

7 October 2016

Andrew Jackson
Deputy Chief Executive
Ministry of Transport
PO Box 3175
Wellington 6140

Dear Andrew

Feedback on the 2015 Government Policy Statement

I write to you today in response to the Ministry's request to the Transport Special Interest Group (TSIG) for comment on the 2015 Government Policy Statement (GPS) on Land Transport. The TSIG, which is made up of regional council members only and as such has a focus on regional council roading and transport issues, represents a specific segment of the local government sector. In an effort to develop an even broader response, we have included comment from the Road Controlling Authority (RCA) Forum, an organisation that LGNZ recognises and supports to study and communicate roading and transport issues to territorial authorities.

A formal LGNZ response requires the endorsement of the National Council or the President acting under delegated authority. LGNZ proposes to provide that response at the appropriate time in the formal GPS consultation process as discussed with Gareth Chaplin.

For its part, the TSIG would like to thank you for meeting recently with it and for the ensuing opportunity to provide the Ministry of Transport (MoT) with its comments/observations on the GPS 2015, and what it would like to see in the GPS 2018. It has found the recent MoT regional workshops on the GPS were very useful to hear what is being planned. LGNZ, the TSIG and the RCA Forum, as a collective, believe that the current GPS could be strengthened in some areas and we offer these views for your consideration when preparing the 2018 GPS.

This letter provides a collective position on the current GPS 2015 (and proposed GPS 2018) with the following recommendations:

1. Increasing GPS role as a strategic document;
2. Supporting more integrated and multi-modal journeys (particularly road and rail);
3. Consider rail funding;
4. Provide direction on funding sources;
5. Broaden the definition of value for money;
6. Ensure alignment across national policy for land transport funding;
7. Broadening funding bands and activity classes;
8. Provide direction on the importance of tourism and key tourist routes;
9. Acknowledge the importance of the internal freight task;
10. Incorporate both urban and rural needs;
11. Highlight the importance of travel demand management and travel behaviour change;
12. Recognise the role of technology; and
13. Incorporate resilience.

1. Increasing GPS role as a strategic document

In making transport decisions, local government looks to the GPS for strategic direction. Our land transport plans *'must be consistent with the GPS on land transport'*, therefore it is very important that the GPS sets a strong national strategic framework for land transport plans to follow. This could include broader investment signals even if some aspects are not funded through the NLTF.

We recommend that the GPS should therefore include specific references to the interrelationships between transport and tourism, health and the environment. In respect to climate change in particular, the GPS should include explicit commentary on the requirement to transition to a low carbon New Zealand economy, as well as outlining next steps on climate change adaptation. New Zealand has thousands of kilometres of rural and state highways within 1.5m of current high tide levels and network resilience is a very important issue to many regions. Climate change effects - extreme weather events and sea level rise - are increasingly affecting our networks. The GPS therefore needs to recognise climate change as an issue and needs to include national policy and funding to address this issue.

We would also support recognition in the GPS that some areas face relatively high resilience management and maintenance costs associated with distinct geological characteristics such as highly erodible soils and frequent high rainfall events. In some cases where disruptions pose high economic and social costs we would support the GPS recognising that new capital investment may deliver better value for money than repeated maintenance costs.

We also recommend that the GPS provides an overarching Government statement on ports, and policy on inland ports, ideally recognising where the ports sector is going nationally. The port/inland port sector has a major influence on inland road and rail transportation systems.

2. Supporting more integrated and multi-modal journeys

We wish to see an integrated transport planning approach across modes - a multi-modal funding framework needs to encourage approaches that think in terms of people and freight 'journeys' as opposed to distinguishing between local roads, state highways and rail. Many freight journeys also start and finish on local roads that are in different regions. Currently the journey conversation tends to focus just on the State Highway system running up and down the country. The current activity class structure across differing road controlling authorities is a barrier to good inter-regional planning. In the delivery of funding, the GPS needs to recognise corridors and linkages between local roads and state highways and across regional boundaries.

We also recommend that the GPS has a stronger multi-modal focus that recognises the important role of public transport and active modes as part of an effective and optimised transport network. This multi-modal focus should be reflected in the activity classes and in a more balanced funding allocation for all modes.

Member organisations are expected to take a systems or network approach to problems and the GPS 2015 explicitly states that "all delivery agencies are expected to work together". We suggest the GPS should better support multi-modal solutions to provide for equitable accessibility, mobility and connectivity.

A multi-modal approach is also needed in response to changing demographics (including an aging population). For example, the TSiG recommends providing rural community transport schemes and good quality footpaths- enablers of access, mobility and connectivity- particularly as the Minister of

Transport has stated this as a priority. Each journey starts and ends on foot and it is unusual that the maintenance and renewal of this critical part of the transport system, the footpath, is not currently eligible for funding under the NLTF. Having the GPS recognise a multi-modal approach would align better with all council priorities, as accessibility, mobility and providing transport choices is a priority for all councils and regions.

GPS 2018 would be strengthened by underscoring that a truly fit for purpose transport network is an essential enabler of social cohesion, not simply economic growth. Ensuring that a range of travel options are accessible and well-integrated improves a range of factors including community resilience, connectivity and social cohesion.

The GPS should also recognise the role of active transport modes for wider health benefits, and the role of public transport in improving energy efficiency and environmental outcomes. Improvements to infrastructure for walking, cycling and public transport will only be optimised if supported by education programmes to encourage behavioural change.

It should be noted that we support funding for cross-regional public transport services. Such services are currently constrained by regional council boundaries which often do not equate with communities of interest. A key example here are communities in North Waikato (in the Waikato Region) whose closest affiliations are to Auckland.

3. Consider rail funding approach

The local government sector has identified difficulties in funding and delivering integrated multi-modal solutions for transport, especially those involving rail. Having some land transport activities funded from the NLTF and others through Crown appropriations outside the NLTF does not assist and support the planning and delivery of an integrated one network approach. Under the current approach, rail capital works on KiwiRail network infrastructure that are critical for the reliable running of commuter rail services are not included in the GPS/NLTP.

We support the work being carried out to better understand the 'public value of rail' – jointly involving MoT, KiwiRail, NZTA and metro councils with passenger rail networks. We look forward to working with central government and stakeholders on potential alternative approaches to funding rail in future, informed by this piece of work. Any alternative approach should recognise the value of both freight and passenger aspects of rail and should result in funding provision that is more straightforward, better aligned and assists transport improvements to be more effectively delivered to achieve desired transport network outcomes.

4. Provide direction on funding sources

We recommend that the GPS includes specific comment on funding sources. There is an increasing need for the Government to consider alternative funding tools to ensure the long-term funding sustainability of the transport sector. There are pressures on existing sources of revenue, such as fuel price volatility, uptake of electric vehicles, an aging population, improving vehicle efficiency and increasing community expectations of higher levels of service. With New Zealand's fuel tax levy one of the lowest in the developed world, we are interested in the GPS providing more direction on the future role of alternative funding such as road network charging, a vehicle levy or additional local and regional fuel taxes.

5. Broadening the definition of value for money

We note that GPS 2015 continues the Government's overall strategic direction of prioritising economic growth and productivity, road safety, and value for money. GPS 2015 strengthens the Government's focus on delivering measurable value from investment in the land transport sector. We therefore see value for money as more of an underpinning principle than a priority and are interested in revisiting the GPS priorities.

We also suggest the GPS includes greater clarity on what is taken into account when assessing value for money. Under the economic evaluation manual (EEM), we have found determining value for money very prescriptive and would be interested in discussing broadening what can be taken into account.

6. Ensure alignment across national policy for land transport funding

We would like to emphasise the need for consistency between the New Zealand Transport Agency's (NZTA's) Investment Assessment Framework (IAF) and the GPS. Consistency is also needed between the GPS, IAF and the Business Case Approach now being applied to Regional Land Transport Plans. We believe there is somewhat of a disconnect between the IAF and GPS and this area could benefit from some combined thinking between MoT and NZTA.

It is challenging to all transport planning to have both a GPS (with National Land Transport Fund allocations) and annual Crown appropriations (from outside of the NLTF) related to transport projects and activities. We recommend that there be better integration of GPS and Crown appropriations funded projects, so that funding provision can be more straightforward and better aligned.

7. Broaden funding bands and activity classes

We believe the current banding of GPS activity classes are too often artificial and inflexible, and restrict the ability of NZTA to take innovative approaches across activity classes. We believe the GPS should allow funding to be shifted between bands where there is surplus in one band and deficit in another. We would suggest the Ministry of Transport develop a methodology which allows for regular reviews of the division of funds between activity classes during the life of the GPS.

As an example, local government, particularly councils with lower growth, is putting a greater focus on better utilising the assets we have rather than investment in new assets. This requires our current assets to be well maintained and fit for purpose to minimise current and future transport costs. There needs to be increased funding allocation in the local roads maintenance and renewals category, as this is where the investment is now occurring. The demand for new and improved local road infrastructure has decreased in recent years and there should be a reallocation of government funding from this category into local road maintenance and renewals.

Another effect on local road maintenance is the uptake of High Productivity Motor Vehicles by the transport industry. The increased use of these vehicles has been very successful and improved transport efficiency. However, the greater vehicle mass means assets are deteriorating at a faster rate than anticipated and the renewal needs of roads and bridges is increasing in turn. It is also important that these renewals are future proofed and allow for the greater vehicle mass likely to be using our road network, including low volume roads that service farm gates.

Regarding the weighting of funding, GPS 2015 notes that it gives more weight to the national land transport objectives that cover its three strategic priorities, one of which is road safety. The

weighting is stated as reflected in the relative amounts allocated to different activity classes. Increased funding should be given to road safety promotion and road policing specifically, given the GPS 2015 allocations are relatively small in comparison to other activity classes. We would also be interested to learn why these road safety activities in GPS 2015 received relatively much smaller increases in funding since GPS 2012 than the other activity classes. A specific activity class and work category for road safety engineering and infrastructure projects would also be helpful to further prioritise funding for these activities among wider road improvement activities. This area of work is extremely important in addressing the trend of increasing fatalities and serious injuries on our national roading network.

The TSIG notes one specific activity class that should be broadened is Regional Improvements. Broadening this activity class would allow us to focus more on achieving regional objectives and priorities, with scope beyond road improvements.

In respect to a specific road safety issue - the Waikato region has been a national pilot for demonstrating speed management. A regional speed management programme business case has been developed which identifies costs to Road Controlling Authorities to address the top five percent of roads that require interventions (including physical works and speed limit changes) targeted to risk. The TSIG expects other regions to pick up speed management work as it is introduced nationally. We suggest the GPS should have an activity funding class earmarked specifically for speed management projects. More broadly, the GPS could usefully incorporate words around understanding risk that would help to progress some projects in this area.

8. Provide direction on the importance of tourism and key tourist routes

Having the right roading network in place to facilitate tourism into many of our regions is critical to many community livelihoods, and GPS 2018 could assist this by better recognising the role that appropriate transport networks play in enabling opportunities to grow tourism.

GPS 2015 includes reference to tourism, but at a secondary level to freight. As the country's biggest export earner, the importance of tourism and maintaining tourist flows through our networks needs to be acknowledged. Key tourist routes (particularly in the South Island) should be given greater prominence in the GPS 2018. The GPS should provide direction to NZTA to allow full consideration of the additional features, facilities and infrastructure needed to enhance the safety and experience of tourists on these routes. There may be an opportunity for inclusion of another activity class to cover these projects with potential for funding from a separate appropriation account (although our views on separate appropriation funding for transport activities stand).

9. Acknowledge the importance of the internal freight task

GPS 2015 is silent on the importance of the internal freight task that keeps the various communities outside of the main cities functioning. The connections between the country's freight hubs with regions, cities and towns are vital to the continued prosperity of the country. Lack of acknowledgment of the importance of this freight task is preventing NZTA from giving resilience issues the full consideration needed.

10. Incorporate both urban and rural needs

While large proportions of funding are going towards roading projects in areas of strong population growth, we would like to emphasise that community transport in smaller rural town needs to be clearly acknowledged in the GPS as these communities also require increased transport investment to support economic growth and community needs. There is currently also fragmentation of funding, with funding outside of the NLTF (eg from health sources) going to rural transport schemes in some areas. We would support a more predictable national transport funding environment incorporated into the GPS for rural transport schemes, albeit one that recognises the interrelationships of transport, health, tourism and the environment.

11. Highlight the importance of travel demand management and travel behaviour change

Managing travel demand is becoming an increasingly important consideration for transport networks in our cities and large urban areas. The Auckland Transport Alignment Project (ATAP), for example, released a report in September 2016 which places significant emphasis on managing demand and getting the most out of existing infrastructure and assets before building new ones. We believe this important area of intervention needs to be reflected in the GPS direction and activity classes.

Travel demand management activities may include, for example, investigation and laying the groundwork for future road pricing tools and demand management approaches, developing tools and technologies to optimise travel patterns, and influencing travel behaviour through education, promotion and awareness programmes. Travel behaviour change is an important area of work that is currently funded from the local road maintenance activity class and it has no visibility in the GPS 2015. Our experience is that obtaining relatively minor amounts of funding for these activities is onerous, partly due to the poor profile and low importance afforded to these types of activities in the GPS and the need to compete with local road maintenance programmes. We would recommend that travel demand management has a clearly defined activity class in the GPS.

12. Recognise the role of technology

The transport sector is increasingly being presented with challenges and opportunities as a result of new technology. The uptake of smartphones, the availability of GPS and Bluetooth data, next generation ticketing and the evolution of initiatives such as electric vehicles and autonomous vehicles will have major implications on future transport systems and transport regulation. We recommend that GPS 2018 contains clear Government policy direction on how planning for, and responding to, new technology will be considered and factored into the transport system funding framework.

13. Incorporate resilience

The GPS needs to highlight network resilience as a key policy direction and provide priority for funding this (as part of the each activity class). Otherwise the risk is that spending is prioritised on new infrastructure that may have resilience benefits, but without fixing the key existing infrastructure risks. Improving resilience needs to be considered as a network solution, not just on an individual project basis.

Thank you once again for the opportunity to comment at this stage on the review of the GPS and provide you with our thoughts on what key areas we are looking for in GPS 2018. We look forward to continuing to work closely with the Ministry in the development of the GPS 2018.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Malcolm Alexander', with a stylized, cursive script.

Malcolm Alexander
Chief Executive
Local Government New Zealand

cc: Gareth Chaplin, General Manager Sector Performance, Ministry of Transport