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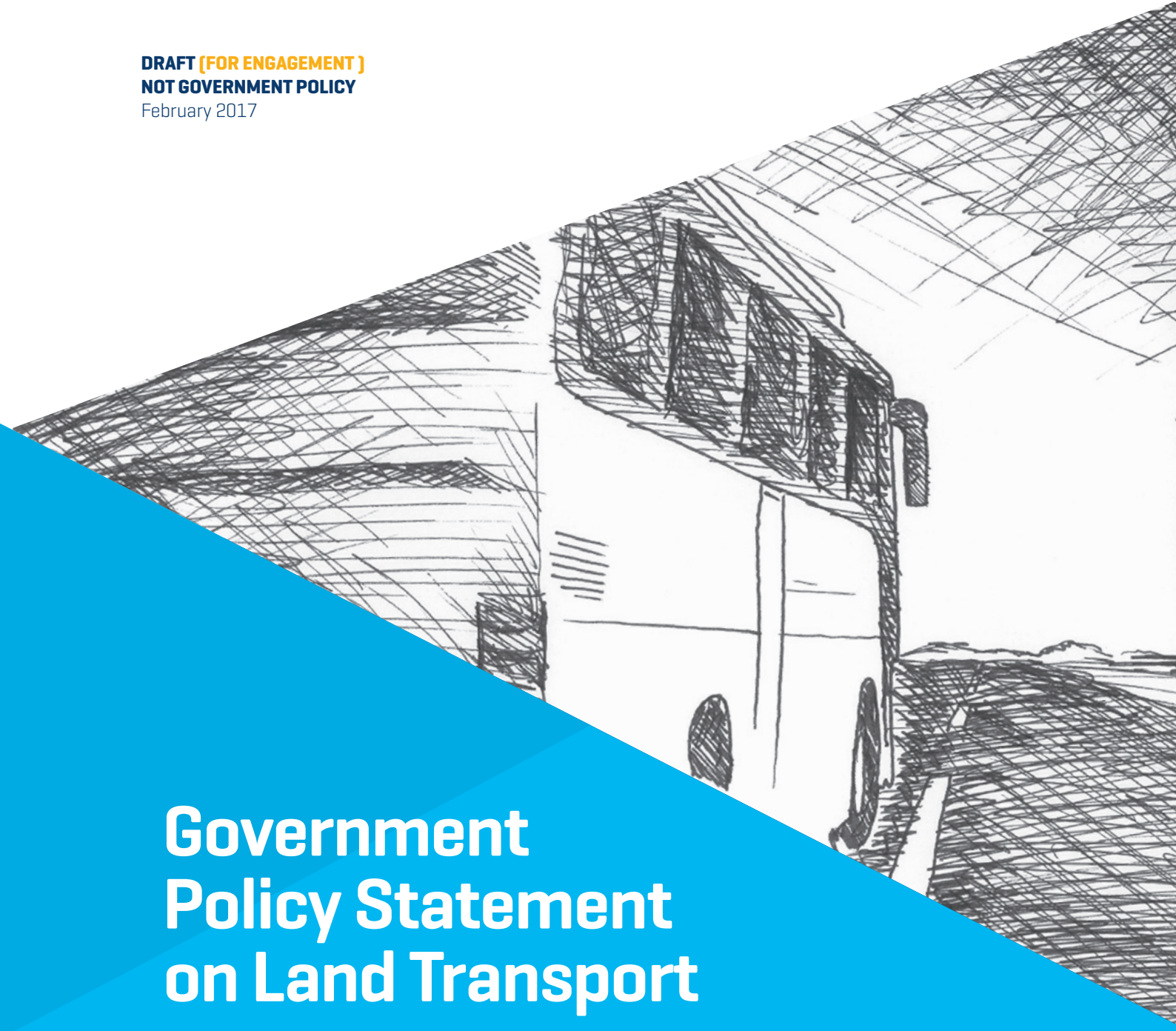


Government Policy Statement on Land Transport

2018/19
–
2027/28

New Zealand Government

Contents

1

Land transport context

1. The purpose of this section is to:
   - summarise the role of the Government Policy Statement on land transport
   - outline changes in the land transport system and Government policies that have shaped the direction of Government Policy Statement on land transport (GPS 2018).

A: Role of the Government Policy Statement on land transport

2. Transport is a critical part of daily life for all New Zealanders. We use transport for access to services, travel for work, education, and for visiting family and friends. Transport networks allow businesses, regions, and cities to be well connected and productive.

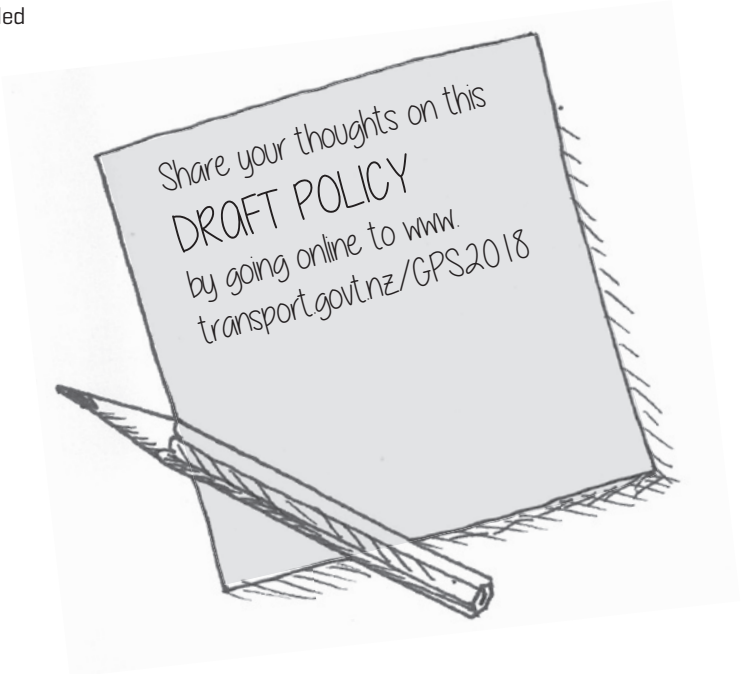
3. Transport investments have long lead times, high costs, and leave long legacies. This requires planning ahead, while allowing for uncertainties, to ensure today's transport network will be able to meet our future needs.

4. The Government Policy Statement on land transport (the GPS) outlines the Government's strategy to guide land transport investment over the next 10 years. It also provides guidance to decision-makers about where the Government will focus resources. The Land Transport Management Act 2003, sets out the scope, and requirements for the GPS (see Appendix A, B and C for details).

5. The GPS influences decisions on how money from the National Land Transport Fund (the Fund) will be invested across activity classes, such as State highways and public transport. It also guides the NZ Transport Agency and local government on the type of activities that should be included in Regional Land Transport Plans and the National Land Transport Programme.

6. The GPS provides guidance on how over $3 billion of New Zealanders' money is spent through the Fund each year. It also provides signals for spending of a further $1 billion each year on land transport through local government investment and another $1 billion a year of Crown investment is spent each year.

7. The GPS takes into account how changes to New Zealand's transport needs and changes in Government policies affect land transport investment.



B: Transport changes

8. There is increasing pressure on our transport network, and the Government needs to respond to current and future demand. There are also new opportunities for the way that people and freight will travel on our network in the future, due to developments in technology.

Transport demand

9. Land transport demand is measured by the number of vehicle kilometres travelled (VKT). Growth in VKT has increased significantly since 2013, as shown by the light blue line in Figure 1. Population growth, an improving economy, and lower fuel prices appear to be influencing this change.

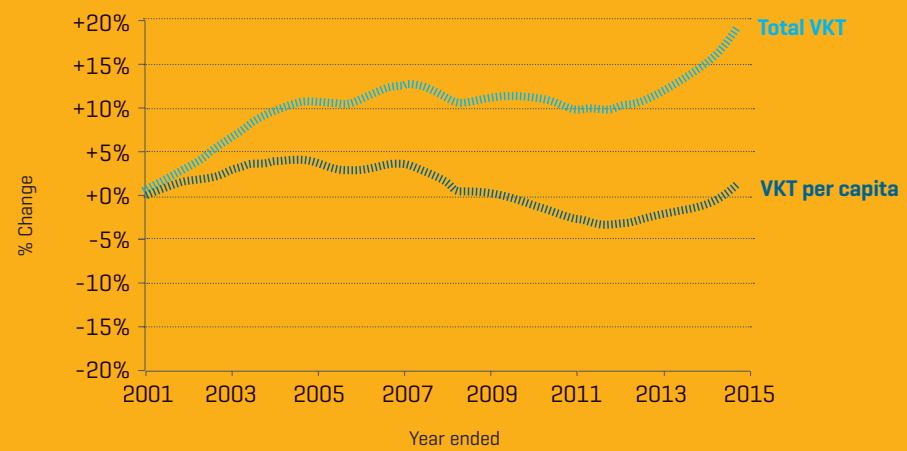
10. VKT vehicle travel per capita declined between 2005 and 2012 with slight increases since (see Figure 1).

11. Although there has been an overall increase in VKT, there have been stronger increases in commercial vehicle travel with only a very small increase in light vehicle travel.

12. There are a number of factors that are influencing the change in transport demand, including:
    - **Changes in population.** Population is growing in urban areas, increasing demand on the transport network – particularly in Auckland, Wellington, Christchurch, Hamilton and Tauranga.
    - **Changes in freight movement.** The regions with the most freight movements are Auckland, Canterbury, Waikato and Bay of Plenty.
    - **Tourism.** The increase in tourist numbers in some regions has a much larger effect than population growth or changes in freight movements. Tourist numbers have grown significantly – doubling since 1999 to over 3.1 million visitors in 2015. Increased tourism puts additional pressure on road infrastructure. Tourism creates demand for different quality roads, for example tourists' needs are different from those of freight operators.
    - **Public transport use.** There is strong growth in the number of people using public transport in Auckland and in Wellington. Outside these two cities, growth is lower.
    - **Cycling.** There has been increased participation in cycling in urban areas especially where new cycle networks have been developed. This growth is expected to continue as dedicated infrastructure is put in place that separates those who walk or cycle from vehicles.
    - **Other factors.** Decreasing numbers of young people getting their driver licences, an increasing percentage of elderly people who tend to drive less, and an increase in use of the internet which can replace travel for personal business (such as shopping and social travel).

13. Part of the response to increasing demand will be to influence this demand – such as choice of travel times or modes.

Figure 1: Change in total VKT and VKT per capita since 2001



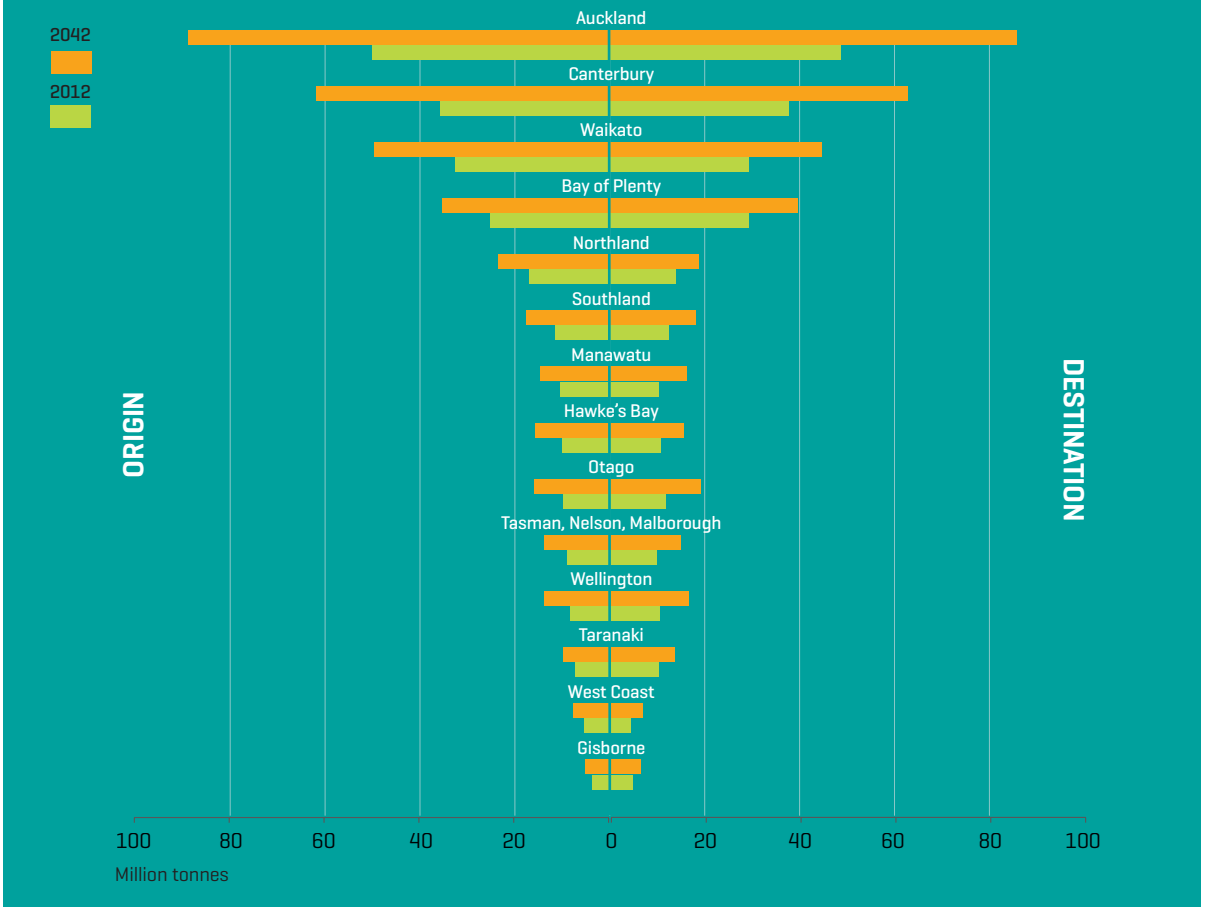
Future transport demand forecasts

14. Over the next three years, transport demand will continue to increase. There is more uncertainty around the level and type of transport demand in the medium-term (4-10 years). However based on current trends, we know population is expected to grow, freight movements will increase and tourist numbers will also grow.

15. New Zealand's population is forecast to rise to 5 million by 2028, and around 2 million of those people will live in Auckland. The population growth is expected to be concentrated in the Auckland, Waikato and Bay of Plenty regions. Outside these areas, slower population growth, or even a decline in population, is expected.

16. The amount of freight on our network is forecast to grow by over 50 percent by 2042 (from 230 million tonnes in 2012, to over 370 million tones in 2042). Much of that growth will be in regions that already have a substantial amount of freight, as illustrated in Figure 2. Road transport is expected to remain the primary mode for freight, accounting for about 70 percent of freight moved, with most of the freight growth concentrated in Auckland, Canterbury and Waikato.

Figure 2: Freight movements 2012 and 2042



17. Tourist numbers are forecast to increase from over 3 million in 2015 to just over 4.5 million in 2022. The regions expected to experience the highest tourist numbers are Auckland, Canterbury, Otago, Waikato and Wellington.

18. While transport demand is expected to increase, the overall change will be influenced by a number of factors including technology change. Many new transport technologies and technologies that affect transport usage are becoming available. Innovations, which create new transport options such as ride sharing and ride hailing services, are increasingly becoming available.

19. Technology will also influence demand and productivity of transport through using sensors, computing and communications technologies on vehicles and transport infrastructure. Intelligent transport systems make the transport system safer, more efficient and more effective by increasing network access and capacity and improving transport flows. Connected vehicles, autonomous vehicles, and smarter transport pricing are expected to accelerate change and alter transport demand in the future.

20. It is difficult to predict how quickly these technologies will become available and how much change will occur. The full effect of some technology changes will not be felt until there is significant network and/or vehicle coverage.

21. How fast and how much transport will change depends on a range of other factors including the cost of any new technology, people's willingness to adopt the technology, and central and local government creating an environment that supports change.

Transport priorities and demand

22. The strategic priorities for GPS 2015 were: economic growth and productivity, road safety and value for money.

23. **Economic growth and productivity:** The transport network is not performing well where increases in demand are concentrated, for example, population growth is causing congestion in some urban areas, and freight growth is causing congestion at some locations on key freight routes on regional roads.

24. Changes are needed to support moving freight on our roads, like the development of inland ports and distribution centres, making more use of rail, and investments in road and bridges to allow more widespread use of high productivity motor vehicles.

25. A major influence on future freight demand is the increasing size of international freight vessels. Larger vessels will make visits to fewer ports for loading and unloading freight. This will reduce the international portion of shipping costs but increase domestic freight movement required by road, rail and/or coastal shipping.

26. **Road safety:** The number of death and serious injuries on our roads was decreasing for a long period of time but has increased since 2013. While an increase in VKT can account for some of this increase, behavioural and environmental factors have also significantly contributed to the increase in road trauma. Experience has shown that safety interventions can reduce death and serious injuries even with increased vehicle travel. In addition, there are many emerging safety technologies that have potential to reduce risk despite increases in travel such as technologies that enable the vehicle to detect potential problems and take remedial action sooner.

27. **Value for money:** As transport demand increases so does pressure on the network and the number of transport projects put forward to improve the network. Recognising this pressure, GPS 2015 increased the emphasis on value for money, and progress was made. This included:
    - roads being able to carry more high productivity motor vehicles
    - improvements in rail freight travel time
    - the introduction of the One Network Road Classification system and the collaborative efforts of the Road Efficiency Group delivered better coordination and efficiency gains for maintenance activities. Maintenance costs per kilometre have reduced for some regions
    - the new public transport operating contracts have increased competition in the public transport markets and there is evidence that fare box recovery rates are improving.

28. Technology changes are expected to provide more options to drive increased value for money from the land transport system. This includes better delivery options for transport users and those that manage the system.

C: Government policies relevant to transport

29. The GPS takes into consideration a range of Government policies. Those relevant to GPS 2018 are summarised below, and additional detail is included in Appendix D.

Business Growth Agenda
Focus: growing New Zealand's economy, expanding business and creating jobs

Connecting New Zealand
Focus: improving the productivity efficiency of our transport networks

Safer Journeys 2010 – 2020
Focus: a land transport system where deaths and serious injuries are decreasing

Intelligent Transport Systems Technology Action Plan 2014-2016
Focus: enabling intelligent transport systems to enhance the operation, use, and expansion of the transport system

New Zealand Energy Efficiency & Conservation Strategy
Focus: unlocking our energy productivity and renewable potential

National Infrastructure Plan
Focus: providing national direction to infrastructure development in New Zealand, and providing confidence to the private sector so they can make long term investment decisions

Regional Economic Development
Focus: supporting regional economic development plans where regions are missing out on growth opportunities

Housing Infrastructure Fund
Focus: unlocking housing development in high growth areas

Kaikoura earthquake and tsunami recovery
Focus: restoring access to North Canterbury

30. The Auckland Transport Alignment Project is a collaborative exercise between Auckland local government and central government officials. It has provided analysis to inform the development of the GPS. The Auckland Transport Alignment Project identified four key strategic challenges and a strategic approach to investment for Auckland. The strategic approach looks to make better use of existing networks, target investment to the most significant challenges, and maximise new opportunities to influence travel demand.

31. The draft GPS 2018 recognises the Auckland Transport Alignment Project and Kaikoura earthquake but does not fully take the funding implications of Auckland Transport Alignment Project into account. There is expected to be changes to the final GPS 2018 once funding decisions have been made.

2

Strategic direction

32. This section describes the overall strategic direction for GPS 2018, the national objectives for land transport, and the results the Government wishes to achieve through the allocation of funding from the Fund. It then sets out how these components work together.

A: Strategic direction

33. The government raises revenue from road users to deliver transport infrastructure and services. It is important that the revenue is used to deliver the right infrastructure and services to the right level and at best cost.

34. The strategic direction sets the 10 year view for the GPS to drive improved performance from the land transport system.

35. The three strategic priorities, continued from GPS 2015 are:
    - economic growth and productivity
    - road safety
    - value for money.

36. It is expected that maximising value for money will automatically advance economic growth and productivity and road safety. However, there will be investments with a low benefit cost return that are necessary to advance Government policies. In these cases there will need to be a strong policy alignment (as expressed in the GPS) with Government policies and transparency about the reason for the decision.

Strategic priority:
Economic growth and productivity

37. The key priority for GPS 2018 is economic growth and productivity.

High quality transport connections

38. The transport sector supports economic growth and productivity by providing quality transport connections that enable goods and people to reach their destinations efficiently. This is achieved by considering the whole transport system (a one transport system approach) which means considering all modes (including those the GPS does not fund). The appropriate transport connections will be a mix of transport modes (road, rail, sea, air, public transport and active modes), and vehicles (car, bus, truck, trains, boats, planes) and hubs (for example, inland ports and bus interchanges). This also means considering both physical changes to the network and digital solutions.

39. Investment in movement of freight by road is covered by the GPS, but investment in movement of freight by rail, sea and air is not. However, coordination between the GPS and those responsible for different modes of transport can help to maximise the benefits of transport to the economy.

40. To provide high quality connections, the current drivers of transport demand (such as growth and changes in population, freight, and tourism) need to be recognised. Consideration is also needed of the future drivers of demand, such as changes in transport preferences (e.g. active transport), technology and innovation, as well as future uncertainties. Because of uncertainties, a staged or adaptive management approach could be necessary to reduce risk.

41. Critical transport connections on the network that support economic growth and productivity include those servicing processing and export operations, important regional markets and tourist destinations.

42. Focusing on these connections also supports Government priorities such as Auckland (including how the Auckland Transport Alignment Project is implemented), housing growth (through the Housing Infrastructure Fund), and regional economic development.

43. In line with the National Infrastructure Plan, GPS 2018 also has a focus on optimising the use of the existing networks and services to deliver an appropriate level of service for users. Optimising requires sustaining the current level of service through maintenance and resilience work (to reduce transport disruptions). It also includes improving the productivity of the land transport network, such as intelligent transport systems, to help manage transport flows and congestion, allow transport users and vehicles to make decisions in real time, and assist management of compliance.

Increasing the capacity of the network

44. In some areas, maintaining high quality transport connections requires increasing network capacity (including the capacity for public transport and activity modes) or rail capacity and vehicle capacity. (Capacity is measured in the movement of people and goods). Another way to increase capacity is to focus on how to get the most out of existing transport infrastructure, for example, the Auckland Transport Alignment Project recognises that demand management and making the best use of existing networks are part of the solution for Auckland. This includes encouraging increases in vehicle occupancy, and supporting greater uptake of public transport, walking and cycling.

High urban growth areas (including Auckland)

45. Well-connected and accessible cities are critical to New Zealand's economic and social prosperity. GPS 2018 focuses on assisting high growth areas by supporting the Housing Infrastructure Fund and the implementation of the Auckland Transport Alignment Project. The GPS 2018 will explicitly allow for lead investments where needed.

46. Auckland is the major New Zealand growth area and is a priority for GPS 2018. As joint transport-funders with a shared interest in Auckland's success, local and central government officials have worked together on the Auckland Transport Alignment Project to identify a strategic approach for developing Auckland's transport system.

47. The strategic approach identifies four key transport challenges for the next decade:
- enabling a faster rate of housing growth, particularly in new greenfield growth areas
- addressing projected declines in access to jobs and education, particularly for people living in the west and the south
- addressing increasing congestion on the motorway and arterial road network, particularly at non peak times
- increasing public transport use to relieve congested corridors.

48. The approach involves not only targeting investment to these challenges but also requires an equally strong focus on making better use of Auckland's existing network and maximising opportunities to influence travel demand.

Regional economic development and tourism

49. Transport connections to markets, particularly for exports, are important. The majority of exports come from non-urban areas. In addition, tourism growth in regions is putting pressure on regional transport networks and will need to be addressed.

Strategic priority: Road safety

50. Road safety remains a priority for the Government.

51. New Zealand has made significant progress in reducing the costs resulting from road trauma. Between 2000 and 2013, the rate of road fatalities per year decreased by 45 percent. However, since 2013 there has been an increase in the annual number of deaths and serious injuries. This reinforces the need for renewed focus on actions to improve the safety of all road users.

52. The safety investment in GPS 2018 takes direction from Safer Journeys (the Government's road safety strategy 2010–2020) and its associated action plans.

53. Safer Journeys establishes a vision of a Safe System, increasingly free of death and serious injury. The Safe System approach aims for a more forgiving road system that takes human fallibility and vulnerability into account. Under the Safe System, all parts of the land transport system are designed to protect people from death and serious injury, including creating safer roads and roadsides, safer speeds, safer vehicles and safer road use.

54. The GPS traditionally directs investment to improve the safety of road users through:
- safer infrastructure (new and improved State highways and local roads, and maintenance)
- safer road use (education, including road safety promotion, and enforcement such as road policing).

55. GPS 2018 continues this focus by supporting the completion of the Safer Journey's Action Plan 2012-2015 and the implementation of the current Safer Journeys Action Plan 2016-2020 in its four priority areas:
- enabling smart and safe choices
- ensuring roads and roadsides support safe travel
- encouraging safe vehicles
- making motorcycling safer.

56. GPS 2018 also signals greater emphasis on technology, partnerships, and research to deliver a Safe System. The potential contribution of new technology is large including:
- vehicle safety technologies, and connected vehicle technologies to reduce the frequency and consequence of crashes
- mapping technologies to identify areas that would benefit from safety related interventions
- automated compliance to support road users to make safer choices on the road in real time.

57. Road safety is a responsibility we all share. Partnerships and shared solutions underpin a Safe System and support value for money across investment by a range of road safety partners. GPS 2018 supports cost effective, coordinated investment in road safety outcomes achieved through partnership between central and local government, industry, and stakeholders.

58. Research and evaluation helps to target road safety interventions and investments to support a Safe System increasingly free of death and serious injury.

Strategic priority: Value for money

59. GPS 2018 increases the emphasis on value for money.

60. Value for money in transport will deliver the right infrastructure and services to the right level at the best cost. Determining the right infrastructure and services to the right level requires considering the strategic priorities, objectives and results in the GPS. It takes into account the benefits and costs over the whole of the life of the investments.

61. For many investments it will be possible to obtain good benefit cost returns while providing the right infrastructure and services at the best cost. However to sufficiently advance some government policies, investments may require a lower than normal benefit cost return (i.e. less than the average Benefit Cost Ratio (BCR) for the National Land Transport Programme (NLTP). Even in these cases, in general it is expected that the benefit cost ratio will at least exceed one.

62. In delivering value for money, investment decisions need to transparently demonstrate the:
    - contribution towards the desired results
    - return on the investment including cost effectiveness and benefit cost returns
    - reason for decisions on investment where there is:
        - high efficiency but small contribution to the results
        - low efficiency but high contribution to the results.

63. It is important that work to support lead investments is completed in a robust and transparent manner, under direction from the Government. In GPS 2018, lead investment will progress the construction of the Roads of National Significance and provide serviced land for housing development in high growth urban areas.

64. Investment also needs to get the best use out of existing assets. One Network Road Classification data shows this is being achieved through greater discipline of maintenance expenditure. New evaluation and business case disciplines, and new ways of dealing with uncertainty, will support better decision making.

B: National land transport objectives and results

65. The GPS 2018 strategic priorities are supported by the national land transport objectives and results. Each strategic priority has associated objectives, long term results (for a 10 year period), and short-medium term results (over 1-6 years). Appendix B includes further information on the GPS framework.

66. The objectives that directly support economic growth and productivity are those that look to achieve a land transport system that:
    - addresses current and future demand for access to economic and social opportunities
    - is resilient.

67. The objectives that directly link to safety and value for money are for a land transport system that:
    - is a Safe System increasingly free of death and serious injury
    - delivers the right infrastructure and services to the right level at the best cost.

68. The other objectives which are important to economic growth and productivity but have less focus in GPS 2018 are for a land transport system that:
    - provides appropriate transport choices
    - increasingly mitigates the effects of land transport on the environment.

69. The objectives and associated long term results are described in more detail in the following pages. A summary of the strategic priorities, objectives, and the long term and short term results is captured in Table 1.

Objective:
A land transport system that addresses current and future demand for access to economic and social opportunities

70. To support economic growth and productivity New Zealand's transport system needs to provide quality transport connections so people and goods can reach their destinations safely, economically, and effectively. These connections provide access for economic and social opportunities. The GPS invests specifically in land transport, however the aim is to provide the best outcomes for the transport system. A 'one transport system' approach to transport planning is desired. The GPS 2018 therefore supports coordination between those responsible for different transport modes.

71. Population, freight movements, and tourist numbers are all forecast to increase, changing the demand put on the transport networks.

72. People rely on the transport network for access to economic and social opportunities, so investments under GPS 2018 need to consider the future demands of the network.

Result:

Support economic growth and productivity through the provision of better access to markets, employment, business areas and housing development

73. New Zealand's existing land transport network is reasonably well developed and provides most of the connections needed at a local, national, and regional level. A focus for GPS 2018 is on providing transport connections that are needed for better access to markets, employment, business areas, tourist attractions, and housing development.

74. The GPS funds land transport, however, the best transport connections may involve a combination of modes. Taking a 'one transport system' approach will mean considering all modes (including those that the GPS does not fund) that might need to change to improve transport connections overall. It also promotes a focus on the connections between modes where investment might deliver a more effective and efficient transport system that results in the best level of overall gain.

National and regional transport roads

75. Important national and regional transport links need to be high quality and resilient connections. Roads need to be able to provide the right level of service needed to respond to changes in freight movements, population growth and tourist numbers. The right level of service depends on the total transport task, so must take into account other modes (such as rail, sea, air) and logistics, and how technology and innovation can be used to meet changing demands.

76. Completing the Roads of National Significance programme will provide extra road capacity to address constraints on key supply chains. Ongoing investment to increase the percentage of the State highway network that is open to high productivity motor vehicles will also increase capacity. Investment to support the Auckland Transport Alignment Project and the Household Infrastructure Fund, and corridors important for regional development will also help provide capacity. On many routes, improving capacity to meet changing demands could include greater provision of alternative modes of transport, namely public and active transport.

77. The NZ Transport Agency is developing a long-term strategic view of inter-regional routes. This long term view is developed collaboratively with key stakeholders to identify appropriate levels of service on inter-regional routes. Further work with stakeholders, including that undertaken through regional economic development action plans is required to determine the optimal timing, mix of interventions and funding arrangements.

Focus on high urban growth areas

78. Well-connected and accessible cities are critical to our economic and social prosperity. As our urban areas expand, and population in these areas increases, roads, public transport and walking/cycling networks play an increasingly vital role in creating more accessible cities.

79. Transport has a role in enabling people to live in urban areas and access employment and business opportunities. The options for access will change as technology and innovation provide new choices.

80. GPS 2018 focuses on assisting high growth areas by supporting the Housing Infrastructure Fund and the Auckland Transport Alignment Project.

81. To support the Housing Infrastructure Fund, GPS 2018 prioritises lead and other investments in transport infrastructure to help supply serviced land for housing development in high growth urban areas.

82. Auckland has the strongest population growth in New Zealand. Between 2012 and 2015, Auckland has grown by approximately 120,000 people, roughly the population of Tauranga City. Auckland's population growth has driven a marked increase in travel demand. In 2015:
    - total vehicle travel increased by around 10 percent, with over 100 million additional trips by car
    - total public transport boardings increased by around 20 percent, to 83 million trips.

83. Auckland's population is projected to increase by 45 percent to 2.2 million people over the next 30 years, accompanied by over 243,000 jobs being created.

84. Consistent with the key transport challenges identified in the Auckland Transport Alignment Project GPS 2018 supports targeted investment:
    - in roads and public transport on major corridors to help maintain and improve access to jobs and education in Auckland
    - that will contribute to a faster rate of housing growth in Auckland, particularly in new greenfield growth areas
    - that will address congestion on Auckland's motorways and arterial roads, particularly at inter-peak times
    - which will increase public transport use on congested corridors.

Result:

Support economic growth of regional New Zealand through the provision of better access to markets and tourist destinations

85. GPS 2018 focuses on assisting regional New Zealand by supporting regional economic development and relevant sections of the tourism strategy.[1] The focus is on transport investments that improve regional transport connections vital to a region.

86. There will be an increased focus on regional roads including:
    - the development of State highway and local roads that are crucial for linking production points with key distribution points. This includes routes important for exports, and those intra-regional routes critical for getting local goods to market
    - improvements to transport connections (including local roads) that get tourists to their destinations. As more tourists are choosing to self-drive this means more routes have larger tourist demand and need to be at a standard to cater for them
    - increasing the resilience of important regional roads that are prone to transport disruptions because of natural events, especially to support restoring access to North Canterbury (see Resilience Objective).

87. Support for regional economic development will be primarily through the Regional Improvements Activity Class. To ensure local transport projects are put forward by regions, the Government is considering providing additional government support to reduce the local funding contribution.

1. See Appendix D for links to the tourism strategy.

Objective:
A land transport system that is resilient

88. When the transport network is disrupted, it has flow-on effects for users and those who benefit from the transport system. A resilient transport system manages disruptions in an efficient and effective way – whether it is a shorter term disruption like a road crash, or natural disaster, or a longer-term disruption like gradual environmental changes.

89. In all cases, resilience improvements require an assessment of the risks compared to the costs of reducing those risks. Often, taking a 'whole of system' approach will create the best outcome, for example, improving a road's ability to cope with flooding as well as fixing a stop bank, improving response times in the event of a disruption, educating the community on preparedness and creating a better emergency management approach. This involves considering all parts of the transport system (that is, as a single transport system) and also non-transport systems relevant to resilience.

90. Resilience is one area where focusing on the 'whole of system' for a region may identify where it is most cost effective to mitigate or adapt to resilience risks.

Result:

Improved network resilience at the most critical points

91. It is important for economic growth and productivity that the network is resilient at the most critical points. The most critical points on our network have been determined by considering three factors:
    - the routes importance (for roads this is linked to its role as per the One Road Network Classification system) and the availability of appropriate alternative routes
    - the risk of transport disruption
    - the performance of any solution (transport or non-transport).

92. GPS 2018 gives priority to investment that improves resilience on routes to which disruptions pose the highest economic and social costs. This includes improving the resilience of the land transport system to high impact but low probability events.

93. GPS 2018 supports the development of regional plans to improve resilience, and provide investment for the best solutions on the most critical transport routes, for example, in regions that have only one route in and out. This includes the recovery of land transport system into and across North Canterbury and for urban areas such as Auckland, Wellington and Christchurch, which are vulnerable to high impact low probability natural events.

94. The best solutions take a 'whole of system' approach for a region, such as improvements as part of network upgrades, maintenance and considering non-transport solutions.

Objective:
A land transport system that is a Safe System, increasingly free of death and serious injury

95. A land transport Safe System looks beyond the user and examines the entire system – improving safety by creating safer roads and roadsides, safer speeds, safer vehicles, and safer road users. Safer Journeys drives New Zealand's approach to creating a Safe System and informs the road safety focus for GPS 2018.

Result:

Reduction in deaths and serious injuries

96. GPS 2018 will continue to support the implementation of the Safer Journeys action plan 2016-2020 and its four priority areas. It will also support the tourism strategy by improving overseas driver safety.

Ensuring roads and roadsides support safe travel

97. GPS 2018 will continue to support investment in improvements on roads through the State Highway Improvements and Local Road Improvements Activity Classes.

98. GPS 2018 will support improvements to road infrastructure to encourage road users to travel safely at posted speeds without compromising road safety. Investments will be consistent with the high priority areas identified for improvement through the Speed Management Guide. The Speed Management Guide targets the best practicable speed for reducing deaths and serious injuries and improving economic productivity.

Encouraging safe vehicle choices

99. GPS 2018 will continue to invest in educating road users about road safety, through investment in the Road Safety Promotion Activity Class. While education will continue to be predominantly delivered through public advertising campaigns, there will be an increased focus on greater community and public conversations around risks on the road and how these risks are managed.

100. GPS 2018 supports sustained advertising that promotes safe vehicle choices. Vehicle safety features and in-vehicle safety related technology has potential ability to deliver significant road safety gains. Individuals and fleet owners should be informed about the relative safety of the vehicle they are buying and encouraged to buy the safest vehicle they can afford.

101. GPS 2018 will support trials and pilots of new technologies that have a specific road safety purpose or that provide improved safety outcomes as a co-benefit of their deployment. Such trials have the potential to test the benefits of new technology in a New Zealand context and illustrate the benefits of such technology to the wider public.

A framework to support compliance

102. Road policing activities include a broad range of interventions designed to improve the safety, productivity, and reliability of New Zealand's road network. Road policing saves lives and reduces the number and extent of injuries sustained, and trauma suffered by road users.

103. GPS 2018 seeks continued improvement in productivity and value for money within the Road Policing Activity Class by:

- ensuring staff are undertaking the right activities at the right time to help prevent road trauma by continuing focus on identified high-risk factors including speed, impairment, restraints, distraction, and safety gear
- investment in streamlined and more efficient automated processes to replace inefficient manual processes so that resources can shift to focus on other high priority front line road policing activities.

104. GPS 2018 will also continue to require improved transparency and reporting of road policing investments.

Emphasis on road safety research — to inform GPS investment, and better manage risks on the road

105. GPS 2018 signals greater emphasis on road safety research to build on current monitoring programmes, and develop new programmes to establish a series of metrics that will allow greater ongoing understanding of changes in fatal and serious injuries, and likely causes.

Objective: A land transport system that delivers the right infrastructure and services to the right level at the best cost

106. There are more potential transport projects than there is available revenue to fund them. To support value for money the focus is on investments that deliver the best possible value to New Zealanders. The investment decisions made under the GPS must follow a process that supports value for money outcomes (considering the Government's priorities) allowing for changes in demand, technology and innovations.

Result:
Delivery of the right infrastructure and services to the right level

107. Making the right transport investments helps to achieve the Government's priorities of economic growth and productivity, road safety, and value for money. Good investment decisions require a rigorous investment assessment system backed by evidence. Research and good data gathering systems are vital to support this process. Having data that is easy to find, share and use is important. This investment assessment includes monitoring of transport sector outcomes and the results of investments made.

108. Monitoring of transport outcomes is still developing, however initial results indicate that:
- maintenance investments are providing adequate customer levels of service on the roads
- public transport funding is resulting in increased use and providing increased throughput in the main metropolitan areas
- the investment in road safety is not obtaining the desired results given that the road toll is trending up
- road improvements and improving the operation of the current network have greatly increased the road capacity and throughput on important national routes, and congestion levels have not worsened in the main metropolitan areas
- demand management will need to be part of the solution – particularly in Auckland.

109. The GPS will continue to support this result by:
- maintaining a rigorous investment appraisal system
- enhancing reporting on how the GPS 2018 investment strategy has been delivered.

Result:
Improved returns from investments across the land transport system

110. An important dimension of value for money is ensuring that the investment represents the best use of resources. This involves selecting investments that help achieve the Government's priorities as a dimension of providing value for money. This is also supported by a good investment appraisal system, and one that reviews and evaluates the performance of these investments while they are being implemented and when they have been completed.

111. The GPS will support this result through:
- use of a fit for purpose decision making system
- delivering projects and programmes on time and on budget
- evaluation of benefit realisation for major investments.

Result:
Improved returns from road maintenance

112. Nationally there has been good progress on improving value for money from road maintenance. The One Network Road Classification has set agreed customer levels of service for each type of road along with relevant performance standards. The collaborative approach taken through the Road Efficiency Group has improved maintenance procurements and operation practices.

113. State highway maintenance expenditure and the cost per kilometre of maintenance are decreasing in many regions, signalling that the efficiency of maintenance investment is increasing.

114. The GPS will support this result through:
- ongoing investment in network maintenance to ensure it provides the appropriate customer levels of service
- fully embedding the One Network Road Classification, Customer Levels of Service Standards, and performance measures.

Result:
Improved returns from public transport

115. Significant increases in public transport capacity have seen more people using and relying on public transport in the main metropolitan areas. These increases have occurred alongside increasing fare box recovery, indicating that the investment is resulting in more efficient outcomes.

116. The GPS will support this result by:
- continuing to invest in public transport, including modal integration where appropriate
- continuing the momentum set by GPS 2015 to increase the efficiency of public transport investment.

Result:
Innovation and technology are used to increase the net benefits from land transport investment and use

117. Innovation and technology can support value for money by providing alternatives or better choices in the way investments are made and used. This may occur during the design of a new investment or when considering options for better using the infrastructure or service once it is in place.

118. The GPS will support this result by:
- using innovation in systems, standards, procurement and technology to improve the effectiveness and efficiency of the transport system.

Objective:
A land transport system that provides appropriate transport choices

119. The land transport system needs to support a range of appropriate and accessible transport choices so that all transport users can access employment, education, and social opportunities.

120. Public transport can provide choices for people, as can walking and cycling. Some people may need other services to provide choice, as they cannot access private and public transport. This includes 'Total Mobility' or other transport services. This is particularly relevant for New Zealand's ageing population.

121. Public transport is necessary to enable more New Zealanders to participate in society. While public transport plays a vital role during peak times by moving large numbers of people through the network, it also needs to be available outside of these times to support others in accessing services, getting to work, and visiting friends and families. The land transport system looks to identify and reduce obstacles and barriers to access.

122. Walking and cycling support a more efficient and cost effective transport system, provide transport choice (especially for shorter trips), and provide substantial health benefits.

Result:

Provide an appropriate and accessible travel choices, particularly for people with limited access to a private vehicle

123. Public transport in urban areas provides transport choice for those without private vehicles to get to important destinations like work and education. Adequate walking and cycling facilities provide another choice. Further travel choice support is provided with off-peak public transport services and increasing the accessibility of services for disabled people.

124. For those who are not able to use a car or scheduled public transport due to a mobility issue, on-demand services such as 'Total Mobility' schemes are required.

125. GPS 2018 supports:
- increases in public transport capacity to support economic growth which will also provide some transport choice
- off-peak public transport in urban areas where there is sufficient concentration of users to support cost effective public transport
- low-cost enhancements to public transport to support the Disability Action Plan's intentions to increase the accessibility of transport
- continued investment in specialised services such as 'Total Mobility'
- consideration of new options provided by technology change and innovation provide better choices.

Result:

Increased safe cycling through improvement of cycle networks

126. Providing walking and cycling choices supports the New Zealand Health Strategy, which recognises the link between active transport, improved health and reduced costs to the health sector.

127. Improved cycle networks are increasing demand for safe cycling networks in all New Zealand's major metropolitan areas. Cycling supports a more effective transport system, provides for transport choice, contributes to more vibrant and connected communities, and is a developing tourism features (e.g. great cycling rides).

128. Cycling provides an alternative for short journeys and for single-purpose trips like commuting for work or school. Like walking, cycling provides cost savings and health benefits for users. There are also wider benefits for business and the health sector through improved wellbeing of those that regularly walk and cycle.

129. The key barrier to getting more people cycling is the perception that cycling is risky. GPS 2018 supports investment to reduce safety concerns for cyclists. Investing in good quality, fit for purpose cycling facilities improves the safety of people on bikes and improves the perception of cycle safety.

130. GPS 2018 will enable the extension of dedicated cycle networks in the main urban areas and improvement of suburban cycling routes. It will also provide co-funding to support the great cycling ride investments.

Objective:
A land transport system that increasingly mitigates the effects of land transport on the environment

131. Land transport can have significant effects on the environment. These can be immediate local effects (such as impacts on the quality of air, water, soil, or the visual environment) through to national effects (on public health) and global effects (climate change).

132. Managing these effects is an important part of transport project planning, design, and maintenance. For individual projects, standards set outside the transport sector, such as the Resource Management Act 1991, direct the amount and type of mitigation needed.

133. Land transport investment can reduce the harmful effects of transport on the environment, for example, through removing traffic from suburban streets, reducing fuel use by enabling shorter or smoother trips, increasing public transport services, and promoting active modes.

Result:
Mitigation of adverse environmental effects, including reduced CO_2 emissions

134. Environmental mitigation, like resilience needs to take a 'whole of system' approach (considering all parts of the transport system and non-transport systems relevant to the environment).

135. Wider policies outside the transport sector determine the level of reduction expected in possible adverse environmental effects or levels of risk from transport. For example, Resource Management Act approvals address the environmental standards required to reduce local environmental effects. National and global effects are managed by reacting to directives given as part of the Government's wider response to these issues (the Paris Agreement on Climate Change and the New Zealand Energy Efficiency and Conservation Strategy).

136. GPS 2018 will support this result through encouraging:
- a 'whole of system' for a region (or sub-region) to mitigating environmental effects, including considering the cumulative effects over time, especially for CO_2 emissions
- reducing the effects of particulate emissions and road-traffic noise on people and the environment where these issues create significant harm
- ongoing and clear reporting on the investment in environmental mitigation across GPS investment activities and on a regional or area-wide basis.

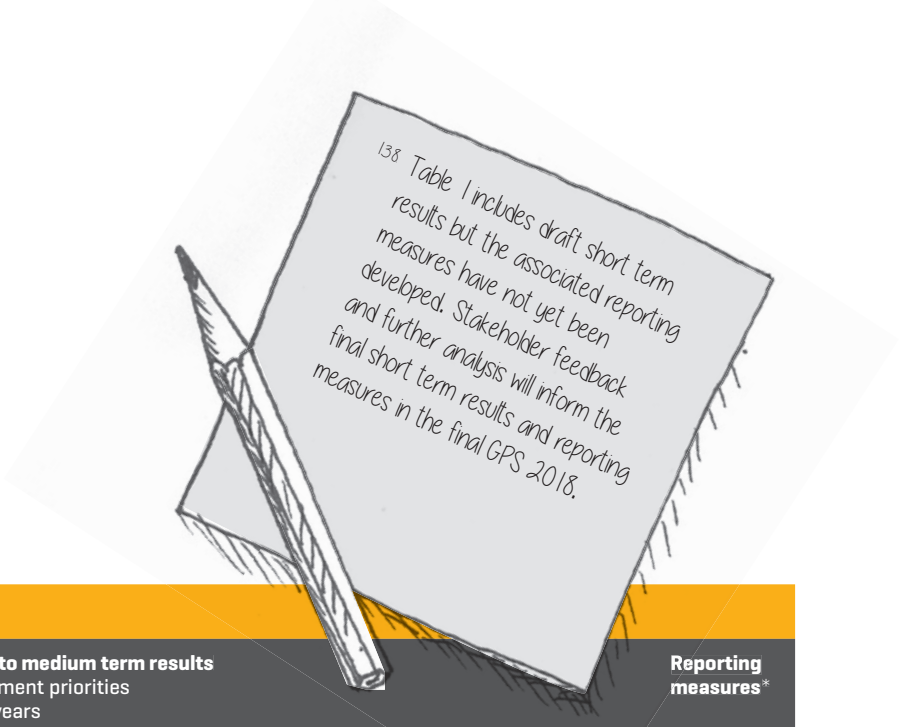
C: Mapping strategic priorities, objectives and results

137. The relationship between priorities, objectives and primary results is mapped in Table 1.

Table 1: Relationships between strategic priorities, national land transport objectives, results and reporting

Economic growth and productivity			
National land transport objectives	**Long term results** Planning direction 10+ years	**Short to medium term results** Investment priorities 3-6+ years	**Reporting measures***
A land transport system that addresses current and future demand for access to economic and social opportunities *This is a priority for GPS 2018*	Support economic growth and productivity through provision of better access to markets, employment, business areas and housing development Support economic growth of regional New Zealand through provision of better access to markets and tourist destinations	New Zealand land transport system • Levels of service appropriate to user needs are maintained to support areas of growth, changes in population, freight and tourism, and to improve safety • Land transport and inter-modal connections are improved to support areas of growth, changes in population, freight and tourism, and to improve safety • In major metropolitan areas and key logistics corridors, constraints are reduced through networks that are connected and resilient, and provide reliable and predictable journey times • Freight vehicle productivity is increased across the network • Trials, pilots and model areas are used to develop more reliable and accurate mapping and positioning systems to enable driverless technology • Transport data and real time information is increasingly available to inform route choice, improve network management and use, and improve user choice • Public transport is provided where there is sufficient demand, particularly for services that connect people to employment and education Regions • Regional networks are connected and resilient, and journey times on key regional freight routes are reliable and predictable • Transport connections, facilities and information are provided on key regional tourist routes that are safe and appropriate for tourist use High urban growth areas and Auckland • Throughput of people and goods is improved where there are constraints causing congestion within major metropolitan areas • Supply of serviced land for housing development is increased in high growth urban areas • Access to jobs and education in Auckland is maintained and improved through targeted road and public transport investment on major corridors • Transport investment, particularly in new greenfield growth areas, contributes to a faster rate of housing growth in Auckland • Congestion on Auckland motorways and arterial routes is addressed, particularly at inter-peak times • Public transport use in Auckland is increased on congested corridors	
A land transport system that is resilient *This is a priority for GPS 2018*	Improved network resilience at the most critical points	• Regional and local system approaches, including investment in non-transport infrastructure where this has clear transport benefits, are used to improve resilience at the economically and socially most critical points of the network • Impacts (risk and occurrence) of disruption to key social and economic connections are reduced at the economically and socially most critical points	
A land transport system that provides appropriate transport choice	Provide appropriate travel choices, particularly for people with limited access to a private vehicle Increased safe cycling through improvement of cycle networks	• Appropriate public transport is available to system users with limited access to a private vehicle, including disabled people, where there is sufficient demand to support scheduled public transport • Specialised services provide access to the transport system for transport disadvantaged people and disabled people who are not able to use a car or scheduled public transport • Dedicated cycle networks in main urban areas are expanded and completed • Suburban routes for cyclists are improved • Cycleway network connections, including to the New Zealand Cycle Trails, are improved	

* These need to be developed from GPS 2015 measures. Trends, tracking longer term results and reporting on progress in delivering the short and medium term results



Road safety

National land transport objectives	Long term results Planning direction 10+ years	Short to medium term results Investment priorities 3-6+ years	Reporting measures*
A land transport system that increasingly mitigates the effects of land transport on the environment	Mitigation of adverse environmental effects, including CO_2 emissions	• Regional and local system approaches that are evidence-based are used to increasingly mitigate effects of land transport on the environment • Significant harmful effects on people and the environment from road particulates and transport noise are reduced	
A land transport system that is a safe system, increasingly free of death and serious injury ***This is a priority for GPS 2018***	Reduction in deaths and serious injuries	• Projects under the Safer Journeys Action Plan are progressed, including the business as usual components of the plan • Infrastructure is in place to enable deployment of safer in vehicle technologies (e.g. connected and autonomous vehicles)	

Value for money

National land transport objectives	Long term results Planning direction 10+ years	Short to medium term results Investment priorities 3-6+ years	Reporting measures*
A land transport system that delivers the right infrastructure and services to the right level at the best cost ***This is a priority for GPS 2018***	Delivery of the right infrastructure and services to the right level Improved returns from investment across the land transport system Improved returns from road maintenance Improved returns from public transport Innovation and technology are used to increase the net benefits from land transport investment and use	• Projects are delivered on time and on budget • Measurable productivity improvements are achieved in operating and maintaining the network • Benefit realisation for [major] projects is evaluated • Levels of service are fit for purpose for users • The cost benefit analysis results are reported for all major projects • Efficiency gains are made in the costs of delivering fit for purpose levels of service • Avoidable and unexplained variability of the efficiency within networks, services, within modes, and in the operation of networks and services is reduced • Core, ongoing programmes (e.g. maintenance, public transport and policing) are more efficient and effective • A fit for purpose decision making system is used and is based on a sound evidence and analysis • Long term transport related research across government is integrated • Net benefits are improved through innovation in systems, standards, procurement and technology • Reporting on GPS investment to achieve long term results and to achieve short and medium term results is improved and includes: – increased transparency in the investments made and the key components of these investments – reporting on the measurable value from the investment in results – reporting on the measurable value from economic compliance, including the policing of road user charges – improved reliability of public transport and road maintenance related data	

Reporting

139. The GPS investment strategy involves three reportable components: results that are being achieved through GPS investment, expenditure under activity classes, and Ministerial expectations (see p29) that relate to how the investment strategy is delivered.

140. The reporting arrangements established in GPS 2018 focus on the investment strategy and reporting information that tracks progress and provides GPS investment decision makers with information that will assist with the formation of future GPS land transport investments. Reporting on the performance of the NZ Transport Agency as a Crown Entity is covered by the Crown Entities Act 2004. GPS reporting may complement these arrangements but are not a substitute for them.

141. Many land transport investments have long lead in times and long lives. Some of the effects from earlier land transport investments made under preceding GPSs will be captured in reporting under GPS 2018, particularly in the early periods.

142. The NZ Transport Agency's first report on GPS 2018 will be made by [a date to be agreed], once required audit requirements have been met.

Reporting on results

143. The NZ Transport Agency is required to report at least annually on progress being made in achieving the GPS 2018 short and medium term results, and GPS 2018 long term results, using the reporting measures specified in Table 1.

144. The reporting measures will cover and comment on trends, and track progress. Reporting on results using these measures will form an evidence base of information on changes in land transport delivered by GPS investment. It is noted that the frequency of the reporting measures will vary and some will be reported more frequently (for example, quarterly) or less frequently than in each annual GPS 2018 report.

145. It is a priority of GPS 2018 for the NZ Transport Agency to establish baselines for reporting. The stability of the reporting process over time will be supported by:
- the establishment of baselines
- use of measures that would be reasonably expected to be part of a well-functioning investment management system
- measures that relate well to the results that are being sought from the investment.

Reporting on expenditure

146. Expenditure under GPS activity classes is reported under the requirements of the Crown Entities Act 2004 and the provisions of the Land Transport Management Act 2003. For GPS 2018, this reporting is presented by activity class reporting line.

Reporting on Ministerial expectations

147. Ministerial expectations in the GPS set out expectations as to how the NZ Transport Agency will carry out the GPS investment strategy. The NZ Transport Agency will report on an annual basis on how it is meeting these expectations.

3

Investment in land transport

148. This section sets out how funding should be allocated to activity classes and Ministerial expectations for how the NZ Transport Agency gives effect to the investment strategy.

A: Total funding for GPS 2018

149. To help achieve the Government's results for land transport, the funding available for allocation is from the Fund. The revenue for the Fund is projected to increase from around $3.70 billion in 2018/19 to $4.25 billion in 2027/28 based on current level of fuel excise and road user charge rates. This funding is likely to be supplemented by about $1 billion a year of local government transport funding in the form of a local share.

150. Central government funding is sourced from fuel excise duties, road user charges, motor vehicle registration and licensing fees. The Government to date has not made any decisions on whether the level of fuel excise duty will change and whether an equivalent increase in road user charges is necessary.

151. Contributions from local government to activities included in GPS 2018 will supplement this revenue. Crown funding may also be made available for specific activities in addition to those directed by the GPS activity classes.

152. Table 2 below shows the total expenditure target (the expected level of expenditure based on projected revenue) along with the maximum and minimum range for the first three years of GPS 2018. Actual expenditure will vary with actual revenue collected in the Fund.

Table 2: National land transport programme funding ranges 2018/19 to 2023/24

	2018/19 $m	2019/20 $m	2020/21 $m	2021/22 $m	2022/23 $m	2023/24 $m
Expenditure Target	3,700	3,800	3,850	3,900	3,900	3,950
Maximum Expenditure	3,950	4,050	4,100	4,150	4,150	4,250
Minimum Expenditure	3,150	3,250	3,250	3,300	3,300	3,350

B: Activity class framework

153. Activity classes provide signals about the balance of investment across the GPS. Funding is divided into activity classes as a means of achieving the results specified in GPS 2018. This differs from GPS 2015, which has results and reporting measures directly linked to the activity classes.

154. GPS 2018 allocates funding ranges to 10 activity classes. The activity classes are:

- State highway improvements
- Local road improvements*
- Regional improvements*
- Walking and cycling improvements*
- State highway maintenance
- Local road maintenance*
- Public transport*
- Road policing
- Road safety promotion*
- Investment management*

* Funding also comes from local government to deliver these activities. Local share is additional to the activity class funding ranges.

155. For each activity class, a funding range is given with an upper and lower limit for expenditure. The NZ Transport Agency is responsible for allocating funding within these ranges to specific activities, while staying within the overall expenditure target in Table 2.

Activity class table

156. The following table sets out the:

- activity classes
- recommended funding ranges for 2018/19 – 2020/21
- rationale for the funding ranges.

157. The activity class funding ranges take into account the expected revenue from road users. It has been agreed by Treasury, New Zealand Customs Service, the Ministry of Transport and the NZ Transport Agency that the draft GPS 2018 for engagement will be based on the Half-Year Economic and Fiscal Update (HYEFU) forecast.

158. We are expecting that the funding available for allocation from the Fund will increase from $3,700 in 2018/19 to $3,850 in 2020/21. This is less than forecast in GPS 2015 by about $50 million in the first three years of GPS 2018 (i.e. in 2018/19, 2019/20, and 2020/21) as GPS 2015 included a Consumer Price Index increase for petrol excise duty and road user charges that did not take place.

159. We have based the adjustments to activity classes on the assumption that petrol excise duty and road user charges remain at current rates. We have adjusted and reallocated these adjustments across activity classes.

160. The Government has agreed in principle that the Crown will fund the work required to recover from the Kaikoura earthquake. The Government is also supportive of the Auckland Transport Alignment Project but funding decisions for this have not been made yet.

161. The funding ranges therefore assume expenditure based on projected revenue, that the Kaikoura earthquake is funded outside the Fund and notes that the effect of Auckland Transport Alignment Project is not fully allowed for in the funding ranges. The final GPS 2018 Is expected to change once funding decisions have been made including for the Auckland Transport Alignment Project.

Table 3: Activity classes and proposed funding ranges

Activity Class	Expenditure reporting line	Definition		Existing funding			Proposed GPS 2018 funding		
				2015/16 $m	2016/17 $m	2017/18 $m	2018/19 $m	2019/20 $m	2020/21 $m
State highway improvements	Existing	Investment in improving the capacity or service levels of existing State highways	Upper	1400	1450	1500	1550	1600	1650
	New	Investment to create new State highways assets that improves capacity or service levels	Lower	1000	1050	1100	1100	1150	1200
Local road improvements	Existing	Investment in improving the capacity or service levels of existing local roads	Upper	230	240	250	210	220	235
	New	Investment to create new local assets that improves capacity or service levels	Lower	150	155	160	120	120	120
Regional improvements	Regional	Investment in transport improvements outside of major metropolitan areas, to support regional economic development	Upper	90	90	90	140	140	145
			Lower	50	60	70	70	70	75
Walking and cycling improvements	Walking and cycling	Investment in walking and cycling that improves capacity and service levels, including promotional activities	Upper	38	55	74	65	65	65
			Lower	15	15	16	16	17	17
State highway maintenance	Operate	Investment in the operation of existing state highway capacity and services							
	Maintain	Investment in the maintenance of existing State highway capacity and services, excludes asset upgrades	Upper	585	605	620	640	660	680
	Renew	Investment in renewal of existing State highway assets, excludes asset upgrades	Lower	445	450	455	455	460	465
	Emergency	Urgent response to transport network disruptions							
Local road maintenance	Operate	Investment in the operation of existing local road capacity and services							
	Maintain	Investment in the maintenance of existing local road capacity and services, excludes asset upgrade	Upper	565	605	645	625	635	655
	Renew	Investment in renewal of existing local road capacity and services, excludes asset upgrades	Lower	405	410	415	420	430	435
	Emergency	Urgent response to transport network disruptions							
Public transport	Infrastructure operation	Investment in public transport infrastructure operation							
	Infrastructure improvement	Investment in improving public transport infrastructure	Upper	390	405	420	435	450	465
	Service operation	Investment in the operation of existing public transport services	Lower	270	290	300	315	315	320
	Service improvement	Investment in new public transport services							
Road policing	Road policing	Investment in road policing	Upper	320	325	330	345	355	360
			Lower	280	285	290	295	300	305
Road safety promotion	Safety promotion	Investment in road safety promotion	Upper	37	38	38	41	41	42
			Lower	30	31	31	33	33	33
Investment management	Planning	Investment in the transport planning research and management							
	Research		Upper	59	61	65	65	63	64
	Management		Lower	53	54	55	56	57	58

	Rationale (Note: these funding ranges do not reflect funding requirements for the Auckland Transport Alignment Project)
	State highway funding levels have increased significantly over recent years to fund large nationally significant projects. Many of these are coming to completion e.g. the Roads of National Significance (RoNS). The Benefit Cost Ratios (BCRs) have been diminishing in this activity class over recent years. The proposed funding levels are to enable the completion of the RoNS, changes to support High Productivity Motor Vehicles (HPMV) and 50 Max vehicles. It also enables funding towards strategic corridor projects and safety and technology investments.
	This activity class has been consistently under spent over recent years and is currently below the lower limit of the funding band. This indicates that local authorities may be investing elsewhere (including prioritising maintenance or other local services) or the projects put forward for funding have low BCRs or low strategic fit. The activity class funding levels have been decreased to reflect expected demand. As shown below the regional improvements activity class has increased to reflect local road improvements needed to support regional development. The regional improvements class will have different criteria and will not be a straight shift of funding or projects.
	Expenditure in this activity class has almost exclusively been spent on State highways. The proposed increase in funding ranges is to support regional development. The focus is on projects to support transport, tourism, and resilience needs across regions. This change would need to be accompanied by assessment criteria that supports regional priorities and enables the most valuable, integrated projects to proceed first. Consideration is being given to lowering the local share to provide additional funding support.
	There has been increased walking and cycling expenditure in response to the Urban Cycleway Fund and the high BCR value of these projects. This has seen the development of local cycling infrastructure planning and promotion. In December 2016, the upper ranges for walking and cycling improvements were increased for 2015/16, 2016/17 and 2017/18 to give effect to an additional $65 million of investment to support cycling and tourism. The funding range for this activity class in GPS 2018 is based on the continuation of the current level of urban cycleway development. This will enable movements towards completion of the network.
	State highway maintenance costs have been controlled with increased efficiency and extending the life of assets. This is despite a longer and more complex State highway network, which creates higher operating and maintenance costs. The increase will enable investment to focus on the implementation of the One Network Road Classification and address increased freight VKT that may cause increased damage to the network.
	Local road maintenance expenditure has historically been close to the upper limit of the activity class funding range. The last GPS noted concern about value for money from maintenance (including the regional variability of the costs per kilometre). However there have now been gains in controlling maintenance expenditure through increased efficiency and extending the life of assets. In December 2016, GPS 2015 local road maintenance ranges for 2016/17 and 2017/18 were adjusted to raise the upper range by $25 million and $50 million respectively. This ensures any additional flexibility required for the Kaikoura earthquake response is available. The unexplained variability in maintenance expenditure between regions has been reducing and is expected to reduce further with improved procurement, information sharing, and capability building that is being driven by the Road Efficiency Group and One Network Road Classification. Increases in the funding ranges from 2018/19 onward will support One Network Road Classification implementation and reduce pressure where genuine service standard issues exist. Increases are moderate to continue to embed recent good practice.
	Passenger numbers have increased recently and are forecast to increase in Auckland and Wellington over the short term (and in Christchurch in the medium term). Although forecasts of increased passenger numbers have typically been overly optimistic. Auckland and Wellington public transport plans are based on an increased public transport task. Fare box recovery rates have improved in Auckland and Wellington. Currently expenditure is in the middle of the funding range. The proposal is for a gradual increase in the funding range to cover forecast passenger growth and for some public transport infrastructure work (such as park and ride facilities). There is a need to keep focus on value for money, and ensure fare box recovery rates are at the expected levels.
	Road policing and road safety promotion are at the top of the funding ranges. There is a need to keep the focus on value for money and cost effective road safety expenditure. However, there has been a recent increase in deaths and serious injuries from road crashes.
	The proposal is to increase the funding for road safety to see more progress on reducing death and serious injuries on roads.
	In December 2016, GPS 2015 investment management ranges for 2016/17 to 2018/19 were adjusted to raise the upper ranges to partly cover the implementation costs for the NZ Transport Agency of the New Zealand Business Number. The proposal is for a slight increase to support a continued focus on reporting, research and particularly investing in safety research and in technology trials.

Additional funding for land transport

162. The Land Transport Management Act 2003 requires the GPS, subject to the Public Finance Act 1989, to specify any additional expected funding for land transport, including any money Parliament may appropriate for the purpose. The appropriations set out in Table 4 are from Budget 2017 and will need to be updated for Budget 2018 before being included in the final GPS 2018. As part of Budget 2018, decisions will be made about any other Crown funding for items like the City Rail Link, Housing Infrastructure Fund, and the Auckland Transport Alignment Project.

163. Some of these Crown appropriations affect investment from the Fund, while other appropriations supplement investment. All of these funds are directly appropriated by Parliament and in most cases are allocated by the NZ Transport Agency or KiwiRail acting as the Crown's delivery agent.

164. Current land transport appropriations are described below and the level of investment is captured in table 4.

- The Accelerated Regional Roads Package relates to work investigating, designing and constructing regional State highway projects. This funding is appropriated to accelerate 14 regional State highway projects, including funding for seven confirmed projects through Crown Appropriations, three projects through the Fund, one project through a mix of both Crown and National Land Transport funding and the investigation of a further three projects. The NZ Transport Agency will bring the projects in this package forward to take advantage of the additional funding available. The investment will flow into the Fund when the relevant activities are approved by the NZ Transport Agency.
- The Auckland Transport Package relates to a Crown loan to the NZ Transport Agency for investigating, designing, and constructing Auckland State highways. This funding is appropriated to accelerate 11 Auckland State highway projects. The NZ Transport Agency will bring these projects forward to take advantage of the additional funding available. The funding flows into the Fund when relevant activities are approved by the NZ Transport Agency. The loan will be repaid over a 10 year period, with interest written off by the Crown.
- The SuperGold Card Concessions Package relates to free off-peak public transport use by super annuitants that hold SuperGold cards. From 2016/17 the funding model for the scheme changed to bulk funding with annual funding for the SuperGold scheme set at $28 million including an annual consumer price index adjustments (inclusive of exempt services). This investment is not an approved activity and does not come from the Fund, but proceeds using the NZ Transport Agency as the Crown's agent.
- Rail – Public Policy Projects relate to public policy rail initiatives.
- Rail – Railway Safety relate to public safety works.

Table 4: Land transport appropriations 2018/19 to 2020/21

	2018/19 $000s	2019/20 $000s	2020/21 $000s
Rail – Public Policy Projects	3,270	3,270	3,270
Rail – Railway Safety	500	500	500
SuperGold Card Concessions	28,192	28,192	28,192
Accelerated Regional Roading Package	37,000	25,000	10,000
Auckland Transport Package	32,000	-	-

C: Statement of Ministerial expectations

165. Ministerial expectations guide how the NZ Transport Agency gives effect to GPS 2018. Ministerial expectations form part of the Government's land transport investment strategy.

166. The Ministerial expectations included in GPS 2018 relate to how the NZ Transport Agency leads planning, allocates funding, delivers services, and reports on results being achieved. The key elements of this cycle are summarised in the Figure 3.

167. Under the Land Transport Management Act 2003, Regional Transport Committees and Auckland Transport need to develop Regional Land Transport Plans that are consistent with the GPS.

Expectations

168. Under GPS 2018, the NZ Transport Agency is expected to continue to:

- take a lead role in securing integrated planning of the transport system by network providers
- take a lead role in securing prudent activity management, particularly in road asset management and public transport
- monitor and report on investment efficiency, productivity changes, and results under the GPS
- take a lead role in advancing the Auckland Transport Alignment Project's strategic approach alongside Auckland Transport.

Expectation: The NZ Transport Agency will take a lead role in securing integrated planning of the land transport system by network providers

169. The Minister expects the NZ Transport Agency will:

- take a 'one transport system' view to coordinate and integrate land transport investment
- work collaboratively with the sector to continuously improve demand models to provide better predictive bases for investment decision making
- employ network classification systems that support the adjustment of service levels (up or down) to reflect changes in current and future demand
- optimise investment in existing and new infrastructure and services, including improved integration
- encourage coordinated operations resulting in seamless service delivery to users based on service level standards that are consistent with network use and function
- encourage consistent, good practice planning so that the interaction between transport use and land use is well managed, including contributions from new development to the costs that development imposes on the system
- encourage integrated network planning that increases system efficiency.

Figure 3: Land transport investment cycle

* Includes operational policies and processes

Expectation: The NZ Transport Agency will take a lead role in securing prudent activity management and operations

170. The Minister expects the NZ Transport Agency will:
- support whole of life asset and activity management at standards appropriate to demand at the best whole of life cost
- ensure ongoing value for money including:
  - better aligning the costs of maintaining each part of the network with its use and function, with a focus on improving the network productivity of parts that have higher than average costs due to different activity management practices
  - achieving productivity improvements that are at least in line with those gained in the rest of the economy
- ensure that standards and operational policies represent the best economic use of resources
- continue improvements in whole of life activity management performance by all providers, focusing particularly on those with the most scope for improvement
- support the sharing of good practice across providers.

Expectation: The NZ Transport Agency will monitor and report on investment efficiency, productivity changes and results under the GPS

171. The Minister expects the NZ Transport Agency will continue to monitor and report on, among other things:
- the GPS as a strategy in accordance with the GPS reporting section and short/medium-term results metrics
- progress against GPS reporting line (as per Table 3) in a consistent way over the life of GPS 2018
- the relative effectiveness and efficiency of investment in each reporting line identified in GPS 2018 and of any significant new or revised standards or operational practices, including using benefit cost analysis
- the results of post implementation reviews for a significant proportion of reporting lines and standards
- productivity improvements made in road maintenance including:
  - an assessment of the state of New Zealand road assets from an asset management quantitative and qualitative basis
  - progress and results arising from the implementation of Road Maintenance Task Force recommendations, including the impact of the One Network Road Classification initiative
  - changes in the scope of maintenance expenditure
  - factors influencing the variance in the costs and returns to road maintenance expenditure per lane kilometre on State highways and local roads
- assessments of any significant changes to strategies, standards and guidelines that impact on expenditure from the Fund, that:
  - ensure all practical options for addressing the problem have been considered
  - ensure the benefits of the preferred option not only exceed the costs, but will also deliver the highest level of net benefit.

Expectation: The NZ Transport Agency will take a lead role in advancing the Auckland strategic approach

172. Under GPS 2018, the NZ Transport Agency is expected to take a lead role in advancing the Auckland Transport Alignment Project's strategic approach alongside Auckland Transport.

173. Consistent with the key transport challenges the Auckland Transport Alignment Project identified for Auckland for the next decade, GPS 2018 supports targeted investment in roads and public transport:
- on major corridors to help maintain and improve access to jobs and education in Auckland particularly in the west and south, where a lot of housing growth is likely to be concentrated
- that will address congestion on Auckland's motorways and arterial roads, particularly in the inter-peak period
- that will contribute to a faster rate of housing growth in Auckland, particularly in new greenfield growth areas.

174. The Minister expects that the NZ Transport Agency will work closely with Auckland Transport to:
- target improvements to Auckland's key transport challenges, in a way that delivers best value for money, strengthens the core transport networks, and enables and supports growth
- focus strongly on making better use of Auckland's current transport networks to increase throughput on key routes including through better use of transport technology
- maximise opportunities to influence travel demand, including by focusing on better integrating transport infrastructure and services with land use, and actively encouraging increases in vehicle occupancy.

4

Funding sources and management of expenditure

175. **This section includes information about:**

- the primary approach to funding land transport
- principles guiding the use of alternative funding sources
- principles guiding the management of expenditure to revenue
- principles guiding the management of expenditure to funding expectations.

A: Primary approach to funding land transport

176. The core approach to funding land transport in New Zealand is the use of hypothecated funds within a 'modified pay-as-you-go' approach:

- hypothecation means that the revenue raised from the land transport system (that is from fuel excise duties, road user charges, motor vehicle registration and licensing fees, road tolling, and the proceeds from the leasing or disposing of Crown land held for State highway purposes) is put into the Fund, to be used for land transport purposes
- a pure 'pay-as-you-go' system is one in which costs (cash outflows) must be met from revenue (cash inflows). The timing of revenue receipts determines the ability to make payments
- the funding system adopted in New Zealand is best described as 'modified pay-as-you-go', where some flexibility has been introduced to deal with cash-flow variations when there are very large projects.

177. Together, hypothecation and pay-as-you-go form the foundation for land transport planning and funding. They define a relationship between transport network users, the Government, and wider society, which is the starting point for informed discussion about what is needed from the land transport system. The terms of the relationship are that:

- transport revenues will be used to create transport benefits
- transport revenues will be set in proportion to the funding needs of the whole transport task
- today's funding will generally address today's priority needs; funding will be available tomorrow when other needs become the priority
- wider government revenues will be used where wider benefits are sought.

178. In practice, the world is more complicated than this relationship allows. Issues such as who actually benefits from land transport infrastructure and services, who should pay, and over what period of time, are all open to debate. Complexity also makes it hard to accurately predict how much revenue will be available when, or the schedule by which expenditure may be incurred.

179. In addition to the Government's primary funding sources, local government revenues make a significant contribution to funding the costs of local roads and public transport. Each of these is established through and operated in accordance with relevant legislation.

B: Principles guiding the use of alternative financing sources by the NZ Transport Agency

180. In addition to the primary central government and local government funding sources, it is possible to access alternative government financing through a loan, or from private financing, through public private partnerships. At some point, it may also prove practical and desirable to introduce alternative forms of revenue gathering, such as more sophisticated transport pricing.

Process principles when considering alternative financing

181. Any alternative funding proposal will require a business case. Because adopting the proposal will foreclose other options, it must represent the best course of action for the land transport system. Whether using debt or revenue measures, alternative funding proposals also have implications for the Government's broader fiscal strategy and will need to be considered within an all-of-government context. They must be approved by Cabinet in the context of whole-of-Government financing and borrowing principles.

Design principles for alternative financing measures

182. All proposals involve some form of trade off between competing principles. Transparency around what is being traded off in the design and application of alternative funding measures, and why these trade offs are being made, is important for good decision making and accountability. Particular tensions that should be explicitly analysed include, but may not be limited to:

- achieving economically efficient investment while preserving the intent behind the pay as you go approach
- optimising financial efficiency in the present management of the Fund while preserving the flexibility to respond to future opportunities and risks
- adopting measures that are proportionate to the task to be performed without unreasonably curtailing the reasonable discretion of decision makers.

C: Principles guiding the management of expenditure to revenue

183. The NZ Transport Agency is required to match its expenditure to the target expenditure set out in GPS 2018. However, it is legally required to limit its spending to the levels of available revenue in the Fund. Because both the timing and levels of revenue and expenditure are subject to uncertainty, the Land Transport Management Act 2003 provides for an allowable variation to be set in a GPS as a way of managing any imbalances that arise. The Minister may vary the expenditure target if forecasted revenues are higher than the maximum or lower than the minimum expenditure ranges in Table 2.

184. A short term borrowing facility for cash flow management provides the specific capacity for allowable variation, where expenditure temporarily exceeds revenue. Although this borrowing facility increases the NZ Transport Agency's flexibility, the Government expects the NZ Transport Agency to manage expenditure in a way that it is fiscally neutral at the end of the 10 year period of this GPS. The specific level and conditions of allowable debt are set by the Ministers of Finance and Transport, in accordance with the principles guiding the use of alternative funding measures.

185. Where revenue exceeds expected expenditure, the GPS allows expenditure to be scaled to meet the upper end of each funding range. Surpluses can be carried forward from one financial year into the next.

186. Where it is likely that actual revenue levels will vary significantly from expenditure targets, the Ministry of Transport and the NZ Transport Agency will advise the Minister of Transport on the options for aligning expenditure and revenue.

D: Principles guiding the management of expenditure to funding expectations

187. The NZ Transport Agency is required to manage expenditure for individual activity classes so that it falls within the upper and lower bounds of the funding range. However, situations may arise where expenditure is projected to fall below the lower band for reasons independent of revenue supply and/or otherwise outside the control of the NZ Transport Agency. Situations may also arise where the opportunity arises for expenditure to exceed the upper funding band, consistent with the policy intent and value for money expectations. In these circumstances, the NZ Transport Agency and the Ministry of Transport will advise the Minister of Transport of the risk or opportunity and possible responses.

5

Appendices

Appendix A:
The land transport planning environment

Investment in the land transport network is made under the framework set out in the Land Transport Management Act 2003, which requires the following documents to be issued.

Government Policy Statement on land transport (the GPS)

The GPS is issued by the Minister of Transport. The GPS sets out what the Government wants land transport to achieve through investment in different types of activity (for example, roads, road policing and public transport). It must also set out how much funding will be provided and how this funding will be raised.

Each GPS is in place for a period of 6 years, but must set out the results that the Government wishes to achieve over a 10 year period from the allocation of funding. The GPS also enables the Government to take a longer-term view of its national land transport objectives, policies and measures.

The Crown land transport investment strategy sits within the GPS and must be reviewed every three years. It must state the overall investment likely to be made in the land transport sector over a period of 10 financial years. Components, such as the short to medium term results to be achieved from the allocation of funding, must look forward six years but may look forward up to 10 years. In addition, the strategy's forecast funding ranges must extend out to 10 years.

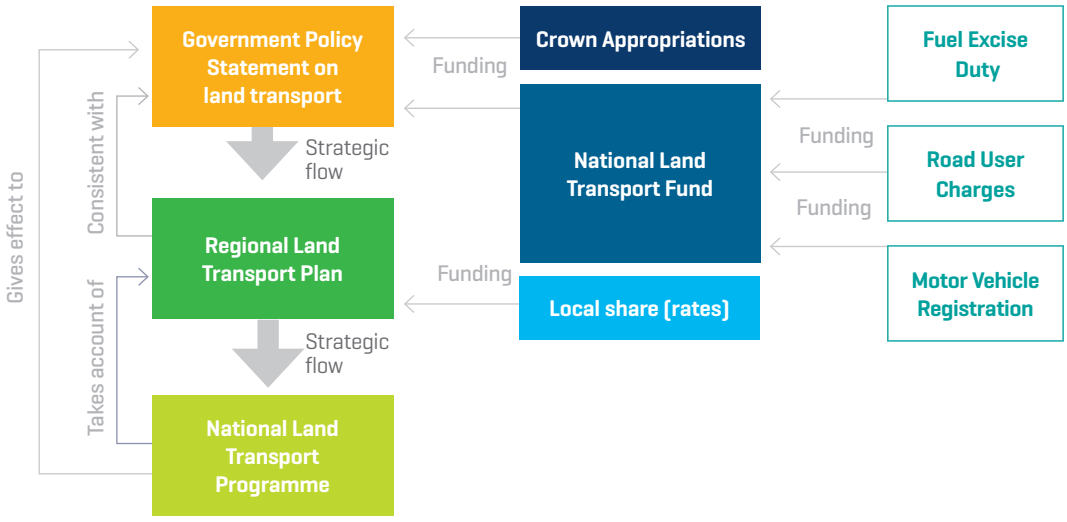
The National Land Transport Programme

The NZ Transport Agency must develop a National Land Transport Programme every three years to give effect to the GPS. The programme sets out the specific activities that will be funded to address the transport objectives in the GPS.

Regional Land Transport Plans

Regional Land Transport Plans are prepared by Regional Transport Committees and, for Auckland, by Auckland Transport. They list all of the planned transport activities for a region for at least 10 years and are used to prioritise applications for government funding through the NZ Transport Agency. Regional Land Transport Plans must be issued every six years and reviewed every three years. Regional Transport Committees and Auckland Transport must ensure consistency with the GPS when preparing Regional Land Transport Plans. The linkages between these different documents are set out in Figure A.

Figure A: Linkages between land transport documents



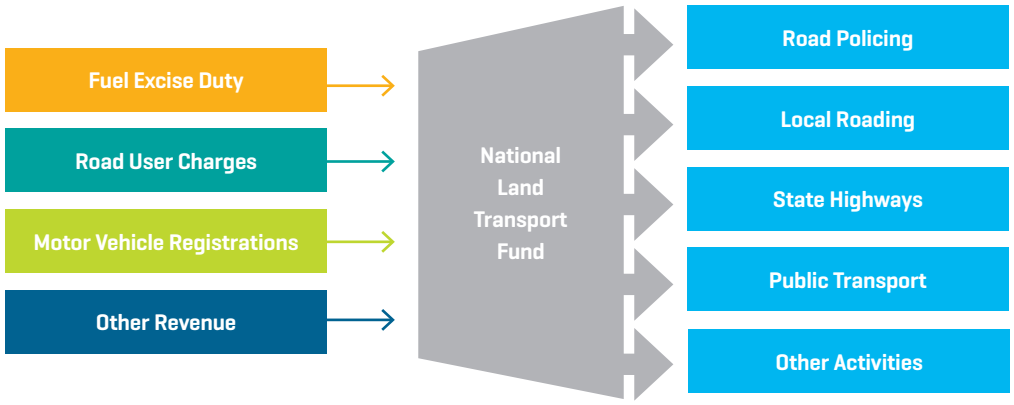
Funding for land transport investment

While the GPS provides a national picture of land transport funding, the specific detail of how funding is invested is the responsibility of the NZ Transport Agency. The NZ Transport Agency's investment in the land transport system is implemented through the Fund. The Fund is the main central Government funding source for the land transport system.

All fuel excise duties and road user charges are allocated directly to the Fund. Additionally, a portion of motor vehicle registration income and other revenue is paid into the Fund, while a small subset of activity, such as funding for the SuperGold Card free off-peak public transport scheme, is supported directly from the Government's consolidated fund.

Regional, district and city councils, the NZ Transport Agency, the New Zealand Police and other approved organisations under the Land Transport Management Act 2003, receive funding from the Fund for the land transport activities that they deliver, such as the construction and maintenance of State highways and local roads, road policing, and public transport.

Figure B: Funding flows



Appendix B:
GPS 2018 framework

Purpose of the GPS

The GPS outlines the Government's strategy to guide land transport investment over the next 10 years. It also provides guidance to decision-makers about where the Government will focus resources, consistent with the purpose of the Land Transport Management Act 2003, which is:

"To contribute to an effective, efficient, and safe land transport system in the public interest".[2]

Without limiting the legal interpretation of these terms, for the purpose of GPS 2018, a land transport system is:

- effective when it moves people and freight where they need to go in a timely manner
- efficient when it delivers the right infrastructure and services to the right level at the best cost
- safe when it reduces harm from land transport
- in the public interest where it supports economic, social, cultural and environmental wellbeing.

In setting out the Government's investment strategy for land transport, the GPS identifies the national land transport objectives it wants pursued, allocates funding in ranges to different types of activities and sets out the results it expects from that investment.

The NZ Transport Agency, the New Zealand Police and other approved organisations[3] will use the framework in the Land Transport Management Act 2003 to deliver investment across New Zealand that is prioritised and coordinated.

GPS 2018 structure

GPS 2018 covers the financial period 2018/19 to 2027/28. The land transport investment strategy, which is included in the GPS, must be reviewed every three years.

The Land Transport Management Act 2003 requires a GPS to include a number of components. These components have been grouped in GPS 2018 so that they move from high level policy direction, through to the more detailed investment strategy, to the machinery provisions about funding flows. Collectively, they cover all the requirements of a GPS found in the Act. Figure C sets out the order in which the various statutory elements of GPS 2018 are presented.

Requirements of the GPS

The Land Transport Management Act 2003 requires the Minister of Transport to issue a GPS.

A core function of the GPS is to set out the Government's priorities, objectives and funding available for the land transport sector. GPS 2018 describes:

- the Government's priorities for expenditure from the Fund from the 2018/19 to the 2027/28 financial years
- how it will achieve these through the allocation of funding ranges in different activity classes (for example, the maintenance of State highways, road policing and walking and cycling)
- how much funding will be provided
- how the funding will be raised.

Under the Land Transport Management Act 2003, the GPS:

- must set out:
  - the results that the Crown wishes to achieve from the allocation of funding from the national land transport fund over a period of at least 10 consecutive financial years (longer-term results)
  - the Crown's land transport investment strategy
  - the Crown's policy on borrowing for the purpose of managing the national land transport programme
- may also set out national land transport objectives, policies, and measures for a period of at least 10 financial years
- must specify any additional expected funding for land transport activities, including any appropriations made by Parliament (subject to the Public Finance Act 1989).

The GPS cannot specify particular projects to be funded, or levels of funding for individual interventions. It also does not cover port, airport, maritime or aviation investment, although it may impact on land transport links to port and airport facilities.

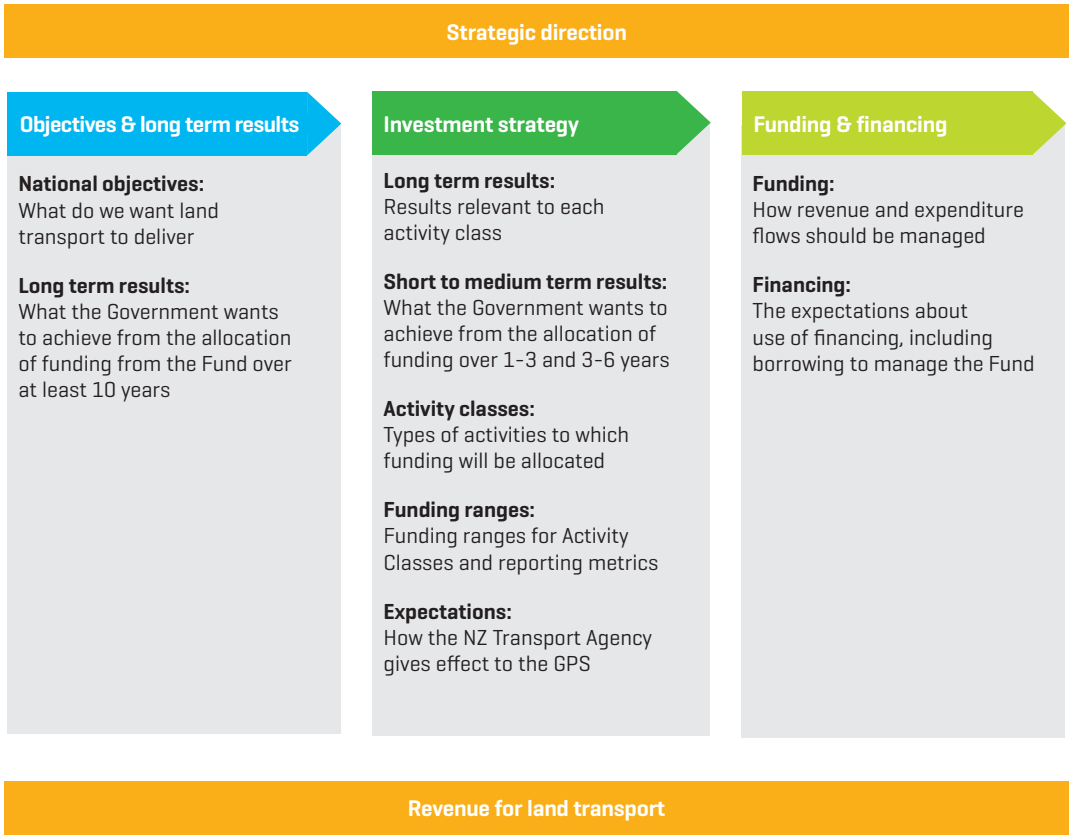
2 Section 3 of the Land Transport Management Act 2003

3 Approved organisations: territorial authorities, regional councils, Auckland Transport, the Department of Conservation and the Waitangi National Trust Board.

The Crown's land transport investment strategy:

- must link the amount of revenue raised from road users with planned levels of expenditure from the national land transport fund
- must, for the first six financial years of the GPS and any subsequent years that the Minister considers relevant, address the following matters:
  - the short to medium term results that the Crown wishes to achieve through the allocation of funding from the Fund
  - the activity classes to be funded from the Fund
  - likely revenue, including changes to the duties, fees, and charges paid into the Fund
  - the identification of an expenditure target for the National Land Transport Programme for each year
  - a maximum and a minimum level of expenditure for the National Land Transport Programme for each year (subject to the ability to carry forward funds from the closing balance of the Fund from one financial year to a future financial year)
  - an allowable variation between expenses and capital expenditure incurred under the National Land Transport Programme and the inflows received by the Fund
  - funding ranges for each activity class
  - the allowable reasons for varying the expenditure target when making funding allocation decisions
  - a statement of the Minister's expectations of how the NZ Transport Agency gives effect to the GPS
  - the forecast funding ranges for each activity class for the period of four financial years following the first six financial years of the GPS
  - the overall investment likely to be made in the land transport sector over a period of 10 financial years and the likely or proposed funding sources.

Figure C: GPS 2018 framework



Appendix C:
Scope of GPS 2018

The National Land Transport Fund

GPS 2018 sets funding ranges for investment from the Fund in different activity classes. The NZ Transport Agency then allocates that funding to activities to give effect to the objectives, results and expectations set out in the GPS. Some of the activity classes relate to land transport activities that are the responsibility of local government, such as local roads and public transport. These activities are jointly funded with local government.

Crown contributions

For the period to 2027/28, a number of land transport projects and activities will be funded through annual Crown appropriations rather than through the Fund. This includes funding for capital investment in Wellington and Auckland metro rail, the SuperGold Card free off-peak public transport scheme, and the Accelerated Regional Roads Package (further information about this work is set out in Section 3).

Where the Crown contributes, it may do so in the form of grants or loans. Grant funding does not need to be repaid, whereas loans to bring forward investments do need to be repaid from future revenues to the Fund.

Any Crown contributions are recorded in the GPS.

Rail freight, coastal shipping and freight distribution centres

While the Minister of Transport has a role in guiding coordination within the rail sector and between the rail, road and maritime transport sectors, investment in rail freight services and infrastructure is not currently covered under the GPS.

Investment in rail freight services and infrastructure is managed by KiwiRail under the State-Owned Enterprises Act 1986. There are no current Crown appropriations to rail freight within the scope of GPS 2018. Any future Crown appropriations to KiwiRail would be reflected in the GPS. Investment in urban passenger rail services that is contracted by local government, and uses revenue from the Fund and local rates, is covered under GPS 2018.

Coastal shipping services, ports and airports are considered when planning for land transport services that link to these facilities, but operate on a commercial basis without funding from the Fund. The GPS does not authorise the use of Fund revenue for these activities.

Nevertheless, there is benefit in having the NZ Transport Agency, KiwiRail and local authorities involved in land transport investment coordinate their activities where possible. GPS 2018 recognises the importance of the coordinated approach needed by KiwiRail and the NZ Transport Agency to achieve the best possible outcomes to achieve the Government's objectives.

Growth and development

A priority for land use and transport planning is ensuring the supply of serviced land to support development and the increased supply of housing in high growth urban areas. For the purposes of GPS 2018, these are areas that are projected to grow by more than 10 percent between 2013 to 2023, according to Statistics New Zealand medium projections, in either:

- a resident population of over 30,000 people according to Statistics New Zealand latest resident population estimates or
- at any point in the year, a combined resident population and visitor population of over 30,000 people, using Statistics New Zealand latest resident population estimates and estimates of visitor numbers in the resident population of that urban area.

The GPS authorises the use of Fund revenue for lead investments that support wider government policies to improve the supply of housing in high growth urban areas.

Land use planning

The relationship between land use planning and transport planning is established by the Resource Management Act 1991 and the Land Transport Management Act 2003 respectively. Transport planning determines what investment will be undertaken and is dealt with under the Land Transport Management Act 2003 (for example whether a bypass is proposed and whether it is built). Land use planning regulates how investment can be undertaken, and is dealt with by the Resource Management Act 1991 (for example, whether the alignment of a future bypass is safeguarded from other development and how the local effects of the bypass are mitigated when the bypass is built).

The GPS directs transport planning and informs land use planning processes. For instance, transport planning can identify a network hierarchy that maximises the productivity of a transport system in line with the GPS, but is reliant on land use planning to secure development controls on adjacent land in a way that is consistent with that network hierarchy. The statement of priorities, objectives and results in the GPS enables well informed decision making in each area, while respecting the difference between regulatory and investment planning processes.

Regulation

The development and design of land transport regulation is outside the scope of the GPS. Transport regulation includes Acts of Parliament (for example, the Land Transport Act 1998), transport regulations (for example, Heavy Motor Vehicle Regulations 1974), and transport rules (for example, bridge weight limits). Land transport regulation is undertaken by a range of public bodies, including the NZ Transport Agency, local authorities and the New Zealand Police.

GPS 2018 includes a focus on the better understanding of the funding implications of regulatory policy, particularly in the fields of safety and environmental regulation.

A future GPS could include transport regulation within the scope of its objectives, policies and measures. Decisions to further investigate these issues lie outside this GPS and may require legislative change.

Future developments in systems and technology

Intelligent Transport Systems technologies use sensors, computing and communications technologies and apply these to vehicles, transport infrastructure or services to make the transport system work better (e.g. by making travel safer and more efficient).

Technology can also be used to create and support new concepts and business models that have the potential to improve the transport system, for example, the ability to manage and personalise different transportation services through a single digital platform.

Intelligent Transport Systems helps meet all four of the Government's key goals for transport and various GPS objectives:

- it increases the performance of New Zealand's existing transport infrastructure
- it can make the transport system, and the investments New Zealand makes in it, more efficient
- many of the technologies may, in the future, mean that cars won't be able to be crashed so it improves safety
- it will promote the resilience of New Zealand's transport system, for example by making travellers aware of alternative options when disruption to the network occurs.

There is considerable scope for innovation in the way that the land transport system is delivered, as examined in the Government's Intelligent Transport Systems Technology (ITS) Action Plan 2014-18. This includes a wide spectrum of systems, from the more extensive use of electronic payment methods and asset management practices that increase the productivity of existing networks, through to technologies such as LED lighting that can reduce operating costs.

The ITS Technology Action Plan anticipates that, over the coming decade, technology will play an increasing part in managing network access and capacity. So far relatively small scale initiatives, such as improved traffic light phasing and ramp metering, have led to measurable improvements in traffic flows in the Auckland network. Other initiatives, such as integrated ticketing, the greater use of Global Positioning Systems and smart phones are improving the availability of real time travel information.

This greatly supports new travel demand management initiatives. Securing these and other productivity improvements that can be achieved through cost effective investment in existing technologies is within the scope of the current GPS.

The regulation of potential in-vehicle technologies that interact with fixed infrastructure is currently outside the scope of the GPS. There are promising developments in the fields of collision avoidance technology, autonomous vehicles and in-vehicle telematics, which will affect the efficient management of vehicles and networks. For example, lane control technology and automatic braking systems are increasingly common in new vehicles and could enable significantly reduced separation distances between vehicles, thereby improving traffic flows and increasing network productivity.

Improved communication between vehicles and between vehicles and infrastructure (variously known as connected vehicles or Cooperative Intelligent Transport Systems) also has significant potential to improve traffic flow and safety.

GPS 2018 provides for trails of innovation and technology investment across the GPS and the associated net benefits, but does not endorse any specific form of technology in view of the speed of evolution.

Appendix D:
Summary of key policy direction documents

Connecting New Zealand www.transport.govt.nz	Connecting New Zealand contains the Government's broad long-term policy direction for the whole transport sector to assist investment decision making in the transport sector. It is a key document for land transport. Connecting New Zealand identifies economic growth and productivity, value for money and road safety as areas of focus.
Business Growth Agenda www.mbie.govt.nz	The Business Growth Agenda is focused on six key inputs that businesses need to succeed: export markets, investments, innovation, skilled and safe workplaces, natural resources and infrastructure. For transport, this means ensuring that the transport system enables the efficient and effective movement of people and goods from the farm gate, through cities and to overseas markets. While infrastructure is important, the agenda is also focused on minimising the costs of transport on businesses and improving access to export markets.
National Infrastructure Plan www.infrastructure.govt.nz	The National Infrastructure Plan sets the vision that by 2030 New Zealand's infrastructure is resilient and coordinated, and contributes to economic growth and increased quality of life. The plan provides the framework for infrastructure development over the next twenty years and is focused on ensuring better use of existing infrastructure and allocating new investment to meet long-term needs.
New Zealand Energy Efficiency and Conservation Strategy 2011–2016 www.eeca.govt.nz	The New Zealand Energy Efficiency Conservation Strategy (NZEECS) contributes to the delivery of the Government's energy priorities set out in the New Zealand Energy Strategy. The NZEECS sets five year targets and objectives to provide consistency and certainty for investment. In terms of transport, the objective is for "a more energy efficient transport system with a greater diversity of fuels and alternative energy technologies."
Safer Journeys Strategy: New Zealand's Road Safety Strategy 2010 – 2020 www.transport.govt.nz	Safer Journeys is the Government's road safety strategy to 2020. Safer Journeys establishes a vision of a safe road system increasingly free of death and serious injuries. Safer Journeys adopts the Safe Systems approach, which involves safe speeds, safe vehicles, safe road use, and safe roads and roadsides.
Intelligent Transport Systems (ITS) Technology Action Plan www.transport.govt.nz	The ITS Technology Action Plan outlines the Government's strategic approach to encouraging and enabling intelligent transport system technologies in New Zealand. It covers ITS issues and opportunities and provides an outline of central Government's ITS related work over the period of 2014 – 2018.
Public Transport Operating Model www.transport.govt.nz	The Public Transport Operating Model sets the operating environment for the delivery of public transport. It is a fully contracted model with features designed to incentivise commercial behaviour, create efficient networks, encourage a partnership approach to growing use, and reduce the level of public subsidy. Under this model, public transport contracts will be awarded through a mix of direct negotiations and tendering. The legislative elements of the model are set out in Part 5 of the Land Transport Management Act 2003. The operational elements are in the NZ Transport Agency's Procurement Manual and Guidelines for preparing Regional Public Transport Plans.
Auckland Transport Alignment Project (ATAP) www.transport.govt.nz	The Auckland Transport Alignment Project was established to achieve alignment between the Government and Auckland Council on a strategic approach for the development of Auckland's transport system over the next 30 years. The final report published in September 2016 recommends a strategic approach, which contains three integrated elements: • make better use of existing networks • target investment to the most significant challenges • maximise opportunities to influence travel demand. The focus is now on how the Government and Auckland Council can best work together to implement the recommended strategic approach.
Tourism Strategy www.mbie.govt.nz	The Tourism Strategy supports the tourism sector to reap the benefits of growth in visitor numbers while managing the pressures this places on businesses, communities and infrastructure. It is designed to help the sector attract high value visitors and investment, not only to tourist hotspots during peak seasons, but to a range of regions and throughout the year.
Housing Infrastructure Fund (HIF) www.mbie.govt.nz	The HIF will enable transport infrastructure projects to be brought forward where necessary to unlock housing developments in high growth areas. The funding would be available for any type of land transport infrastructure that is necessary for a successful housing development, including but not limited to State highway interchanges, local roads, cycleways, and public transport infrastructure.
Regional Economic Development (RED) www.mbie.govt.nz	Concerns that regions were missing out on growth opportunities led the Ministry of Business Innovation and Employment (MBIE) to commission regional economic development studies in partnership with regional stakeholders for Tai Tokerau/Northland, Bay of Plenty, East Coast (Gisborne and Hawke's Bay), Manawatu-Whanganui, and the West Coast. Regional action plans have been prepared to support regional economic growth strategies.
New Zealand Health Strategy	Preventing illness and by making healthy choices easy under guiding principles such as "Collaborative health promotion, rehabilitation and disease and injury prevention by all sectors".

Appendix E:
Glossary

Activity	Defined in the Land Transport Management Act 2003 as a land transport output or capital project, or both.
Activity class	Refers to a grouping of similar activities.
Active modes	Transport by walking, cycling or other methods which involve the direct application of kinetic energy by the person travelling.
Approved organisations	Organisations eligible to receive funding from the NZ Transport Agency for land transport activities. Approved organisations as defined in the Land Transport Management Act 2003.
Connecting New Zealand	A document that summarises the Government's broad direction for the transport sector over the next decade.
Fuel Excise Duty (FED)	Fuel Excise Duty is a tax imposed by the Government on fuel and is used to fund land transport activities.
Hypothecation	The direct allocation of all income from a tax or charge (e.g. Fuel Excise Duty or road user charges) to a particular type of activity, e.g. the Fund.
Land Transport Management Act 2003	The main Act governing the land transport planning and funding system.
Land transport revenue	Revenue paid into the Fund under the Land Transport Management Act 2003.
Local road	Defined in the Land Transport Management Act 2003 as a road (other than a State highway) in a district that is under the control of a territorial authority.
Major metropolitan areas	The following urban areas, as defined by Statistics New Zealand in Classification-Urban Area 2013 v2.0, which have significant areas with employment densities greater than 100 jobs per square kilometre: • Northern Auckland Zone • Southern Auckland Zone • Porirua Zone • Wellington Zone • Western Auckland Zone • Hamilton Zone • Upper Hutt Zone • Christchurch • Central Auckland Zone • Tauranga • Lower Hutt Zone • Dunedin
Maintenance	Maintaining a road so that it can deliver a defined level of service, while leaving the fundamental structure of the existing road intact.
Motor vehicle registration and licensing fees	The Register established under the Transport (Vehicle and Driver Registration and Licensing) Act 1986, which is continued under Part 17 of the Land Transport Act 1998. It records the details of vehicles that are registered to operate on the road. Motor vehicle registration and licensing fees are defined as land transport revenue.
Ministry of Transport	The Government's principal transport policy adviser that leads and generates policy, and helps to set the vision and strategic direction for the future of transport in New Zealand.
National Land Transport Fund (the Fund)	The set of resources, including land transport revenue, that are available for land transport activities under the National Land Transport Programme.
National Land Transport Programme	A programme, prepared by the NZ Transport Agency, that sets out the land transport activities which are likely to receive funding from the Fund. The National Land Transport Programme is a three- yearly programme of investment in land transport infrastructure and services from the Fund.
National Infrastructure Plan	A document which sets out the Government's 20 year vision for infrastructure. It provides a common direction for how economic and social infrastructure is planned, funded, built and used.
New Zealand Transport Agency (the NZ Transport Agency)	The Government agency with statutory functions to manage the funding of the land transport system and manage the State highway system.
Public transport	Passenger transport infrastructure, and services contracted by local and central government.
Regional Land Transport Plans	Plans prepared by Regional Transport Committees, that set out each region's transport objectives and policies for a period of at least 10 years. This includes bids for funding from the National Land Transport Programme.
Regional Transport Committee	A transport committee which must be established by every regional council or unitary authority for its region. The main function of a regional transport committee is to prepare a Regional Land Transport Plan.
Road controlling authorities	Authorities and agencies that have control of the roads, including the NZ Transport Agency, territorial authorities, Auckland Transport, the Waitangi Trust and the Department of Conservation.
Road user charges (RUC)	Charges on diesel and heavy vehicles paid to the Government and used to fund land transport activity.
Roads of National Significance (RoNS)	Routes which have been nominated by Government as critical to improving economic productivity and growth. Currently there are seven projects on the RoNS programme, based around New Zealand's five largest population centres. The focus is on moving people and freight between and within these centres more safely and efficiently.
State highways	A road operated by the NZ Transport Agency, as defined under the Land Transport Management Act 2003.
Total Mobility Scheme	Subsidised taxi services.

Appendix F:
Relevant sections of the Land Transport Management Act 2003

Please note that:

- these sections are excerpts rather than complete replications of the Act
- amendments may be made to the Land Transport Management Act 2003 during the course of the GPS that may affect these sections.

Relevant section

Section 3. Purpose

The purpose of this Act is to contribute to an effective, efficient, and safe land transport system in the public interest.

Section 66. Minister must issue GPS on land transport

1. The Minister must issue a GPS on land transport —
   a. before the start of the first financial year to which it applies; and
   b. that covers a period of 6 financial years.
2. The Minister must issue a replacement GPS on land transport under subsection (1) before the current GPS on land transport expires. If a GPS on land transport that is issued under subsection (1) is replaced, the GPS on land transport that is replaced expires on the date that it is replaced.

Section 67. Preparation or review of GPS on land transport

1. When preparing or reviewing a GPS on land transport, the Minister must —
   a. be satisfied that the GPS on land transport contributes to the purpose of this Act; and
   b. take into account —
      i. any national energy efficiency and conservation strategy; and
      ii. any relevant national policy statement that is in force under the Resource Management Act 1991; and
   c. have regard to the views of Local Government New Zealand and representative groups of land transport users and providers.
2. For the purposes of subsection (1), the Minister must, at least once in every period of 3 financial years, review the Crown's land transport investment strategy required under section 68(1)(b).
3. To avoid doubt, nothing in subsection (2) limits section 90(1).
4. Before issuing a GPS on land transport, the Minister must consult the Agency about the proposed GPS on land transport.

Section 68. Content of GPS on land transport

1. The GPS on land transport must include —
   a. the results that the Crown wishes to achieve from the allocation of funding from the national land transport fund over a period of at least 10 consecutive financial years; and
   b. the Crown's land transport investment strategy; and
   c. the Crown's policy on borrowing for the purpose of managing the national land transport programme.
2. The Crown's land transport investment strategy —
   a. must link the amount of revenue raised from road users with the planned levels of expenditure from the national land transport fund; and
   b. must, for the first 6 financial years of the GPS on land transport and any subsequent years that the Minister considers relevant, address the following matters:
      i. the short-term to medium-term results that the Crown wishes to achieve through the allocation of funding from the national land transport fund:
      ii. the activity classes to be funded from the national land transport fund:
      iii. likely revenue, including changes to the duties, fees, and charges paid into the national land transport fund:
      iv. the identification of an expenditure target for the national land transport programme for each year:
      v. a maximum and a minimum level of expenditure for the national land transport programme for each year (subject to the ability to carry forward funds from the closing balance of the national land transport fund for a financial year to a future financial year):
      vi. an allowable variation between expenses and capital expenditure incurred under the national land transport programme and the inflows received by the national land transport fund:
      vii. funding ranges for each activity class:
      viii. the allowable reasons for varying the expenditure target identified under subparagraph (ii) when making funding allocation decisions:
      ix. a statement of the Minister's expectations of how the Agency gives effect to the GPS on land transport; and

c. must specify the forecast funding ranges for each activity class for the period of 4 financial years following the first six financial years of the GPS on land transport; and
d. must state the overall investment likely to be made in the land transport sector over a period of 10 financial years and the likely or proposed funding sources.

3. The GPS on land transport —
   a. may set out national land transport objectives, policies, and measures for a period of at least 10 financial years beginning on the date that the GPS on land transport is issued; and
   b. must, subject to the Public Finance Act 1989, specify any additional expected funding for land transport activities, including (but not limited to) any money that Parliament may appropriate for the purpose.

Section 69. Status of GPS on land transport

To avoid doubt, a GPS on land transport is not —

a. a direction for the purposes of Part 3 of the Crown Entities Act 2004; or

b. a legislative instrument for the purposes of the Legislation Act 2012; or

c. a disallowable instrument for the purposes of the Legislation Act 2012.

Section 70. Agency to give effect to GPS on land transport in respect of funding of land transport system

1. The Agency must give effect to the GPS on land transport when performing its functions under subpart 1 of Part 2 in respect of land transport planning and funding.

2. To avoid doubt, the GPS on land transport may not impose an obligation on the Agency to approve or decline funding for a particular activity or any combination of activities under section 20.

Section 71. Availability of GPS on land transport

As soon as practicable after issuing a GPS on land transport, the Minister must —

a. present a copy of the GPS on land transport to the House of Representatives; and

b. arrange for a copy of the GPS on land transport to be given to each of the following:
   i. the Secretary:
   ii. the Agency:
   iii. the Commissioner:
   iv. every approved organisation:
   v. the Auckland Council; and

c. make a copy of the GPS on land transport publicly available in accordance with section 108.

Section 11. Annual report on national land transport fund

1. After the end of each financial year, the Agency must prepare an annual report on the national land transport fund.

2. The annual report required under subsection (1) must be prepared in accordance with generally accepted accounting practice, and must include —
   a. an explanation of how the funding of activities or combinations of activities under the national land transport programme has contributed to the achievement of any outcomes, objectives or impacts set out in the relevant GPS on land transport.

3. The provisions of the Crown Entities Act 2004 in respect of the preparation, audit, presentation, and publication of a Crown entity's annual report (including its financial statements) apply, with all necessary modifications, to the annual report required under subsection (1).

Other relevant sections

Section 14. Core requirements of regional land transport plans

Before a regional transport committee submits a regional land transport plan to a regional council or Auckland Transport (as the case may be) for approval, the regional transport committee must —

a. be satisfied that the regional land transport plan —
   i. is consistent with the GPS on land transport.

Section 19E. Variation of national land transport programme.

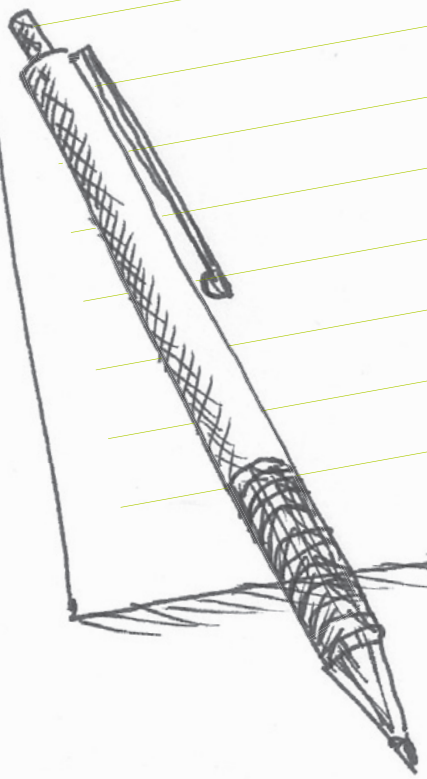
If the GPS on land transport is amended under section 90(1), the Agency must vary the national land transport programme as soon as practicable if necessary to give effect to the amendment.

Section 20. Approval of activities and combinations of activities

1. In approving a proposed activity or combination of activities, the Agency must be satisfied that —
   a. the activity or combination of activities is —
      i. consistent with the GPS on land transport;

2. When approving an activity or combination of activities as qualifying for payments from the national land transport fund, the Agency must be satisfied that the expenditure on the national land transport programme and any expenses associated with any borrowing undertaken in accordance with section 10(1)(b) in the relevant financial year will not exceed the lesser of —
   a. the maximum level of expenditure for the national land transport programme outlined in the GPS on land transport for that financial year and the actual or anticipated amount of the closing balance of the national land transport fund at the end of the previous financial year; or
   b. the sum of —
      i. the anticipated inflows to the national land transport fund in that financial year; and
      ii. the actual or anticipated amount of the closing balance of the national land transport fund at the end of the previous financial year; and
      iii. the allowable variation for that financial year specified in the GPS on land transport.

Please use this page to jot down your thoughts.
Then go online and submit your comments to www.transport.govt.nz/GPS2018



Ministry of Transport
Tel +64 4 439 9000
Fax +64 4 439 9001
Email info@transport.govt.nz
Postal address: Ministry of Transport
PO Box 3175, WELLINGTON 6140
www.transport.govt.nz

www.transport.govt.nz/GPS2018

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Ministry of Transport
TE MANATŪ WAKA