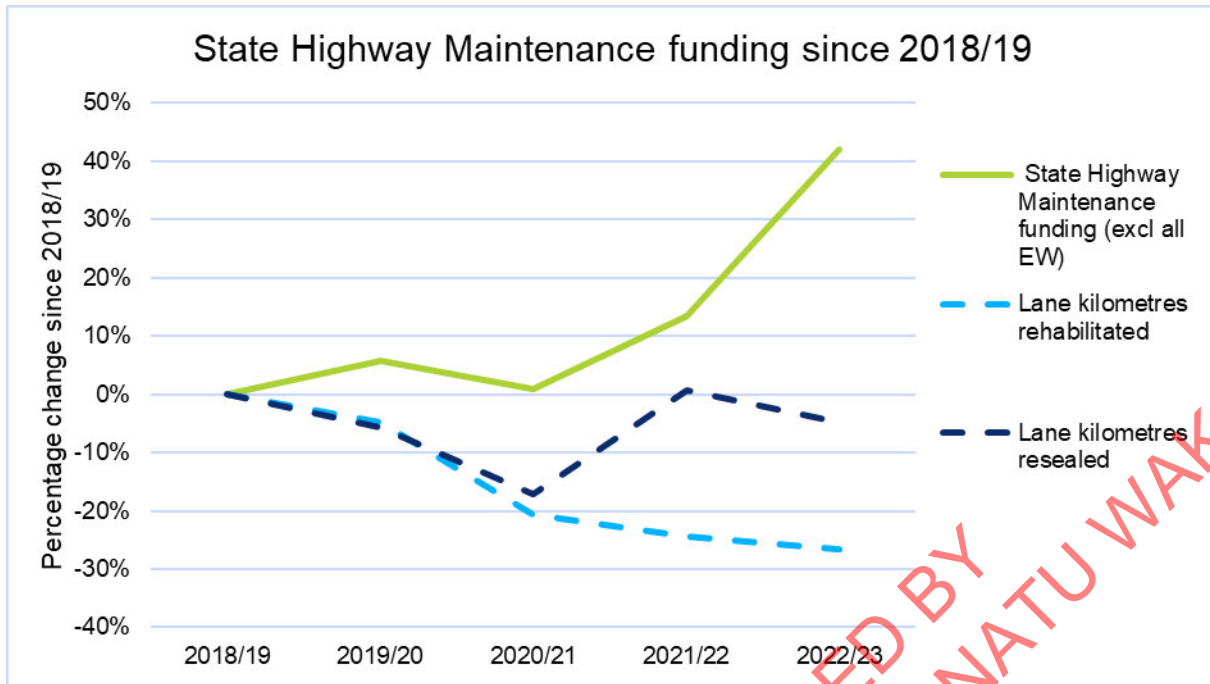


Replaces the graph under the Public Transport heading in the section on Strategic Priority 1: Economic Growth and Productivity

Caveats:

The increase in Crown funding reflects fare concessions (e.g. half price fares and the introduction of Community Connect). There was also a time of payment issue (for fare concessions) with the allocation of funding between 2021/22 and 22/23, which is why there is an extra increase in 2022/23.

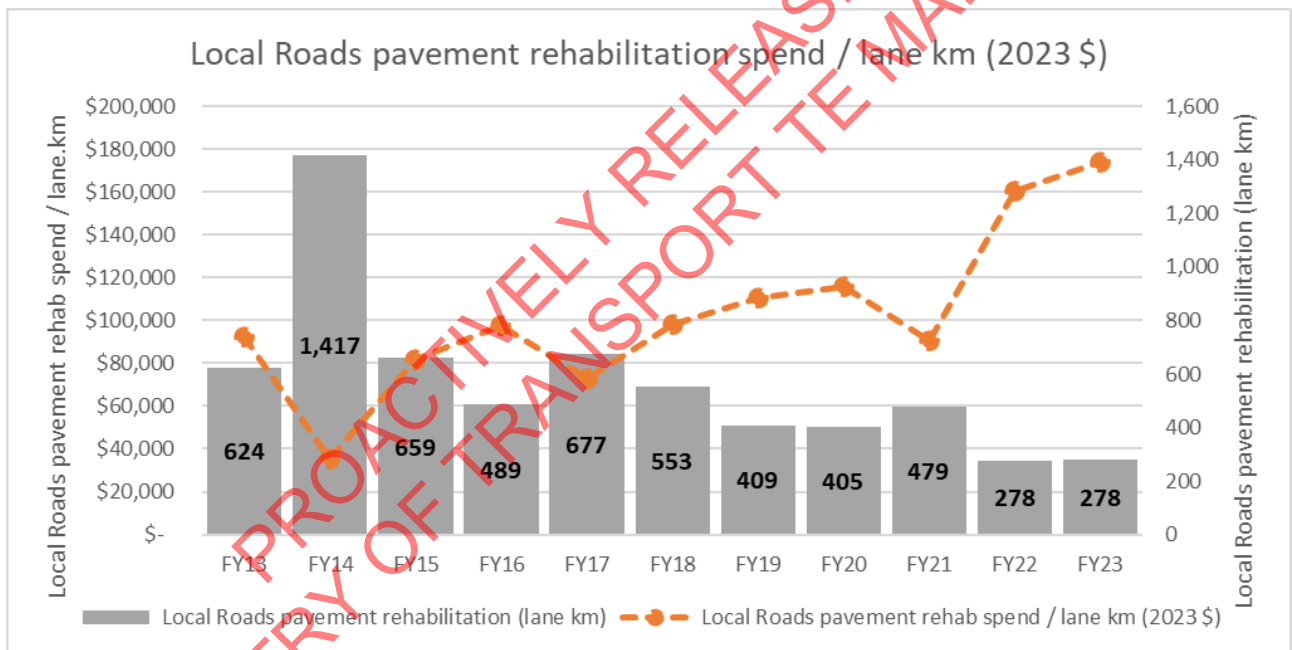
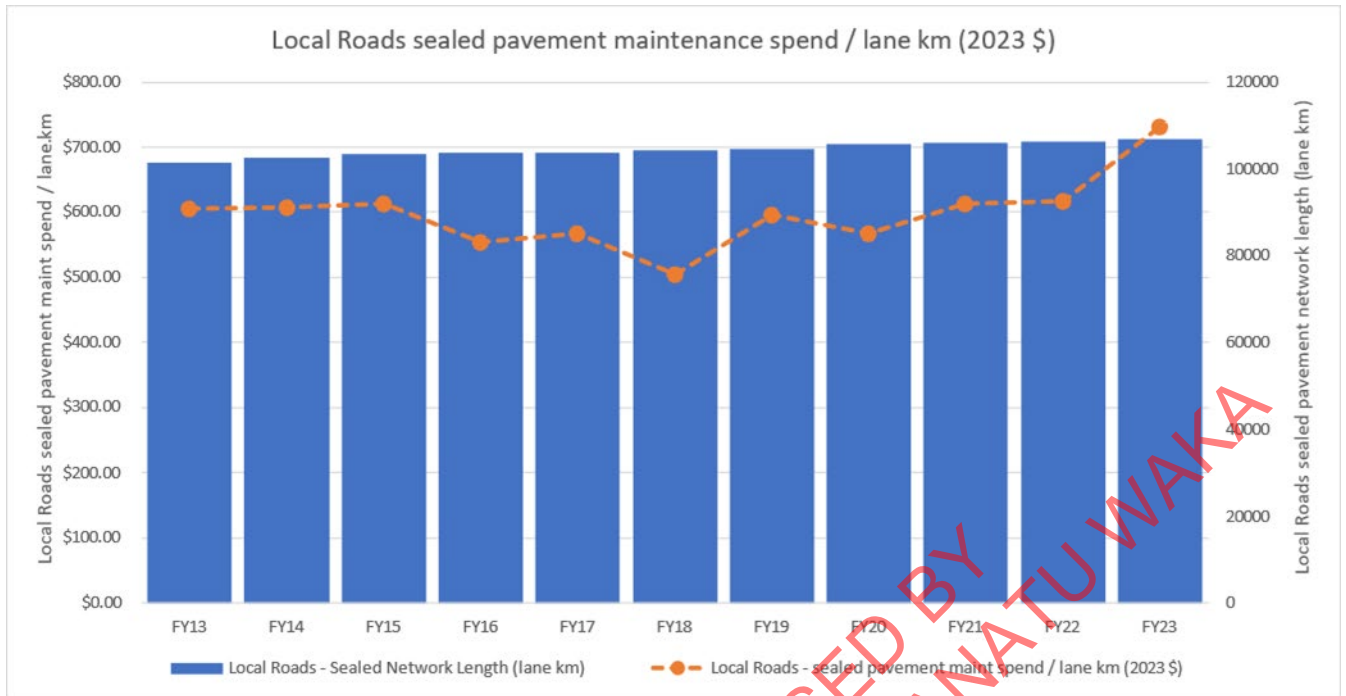
Maintenance



Replaces the graphs under the Strategic Priority 2: Increased Maintenance and Resilience section.

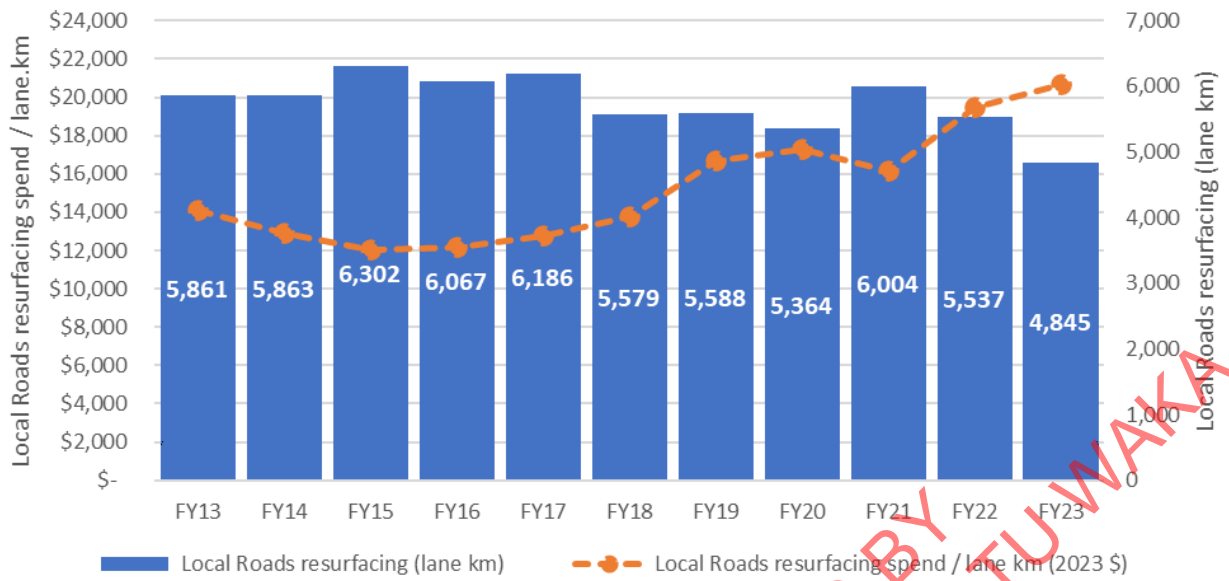
In NZTA's feedback on the GPS they suggested replacing these graphs with the below alternatives.

Maintenance (NZTA recommendations)



MINISTRY OF TRANSPORT TE MANATU WAKA

Local Roads road resurfacing spend / lane km (2023 \$)



PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

BUDGET SENSITIVE

[In Confidence]

Office of the Minister of Transport

Cabinet

Government Policy Statement on land transport 2024 – release of draft for public consultation**Proposal**

- 1 This paper seeks Cabinet agreement to undertake public consultation on the draft Government Policy Statement on land transport 2024 (draft GPS 2024, **Attachment 1**) and in-principle agreement to funding arrangements for land transport investment from 1 July 2024. Issuing a new draft Government Policy Statement on land transport is part of our 100-day plan. This GPS sets out our ambitious land transport investment agenda, designed to boost economic growth and productivity, resilience, reliability, and safety.

Executive Summary*Strategic priorities*

- 2 The draft GPS 2024 outlines a significant programme of investment to deliver new and improved land transport infrastructure across New Zealand. I have included four strategic priorities in draft GPS 2024, which will guide investment decisions by both the New Zealand Transport Agency (NZTA) and local authorities: *Economic growth and productivity, Increased maintenance and resilience, Improved safety, and Value for money.*

System reform

- 3 GPS 2024 also confirms this government's intention to address New Zealand's infrastructure deficit, and support economic growth and productivity, through:
 - 3.1 The development of a 30-year plan for transport investment and connecting local and offshore investors with transport projects, as well as consideration of alternative funding and financing options for all major projects.
 - 3.2 Streamlining the consenting process for major projects.
 - 3.3 Making it easier for NZTA to dispose of land no longer required.
 - 3.4 Reforming the National Land Transport Fund's (NLTF) revenue system, including moving all road vehicles from Fuel Excise Duty (FED) to Road User Charges (RUC), and reforming tolling legislation to facilitate time-of-use charging to address congestion as well as the Government's intention to unlock other revenue tools to support further investment in land transport, such as value capture and increased use of private financing.

Funding to deliver our commitments

- 4 I have included 12 activity classes in the draft GPS 2024. Four of these activity classes are dedicated to road maintenance, including two new activity classes, which ringfence funding for resealing, rehabilitation, and drainage maintenance on the roading network (the *State Highway Pothole Prevention* and *Local Road Pothole*

BUDGET SENSITIVE

Prevention activity classes). Compared to GPS 2021, funding for road maintenance over 2024-27 has been increased by 43 percent.

- 5 Supported by the system reform programme, including streamlining of the consenting process for major projects, my expectation is that construction will begin on at least three new Roads of National Significance over the next three years. Funding in the *State Highway Improvements* activity class over 2024-27 has been increased by 113 percent, compared to GPS 2021, to initiate these projects.
- 6 The use of alternative revenue, funding, and delivery models will also support the delivery of the new Roads of National Significance and major public transport projects. This includes Public-Private Partnerships (PPPs), increased use of tolling, 'Build, Own, Operate, Transfer' equity finance schemes, and value capture to generate additional revenue and deliver infrastructure in a more efficient manner.
- 7 We have started work on a fleet-wide shift to road user charges (RUC) to ensure road users are contributing fairly in proportion to their travel, and to ensure revenue is not eroded as fuel efficiency improves. I will report back by June 2024 on improvements to the revenue system to support GPS 2024, including next steps in the fleet-wide transition to RUC.

Ministerial expectations

- 8 For GPS 2024, my expectations of the NZTA align with our overall government priorities – 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. This will help to drive a focus on value for money, performance, and efficiency throughout the sector.

Financial implications

- 9 GPS 2024 is the largest investment programme to address our infrastructure deficit, with \$20.4 billion of investment expected over 2024-2027. This investment includes \$11 billion for maintaining and operating existing assets, \$4.8 billion towards precommitted improvement activities, \$2.3 billion to cover debt repayments, and \$2.3 billion for additional improvements, including initiating delivery of our new Roads of National Significance.
- 10 Forecast revenue from user charges over the next three years is \$13.1 billion, leaving an additional \$7.3 billion revenue required deliver precommitted investments and begin work on the new Roads of National Significance. In addition to requiring NZTA to consider alternative revenue, funding and delivery models, I propose to increase revenue for the NLTF to meet forecast expenditure through a combination of increases in user charges and additional Crown contributions:
 - 10.1 Increase(s) to the Motor Vehicle Registration (MVR) fee. This fee has not been increased since the early 1990s and inflation has reduced the real value by a half. I recommend restoring this fee to its 1990s level in real terms (an increase of about **\$50** for most vehicles) and suggest options for the phasing of that increase, for Cabinet's consideration.
 - 10.2 A **12 cent, 6 cent**, and annual ongoing **4 cent** per litre increase in Fuel Excise Duty (FED) (and Road User Charge (RUC) equivalent) in January 2027, January 2028 and January 2029 respectively (contributing

BUDGET SENSITIVE

\$360 million in revenue in 2026/27), representing a return to regular increases, noting the current rate has not increased since 2020.

- 10.3 A Crown capital grant of **\$3.14 billion**.
- 10.4 A Crown loan of **\$3.08 billion** to bring forward expenditure over the next three years.

Background

- 11 The statutory Government Policy Statement on land transport (GPS) is the Crown's land transport investment strategy, guiding annual investment of around \$7 billion from the National Land Transport Fund (NLTF). The GPS describes results, sets funding ranges, and influences planning across the transport system at both a regional and national level.
- 12 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.
- 13 The final GPS must be published before 1 July 2024, and a final NLTP must be finalised and adopted before 1 September 2024.

System reform

- 14 New Zealand is facing a growing infrastructure deficit, exacerbated by:
 - 14.1 significant cost increases affecting maintenance and new infrastructure projects
 - 14.2 the transport infrastructure funding model, which is based on a "pay as you go" system, with limited access to long-term funding and financing tools to deliver new infrastructure
 - 14.3 consenting for major transport infrastructure becoming more challenging, creating additional costs and lengthy delays to projects.
- 15 The draft GPS redirects transport investment in New Zealand, with a significant focus on building and maintaining our State Highway network to support economic growth and productivity in the New Zealand economy.
- 16 The following major reforms will help to address these challenges and maximise the value and delivery of GPS 2024. The National Infrastructure Agency (NIA), once established, and the Infrastructure Commission, will work closely with the NZTA to develop a 30-year plan for transport infrastructure and connecting local and offshore investors with transport projects. This includes the Roads of National Significance, major public transport infrastructure, and other transport infrastructure identified as part of our long-term infrastructure plan. This GPS will require NZTA to consider alternative funding and financing arrangements for all major new transport infrastructure projects to ensure that New Zealand delivers more infrastructure sooner, including tolling, time of use charging, 'Build, Own, Operate, Transfer' equity finance schemes and value capture. This expectation will be for major roading projects and for major public transport projects such as the Northwestern Rapid Transit project. To enable this investment, the Government will also undertake:

BUDGET SENSITIVE

- 16.1 streamlining and fast-tracking the consenting process for major transport infrastructure projects;
- 16.2 making it easier for NZTA to sell land no longer required for transport purposes; and
- 16.3 advancing reforms to the NLTF's revenue system, including moving all road vehicles from Fuel Excise Duty (FED) to Road User Charges (RUC).
- 17 The Ministry of Transport has commenced a review of the revenue system, to ensure we have the right tools in place to ensure users pay in relation to their road use, and to collect the right amount of revenue for the level of investment we need. This will include:
- 17.1 enabling time of use charging (as a tool to improve network efficiency as well as raising revenue);
- 17.2 reforming tolling legislation to ensure tolling is more viable as a way of progressing transport infrastructure; and
- 17.3 considering alternative revenue, and funding and financing tools, such as value capture, equity financing, and public private partnerships. I will report back with next steps on the fleet-wide transition to RUC along with how we can better utilise other revenue tools, by June 2024.
- 18 This advice will include a work programme which will outline the legislative and policy steps the Government needs to undertake to deliver this. The advice will be jointly provided by the Ministry of Transport and the New Zealand Transport Agency, and I expect that they will engage with other infrastructure entities within Government, such as Crown Infrastructure Partners, in preparing this advice.
- 19 To assist the Government in transforming the transport revenue system, I intend to establish a Transport Revenue Expert Advisory Group. Initially, the Group will focus on providing independent advice to the Ministry of Transport and NZTA on developing the work programme outlined above. The Advisory Group will also support the Ministry of Transport and NZTA on delivery and implementation of the work programme.
- 20 I seek authority be delegated to the Ministers of Finance and Transport to get this Group set up quickly so they can begin to inform the policy development process and the first report back to Cabinet. Note that the cost of the Group could be up to \$500,000 per annum. Joint Ministers will also make decisions on how the Group is funded, which may require funding from the NLTF via Section 9(2)(b) of the Land Transport Management Act 2003.
- 21 The GPS is only one component of the broader system. Delivering these reforms, particularly reforming the land transport revenue system and streamlining the consenting processes, will require many policy reforms to be made across Government. I have asked my officials to report back to me within three months, following the release of this draft GPS, on next steps in implementing these reforms, and I expect to advance these over the course of this GPS.

Strategic priorities

- 22 Transport is pivotal to unlocking New Zealand's economic potential and enhancing our quality of life. We rely on the transport network to facilitate the easy, efficient, and

safe movement of people and freight across the country. The draft GPS provides a targeted strategy to address the core needs of our transport network, through four strategic priorities:

- 22.1 **Economic growth and productivity:** The Government's top priority for investment through this GPS is to support economic growth and productivity. It seeks to ensure transport investment is focused on reducing journey times and increasing reliability; reducing congestion and increasing patronage on public transport; improving access to markets, employment, and areas that contribute to economic growth; providing more efficient supply chains for freight; and unlocking access to both greenfield land for housing development and supporting greater intensification, particularly through investment in major public transport networks.

Core to this priority is the re-introduction of the successful Roads of National Significance programme to support economic growth and regional development, with the draft GPS 2024 listing 15 Roads of National Significance.

- 22.2 **Increased maintenance and resilience:** The draft GPS puts a strong focus on delivery of the basics to ensure the network supports the efficient and safe movement of people and freight. To support increased maintenance levels and improved resilience, the draft GPS includes four maintenance activity classes, with clear boundaries on what activities can be funded. The pothole prevention activity classes ringfence funding for road resealing, road rehabilitation, and drainage maintenance. This will ensure that NZTA and local government focus and better report on this important part of the system.

- 22.3 **Improved safety:** Improving safety outcomes across our roading network is essential. Enhanced safety outcomes are expected to be achieved as investments are made to deliver across the strategic priorities. The draft GPS focuses safety investment on road policing activities, as enforcement continues to be one of the most important tools for improving safety on New Zealand's roads, and makes a small amount of NLTF funding that is available to Police dependent on set road policing outcomes being achieved. Later this year, I intend to introduce a new set of objectives and actions for road safety which will include policy work to focus on safer roads, safer drivers and safer vehicles.

- 22.4 **Value for money:** Despite a significant increase in transport investment in recent years, we have not seen efficient delivery and better outcomes. The draft GPS will invest over \$20 billion into the transport network over the next three financial years. This is a significant amount of road user and taxpayers' money, and there must be a focus on value for money across all parts of the transport sector. To achieve this, I have set an expectation that the NZTA:

- 22.4.1 reduce its head office overhead by 7.5 percent, and reinvest this into the NLTP
- 22.4.2 increase public transport farebox recovery and third-party revenue from local government
- 22.4.3 reduce expenditure on temporary traffic management, while maintaining the safety of workers and road users

- 22.4.4 make better use of existing assets by implementing time of use charging in main cities to manage demand
- 22.4.5 make better use of existing digital infrastructure and information systems, where appropriate.

Key shifts to deliver our commitments

- 23 The draft GPS 2024 directs investment of more than \$20 billion over three years through 12 activity classes. **Attachment 2** provides the 12 activity classes and their funding ranges.
- 24 To address deterioration of the local road and State Highway networks, and ensure funding is directed towards preventing potholes, the draft GPS includes four dedicated maintenance activity classes. These activity classes will allow maintenance operations to continue, but also provides up to \$4.81 billion over 2024-27 across two new activity classes (*State Highway Pothole Prevention* and *Local Road Pothole Prevention*) for resealing, rehabilitation, and drainage maintenance to the roading network. This is a 43 percent increase across the four maintenance activity classes, compared to GPS 2021.
- 25 I have increased the *State Highway Improvements* activity class by 113 percent compared to GPS 2021, with total funding between \$3.8 and \$6.3 billion over the 2024-27 period. This will ensure work on the new Roads of National Significance can begin. Supported by our system reform programme, including the streamlining of the consenting process for major projects, my expectation is that construction will begin on at least three of these critical routes over the next three years.
- 26 The *Rail Network* activity class has been amended to ensure that road users are no longer funding investment in the rail freight network. Only revenue from Track User Charges and specific Crown funding for rail investments will fund activities in this activity class. This will require KiwiRail to prioritise their investment in the rail network to parts of the network which have the highest freight demand and the metro rail network, which provides significant commuter benefits.
- 27 The *Walking and Cycling* activity class has been amended to focus on investing where there is existing demand from pedestrians or cyclists. The *Public Transport Services* activity class includes funding to ensure the reliable provision of public transport services. I have also made clear my expectation that local government increase public transport farebox and third-party revenue to reduce reliance on Crown funding, which has become a feature in the past few years.¹ The private share of funding for Public Transport has fallen from approximately 40 percent of the revenue for public transport services to 13 percent, which is putting significant funding pressure on local councils and the NLTF.

Ministerial expectations

- 28 The NZTA has a core role to play in improving the performance and quality of our transport infrastructure. We need to do things differently if the benefits sought from transport investment are to be achieved. My six expectations include NZTA focusing on delivery, its core business, delivering value for money, other revenue

¹ The increased Crown funding provided for Public Transport in the last few years includes Community Connect funding and the Public Transport – 50 percent fare reduction.

sources/funding/delivery models, performance and efficiency, and ensuring Road Controlling Authorities (RCAs) follow the GPS 2024 Ministerial expectations.

- 29 As part of this, NZTA is expected to give effect to the intention of the draft GPS 2024, which is to establish tolling to construct and maintain all new roads, including the 15 Roads of National Significance. The Government will support all recommendations to toll roads. These expectations reflect NZTA's role in helping to eliminate New Zealand's infrastructure deficit, and the importance of focusing on its core roles of building and maintaining the State Highway network and regulating the wider transport system. Other revenue sources will help to deliver value for money and reduce costs to taxpayers. Ensuring RCAs follow these expectations will help to control costs in NZTA's supply chain and contracts. I will be monitoring the delivery of these expectations through the performance and efficiency plan, which will be submitted to me for approval within 3 months of the draft GPS being released.

Risks

s 9(2)(h)



Financial Implications

Expenditure

- 34 GPS 2024 will make a significant contribution towards addressing New Zealand's infrastructure deficit, with \$20.4 billion of investment expected over 2024-2027. This is made up of \$11 billion to fund the maintenance and operation of existing assets and services (operating expenditure), \$4.8 billion for pre-commitments to improvement activities (capital expenditure), \$2.3 billion for debt repayments, and \$2.3 billion to fund additional improvements, including delivery of the Roads of National Significance.

Revenue increases

- 35 Forecast revenue from user charges over the next three years is \$13.1 billion, leaving an additional \$7.3 billion required to deliver already committed investments and begin work on the new Roads of National Significance. 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. Fuel Excise Duty (FED) and Road User Charges (RUC) have not been increased since 2020, and the NLTF component of the Motor Vehicle Registration (MVR) fee² has been \$43.50 since the early 1990s. In addition to 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:

Motor vehicle registration

- 38 I propose to restore the MVR fee to its 1990s level with a \$50 per annum increase, which could be phased as follows.

2024/25-2026/77	Additional MVR revenue	Total NLTF revenue	Change in NLTF revenue compared to Option A
\$ million			
Option A: MVR increases January 2025 by \$50	660	20,379	0
Option B: MVR increase by \$25 January 2025, followed by a further \$25 increase January 2026	527	20,247	-132
Option C: MVR increase by \$20 January 2025, followed by a further \$20 increase January 2026 and \$10 January 2027	448	20,168	-211

- 39 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.³
- 40 Note that the other revenue and expenditure figures in this paper, and the Draft GPS, are based on Option A – one-off \$50 increase in MVR. Those figures will require

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

³ Other specific vehicles include motorcycles, mopeds, vintage and veteran motor vehicles, trailers, tractors and all terrain vehicles.

minor adjustment (in the order of 1 percent) if the decision is for one of the other options.

Fuel Excise Duty / Road User Charges

- 41 A 12 cent per litre increase in Fuel Excise Duty (FED) and Road User Charge (RUC) equivalent, occurring in January 2027, a 6 cent per litre increase in January 2028, and annual 4 cent increases from January 2029; providing revenue of \$360 million over three years (2024/25 – 2026/27); representing a return to regular increases, noting that rates have not increased since 2020.
- 42 Including GST, a 12 cent per litre increase in FED equates to a \$2.06 per week increase in fuel costs for the average motorist.⁴

Crown contributions

- 43 I propose the following Crown contributions:
- 43.1 a Crown capital grant of \$3.14 billion to support existing investment commitments and allow the NZTA to initiate the new investment programme outlined in the draft GPS 2024, including the new Roads of National Significance and major public transport projects; and
- 43.2 a Crown loan of \$3.08 billion to bring forward expenditure to support transport investment over the 2024/25-2026/27 period, with repayments coming from the proposed FED/RUC increases, preventing a negative impact on the operating allowance.
- 44 Note that the previous government agreed, in-principle, to pre-commit \$1.241 billion from Budget 2024 operating allowances, and \$0.500 billion from the Climate Emergency Response Fund (CERF), towards the GPS [CAB-23-MIN-0352 refers], which was accounted for in forecasts. As part of the 2023 Mini Budget, \$1.025 billion of this funding was returned in December 2023, leaving \$0.716 billion of already pre-committed funding available for use in this GPS. I propose that this operational funding currently pre-committed to the GPS in forecasts be returned to the centre as part of decisions on the Budget 2024 funding package.

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.

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

Transport investment funding	2024/25 – 2026/27 ⁵
<i>User charges</i>	
NLTF at current FED/RUC (70/litre)	13.1
FED/RUC increase from January 2027	0.4
MVR increase of \$50	0.7
<i>Crown contributions</i>	
Additional Crown loan	3.1
Crown capital grant	3.1
Total NLTF	20.4

45 The NLTF revenue decisions are in-principle. The paper proposes delegating final decisions to the Minister of Finance, noting that these Budget pre-commitments will substantially reduce allowances and constrain new spending in Budget 2024. Crown grants and new debt will make up a significant proportion of GPS 2024 revenue.

Treasury Comment

46 The Treasury is broadly comfortable that the proposed funding package for the GPS is sufficient to manage the current gap between forecast revenue and planned expenditure over the three-year GPS period. The proposals also set directions regarding value for money and restraint that are consistent with the broader approach being pursued as part of Budget 2024. We note that there will be interactions between the GPS package, the Baseline Savings Exercise, and the Budget Capital Pipeline Review, that will need to continue being worked through over the coming months.

47 The Treasury supports the use of FED and RUC increases to increase revenue to meet expenditure expectations and put the NLTF on a pathway towards sustainability. The Treasury recommends - with respect to broader principles of fiscal discipline and financial sustainability - that the proposed capital grant end in 2026/27 rather than continue in perpetuity. The Treasury acknowledges that - all else remaining equal in the current funding package - ending the capital grant in 2026/27 would leave a degree of funding cliff to be further addressed in future (e.g. through revenue increase decisions or Budget decisions). We are supportive of the use of debt as a bridging measure, while increased revenue measures are phased in over time, supporting a return to a sustainable state in the medium-term.

Legislative Implications

48 This paper has no direct legislative implications. If confirmed following consultation, regulatory changes to MVR, FED and RUC rates would be required to implement the new rates.

⁵ As noted above, these numbers will change slightly if the option for a phased MVR increase is chosen.

- 49 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.
- 50 Moving all vehicles from FED to RUC, and reviewing tolling legislation, will require legislative changes including the Land Transport Management Act 2003 and Road User Charges Act 2012.

Regulatory Impact Statement and Climate Impact of Policy Assessment

- 51 A regulatory impact statement is not required with this paper as it does not result in changes to legislation or regulations. A Climate Implications of Policy Assessment (CIPA), if required, will be provided before Cabinet is asked to approve the final GPS 2024.
- 52 A regulatory impact statement for the changes to FED, RUC and MVR will be prepared, and provided when seeking legislative approval.

Population Implications

- 53 This paper has no population implications.

Human Rights

- 54 This paper has no human rights implications.

Consultation

Departmental consultation

- 55 The following organisations were consulted on the draft GPS 2024: the Accident Compensation Commission; the Department of Internal Affairs; KiwiRail Holdings Limited; the Ministry for the Environment; Ministry of Business, Innovation and Employment; Ministry of Health; Ministry of Housing and Urban Development; the New Zealand Police; the New Zealand Infrastructure Commission; the New Zealand Transport Agency; and the New Zealand Treasury. The Department of the Prime Minister and Cabinet was informed.

Public engagement

- 56 Following Cabinet approval, I propose public engagement in March 2024. I will report back to Cabinet on the final form of GPS 2024, expected in May 2024, prior to public release of the final GPS in June 2024. The report back in May 2024 will include confirmation of the financial implications, including Crown grants and loans.

Communications

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

Proactive Release

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

Recommendations

I recommend that the Committee:

- 1 **note** that the Government Policy Statement on land transport (the GPS) is the Government's main statutory lever to guide investment in land transport

Draft GPS 2024 Strategic Priorities

- 2 **note** that I have included four *strategic priorities* in draft GPS 2024, which will guide investment decisions by both the New Zealand Transport Agency (NZTA) and local authorities:
 - 2.1 Economic growth and productivity,
 - 2.2 Increased maintenance and resilience,
 - 2.3 Improved safety, and
 - 2.4 Value for money
- 3 **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 will support the overarching objective of economic growth and productivity
- 4 **note** the draft GPS 2024 expects that complementary benefits will be achieved across the strategic priorities, for example a well-maintained road will deliver against the increased maintenance and resilience, improved safety, and the economic growth and productivity priorities
- 5 **note** the economic growth and productivity strategic priority includes:
 - 5.1 15 Roads of National Significance, including an alternative to the Brynderwyns as part of the Coalition agreements
 - 5.2 a number of Roads of Regional Significance, such as the Second Ashburton Bridge, and projects that improve resilience and support the cyclone and flood recovery for the East Coast and Central North Island
 - 5.3 four major public transport projects, including the City Rail Link, Eastern Busway, Northwest Rapid Transit Corridor, and the Airport to Botany Busway
- 6 **note** that the draft GPS 2024 lists unlocking access to both greenfield land for housing development and supporting greater intensification, particularly through investment in major public transport networks, as an outcome of the economic growth and increasing productivity strategic priority
- 7 **note** that as part of the increased maintenance and resilience strategic priority, I have included four maintenance activity classes, including two pothole prevention activity classes which ringfence funding towards road resealing, road rehabilitation, and drainage maintenance to the roading network
- 8 **note** that as part of the increased maintenance and resilience strategic priority, I expect independent members will be appointed to the Road Efficiency Group (REG), started by the previous National Government. I also expect the REG will be focused on finding efficiencies in road maintenance, standardising maintenance

protocols, reducing expenditure on temporary traffic management, and reviewing Network Outcome Contracts

9 **note** that as part of the improved safety strategic priority, the draft GPS 2024 focuses investment on road policing activities and makes a small amount of NLTF funding that is available to Police dependent on set road policing outcomes being achieved. This strategic priority outlines my intention to introduce a new set of objectives and intended actions for road safety, including a strong focus on alcohol and drug impairment

10 s 9(2)(f)(iv)

11 **note** that as part of the value for money strategic priority, NZTA will be expected to reduce its head office overhead by 7.5 percent, and reinvest this into the NLTP; that NZTA will reduce its expenditure on temporary traffic management; and that there will be increased public transport farebox recovery and third-party revenue from local government

Proposed GPS expenditure

12 **note** that approximately \$20.4 billion is required, over three years, to fund essential expenditure on maintenance, operations, previously committed new investments, to repay debt, and new improvements – including delivery of the Roads of National Significance

13 **note** that, under current revenue settings, \$13.1 billion of revenue is currently forecast to be available in the NLTF over the next three years to pay for the GPS package; leaving \$7.3 billion additional funding required over the 2024-27 period

14 **note** that draft GPS 2024 will require NZTA to consider alternative funding, financing and delivery arrangements for all major new infrastructure projects to ensure that New Zealand delivers more infrastructure sooner, including tolling, time of use charging, 'Build, Own, Operate, Transfer' equity finance schemes, and value capture

15 s 9(2)(f)(iv)

Fuel Excise Duty and equivalent Road User Charge to increase from January 2027; Motor Vehicle Licencing fees to increase from January 2025

16 **note** that the previous government had agreed in-principle to increase Fuel Excise Duty (FED) (and the Road User Charge (RUC) equivalent) by 2 cents per litre in July 2024, 2 cents per litre in January 2025, and 4 cents per litre in each of July 2025 and July 2026 – these increases are currently accounted for in fiscal forecasts

17 **agree** to reverse the previously agreed increases described in **recommendation 16** above as part of our 100 Day Plan commitment to cancel fuel tax hike, and instead increase FED (and the equivalent in RUC) by:

17.1 12 cents per litre in January 2027,

17.2 6 cents per litre in January 2028, and

BUDGET SENSITIVE

- 17.3 4 cents per litre annually from January 2029
- 18 **note** the increase in FED (and RUC equivalent) outlined in **recommendation 17** will generate an additional \$360 million of revenue for the NLTF by 2026/27
- 19 **authorise** the Minister of Transport to make detailed policy decisions to give effect to the FED and equivalent RUC increases
- 20 **authorise** the Minister of Transport to issue drafting instructions to the Parliamentary Council Office for changes to FED and RUC
- 21 **agree in-principle**, subject to the outcome of consultation, to restore the Motor Vehicle Registration fee to its 1990s level with a \$50 per annum increase, with the equivalent percentage increase for other specified vehicle types, which could be staged as follows – **EITHER**:
- 21.1 A one-off \$50 increase in the MVR fee for most vehicles from January 2025 (contributing around **\$660 million** over three years), **OR**
- 21.2 a MVR increase of \$25 in January 2025, followed by a further \$25 increase in January 2026 (contributing around **\$527 million** over three years), **OR**
- 21.3 a MVR increase of \$20 in January 2025, followed by a further \$20 increase in January 2026 and a \$10 increase in January 2027 (contributing around **\$448 million** over three years)
- 22 **invite** the Minister of Transport to report back to Cabinet on proposals to improve the transport revenue system by June 2024
- 23 **note** the Minister of Transport will establish a Transport Revenue Expert Advisory Group
- 24 **authorise** the Minister of Finance and the Minister of Transport, in consultation with Coalition Party Leaders, to have Power to Act to approve the terms of reference of, and appointments to, the Transport Revenue Expert Advisory Group

Grant funding proposed to be provided by the Crown

- 25 **note** that the previous government agreed in-principle to pre-commit \$1.741 billion (total over the forecast period) from Budget 24 operating allowances and the CERF towards the Transport GPS [CAB-23-MIN-0352 refers], and this pre-commitment was accounted for in forecasts – \$1.025 billion of this funding was returned through the December 2023 Mini Budget [CAB-23-MIN-0490 refers], leaving \$0.716 billion of already pre-committed funding available for use on the GPS
- 26 **note** that, accounting for the planned revenue increases described in **recommendations 17** and **21**, no operating grant funding is now required
- 27 **agree-in-principle**, subject to final decisions on the GPS, that the \$0.716 billion of operating funding currently pre-committed to the GPS in forecasts should be returned to the centre as part of decisions on the Budget 2024 package
- 28 **note** that the previous government agreed in-principle to commit \$1.544 billion of capital funding from the Multi-Year Capital Allowance (MYCA) towards the Transport GPS [CAB-23-MIN-0352 refers], and this pre-commitment was accounted for in

BUDGET SENSITIVE

forecasts – \$0.355 billion of this funding was returned through the December 2023 Mini Budget [CAB-23-MIN-0490 refers], leaving \$1.189 billion of already committed funding available for use on the GPS

- 29 **note** that, accounting for the planned revenue increases described in **recommendations 17 and 21**, total capital grant funding of \$3.144 billion would still be required to fund the GPS – accounting for the \$1.189 billion already committed in forecasts, this means a further commitment of \$1.955 billion of new capital funding from the MYCA is now required
- 30 **agree in-principle**, subject to final decisions on the GPS, to commit up to \$1.955 billion from the MYCA, with the final amount to be confirmed as part of decisions on the Budget 2024 package
- 31 **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
- 32 **note** the Treasury is working with the Ministry of Transport and NZTA to prepare a Letter of Comfort, noting our 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 and I will report back to Cabinet on this as part of the final Cabinet decisions post-public consultation on the draft GPS 2024

New Crown loan to the New Zealand Transport Agency

- 33 **agree in-principle**, subject to final decisions on the GPS, to provide an additional Crown loan to the NZTA of \$3.08 billion, to make up the balance of the funding package for GPS 2024, in addition to the revenue and grant elements described above
- 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 **direct** the Treasury and the Ministry of Transport to begin work on appropriate loan terms and draft loan agreement
- 36 **note** that the Crown loan would result in an initial increase in net debt but, as the loan is expected to be repaid, there is no impact on Budget allowances, and the overall net debt impact over time will be neutral by the time the loan is repaid

Structure of previous Crown loan to the New Zealand Transport Agency

- 37 **note** that the previous government provided NZTA with a \$2 billion loan towards GPS 2021 [CAB-21-MIN-0337 refers] – this loan is currently structured as a bullet facility (interest-only repayments initially, with repayments towards the principal occurring towards the end of the ten-year repayment period)
- 38 **note** that the previous government had agreed in-principle to restructure the loan into an amortised facility (spreading repayments more evenly across the full repayment period), and this restructure had been accounted for in fiscal forecasts

- 39 **note** that I do not intend to progress with the planned restructure of the existing \$2 billion loan at this time – this will mean that debt repayments are lower in the short term, but that net debt stays higher for longer, relative to what is currently assumed in fiscal forecasts
- 40 **note** that:
- 40.1 including the new loan sought in paragraph 33 above, the NZTA will have eight different loans relating to its non-regulatory functions;
- 40.2 there may be an opportunity across all of NZTA's debt portfolio to restructure its debt to create a more even repayment profile.
- 41 **note** that the ultimate impacts of the GPS on fiscal indicators will be subject to final decisions on GPS 2024 – there will be an OBEGAL impact, in particular as a result of changes to the overall revenue profile arising from the decisions in **recommendations 17 and 21**, but the exact impact will depend on the final expenditure breakdown of the GPS (including the operating-capital split), which we are not yet in a position to confirm
- 42 **direct** the Treasury to work with the Ministry of Transport and NZTA to consider opportunities to restructure NZTA's debt and smooth its repayment obligations across the NZTA loan facilities

Outyear projections

- 43 **note** that the draft GPS 2024 outyear expected revenue and expenditure projections (from 2027/28) include approximately \$1 billion per annum more revenue 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 32**

Impact on fiscal indicators

- 44 **note** that the in-principle commitment in **recommendation 30** will result in a significant reduction in the MYCA, limiting new spending choices for Budget 2024

Climate Impact Policy Assessment (CIPA) requirements

- 45 **note** that, if required, a Climate Implications of Policy Assessment (CIPA) will be provided to Cabinet before final decisions on GPS 2024

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

- 46 **note** that the draft GPS 2024 signals our intention to move to a 10-year Government Policy Statement and National Land Transport Programme
- 47 **direct** 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

Agreement to publicly consult on the draft GPS 2024

BUDGET SENSITIVE

- 48 **agree** to release the *Draft Government Policy Statement on land transport 2024* for public consultation
- 49 **note** as part of consultation on the Draft Government Policy Statement on land transport 2024, the Government is also consulting on the proposed increases to annual motor vehicle licence fee, and FED and RUC
- 50 **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 reference to Cabinet.

Authorised for lodgement

Hon Simeon Brown

Minister of Transport

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

Attachment 1: Draft GPS 2024

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

BUDGET SENSITIVE

Attachment 2: Activity class funding ranges

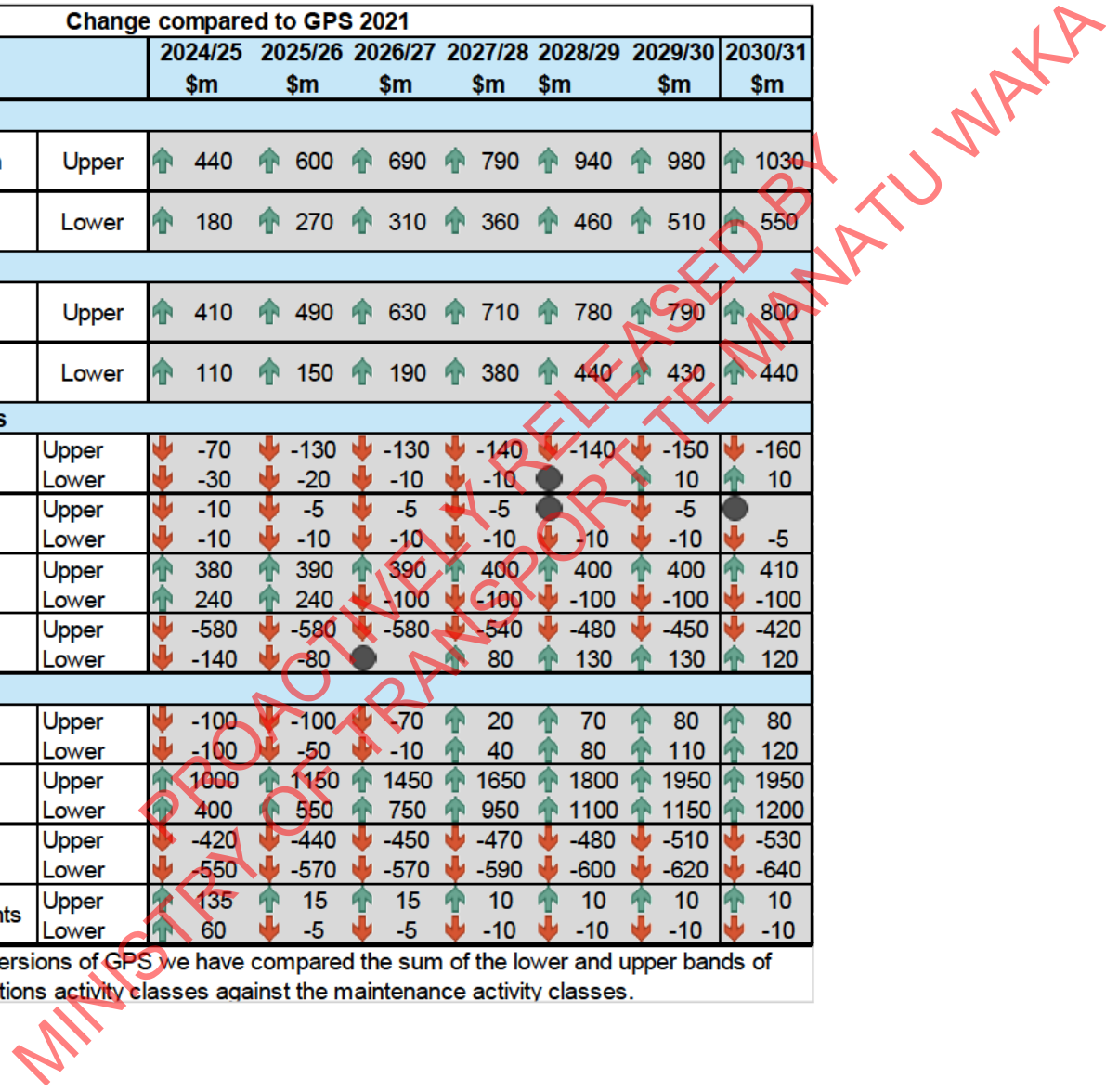
		GPS 2024 Funding range									
Activity Class		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
State Highway Maintenance											
State highway pothole prevention	Upper	700	790	790	820	920	980	1,050	1,070	1,080	1,100
	Lower	420	460	490	540	630	690	750	760	780	790
State highway operations	Upper	760	850	960	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 Maitnence											
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
Other continuing programmes											
Public transport services	Upper	750	770	790	810	830	850	870	890	910	930
	Lower	400	420	440	460	480	500	520	540	560	580
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	830	880	930	950	970	990	1,010
	Lower	240	290	340	390	430	480	500	520	540	560
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 improvements	Upper	250	130	130	130	130	130	130	130	130	130
	Lower	135	70	70	70	70	70	70	70	70	70

BUDGET SENSITIVE

Attachment 3: Activity class funding range changes between GPS 2021, 2023 Consultation draft GPS 2024 and Draft GPS 2024

		Change compared to GPS 2021						
Activity Class		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
		\$m	\$m	\$m	\$m	\$m	\$m	\$m
State highway maintenance*								
State highway pothole prevention	Upper	↑ 440	↑ 600	↑ 690	↑ 790	↑ 940	↑ 980	↑ 1030
State highway operations	Lower	↑ 180	↑ 270	↑ 310	↑ 360	↑ 460	↑ 510	↑ 550
Local road maintenance*								
Local road pothole prevention	Upper	↑ 410	↑ 490	↑ 630	↑ 710	↑ 780	↑ 790	↑ 800
Local road operations	Lower	↑ 110	↑ 150	↑ 190	↑ 380	↑ 440	↑ 430	↑ 440
Other continuous programmes								
Public transport services	Upper	↓ -70	↓ -130	↓ -130	↓ -140	↓ -140	↓ -150	↓ -160
	Lower	↓ -30	↓ -20	↓ -10	↓ -10	●	↑ 10	↑ 10
Investment management	Upper	↓ -10	↓ -5	↓ -5	↓ -5	●	↓ -5	●
	Lower	↓ -10	↓ -10	↓ -10	↓ -10	↓ -10	↓ -10	↓ -5
Rail network	Upper	↑ 380	↑ 390	↑ 390	↑ 400	↑ 400	↑ 400	↑ 410
	Lower	↑ 240	↑ 240	↓ -100	↓ -100	↓ -100	↓ -100	↓ -100
Safety	Upper	↓ -580	↓ -580	↓ -580	↓ -540	↓ -480	↓ -450	↓ -420
	Lower	↓ -140	↓ -80	●	↑ 80	↑ 130	↑ 130	↑ 120
Improvements								
Public transport infrastructure	Upper	↓ -100	↓ -100	↓ -70	↑ 20	↑ 70	↑ 80	↑ 80
	Lower	↓ -100	↓ -50	↓ -10	↑ 40	↑ 80	↑ 110	↑ 120
State highway improvements	Upper	↑ 1000	↑ 1150	↑ 1450	↑ 1650	↑ 1800	↑ 1950	↑ 1950
	Lower	↑ 400	↑ 550	↑ 750	↑ 950	↑ 1100	↑ 1150	↑ 1200
Local road improvements	Upper	↓ -420	↓ -440	↓ -450	↓ -470	↓ -480	↓ -510	↓ -530
	Lower	↓ -550	↓ -570	↓ -570	↓ -590	↓ -600	↓ -620	↓ -640
Walking and cycling improvements	Upper	↑ 135	↑ 15	↑ 15	↑ 10	↑ 10	↑ 10	↑ 10
	Lower	↑ 60	↓ -5	↓ -5	↓ -10	↓ -10	↓ -10	↓ -10

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



BUDGET SENSITIVE

Change compared to 2023 consultation draft GPS										
Activity Class		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31		
		\$m	\$m	\$m	\$m	\$m	\$m	\$m		
State highway maintenance*										
State highway pothole prevention	Upper	↑ 100	↑ 100	↑ 50	↑ 60	↑ 130	↑ 170	↑ 230		
State highway operations	Lower	↑ 90	↑ 80	↑ 80	↑ 100	↑ 160	↑ 210	↑ 270		
Local road maintenance*										
Local road pothole prevention	Upper	↑ 150	↑ 170	↑ 210	↑ 230	↑ 240	↑ 250	↑ 260		
Local road operations	Lower	↑ 90	↑ 80	↑ 80	↑ 240	↑ 250	↑ 240	↑ 250		
Other continuous programmes										
Public transport services	Upper	↓ -100	↓ -160	↓ -230	↓ -280	↓ -340	↓ -420	↓ -470		
	Lower	↓ -180	↓ -220	↓ -260	↓ -280	↓ -320	↓ -370	↓ -400		
Investment management	Upper	●	●	●	●	●	●	●		
	Lower	●	●	●	●	●	●	●		
Rail network	Upper	↓ -40	↓ -50	↓ -60	●	●	●	●		
	Lower	↓ -130	↓ -150	↓ -160	↓ -100	↓ -100	↓ -100	↓ -100		
Safety	Upper	●	●	●	●	●	●	●		
	Lower	●	●	●	●	●	●	●		
Improvements										
Public transport infrastructure	Upper	↓ -330	↓ -330	↓ -330	↓ -10	↑ 20	↑ 50	↑ 60		
	Lower	↓ -280	↓ -280	↓ -280	↓ -70	↓ -50	↓ -20	●		
State highway improvements	Upper	↑ 530	↑ 530	↑ 530	↑ 1800	↑ 1850	↑ 1900	↑ 1900		
	Lower	↑ 130	↑ 130	↑ 130	↑ 1200	↑ 1250	↑ 1300	↑ 1300		
Local road improvements	Upper	●	●	●	●	●	●	●		
	Lower	●	●	●	●	●	●	●		
Walking and cycling improvements	Upper	↓ -80	↓ -200	↓ -210	↓ -180	↓ -190	↓ -190	↓ -200		
	Lower	↓ -25	↓ -100	↓ -100	↓ -110	↓ -110	↓ -120	↓ -120		

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

BUDGET SENSITIVE



29 February 2024

OC240142

Hon Simeon Brown
Minister of Transport

Action required by:
Monday, 4 March 2024

GPS 2024: CONSULTATION LAUNCH PLAN

Purpose

This briefing outlines the Ministry of Transport's (the Ministry's) approach to consulting on the draft Government Policy Statement on land transport 2024/25 – 2033/34 (the GPS 2024) and provides letters to initiate consultation with New Zealand Transport Agency (NZTA), Local Government New Zealand (LGNZ), Regional Transport Committees (RTCs) and KiwiRail Holdings Limited (KiwiRail).

Key points

- The draft GPS 2024 was considered by Cabinet Economic Policy Committee (ECO) on 28 February 2024, and will be considered by Cabinet on Monday 4 March for public release.
- The Ministry has developed a consultation launch plan to support the release of the draft GPS 2024 and engage with stakeholders (local government, transport planning and delivery agencies and relevant sector organisations).
- The draft consultation launch plan and material to support the public release of the document was provided to your office for review and feedback on Monday 26 February 2024. We would welcome feedback on these documents as soon as possible to ensure material is ready to support the public release of GPS 2024.
- You may wish to meet with certain stakeholders during the consultation period (for example, elected local government representatives). Ministry officials will liaise with your office to support these meetings, as required.
- Under the Land Transport Management Act 2003 (the Act), you must consult with NZTA and have regard to the views of LGNZ and representative groups of land transport users and providers as part of preparing a GPS on land transport.
- To meet these requirements, this briefing provides draft letters to be sent prior to public release of the GPS 2024 seeking feedback on the GPS from the NZTA board (**Attachment 1**), the President of LGNZ (**Attachment 2**), the Chairs of RTCs (**Attachment 3**) and the Chair of KiwiRail (**Attachment 4**).

Recommendations

We recommend you:

- 1 **note** that the Ministry is liaising with your office on the GPS 2024 consultation launch plan and supporting engagement material, and has provided draft consultation and engagement material to your office for your review and feedback Yes / No
- 2 **indicate** whether you would like to meet with certain stakeholders (such as elected local government representatives) during the consultation process, which will end around 2 April 2024 Yes / No
- 3 **indicate** whether you wish to meet with the NZTA Board for an initial discussion on the draft GPS 2024 (the next NZTA Board meeting is on 20 March 2024) Yes / No
- 4 **sign** the attached letter to the Acting Chair of the NZTA Board to commence formal consultation on the draft GPS 2024 (**Attachment 1**) Yes / No
- 5 **sign** the letter to the President of LGNZ inviting their views on the draft GPS 2024 (**Attachment 2**) Yes / No
- 6 **sign** the letter to the Chairs of the Regional Transport Committees (RTCs) inviting their views on the draft GPS 2024 (**Attachment 3**) Yes / No
- 7 **sign** the letter to the Chair of KiwiRail inviting their views on the draft GPS 2024 (**Attachment 4**) Yes / No
- 8 **note** that the Ministry will provide you with a summary report on the feedback that we receive on the draft GPS, once consultation has concluded. Yes / No



David Wood
Deputy Chief Executive, Investment & Monitoring

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
David Wood, Deputy Chief Executive, Investment & Monitoring	s 9(2)(a)	
Tim Herbert, Manager, Investment		✓
Daniel Pouwels, Senior Adviser, Investment		

GPS 2024: CONSULTATION LAUNCH PLAN

Draft consultation launch plan and engagement material

- 1 The Cabinet Economic Policy Committee (ECO) considered the draft GPS 2024 on 28 February 2024. Cabinet approval to release the document publicly will be sought on Monday 4 March 2024, alongside seeking confirmation to changes to the Motor Vehicle Registration (MVR) fee. Officials are preparing for the public release of the document early in the week of 4 March 2024.
- 2 Ministry officials have developed material to support the public release of the draft GPS 2024 and a consultation launch plan has been developed to guide consultation. These documents were provided to your office for your review and feedback on 26 February 2024.

Consultation launch plan

- 3 The consultation launch plan includes:
 - 3.1 an email from Ministry officials to key transport stakeholders, including the New Zealand Transport Agency (NZTA), local councils, New Zealand Police, KiwiRail, transport industry bodies, advocacy groups and business interests; and
 - 3.2 targeted in-person workshops with key stakeholders, based on demand.
- 4 During the four-week consultation period, you may wish to meet with certain stakeholders (such as local government elected representatives and iwi/hapū), to hear their views on the draft GPS 2024 directly. We seek your direction on which stakeholders you would like to meet with and will work with your office to coordinate these requests and support with logistics.

Stakeholder engagement material

- 5 Officials have provided the following material to support stakeholder engagement:
 - 5.1 Draft GPS 2024 survey questionnaire (to be published on Ministry website)
 - 5.2 Frequently Asked Questions (FAQs) about draft GPS 2024 (to be published on Ministry website)
 - 5.3 Reactive Questions and Answers (Q&As) (not to be published, but to support your engagement events and Official Information Act 1982 requests)
 - 5.4 Stakeholder email announcements and invitation templates
 - 5.5 GPS 2024 technical briefing slide pack (not to be published)
 - 5.6 A summary of the GPS stakeholder distribution list
 - 5.7 A communications plan, with key messaging to support the launch plan.

6 This material will be amended to reflect feedback from your office.

Consultation with NZTA, LGNZ and RTCs

7 Under the Land Transport Management Act 2003 (the Act), when preparing or reviewing a GPS on land transport, you must be satisfied that the GPS contributes to the purpose of the Act, and:

7.1 consult with the NZTA about the proposed GPS on land transport before it is issued; and

7.2 have regard to the views of Local Government New Zealand (LGNZ) and representative groups of land transport users and providers.

8 The Ministry has drafted letters from you to NZTA, LGNZ, Regional Transport Committees (RTCs) and KiwiRail to meet these requirements under the Act (**Attachments 1 to 3**). These letters are to be sent prior to the public release of the GPS 2024.

Formally consulting with the NZTA board on the draft GPS 2024

9 NZTA officials have supplied information for GPS 2024 and provided feedback on the draft document. However, there has not yet been formal consultation with the NZTA Board on the draft GPS 2024. We recommend writing to the Acting Chair of NZTA, providing them with a copy of the draft GPS 2024, and formally seeking their feedback, before you finalise the GPS 2024.

10 A letter to the Acting Chair of the NZTA Board has been drafted, to be provided alongside the draft GPS 2024 (**Attachment 1**). This letter invites the Board's feedback on the draft document and highlights the following elements:

10.1 The four strategic priorities representing the Government's overall land transport investment strategy;

10.2 The expectations around greater focus on delivery, value for money and reporting in the upcoming National Land Transport Programme (NLTP);

10.3 The increased focus on maintenance and resilience, with four activity classes dedicated to maintenance, including two new activity classes for resealing, rehabilitation and drainage maintenance. The letter also highlights the additional \$500 million directed to road maintenance over 2024-27 to ensure funding is directed to preventing potholes;

10.4 The proposed Crown loan of up to \$3.1 billion, and seeking the agency's in-principle support;

10.5 The scale of investment sought by the government and the work the Government will undertake to guarantee the long-term sustainability of land transport funding;

10.6 The importance of the Roads of National Significance Programme in GPS 2024 to achieving the results sought by the government, and the need to consider alternative funding and delivery approaches;

- 10.7 Your expectation that the NZTA work closely with the new National Infrastructure Agency (NIA) to support engagement with the market and to deliver better outcomes for New Zealanders; and
- 10.8 A summary of the Ministerial Expectations for NZTA with a focus on the proposed Performance and Efficiency Plan and refocussed Road Efficiency Group.
- 11 You may want to meet with the Board of NZTA to discuss the draft GPS 2024 and clarify any issues before receiving feedback. We understand that the next NZTA Board meeting will be held on 20 March 2024, which may provide an opportunity for you to meet with them.

Formally notifying LGNZ of the draft GPS 2024

- 12 A letter to the President of LGNZ has been drafted inviting his feedback on the draft GPS 2024 (**Attachment 2**). This letter highlights the following elements likely to be of interest to LGNZ:
- 12.1 the four strategic priorities representing the Government's overall land transport investment strategy;
- 12.2 the expectations around greater focus on delivery and reporting in the upcoming NLTP;
- 12.3 increased focus on maintenance and resilience, with four activity classes dedicated to maintenance including two new activity classes for resealing, rehabilitation and drainage maintenance. The letter also highlights the additional \$500 million directed to road maintenance to ensure funding is directed to preventing potholes;
- 12.4 the importance of the Roads of National Significance Programme in GPS 2024 to achieving the results sought by the government, and the need to consider alternative funding and delivery approaches;
- 12.5 the work still to ensure long-term sustainability of land transport investment funding, noting that you will consider a range of options to increase revenue from 2027 and how local and central government can work together to close the infrastructure gap;
- 12.6 a summary of your expectations to NZTA to address cost pressures and growing demand faced by the transport sector (note that this letter to LGNZ mentions your Ministerial Expectations to NZTA at a high level only); and
- 12.7 that you are pleased to see local government's engagement with the Road Efficiency Group (REG) to date and that you encourage their engagement in the upcoming work to refocus this group to deliver better accountability, delivery and value for money.

Formally notifying RTCs of the GPS

- 13 We recommend you write to the Chairs of RTCs seeking their views on the draft GPS 2024. RTCs will also have a strong interest in the content of the draft GPS 2024, as they are responsible for preparing Regional Land Transport Plans.
- 14 A draft letter to the respective Chairs of the RTCs is attached (**Attachment 3**). This letter emphasises similar points to the letter to LGNZ, but also specifically requests feedback from RTCs on regional projects they consider as being regionally or nationally significant, that may align well with the economic growth and productivity strategic priority. We will provide the full list of contact details for RTC Chairs to your office.

Formally notifying KiwiRail

- 15 A letter to David McLean, Board Chair of KiwiRail has been drafted, inviting his feedback on the draft GPS 2024 (**Attachment 4**). This letter highlights the Government's strategic priorities and rail investment priorities. These include investment in the Golden Triangle (between Auckland, Hamilton and Tauranga), and upgrades to support opening of the City Rail Link and additional trains for Wellington.
- 16 Following your meeting with representatives from KiwiRail on 28 February 2024, officials have also included in this letter your expectations for the Rail Network Investment Programme (RNIP). Officials suggest stating that the indicative funding envelope will be \$1 billion over the 2024-25 to 2026-27 period, and ensuring KiwiRail aligns the RNIP with the Government's investment priorities, in preparation for your consideration and approval – expected June 2024.

Next steps

- 17 Once consultation has closed, the Ministry will work with NZTA, LGNZ, RTCs and KiwiRail on matters that are raised. The Ministry will also provide you a summary of the feedback received (including feedback received from NZTA, LGNZ, RTCs and KiwiRail) in April 2024.

Attachment 1: Draft letter to NZTA Board Chair

s 9(2)(g)(i)



PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

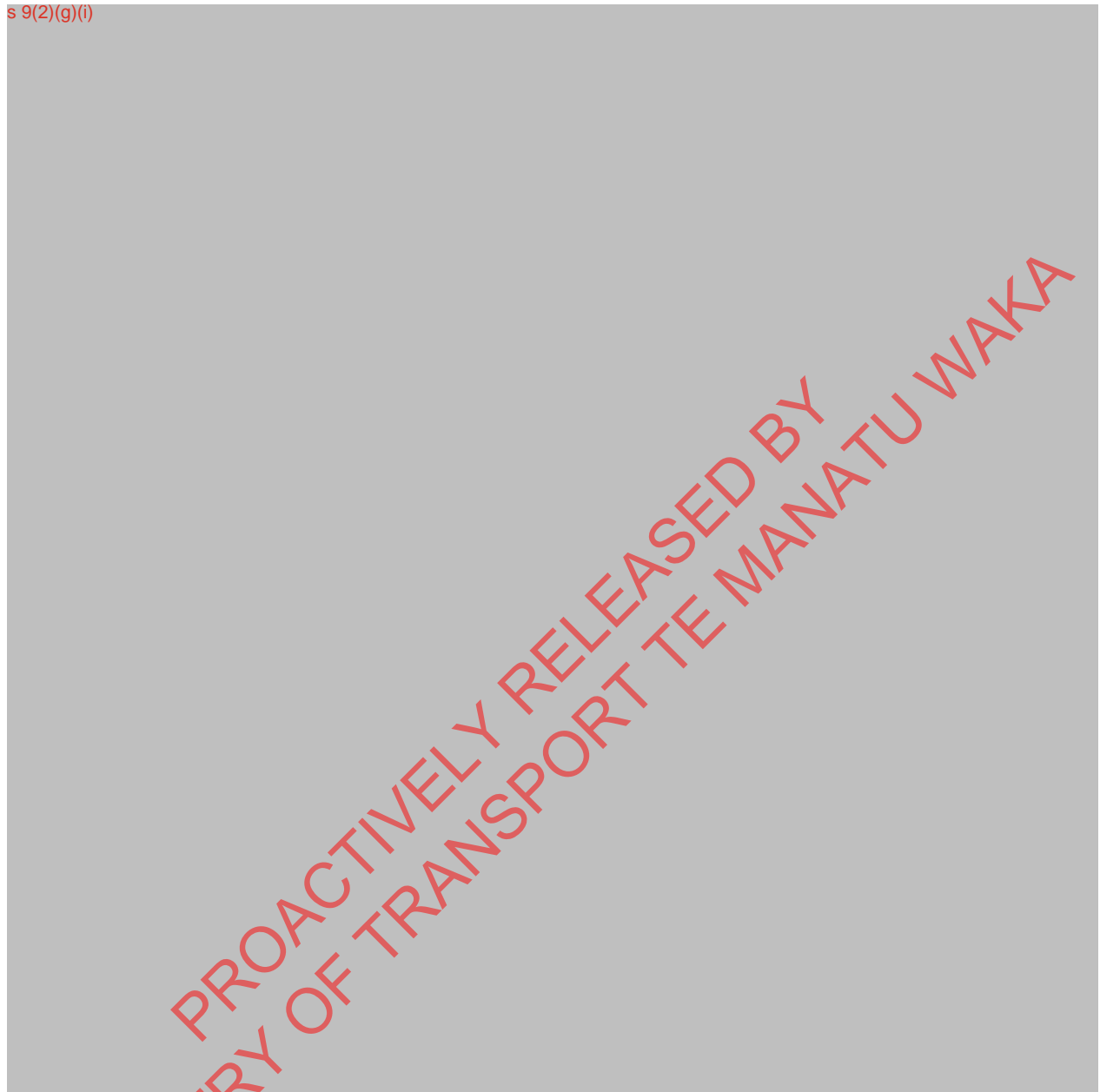
Attachment 2: Draft letter to LGNZ President

s 9(2)(g)(i)

PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

Attachment 3: Draft letters to RTC Chairs

s 9(2)(g)(i)



PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA

Attachment 4: Draft letter to KiwiRail Chair

s 9(2)(g)(i)



PROACTIVELY RELEASED BY
MINISTRY OF TRANSPORT TE MANATU WAKA