

Government Policy Statement on Land Transport 2015

Questions and Answers

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BACKGROUND

What is the Government Policy Statement on land transport (GPS)?

The GPS is a document issued by the Minister of Transport every three years. It is the Government's primary tool to communicate what it wants to achieve in land transport, and how it expects to see funding allocated between types of activity (for example, roading, public transport, road safety) across the land transport system.

The GPS describes:

- what the government wishes to achieve from its investment in land transport through the National Land Transport Fund
- how it will achieve this through particular areas of investment known as activity classes (for example, road policing, State highway improvements)
- how much funding will be provided
- how the funding will be raised.

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

What is happening with the current GPS?

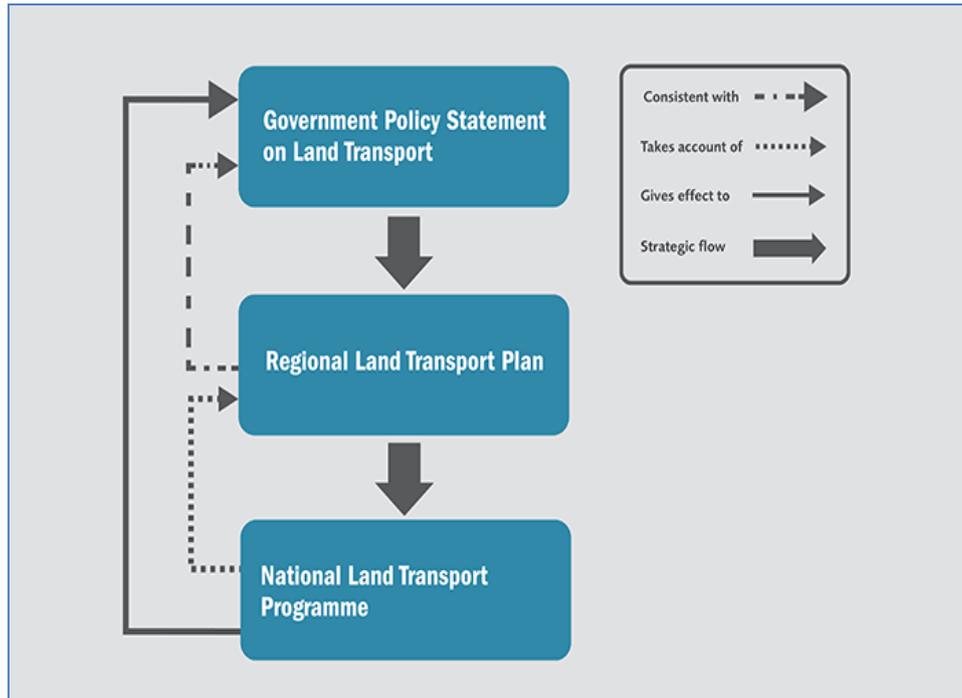
The current GPS will continue to be in force until GPS 2015 comes into effect on 1 July 2015.

The GPS is ordinarily released in advance of it taking effect, so that it can inform development of the National Land Transport Programme and Regional Land Transport Plans.

What is the relationship between the GPS, the National Land Transport Programme and Regional Land Transport Plans

The National Land Transport Programme, developed by the NZ Transport Agency, sets out the activities that can receive funding from the National Land Transport Fund under the Land Transport Management Act 2003. The National Land Transport Programme must give effect to the GPS.

Regional Land Transport Plans developed by local government must be consistent with the GPS. The National Land Transport Programme takes account of the Regional Land Transport Plans, but overall, must give effect to the GPS.



Where does the money for the National Land Transport Fund come from?

Revenue for the National Land Transport Fund comes primarily from road users through fuel excise duty, road user charges and from motor vehicle registration and licensing fees. There are also modest contributions from sources such as the rental or sale of State highway land, and interest from cash invested.

The National Land Transport Fund is a hypothecated fund. This means revenue is ring-fenced for investment in land transport.

Will Fuel Excise Duty (FED) and Road User Charges (RUC) have to increase to fund the GPS?

GPS 2015 assumes that FED and RUC rates will increase in line with increases in the consumers price index (CPI).

GPS 2015 MAIN FEATURES

How much funding is allocated under this GPS?

The GPS 2015 sets an expenditure target of \$3.4 billion for the 2015/16 financial year; and allocates a total of \$10.5 billion over the first three years (2015/16 to 2017/18).

In total \$38.7 billion will be allocated over the 10-year period (2015/16 to 2024/25).

GPS 2012 set an expenditure target of approximately \$9.5 billion over its first three years (2012/13 to 2014/15).

What key changes are proposed in GPS 2015, compared to GPS 2012?

GPS 2015 incorporates several new features:

- GPS 2015 establishes national objectives for the land transport system as a whole, and sets out the results expected to be delivered from the allocation of funding from the National Land Transport Fund, and how these results will be measured.
- GPS 2015 more clearly links the investment in an activity class, the results to be achieved, and how these results will be measured:
 - It merges some activity classes together to make it easier for the NZ Transport Agency to shift resources to the most efficient form of investment
 - It places more emphasis on reporting of the measurable value delivered by investment.

In terms of funding, GPS 2015 roughly continues the total amount of spending planned for in GPS 2012. GPS 2015 provides more flexibility to the NZ Transport Agency and local authorities to identify and fund the best projects by increasing the maximum available funding for many activity classes including:

- road policing and road safety promotion
- public transport, walk and cycleways
- State highway maintenance, local road improvements and local road maintenance.

With greater flexibility and limited funding, the NZ Transport Agency and local authorities will need to do more prioritisation of investment.

GPS 2015's funding ranges are included under question 13 of this Q&A.

PRIORITIES AND OBJECTIVES

What are the priorities of GPS 2015?

GPS 2015 continues the three key priorities from GPS 2012 - economic growth and productivity, road safety, and value for money.

Economic growth and productivity

The Government will continue supporting improvements which will bring benefits for national economic growth and productivity.

Road safety

Every year, too many New Zealanders are killed and many more are seriously injured in crashes. While good progress has been made in reducing road fatalities and serious injuries, GPS 2015 continues to support the delivery of the Safer Journeys vision of a safe road system increasingly free of death and serious injury.

Value for money

It is important that the funds raised for land transport are invested in delivering the right infrastructure and services to the right level at the best cost.

One of the features of GPS 2015 is the inclusion of some national land transport objectives – what are they?

The Minister is including national land transport objectives in the GPS to provide a clearer context for the long term results that we want to achieve from investment from the National Land Transport Fund. The objectives are generic in nature, and would apply to any land transport system.

The national objectives are for a land transport system that:

- addresses current and future demand for access to economic and social opportunities
- provides appropriate transport choices
- is resilient
- is a safe system, increasingly free of death and serious injury
- mitigates the effects of land transport on the environment
- delivers the right infrastructure and services to the right level at the best cost.

The first three objectives deal with the substantive transport task, that is, the movement of people and freight. The next two address the social and environmental effects of transport, such as crashes and emissions, while the last focuses on maximising the value received from government's investment. All of the objectives reflect the performance of the network from a user's perspective.

The GPS has to include the results the government wants to achieve from the allocation of funds from the National Land Transport Fund – what’s included in the final GPS 2015?

GPS 2015 is required to include both *long term* and *short to medium term results* that are expected to be achieved from the allocation of funding from the National Land Transport Fund.

Firstly, the GPS 2015 describes how the long term results in particular relate to the national land transport objectives.

Tables in the GPS 2015 then map all long- and short-term results out, and show which activity classes relate to which results.

The long-term results, and their relationship to the overall proposed priorities for GPS 2015, are:

	National land transport Objectives	Primary long term results
Economic growth and productivity	A land transport system that addresses current and future demand for access to economic and social opportunities	Support economic growth and productivity through provision of better access to markets, employment and business areas Support economic growth of regional New Zealand through provision of better access to markets
	A land transport system that provides appropriate transport choices	Provide appropriate travel choices, particularly for people with limited access to a private vehicle Increased safe cycling through improvement of cycle networks
	A land transport system that is resilient	Improved network resilience at the most critical points
Road safety	A land transport system that is a safe system, increasingly free of death and serious injury	Reduction in deaths and serious injuries
	A land transport system that mitigates the effects of land transport on the environment	Mitigation of adverse environmental effects
Value for money	A land transport system that delivers the right infrastructure and services to the right level at the best cost	Delivery of the right infrastructure and services to the right level Improved returns from road maintenance Improved returns from public transport

ACTIVITY CLASSES

What are the activity classes in GPS 2015?

GPS 2015 merges some activity classes together to make it easier for the NZ Transport Agency to shift resources to the most efficient form of investment. This will be balanced by additional reporting lines for each activity class, referred to as 'Multi-class reporting lines'.

The table below sets out the activity classes for GPS 2015, and shows which current activity classes have been merged.

GPS 2012 Activity Classes	GPS 2015 Activity Classes
New and improved infrastructure for State highways	State highway improvements
Renewal of State highways	State highway maintenance
Maintenance and operation of State highways	
New and improved infrastructure for local roads	Local road improvements
Renewal of local roads	Local road maintenance
Maintenance and operation of local roads	
Public transport services	Public transport
Public transport infrastructure	
Walking and cycling	Walking and cycling improvements
N/A	Regional improvements
Road policing	Road policing
Road safety promotion	Road safety promotion
Sector research	Investment management
Transport planning	
Management of the funding allocation system	

FUNDING

What funding will be available through GPS 2015?

The average increase in the maximum level of funding available under each activity class in GPS 2015 is set out below, and is compared to that available under GPS 2012:

- *State highway improvements* – increases the annual maximum available funding by 4.0 percent per annum (compared to the GPS 2012 level of 4.6 percent).
- *State highway maintenance* – increases the annual maximum available funding by 3.0 percent per annum (compared to 1.3 percent under GPS 2012). This rate of increase is intended to recognise likely maintenance cost pressures, in particular the costs associated with maintaining new infrastructure which has been built to higher standards.
- *Local road improvements* – increases the annual maximum available funding by 4.3 percent per annum (compared to 2.8 percent under GPS 2012). This reflects good returns, and sustained vehicle kilometres travelled on local roads.
- *Local road maintenance* - increases the annual maximum available funding by 2.4 percent per annum (compared to 2.0 percent under GPS 2012).
- *Public transport* – increases the annual maximum available funding by 3.5 percent per annum (increasing from the GPS 2012 level of 3.0 percent average annual increases). This rate of increase reflects current and projected patronage growth.
- *Walking and cycling improvements* – increases the annual maximum available funding by 3.5 percent per annum (compared to 1.9 percent under GPS 2012). This reflects opportunities to provide more options for active modes of transport.
- *Regional improvements* – a new activity class which will ensure funding is available for worthwhile investment in places outside of major metropolitan areas.
- *Road policing* – increases the annual maximum available funding by 1.9 percent per annum (compared to 0.2 percent under GPS 2012).
- *Road safety promotion* – increases the annual maximum available funding by 1.4 percent per annum (compared to 0.6 percent under GPS 2012).
- *Investment management* – increases the annual maximum available funding by 1.4 percent per annum (compared to 0.0 percent under GPS 2012). This is intended to allow the delivery of the enhanced allocation and reporting requirements signalled in GPS 2015.

	Bands	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
State highway improvements	Upper	1,400	1,450	1,500	1,550	1,600	1,650	1,700	1,850	1,950	2,000
	Lower	1,000	1,050	1,100	1,100	1,150	1,200	1,200	1,250	1,300	1,350
State highways maintenance	Upper	585	605	620	640	660	680	700	720	745	765
	Lower	445	450	455	455	460	465	470	475	480	485
Local road improvements	Upper	230	240	250	260	270	285	295	310	320	335
	Lower	150	155	160	160	165	175	180	185	190	195
Local road maintenance	Upper	565	580	595	610	620	640	650	670	685	700
	Lower	405	410	415	420	430	435	440	450	455	465
Public transport	Upper	390	405	420	435	450	465	480	495	515	530
	Lower	275	290	300	315	315	320	325	335	345	360
Walking and cycling improvements	Upper	33	34	36	37	38	40	41	42	44	45
	Lower	15	15	16	16	17	17	18	18	19	20
Regional improvements	Upper	90	90	90	90	90	95	95	95	95	95
	Lower	50	60	70	70	70	75	75	75	75	75
Road safety promotion	Upper	37	38	38	39	39	40	40	41	42	42
	Lower	30	31	31	33	33	33	35	35	35	35
Investment management	Upper	59	60	61	62	63	64	65	66	67	67
	Lower	53	54	55	56	57	58	59	60	61	62
Road policing	Upper	320	325	330	340	345	350	360	365	375	380
	Lower	280	285	290	295	300	305	310	315	320	320

REGIONAL FUNDING

What is happening with Regional funds (R-funds)?

R-funds will expire on 31 March 2015. The Regional Improvements activity class, introduced in GPS 2015, replaces R-funds.

The funding in this activity class is recognition that the road networks in regions are important, and ensures a minimum level of investment for projects of regional priority.

The results expected from spending of this funding focus on delivery of projects that address regional economic development, and improve safety and resilience of regional networks.

How will the new Regional Improvements activity class work?

The Regional Improvements activity class is contestable, like the other activity classes. The funding recognises that regional road networks are important, and ensures a minimum level of investment for projects of regional priority outside of major metropolitan areas.

The expectations are that projects address regional economic development, or improve the safety or resilience of regional networks.

How does the Regional Improvements activity class differ from the current regional policy?

The current regionally distributed funding (R-funds) system ends in 2015. That system provided each region with a guaranteed minimum amount of improvement funding from a total pool of about \$200 million a year, allocated based on each region's population.

The guaranteed funding meant that low value/low priority projects were approved in some regions. The regional improvements activity class is contestable, meaning that the best projects will receive funding.

R-funds were made available to all regions, including metropolitan areas. The Regional Improvements activity class is only available to non-metropolitan areas. This means that if a non-metropolitan area has good road infrastructure improvement projects available, they will have a good chance of being funded through the Regional Improvements activity class, regardless of the funding priorities in metropolitan areas. The amount of funding in the Regional Improvements class (up to about \$90 million per annum) is similar in real terms to the amount of R-funds allocated to non-metropolitan areas.

What is a major metropolitan area?

A major metropolitan area is the built up parts of Auckland, Hamilton, Tauranga, Wellington, Christchurch and Dunedin, as defined by Statistics New Zealand urban areas.

Everywhere else is a non-metropolitan, including districts that share regions with metropolitan areas (e.g. Carterton District, which is part of Wellington region).

How much funding will be available?

Under the previous R-funds system, about \$50 million per year went to projects in non-metropolitan areas, and \$150 million went to projects in metropolitan areas. The new activity class will provide between \$50 million and \$90 million per year to projects in non-metropolitan areas only. At the lower end, this is equivalent to the R-funds system, with significantly increased funding at the upper end, which will only be spent where good value projects are available.

How does the GPS fit with the Funding Assistance Rate (FAR) Review?

The FAR Review is not part of the GPS. Work on the review was led by the NZ Transport Agency.

Information on the FAR Review can be found on the NZ Transport Agency website – www.nzta.govt.nz/far

RECAP: GPS 2012

What were the priorities of GPS 2012?

GPS 2012 had three key priorities:

- Economic growth and productivity
- Value-for-money
- Road safety.

The Government is continuing these in GPS 2015.

How much funding was allocated under GPS 2012?

GPS 2012 had an expenditure target of \$9.5 billion over its first three years (2012/13-2014/15). This compares to \$10.5 billion under the first three years of GPS 2015.

What did GPS 2012 achieve?

System performance under GPS 2012 indicates that good progress towards the three priorities is being made:

- Investment in State highways has contributed to improvements in both travel speed and travel time reliability in areas like Auckland.
- One Road of National Significance has been completed, and the remaining six are expected to be mostly completed over the next six years, representing one of the largest collective investments in road construction for many years.
- Public transport patronage has increased, particularly in Auckland.
- Good progress continues to be made on the Canterbury earthquake recovery.
- Safety on our roads continues to improve.
- Considerable focus has been placed on improving the effectiveness of road maintenance expenditure, through the Road Maintenance Task Force and Road Efficiency Group.

ENGAGEMENT

What public engagement was undertaken?

When preparing a GPS, the Land Transport Management Act 2003 requires the Minister to have regard to the views of Local Government New Zealand and representative groups of land transport users and providers. However, the Ministry of Transport encouraged feedback from a wide range of stakeholders, accepted and considered all views received, and provided a summary of all submissions to the Minister of Transport.

A draft GPS 2015 was issued on 15 June 2014, and formal public engagement was undertaken for an eight-week period. Formal engagement closed on 11 August 2014.

The Ministry of Transport held meetings with Local Government New Zealand, met with local authorities in a series of regional forums, and spoke with several Regional Transport Committees, at their request.

The Ministry also met with the NZ Transport Agency and other key stakeholders in the transport sector.

What were the key themes which emerged in public engagement?

Although the views expressed in the submissions varied widely, a number of key themes emerged:

- Support for the overall strategic direction proposed in the draft GPS 2015 and for the three priorities of economic growth and productivity, road safety, and value-for-money.
- Varying stakeholder views on how funding should be apportioned to different activity classes, particularly between local roads and State highways, to achieve the GPS priorities.
- Support for the GPS to be more explicit that local authorities are co-investors in the land transport system
- Support for the results required of different activity class investments and monitoring of these results, as long as this is not too resource intensive.
- Acknowledgement of, and support for, the increases in available funding for most activities, while seeking further increases in road maintenance, public transport and walking and cycling.
- Concern that despite their importance, local road funding is being restricted to allow building of more State highways.
- Need for funding allocations to recognise the impact of freight and forecast freight increases on the local road network.
- Concern about lack of links in GPS 2015 to rail freight and coastal shipping.
- Support for more emphasis on resilience.

- Support for the new activity class structure and the merging of activity classes.
- More thinking needed about changing future demand patterns, particularly in light of an aging population, climate change and changing oil use.

The summary of submissions is available on the Ministry website – www.transport.govt.nz/gps

How has GPS 2015 been amended as a result of engagement?

Yes. Some of the changes made to GPS 2015 as a result of engagement are:

- The upper ranges of funding available for public transport have increased, so up to \$115 million more will be available for public transport projects between 2015/16 and 2024/25. This takes the potential spending on public transport to a total of \$4.585 billion.
- The objectives set down in the final GPS 2015 have been amended to ensure they are clearer and more well-defined. A new 'efficiency' objective has been added, while the 'demand' objective has been clarified so it refers to access to social and economic opportunities.
- A definition of major metropolitan areas (reflecting the Statistics New Zealand definition) has been added, clarifying those areas which are eligible for funding under the Regional Improvements activity class.
- The Auckland Transport Package (announced by the Government in 2013), Accelerated Regional Rooding Package (announced in August 2014) and the Urban Cycleways Package (announced in September 2014) have been referenced throughout GPS 2015. While funding for these will be provided in addition to funding for activity classes, the packages will be considered and undertaken in a way consistent with other projects funded under the GPS.
- The role that technology and innovation can play in managing network access and capacity has been reflected throughout the document, including the new cross-cutting reporting line which will ensure technology investments (and the returns on these investments) will be transparently recorded.

Where can I find out more about GPS 2015?

The GPS 2015 document, and a range of supporting material, is available on the Ministry of Transport's website – www.transport.govt.nz/gps

FUNDING FOR THE AUCKLAND TRANSPORT PACKAGE

How much funding does GPS 2015 provide for Auckland?

The GPS cannot direct funding to any particular project. The GPS does note that there is funding outside of the GPS.

As part of Budget 2014, the Government has provided a \$375 million loan to the NZ Transport Agency for the Auckland Transport Package. The loan enables motorway projects to be brought forward by up to a decade. These projects have strong economic benefits.

Funding for Auckland does not affect funding for other parts of the country.

FUNDING FOR CHRISTCHURCH

What provision is being made for the Canterbury rebuild in GPS 2015?

Providing the support necessary to repair the land transport network in Christchurch remains a top priority.

The Government has a cost-sharing agreement with Christchurch City Council for the repair and rebuild of Christchurch's roads following the earthquakes.

The maximum to be contributed from the central government is \$635 million, made up of \$350 million from the National Land Transport Fund, \$183 million via a loan to be repaid from the National Land Transport Fund, and Crown funding of \$102 million.

LOCAL ROADS

How much funding is available for local roads?

Between \$1.7 billion and \$2.8 billion will be available for local roads over the period 2015/16–2017/18. This money is co-funded with local authorities so the total investment in the local roading network is approximately twice this number.

This reflects good returns and sustained vehicle kilometres travelled on local roads.

Will funding be enough to maintain our local roads?

Roads need to keep in a fit for purpose state. The maximum available funding for local road maintenance will increase by 2.4 percent per annum, somewhat ahead of anticipated CPI growth of 2 percent per annum.

MONITORING IMPLEMENTATION OF GPS 2015

Why does GPS 2015 have such a focus on value for money returns on investment, and how will this be monitored?

An investment of around \$3 billion per year is a substantial investment funded from New Zealanders through the National Land Transport Fund. Ensuring New Zealanders enjoy strong benefits in return depends not only on whether the right activities are invested in, but also on how activities and projects are delivered, how assets are managed, and the extent to which costs are minimised.

GPS 2015 identifies a much more direct link between the investment in activity classes, the anticipated results, and reporting measures. Those measures include an increased focus on the reporting of measurable returns, including benefit cost assessments.

Where can the public find out how money from the National Land Transport Fund is being spent?

The NZ Transport Agency will publish the next National Land Transport Programme in July 2015, and periodically reports on the investment it makes under the Programme, through <http://nzta.govt.nz/planning/index.html>