

# Draft Government Policy Statement on Land Transport 2015/16 – 2024/25

## Recommendations

That the board:

- i. Agrees that AT should provide feedback on the Engagement Draft Government Policy Statement based on the Key Points for Feedback and National Strategic Direction sections of this Board paper.
- ii. Agrees that the approval of the submission to the Ministry of Transport should be delegated to the Chief Executive.

## Executive summary

On 15 June 2014, the Minister of Transport released the Engagement Draft Government Policy Statement on Land Transport 2015/16 to 2024/25 (draft GPS), asking for feedback by 11 August. This report provides an overview of the draft GPS 2015 and the changes from the current GPS and outlines key points of feedback to the Minister of Transport.

## Strategic context

The draft GPS is issued by the Minister of Transport every three years and outlines the land transport objectives and priorities the Government expects to be realised from its investment through the National Land Transport Fund (NLTF). The draft GPS describes:

- what the Government expects to achieve from its annual investment of over \$3.4 billion in land transport through the NLTF;
- how it will achieve this through investment in activity classes (e.g. public transport, State Highway improvements);
- how much funding will be provided and how the funds will be raised.

## Background

The GPS influences decisions on how money from the NLTF will be invested in activity classes, such as State Highways and Public Transport. It also guides the decisions of the New Zealand Transport Agency (NZTA) and Local Government on the type of activities that should be included in Regional Land Transport Plans and the National Land Transport Programme. The draft GPS can be found at:

<http://www.transport.govt.nz/assets/Uploads/Our-Work/Documents/GPS-2015-Engagement-draft-June-2014.pdf>

NZTA is responsible for determining how the money is allocated to regions and for which specific activities, and must give effect to the draft GPS while also taking Regional Land Transport Plans into account. The three key priorities from GPS 2012 are proposed to continue:

- **Supporting economic growth and productivity.** Continuing to invest in improvements to the State Highway network, particularly through the Roads of National Significance

(RoNS) programme. Resolving congestion is a key priority, with a focus on Auckland. Central government has committed to bring forward investment in State Highway capacity improvements as a measure to assist with this.

- **Road safety.** The direction outlined in “Safer Journeys”, the Government’s road safety strategy, will continue to be supported through the next National Land Transport Programme (NLTP). An aim is set through the “Safe System” approach to make roads, speed limits, vehicles and road users all more safe.
- **Value for money.** The draft GPS requires that transport agencies should be continually seeking better and smarter ways of operating, with an emphasis on delivering measurable value from investments. The Government seeks to boost the performance of road infrastructure and would like to see agencies continually improve to deliver more with the resources allocated.

The total level of investment available through the NLTF is expected to be approximately \$3.4 billion in 2015/16, rising to \$4.4 billion in 2021/22.

A new addition is a set of ‘national land transport objectives’ which clarify the long term results the Government wants to achieve. These are for a land transport system that:

- addresses current and future demand
- provides appropriate transport choices
- is reliable and resilient
- is a safe system, increasingly free of death and serious injury
- appropriately mitigates the effects of land transport on the environment

The draft GPS recognises the importance of Auckland to economic and social prosperity and the Government’s continued support for the Auckland Transport Package, including:

- Auckland Manukau Eastern Transport Initiative (AMETI) and East-West Link,
- Route protection of Waitemata Harbour crossing,
- City Rail Link.
- Motorway-to-motorway link between the Upper Harbour Highway and the Northern Motorway at Constellation Drive,
- Widen the Southern Motorway between Manukau and Papakura, and upgrade State Highway 20A link to the airport to motorway standard.

## Issues

### Alignment between the GPS and the ITP

The impact areas of the current ITP are well aligned with the GPS objectives for the land transport system, such as the core focus on better transport choices, improved safety, moving people and goods efficiently and reducing adverse effects. Travel demand in Auckland is being addressed in a way that supports policy settings agreed between AC and Government on accommodating future growth, such as Special Housing Areas (SHAs).

The next version of the ITP will have strengthened alignment between the key transport problems facing Auckland and the proposed strategic responses through the development of an investment logic map, developed jointly by AT, NZTA and AC. It will respond to the 2015-25 GPS and AC’s priorities for the 2015-25 LTP, which include SHAs, network requirements, emerging spatial priorities and other priorities outside these areas.

## **One Network Road Classification (ONRC) and GPS**

The One Network Road Classification (ONRC) and associated levels of service aim to streamline roading services throughout the country. NZTA expects all road controlling authorities to apply ONRC to ensure “value for money” from the roading investment. In future, road controlling authorities will be required to align their network hierarchy and associated levels of service with the ONRC. The draft GPS does not take these requirements into account, but these requirements will become more prominent in future.

### **Comments on National Strategic Direction**

#### Roads of National Significance (RONS)

AT supports the RONS to the extent that they improve interregional links with the Waikato and Northland regions via the State Highway system. These include projects such as the Puhoi-Wellsford motorway, the completion of the Western Ring Route, and on-going upgrades to SH1/Waikato Expressway.

#### Freight

The improvement of freight movements (both road and rail) is of major importance to the Upper North Island in general and Auckland in particular. The RONS complement the inter-regional movement of freight while other State Highway and Rail projects are of intra-regional significance to Auckland, such as improving links to Auckland International Airport, Ports of Auckland and Inland ports. The extension of the Third Rail Freight Line southwards will improve rail freight while improvements on the State Highway network in the South will enhance access, improve reliability and lessen freight travel times.

The improvement of travel times and the prioritisation of freight movements on arterial roads needs further investigation as this is where freight is most delayed through congestion and/or inadequate access. This is a major challenge for Auckland, as intraregional freight is mostly moved by road. The National Freight Demand Study 2014 predicts that forecast freight traffic growth will lead to a decline in freight movement reliability.

#### Congestion

AT supports the focus on Auckland for addressing severe urban congestion. The State Highway network has an important role in enabling and contributing to a simpler, better connected PT bus network which offers more frequent and reliable access to Auckland’s employment and education centres. In the longer term, the GPS will need to give greater consideration to travel demand management measures, rather than focussing on continued investment in road network capacity. AT also supports the GPS objective of an increased focus on technology to make smarter use of all transport assets. AT and NZTA are already at the forefront in developing transport technology via our Joint Traffic Operations Centre and our route optimisation programme.

#### Environmental mitigation & fuel efficiency

AT agrees with environmental mitigation and fuel efficiency as being focus areas applied across the activity classes. Auckland needs to play a key role in greenhouse gas reduction, when considering the non-agriculture segment of national greenhouse gas emissions.

AT suggests the long term result of ‘understanding the costs associated with environmental mitigation’ be expanded to move beyond understanding to include that investment is undertaken for the best outcomes for money spent. AT also suggests that mitigation does apply not just to capital projects but also to State Highway and Local Road Maintenance.

### **Summary of Funding Proposals**

The draft GPS has combined a number of activity classes. This will allow the NZTA and AT greater flexibility to allocate funds to deliver best value from investment. PT Services has

been merged with PT Infrastructure and Road Maintenance merged with Road Renewals for both State Highways and local road allocations. There are two new activity classes:

- **Regional Improvements:** Designed to provide funding for regional routes, both State Highway and local roads, which have a freight and/or tourism demand in non-urban areas. This is unlikely to apply to Auckland.
- **Investment Management:** Replaces some activities previously funded in the Transport Planning, Sector Training and Research and Management of the Funding Allocation System as these activity classes have been disestablished. The emphasis in the new activity class will be measuring value for money.

The draft GPS provides the proposed upper and lower funding ranges for transport activity classes for the whole country. Table 1 compares these to the allocations in the current GPS.

Inflation is not included in the GPS tables - in the table below, a factor of 3.6%<sup>1</sup> is applied to the 2012 GPS numbers to enable a fair comparison with the 2015 GPS. The draft GPS indicates that fuel taxation will need to rise by 1.5% in 2016/17 and 2017/18 to reflect the forecast rate of inflation. Fuel taxes are already planned to rise by 3c/litre in 2015.

**Table 1: Assessment of New Draft GPS Funding Estimates for New Zealand**

Activity Class	GPS: 2012 - 2015 (\$2012,m) Midpoint	GPS: 2012 - 2015 (\$2015,m) Midpoint	GPS: 2015 - 2018 (\$2015,m) Midpoint	Change 2015-18 GPS - 2012-15 GPS, \$M	% Change (3 years from 2012)	% Change (6 years from 2009)
	1	1a(1+3.6%)	2	(2-1a)	(2-1a)/1a	
State Highway Improvements	\$3,188	\$3,303	\$3,750	\$447	12%	14%
State Highways Maintenance	\$1,483	\$1,536	\$1,580	\$44	3%	-9%
Local Road Improvements	\$473	\$490	\$593	\$103	17%	-11%
Local Road Maintenance	\$1,418	\$1,469	\$1,485	\$16	1%	-6%
Public Transport	\$925	\$958	\$1,033	\$75	7%	15%
Road safety promotion	\$98	\$102	\$103	\$1	1%	-30%
Road policing	\$885	\$917	\$915	-\$2	0%	-8%
Walking and Cycling facilities	\$63	\$65	\$75	\$10	13%	20%
Investment Management	\$152	\$157	\$171	\$14	8%	-23%
Regional Improvements	\$0	\$0	\$225	\$225	n/a	n/a
<b>GPS total</b>	<b>\$8,685</b>	<b>\$8,998</b>	<b>\$9,930</b>	<b>\$932</b>	<b>9%</b>	<b>4%</b>

The following observations can be made based on the midpoint of each activity class range:

- **Local Road Improvements** Draft GPS 2015 indicates a 17% increase in local road improvement funding. AT propose a programme of bus-lane and transit lanes improvement from 2015/16 onwards which will be funded out of this activity class.
- **Local Road Maintenance** NZTA funding for local road maintenance and renewals has been in short supply since the 2012 GPS, which has put pressure on our services and required that more activities are carried out unsubsidised. In the draft GPS, local road maintenance funding is only 1% higher (after inflation) than in 2012-15.

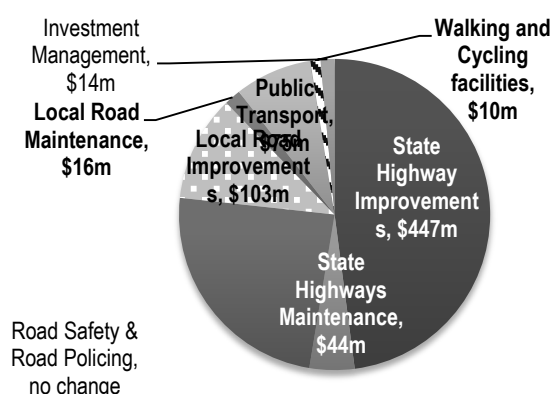
<sup>1</sup> The Consumer Price Index has risen 1.8% in the 18 months since GPS 2012 came into effect. This is doubled to give an estimate of 3.6% inflation between GPS 2012 and GPS 2015.

- **Public Transport** Compared with the 2009 GPS there has been a 15% increase in funding, however over the same period PT patronage has increased by 18%. The Government indicates it has made considerable investments ahead of patronage demand in public transport in the recent past and it now would like to see a period of consolidation.
- **Walking and Cycling improvements** The draft GPS provides an additional 13% for walking and cycling in comparison with the (inflation adjusted) 2012 GPS. This is the largest percentage increase in the draft GPS, albeit from a low initial funding level.
- **Road Safety Promotion** Despite the text of the GPS indicating a focus on road safety, the proposed funding level is only 1% higher in real terms than in 2012-15. Road Policing funding is also static in real terms.

## Overview of changes 2012-2015

The total amount of funding has increased between the 2012 GPS and the draft 2015 GPS by \$1,246 million. Although this reduces to \$932 million once inflation is taken into account, it is still a significant and welcome increase. The majority of this increase is in the road improvement activity classes as shown in Figure 1 below:

Figure 1: Funding increases (inflation adjusted) 2012 GPS to 2015 GPS, by activity class



State Highways improvements account for 48% of total increase. Together with the new Regional Roads category, local road improvements and road and highway maintenance, improving highways and roads accounts for 90% of the funding increase.

## Key Points for Feedback

**Support for the increase in funding available in the draft GPS.** AT welcomes the increased funding for land transport and the priority given to Auckland's growth and congestion issues in the draft GPS. Auckland Transport's local road improvements will support economic growth and productivity through provision of better access to markets, employment and business areas. However, because Auckland's urban corridors are so constrained, public transport and prioritisation of road use at key times are seen essential tools to increase the capacity of the network to move people and freight.

**Support for an increased emphasis on targeted funding and measured results** AT will measure the productivity (speed-flow) of key urban corridors using a methodology which builds on the current Austroads methodology which will include bus and cycle movements in addition to general vehicle traffic. On key freight routes, Auckland Transport already monitors inter-peak travel times and freight journey time reliability, and has demonstrated its ability to maintain average journey times over the 2012-14 period.

Auckland Transport would welcome the opportunity to work with the Ministry and with NZTA to ensure that performance measures achieve their aim of providing an overview of transport system performance and the benefits of transport investment.

**Support for an increase in funding for public transport** – AT supports the merging of PT Services with PT Infrastructure. This will allow funding to be moved to where it is of most value in achieving the GPS’s aim of supporting economic growth and productivity. In highly congested areas public transport is the most viable way to free up capacity and reduce congestion. Auckland has set ambitious targets for increasing patronage. Whilst the additional funding for PT is welcome, the increase is likely to be insufficient to meet targets.




**AT supports the funding of the Auckland Package and the recognition of the special issues that transport in Auckland faces** –The Auckland Package contains projects which are necessary for the reduction in congestion in Auckland.

## Next steps

A consultation response will be written based on the Key Points for Feedback and National Strategic Direction sections of this paper.

**Attachments** There are no attachments to this paper.

## Document ownership

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## Glossary

Acronym	Description	Business Unit
Draft GPS	Engagement Draft Government Policy Statement on Land Transport 2015/16 to 2024/25	

NLTF	National Land Transport Fund	
NZTA	New Zealand Transport Agency	
RoNS	Roads of National Significance	
NLTP	National Land Transport Programme	
MoT	Ministry of Transport	

