

Draft Government Policy Statement on land transport (GPS) 2024

Release of draft for consultation – March 2024

Frequently Asked Questions

About the GPS

What is the GPS?

The GPS is the Government Policy Statement on Land Transport. It outlines what the Government wants to achieve in land transport, and how it expects to see funding allocated between types of activities (for example, roading, public transport and road safety) across New Zealand's land transport system.

Each GPS sets out the priorities for a 10-year period and is updated every three years.

What is in the GPS?

The GPS guides the NZ Transport Agency (NZTA), KiwiRail and local authorities on land transport investment.

The GPS outlines:

- the outcomes the Government wants to achieve from its investment in land transport through the National Land Transport Fund (NLTF) over the next 10 years
- how much funding will be provided to the NLTF for NZTA to allocate to transport investments
- how the NLTF revenue will be funded
- how the Government wants NLTF funding to be allocated across areas of investment known as activity classes (for example, safety, state highway improvements, and walking and cycling improvements).

GPS 2024 also references system reforms the Government is looking to undertake in the transport and infrastructure sectors to aid in the delivery of GPS priorities.

Hasn't consultation on the draft GPS 2024 already taken place?

In August and September 2023, the previous government consulted on a draft GPS 2024. Following the 2023 General Election, the Coalition Government prioritised developing a new draft GPS that reflects the Coalition Government's transport priorities.

Consultation on the Coalition Government's draft GPS 2024 is now open. Feedback on the draft GPS 2024 closes at 12pm Tuesday 2 April 2024.

You can find more information at: www.transport.govt.nz/area-of-interest/strategy-and-direction/government-policy-statement-on-land-transport-2024/

How will the Government fund the investments outlined in the draft GPS?

Investments in the draft GPS will be funded from the NLTF, direct Crown grants and private finance.

The NLTF funds transport projects, often with co-investment from local government for projects that benefit their communities.

The NLTF is largely made up of revenue from Fuel Excise Duty (FED) and Road User Charges (RUC). Other sources of NLTF revenue include motor vehicle registration and licensing fees, the sale of surplus land and property, road tolls and freight rail track user charges.

The draft GPS 2024 proposes that additional Crown funding and financing be injected into the NLTF over 2024/25 – 2026/27.

Additional funding and financing approaches will also be developed and utilised to meet our transport investment needs. The first step of this is already underway, with light electric vehicles required to pay road user charges (RUC) from April 2024. The next steps include requiring all road vehicles to move from fuel excise duty (FED) to road user charges (RUC).

The Government expects NZTA and the Ministry of Transport will work together to examine how alternative funding and financing arrangements could be used for all new major transport infrastructure projects – such as tolling, time of use charging, equity finance and value capture.

How does the GPS guide how projects are funded?

The GPS sets the strategic direction and funding allocations for land transport investments, and provides guidance on how to invest the NLTF. NZTA has responsibility for which projects or investments receive funding through the development of the National Land Transport Programme (NLTP), which gives effect to the GPS.

To be considered for funding from the NLTF, an activity or transport project needs to be referenced in a Regional Land Transport Plan (RLTP). RLTPs are developed by local authorities, identify investment priorities at a regional level and must be consistent with the GPS.

Why is the GPS needed?

Transport investments have long lead times, high costs and leave long legacies. Transport planning and investment need to be guided by a long-term strategic approach; with a clear understanding of what outcomes the Government wants. The GPS influences decisions on how money will be invested and guides local government and NZTA on the type of activities that should be considered for inclusion in RLTPs and the NLTP.

When will GPS 2024 take effect?

GPS 2024 will take effect from 1 July 2024, at which point it replaces the previous GPS (GPS 2021).

What if a draft RLTP is developed before the GPS was released?

Some councils may have developed their draft RLTP and commenced public consultation on their RLTPs before the draft GPS was released. Others may choose to make changes to their draft RLTPs and go through another round of consultation to improve their alignment with the GPS. Ultimately, these are decisions for Regional Transport Committees (RTCs) to make.

To be considered for funding from the NLTF, an activity or transport project needs to be referenced in a RLTP, and RLTPs must be consistent with the GPS. Releasing the final GPS by June 2024 provides councils time to make amendments to improve alignment with the GPS.

What has changed since GPS 2021?

A lot has changed since both GPS 2021 and the previous Government's draft GPS that was released for consultation before the 2023 election. Key areas of focus in the draft GPS 2024 include:

- Four new strategic priorities:
 - economic growth and productivity (this priority represents the overarching objective of the GPS 2024)
 - increased maintenance and resilience
 - safety
 - value for money.
- Reintroducing the successful Roads of National Significance programme, which was started under the previous National Government in 2009.
- Increasing investment in road maintenance, with a focus on proactive management of road conditions to reduce the risk of potholes.
- Progressing different funding and financing tools that will play a greater role in infrastructure delivery.
- Increasing levels of enforcement, including roadside alcohol testing, beginning roadside oral fluid testing for drug use, and reviewing fines for traffic offences alongside a wider regulatory programme to improve vehicle standards.
- Enhancing the focus on achieving better value for money, performance and efficiency in how transport investments are managed.
- Leveraging technology and innovation as critical enablers for how transport is invested in in future.

Outcome of Government's investment in land transport

What are the strategic priorities in the draft GPS 2024?

The outcomes the Government wants to achieve from NLTF investment are outlined via a set of strategic priorities. These are:

- economic growth and productivity
- increased maintenance and resilience
- safety
- value for money.

The economic growth and productivity strategic priority is the overarching objective of the draft GPS 2024 – this reflects the significant role that quality transport connections will play in supporting New Zealand's economic growth and productivity in the coming years. The other strategic priorities of increased maintenance and resilience, safety, and value for money, are all equally weighted and support the overarching objective of economic growth and productivity.

What specific outcomes does the Government expect will be achieved by the draft GPS 2024?

The 2024-27 NLTP and corresponding RLTPs are expected to prioritise projects and activities that progress the GPS 2024 priorities. In doing this, the focus should be on achieving the following impacts:

Economic growth and productivity

- reduced journey times and increased travel time reliability

- less congestion and increased patronage on public transport
- improved access to markets, employment and areas that contribute to economic growth
- more efficient supply chains for freight
- unlocked access to greenfield land for housing development and supporting greater intensification.

Increased maintenance and resilience

- more kilometres of the road network resealed and rehabilitated each year
- fewer potholes
- a more resilient network.

Safety

- reduction in deaths and serious injuries
- increased enforcement.

Value for money

- better use of existing capacity
- less expenditure on temporary traffic management.

What are the Roads of National Significance?

The Government will reintroduce the Roads of National Significance programme to achieve its strategic priorities. By highlighting these projects, the Government expects their strategic importance will be focused on during the development of the NLTP.

The Roads of National Significance include the following strategic corridors:

Whangarei to Auckland, with the following stages prioritised:

- Alternative to Brynderwyns
- Whangarei to Port Marsden
- Warkworth to Wellsford.

Tauranga to Auckland, with the following two stages prioritised:

- Cambridge to Piaere
- Tauriko West State Highway 29.

Auckland roads:

- Mill Road
- the East West Link.

Roads to unlock housing growth:

- Hamilton Southern Links
- Petone to Grenada Link Road and the Cross Valley Link
- the North West Alternative State Highway (SH 16).

Other major routes:

- Takitimu Northern Link Stage 2
- Hawkes Bay Expressway
- Second Mt Victoria Tunnel and Basin Reserve upgrade
- the Hope Bypass
- The Belfast to Pegasus Motorway and Woodend Bypass.

Further Roads of National Significance may be added over time.

There were also a number of Roads of Regional Significance highlighted, including the second Ashburton Bridge, projects that improve and support the cyclone and flood recovery for the East Coast and Central North Island, and investment in a number of critically important bridges in the South Island.

How will the draft GPS 2024 support the efficient movement of freight?

The Roads of National Significance Programme is expected to reduce congestion and increase freight efficiency. Increased spending on road maintenance is expected to improve safety and resilience for the movement of freight.

Investment in rail will also be focused on the movement of freight between Auckland, Hamilton, and Tauranga.

What does the draft GPS 2024 mean for investment in the rail network?

The draft GPS 2024 focuses rail investment on the highest value parts of the network to support the efficient movement of freight, notably on the connections between Auckland, Hamilton, and Tauranga. This will complement investment in the State Highway network to deliver a productive and efficient supply chain.

Investment in metro rail networks will support the efficient movement of people in Auckland and Wellington.

Existing investments identified in the draft GPS include:

- completing the City Rail Link
 - Wiri to Quay park - third main line
 - Papakura to Pukekohe electrification
 - Drury rail stations
 - Whangārei to Otiria
 - Ashburton freight hub
 - lower North Island rail improvements
- (includes new passenger rolling stock for the Wairarapa and Manawatu lines and related network infrastructure)
- rail network investment programme – freight
 - non-commercial rail investment
 - rolling stock.

There are other commitments to rail that fall outside the GPS/NLTF and work is continuing to progress on these projects. Ministers are progressing further discussions around what further funding would be required for the rail network and will have more to say on that in due course.

How does the draft GPS 2024 direct investment in public transport?

Effective public transport investment provides commuters with more choice and helps reduce travel times, congestion, and emissions.

In Auckland, the Government is focused on completing the City Rail Link and Eastern Busway in the next three years. Alongside this work, planning will also be undertaken in the next three years for the delivery of the Northwest Rapid Transit Corridor and the Airport to Botany Busway.

In Wellington, the Government will continue to deliver the Lower North Island Rail Integrated Mobility (LNIRIM) project, to upgrade rail network substations, and replace rolling stock for the Wairarapa and Manawatu lines. The draft GPS also supports work by local councils to accelerate the North-South, East-West, and Harbour Quays' bus corridors.

While there has been a 71 percent increase in funding for public transport over the past five years, patronage has decreased by 23 percent. This has partly been caused by COVID-19 restrictions, but numbers have not increased back to pre-COVID levels.

The private share of funding for public transport over the same period has also fallen from approximately 32 percent to 11 percent which is putting significant funding pressure on local councils and the NLTF.

The draft GPS expects that local government will seek additional revenue from public transport fares and other third-party revenue.

How will the Government ensure value for money?

The draft GPS 2024 includes value for money as a strategic priority. This includes looking to improve the standards, practices, capabilities, and strategic alignment of its investment. The Government will require road maintenance contracts to be brought into line with the strategic priorities in the draft GPS. To ensure value for money, the following changes will be made:

- reducing NZTA head office overheads by 7.5 percent
- increasing farebox recovery and third-party revenue (e.g. advertising) on public transport services
- reducing expenditure on temporary traffic management, while maintaining the safety of workers and drivers
- focussing on outcomes in road maintenance and safety investment
- making better use of existing assets by allowing time of use charging or the use of dynamic lanes in main cities to manage demand
- making better use of existing digital infrastructure and information systems.

A performance framework will be established to support monitoring of value for money. See accountability below for more information.

How will the Government improve the current state of the roads?

Maintaining the road network is a priority in draft GPS 2024. To fix the growing number of potholes on our roads, and to prevent further deterioration in roading quality, the draft GPS 2024 increases road maintenance funding by \$640 million compared to the draft GPS released in 2023 by the previous Government.

This additional funding is reflected in the newly established Pothole Prevention Fund, through the State Highway Pothole Prevention and Local Road Pothole Prevention activity classes. The prevention of potholes, and improving resilience by addressing drainage problems, will lead to less costly reactive repair work.

In addition to allocating different levels of funding for different types of maintenance activities, the Minister of Transport will hold NZTA (and indirectly, the wider sector) to account for how it delivers value for money. This will mean delivering a no-frills approach to network management with a stronger focus on the fundamentals, including managing assets effectively, reducing congestion and enhancing safety and economic growth.

Funding

How much funding is forecast under the draft GPS 2024?

The draft GPS 2024 signals the Government's transport priorities and guides investment in land transport of ~\$7 billion from the NLTF per annum. The draft GPS 2024 will also guide ~\$1.5 billion per annum from local government.

What changes to NLTF revenue are being proposed through the draft GPS 2024?

The Government recognises the significant cost pressures the NLTF is facing and proposes to increase revenue by \$4.7 billion from \$15.5 billion in 2021/22-2023/24 to \$20.2 billion in 2024/25-

2026/27, an increase of over 30 percent.

To do this, an additional funding package of \$7.1 billion is being proposed. This comprises:

- Crown funding and financing of \$6.2 billion to limit cost pressures on household and business budgets.
- Two \$25 increases in the annual licensing fee component of Motor Vehicle Registration (MVR) in January 2025, and January 2026. This fee hasn't been increased since 1994 and inflation has reduced the real value of this NLTF contribution by half. The change will return MVR to the 1994 level, in real terms.
- Starting from January 2027, semi-regular increases in fuel taxes for three years, consistent with historic norms prior to 2020. In January 2027, FED and RUC will be increased by 12 cents per litre, followed by 6 cents per litre in January 2028, and an annual 4 cents per litre starting in 2029. These increases will raise \$11.5 billion by 2034/35. These increases mean that the average driver of a petrol vehicle in 2027 would expect to pay an additional \$2.06 per week (including GST, \$1.80 GST exclusive).¹

Is the Government raising fuel taxes?

The Government is aware of the cost-of-living crisis experienced by New Zealanders and will be providing additional Crown funding and financing to the draft GPS to reduce the impact on New Zealanders.

The Government is delivering on its commitment to not increase fuel taxes this term. However, the cost pressures in the NLTF necessitate a return to previous practice of regular increases in FED and RUC. The Government plans to return to regular FED and RUC increases from January 2027.

What changes are proposed to funding for the land transport system?

The land transport funding system is facing significant pressure due to rising demands and costs. This includes historic deferral of maintenance, increasing severity and frequency of extreme weather events, workforce pressures, and a period of heightened inflation.

The Government has provided additional funding to meet these pressures in the short term. Longer term, a project is already underway to look at the future of revenue in the transport system and consider how to make the system more sustainable in the context of climate change and increasing cost pressures.

The first step of this is already underway, with light electric vehicles required to pay RUC from April 2024. The next steps include requiring all road vehicles to move from FED to RUC. The Government also expects NZTA and the Ministry of Transport will work together to examine how alternative funding and financing arrangements could be used for all new major transport infrastructure projects – such as tolling, time of use charging, equity finance and value capture.

The Government is signalling a number of system reforms to be implemented in parallel with the delivery of this GPS. These reforms will provide more sustainable revenue, help contain costs, and make it easier for delivery agencies to do their jobs. Key among the changes is a move to a 10-year NLTP, which will provide more certainty to local authorities and their commercial partners, and to the travelling public.

¹ This figure is based on a driver travelling an average distance of 10,500 kilometres per year with an average fuel efficiency of 7.4 litres per 100km in 2027.

Are there any new activity classes in the draft GPS 2024?

The local road and state highway maintenance activity classes have each been separated into four new classes. The new maintenance activity classes will ensure NZTA, and councils, focus a defined proportion of their maintenance funding on improving our roads and enhancing their resilience.

Performance and delivery

How will the Government ensure that NZTA is delivering value for money for taxpayers and road users?

With the draft GPS 2024 investing \$20.2 billion into the transport network there needs to be a focus on value for money and achieving better outcomes for New Zealanders through the use of this funding. The draft GPS 2024 sets out value for money as a key strategic priority and includes clear expectations that the NZTA focuses on delivery, value for money, and considers other funding sources and revenue models.

The Minister expects NZTA to develop a Performance and Efficiency Plan that will:

- improve the management of benefits, costs, risk and uncertainty at the programme and activity class level
- 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 overheads and back-office costs.

Does the draft GPS address the need to improve performance across the transport sector?

Along with providing direction on land transport spending, the draft GPS outlines a range of short- and medium-term performance indicators and expectations on regular reporting of results. For some of the key outcomes sought by the draft GPS, the Government has identified specific targets for performance:

- achieving long-term maintenance outcomes of renewing two percent of the network and resealing nine percent of the network each year
- fixing potholes on the State Highway network within 24 hours of being reported
- NZ Police to undertake at least three million roadside alcohol breath tests per year
- NZ Police to undertake at least 50,000 roadside oral fluid drug tests per year (once the new regime is in place).

The long-term maintenance outcome reflects what NZTA considers to be a sustainable level of activity to work towards. Resealing work can extend the life of an asset and postpone the need for renewals and repairs. Renewal work involves removing a road's seal layer to work on the underlying substrate, which provides structural strength. Determining the right approach depends on the circumstances, especially when a State Highway's traffic volumes may have significantly changed since the road was last renewed.

The Government intends publishing a new set of objectives and actions on road safety which focus on safer roads, safer drivers, and safer vehicles. The draft GPS supports the Government's road safety objectives by enabling actions such as the Road Policing Investment Programme.

How will the draft GPS improve accountability across the sector?

To increase accountability, the Government will review the role and scope of the road efficiency group (REG) that was started by the previous National-led Government in 2012. This will ensure a focus on maximising the efficiency and effectiveness of maintenance work and reducing spending in areas like temporary traffic management.

The Performance and Efficiency Plan will also ensure activities and functions are aligned to drive better accountability, delivery and value for money from transport investments.

In addition, the Government will appoint independent members to the REG and will streamline and refocus this group to deliver better accountability, delivery and value for money from our transport investments.

System reforms

What do the Government's system reforms involve?

In parallel with the GPS, the Government is planning a number of reforms to the transport system. These reforms will provide more sustainable revenue, help contain costs and make it easier for delivery agencies to do their jobs. The reforms include:

- Moving to a 10-year NLTP, which will provide more certainty to local authorities and their commercial partners.
- Putting in place time of use charging to improve travel times and network performance, reducing overall costs for freight businesses and their customers. There should also be a reduced need for some capital works on these roads.
- Reforming tolling legislation and allowing for time of use charging on the most congested parts of New Zealand's road network to help reduce congestion and maximise use of existing assets.
- Passing legislation to roll out roadside oral fluid drug testing and set targets for Police to undertake 50,000 roadside oral fluid tests per year (once the new regime is in place).
- Fast tracking consents for major infrastructure projects – which will support the major transport projects within this GPS including the Roads of National Significance and rapid transit projects.

What is the Government doing about speed management?

The Government has indicated it will reset the approach to speed management. It has asked Road Controlling Authorities to await a new rule that will take a more balanced approach to speed limit settings, ensuring economic factors, travel times, and the views of communities and road users are considered, alongside safety.

The Government expects speed limits that have been reduced to be reversed where it is safe to do so, enabling people to get to where they need to go quickly and safely.

Implementation and next steps

Will local government and NZTA have time to incorporate the draft GPS into their plans?

The Government is releasing the draft GPS 2024 now to give NZTA, local government and the sector an indication on what activities to include in their transport planning and funding strategies.

The final GPS is required to be released by July 2024, and the current consultation process will allow the Government to meet that timeframe.

What are the next steps and when will the final GPS 2024 be available?

Following the close of consultation in April 2024, Ministry of Transport officials will work with the Minister of Transport to finalise the GPS. The Ministry of Transport will summarise the submissions received through the consultation process and will use these to provide advice to the Minister of Transport on what the final GPS 2024 should include.

A final GPS will be released by June 2024, following Cabinet approval.

How do I provide feedback?

Public consultation on the draft GPS 2024 is now open. To provide feedback, please visit www.consult.transport.govt.nz and complete the short survey.

Feedback on the draft GPS 2024 closes at 12pm Tuesday 2 April 2024.

If you have any questions, please contact gps@transport.govt.nz.