

// SUBMISSION



GPS LAND TRANSPORT 2024/25 – 2034/35

// Local Government New Zealand's submission on the Government Policy Statement on Land Transport 2024/25 – 2034/35

// SEPTEMBER 2023





Ko Tātou LGNZ.

Local Government New Zealand (LGNZ) provides the vision and voice for local democracy in Aotearoa, in pursuit of the most active and inclusive local democracy in the world. We support and advocate for our member councils across New Zealand, ensuring the needs and priorities of their communities are heard at the highest levels of central government. We also promote the good governance of councils and communities, as well as providing business support, advice, and training to our members.

Introduction

Councils have a significant role in delivering Aotearoa New Zealand's transport system. Regional councils are responsible for planning and delivering our public transport network while territorial authorities are Road Controlling Authorities who build and manage the majority of Aotearoa's estimated \$164bn of transport assets¹. Local government is the largest owner of cycleways, footpaths and bridges in the country.

Local Government New Zealand (LGNZ) welcomes the opportunity to submit on the draft Government Position Statement on Land Transport (draft GPS). Transport is a significant priority for LGNZ. We recently released a [position statement](#) outlining the key issues for our members and the outcomes we want to see from the transport planning and funding framework. Our position statement calls for:

- 1) A strategic long-term approach to planning that joins up central and local government decision-making to address maintenance, development, and climate adaptation needs.
- 2) Sufficient, long-term transport investment that prioritises resilience building, safety and better asset management across both new developments as well as maintenance and renewals.
- 3) Integrated transport and freight networks that support placemaking by connecting our rural communities, town and cities by making them great places to live and work.
- 4) A transport network that can adapt to future climate impacts and prioritise decarbonisation.

We address some of these positions further in our submission and will be undertaking advocacy and policy work to support broader changes to the transport planning and funding system that are not in scope of this draft GPS.

Local government is best placed to deliver a large number of transport outcomes due to its heavy involvement in planning for communities. Providing a local lens on transport planning and investment decisions is critical to ensure they deliver on local needs and priorities and integrate with land use and community infrastructure.

We understand the importance of maintaining and improving transport assets to improve community wellbeing and councils are focused on how to ensure their communities have access to critical lifeline services and economic opportunities through our transport system. With changes to councils' water service delivery and resource management planning functions, the importance and focus put on local government's transport assets, investments and functions is likely to grow.

LGNZ is pleased the draft GPS has been released despite some delays, as this is a critical source of information that councils use to inform Long-Term Plan (LTP) decision-making. While we welcome

¹ Office of the Auditor General, (2022) Managing Public Assets. Accessed from: <https://oag.parliament.nz/2013/managing-public-assets/part2.htm>

some aspects of the draft GPS (such as the proposed increase to maintenance funding) and commend the Ministry of Transport (MoT) on the work done to date, we believe significant changes are needed to ensure investment in our transport system delivers on community needs and priorities and better enables regional economic development.

Key Points

LGNZ is supportive of the general direction of this draft GPS. However, our transport system is in desperate need of increased investment, and we need to put significant effort into decarbonising and building the resilience of the system. Significantly more work is needed to deliver an integrated strategy with sustainable levels of funding.

LGNZ supports:

- // The six strategic priorities identified in the draft GPS; and
- // The focus on building resilience and in particular the resilience of rural roads.

To improve the GPS Land Transport, LGNZ seeks the following changes:

- // That funding allocations are rationalised to ensure funding is directed to the most appropriate areas.
- // That co-benefits across activity classes are identified in the final GPS Land Transport.
- // That the government makes further increases to funding for maintenance and renewals.
- // That investment to improve the resilience of the transport system is significantly increased, alongside development of a long-term strategic approach.
- // That MoT review current emergency works policies to ensure that increasing resilience and adapting to the effects of climate change are taken into account when replacing roads.
- // Increase funding available to ensure councils can decarbonise their transport networks.
- // That MoT and Waka Kotahi work with local government to develop a national long-term strategic plan to guide investment in our national and local transport networks.
- // That MoT advances the New Zealand freight and supply chain strategy at pace and co-design the detailed actions with local government.
- // That MoT assure itself of the financial sustainability of the proposed NLTF funding ranges across all 10 years.
- // That the MoT work with DIA and local government to explore the tools that can be given to councils to raise revenue outside of rates.
- // That MoT accelerates the review into transport funding and co-designs a new transport funding framework with local government.



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- // That Waka Kotahi works with local government to investigate changes to the FAR to ensure councils' local share can be met by existing rating bases.
 - // That MoT work with local government, through Taituarā, and roading companies to increase capacity and capability in the system.
 - // That Waka Kotahi extends the deadline for adopting Regional Land Transport Plans and allow accommodations in LTP decisions.

We also believe that the current transport planning and funding arrangements are not fit for purpose and request that MoT and Waka Kotahi work with LGNZ and local government to develop a strategic long-term approach to planning and funding that joins up central and local government decision-making.

Our submission

Setting strategic priorities that meet the needs of our communities

LGNZ agrees with the six strategic priorities set out in the draft GPS; they seem sensible and aligned with improving community wellbeing, as well as being aligned to the transport outcomes outlined in s 68(3) of the Land Transport Management Act. The focus on maintaining and operating our existing system and increasing resilience is welcomed as they are key priorities for councils. Despite this, it is not clear that the strategic priorities will translate into tangible change or outcomes. We're concerned that these important strategic priorities have not been translated into funding bands within the specified activity classes. We also think there are missed opportunities to understand the co-benefits across strategic priorities and activity classes.

Recommendations:

- // We support the six strategic priorities identified in the draft GPS and request that funding allocations are rationalised to ensure funding is directed to the most appropriate areas.
- // Co-benefits across activity classes should be identified in the final GPS Land Transport.

Maintaining and operating the System

We are pleased to see that maintaining and operating the existing system is a key strategic priority under this draft GPS. Historically, successive governments have underinvested in renewals and maintenance which has had a detrimental effect on the usability of our transport system. Therefore the proposed 30% increase to funding for maintenance and renewals programmes is welcomed. However, we are concerned that the proposed levels of funding will not be able to meet the historical shortfall and fail to account for the increasing cost of delivering this work. Post COVID-19 transport contracting costs have risen significantly due to a lack of skilled labour, resulting in large vacancy rates across the sector. Given that the Producer Price Index has shown an increase to roading costs at 8.9% for the quarter ending June 2023, the funding allocation for maintenance and renewals does not reflect the inflationary costs associated with transport work.²

² Statistics NZ (2023) Business price indexes: June 2023. Accessed from:
<https://www.stats.govt.nz/information-releases/business-price-indexes-june-2023-quarter/>

While it is understandable that a strong focus has been placed on responding to extreme weather events, particularly given the ongoing impacts of Cyclone Gabrielle to key parts of our transport network, LGNZ is concerned that the impacts of increased rainfall, land movement, and other extreme weather events generally have not been accounted for in the baseline maintenance and renewal budgets. Water degrades the surface health of our roads resulting in an increased need for ongoing work, which will make maintaining and operating the system more expensive.

While we understand the current cost pressures on the government and the need to balance several competing priorities, the state of our roads is deteriorating and the costs of maintenance once surface and pavement health falls below a certain threshold are growing exponentially. Significant investment in maintenance and renewals is needed to uplift our existing network to an appropriate standard.

Recommendation:

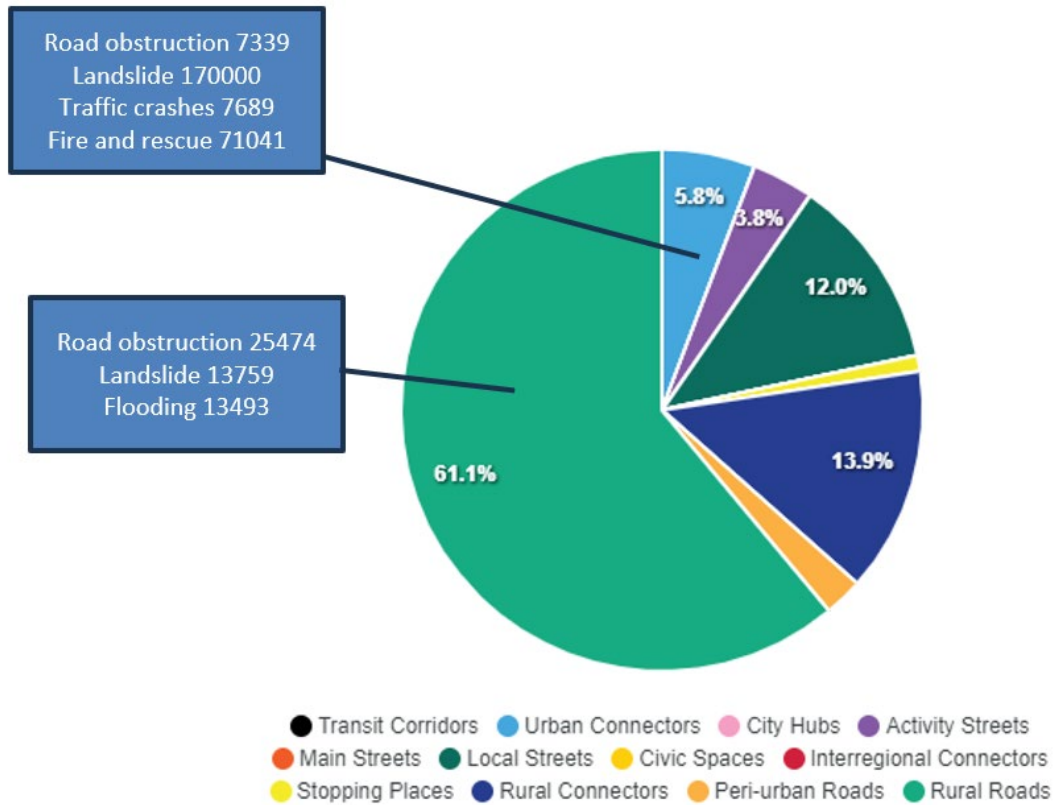
// That the government makes further increases to funding for maintenance and renewals.

Increasing resilience

We support the strategic priority of increasing the resilience of our transport network. Recent extreme weather events have clearly demonstrated the toll the changing climate will have on the condition of our roads and the impacts for communities disconnected from the rest of Aotearoa. Significant proactive investment and a joined-up approach to long-term planning are vital to increase the resilience of the transport networks that connect our communities and support their economic prosperity.

The impacts of road closures are often particularly acute in rural areas due to a lack of alternate routes and the travel distances to access markets and services.³ As can be seen in the graph below, the majority of road closures over the past year have occurred on low-traffic rural roads. We therefore support the focus this draft GPS has put on improving the condition of our rural roads.

³ Draft Government Policy Statement on Land Transport 2024 pg. 22



We are concerned that the funding ranges indicated in the draft GPS are not commensurate with the work that needs to be delivered to increase the resilience of our transport network. Given the importance of local roads in connecting communities to lifeline services, economic and education opportunities we believe that this work should be prioritised. Councils, however, are unable to bridge the gap in funding that the draft GPS proposes. We expect significant increases in Crown spending to avoid the passing of another unfunded mandate to local government.

We understand the desire to “make the most of the considerable maintenance and renewals work programme to improve, rather than just replace, the existing asset base”⁴. However, LGNZ sees limitations with a “build back better” mindset and the short-term thinking this can result in. Current emergency works policies show that without a plan and significant investment councils have no other option but to replace like for like which has contributed to the state our assets are currently in. We need a joined-up, long-term strategic approach to the resilience of our transport system that links with the wider context of reform and our response to climate change. For example, Tiro Rangi Waka Kotahi’s Adaptation Plan needs to integrate with the development of Regional Spatial Strategies under the Spatial Planning Act 2023 and the work underway on identifying options for a framework for community-led retreat. A consistent and dynamic framework and identifying areas

⁴ Draft Government Policy Statement on Land Transport 2024 pg. 8

where climate change will make service delivery an unreasonable and unending task of repairing and reopening roads will support councils to make decisions that improve the resilience of the transport system.

Recommendations:

- // LGNZ strongly supports the focus on building resilience and in particular the resilience of rural roads.
- // That MoT review current emergency works policies to ensure that increasing resilience and adapting to the effects of climate change are taken into account when replacing roads.
- // That investment to improve the resilience of the transport system is significantly increased, alongside development of a long-term strategic approach.

Reducing emissions

Transport emissions are one of the five main sources of Aotearoa New Zealand's emissions and account for 17% of our total emissions, so decarbonising transport is one of the key levers for reaching our emissions reductions targets and mitigating the impacts of climate change.⁵ While some of the policies under the first Emissions Reduction Plan have moved our transport emissions in the right direction, we still need a fundamental shift in the way we move people and goods to ensure we reduce the impacts of climate change on our communities.

We are concerned that the policies outlined in the draft GPS represent an inadequate response to the clear and urgent threat climate change poses. The funding allocated under activity classes to further this strategic objective is inadequate. Even without the recent cut of \$50 million to councils to create walkable neighbourhoods and cycling networks⁶ the level of investment indicated in the draft GPS is unlikely to meaningfully contribute to the three decarbonisation goals outlined in the ERP. For example, the Auckland Transport Emissions Reduction Plan found that given the policy levers and funding available they will only meet 51% of this target.

The disconnect between the goals outlined and the levels of funding indicated in the draft GPS and Climate Emergency Response Fund means that the need to reduce transport emissions is yet another unfunded mandate passed to local government. We encourage MoT to significantly increase the funding allocated to decarbonising transport and undertake work to understand the funding

⁵ Mistry for the Environment, (2022), First Emissions Reduction Plan pg. 169 Accessed from: <https://environment.govt.nz/assets/Emissions-reduction-plan-chapter-10-transport.pdf>

⁶ <https://www.newsroom.co.nz/govt-cuts-further-236-million-from-climate-policies>

levels required for councils to meet VKT reduction goals to ensure that they do not pass on any unfunded mandates in future GPS'.

Recommendation:

// Increase funding available to ensure councils can decarbonise their transport networks.

Safety

We support the strategic priority to improve safety outcomes across the transport system as we need to reduce deaths and serious injuries on our roads, footpaths, and cycleways. Improving the safety of our transport system requires a holistic approach that includes infrastructure improvements and traffic management solutions, which are complemented by education and communications campaigns. Both these hard and soft interventions will need to be adequately funded to ensure the effective implementation of safety improvements.

We are concerned that despite safety being identified as a strategic priority and the Road to Zero plan outlining the steps we need to take, not enough investment has been allocated to improving the safety of our system.

Recommendation:

// The Government increases the funding allocated to improving the safety of our system.

Sustainable urban and regional development

We support the strategic priority of sustainable urban and regional development and the strategic investment projects outlined in the GPS to support this. The range of mode-shift programmes outlined in the draft GPS individually seem sound, but don't paint a coherent picture of how we will enable urban and regional development. Mode shift will best provide value for money when infrastructure improvements are complemented by travel demand management interventions and communication campaigns.

While the proposed strategic investments will help to improve the transport connections of some communities, they do not give us confidence that the Government has a well thought out strategy for urban and regional development at a national level. As identified in our Transport Positions Statement, integrated transport and freight networks that support placemaking by connecting rural communities, towns and cities will be crucial to improving the economic and social wellbeing of our communities. Understanding regional and local contexts will be critical as the Government develops policy around areas like mode-shift and a long-term strategic plan to guide investment. We encourage MoT and Waka Kotahi to collaborate with local government to develop these policies and strategies to ensure local priorities and needs can be reflected.

With the introduction of the Spatial Planning Act and the need for councils and remit agencies such as Waka Kotahi to contribute to Regional Spatial Strategies, we have an opportunity to develop this long-term national plan. Utilising RSSs will not only enable better investment across a 30-year horizon but will also improve integration between spatial planning, land transport and community infrastructure. To develop this plan and deliver a consistent approach during RSS development, MoT and Waka Kotahi needs to increase funding for planning and policy development internally and work with local government to understand local needs and priorities.

The final GPS should clearly outline how the Government intends to fund the land transport decisions that may fall out of the development of RSSs. In addition to this, the final GPS should respond to work programmes that would improve sustainable urban and regional development such as the Inquiry into Inter-Regional Passenger Rail.

Recommendation

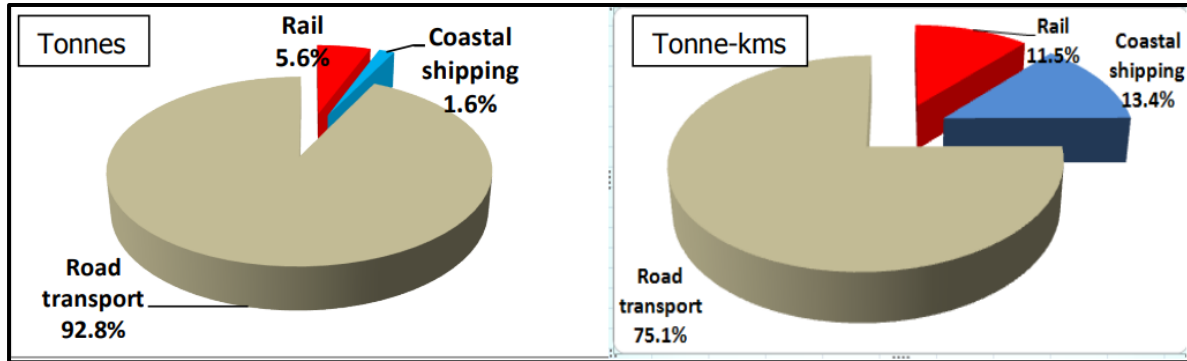
// That MoT and Waka Kotahi work with local government to develop a national long-term strategic plan to guide investment in our national and local transport networks.

Integrated freight system

We support the inclusion of an integrated freight system as a strategic priority. We need a freight network that enables transportation of goods across road, rail, and coastal shipping to support our regional economies. Diversifying our freight network will improve the resilience of the system and reduce the cost of maintenance and renewals, as the use of heavy vehicles has a significant impact on the condition of our roads. The National Freight Demand Study has confirmed that the majority of our freight is moved via our roads (see graph below) in particular on the local road network. Of all the \$68.4Bn exports⁷ produced, land-based exports and their first stage processed products account for over 60% of the value of New Zealand's exports⁸. In today's terms \$42.4 Bn of export value per annum is transported by local and regional networks.

⁷ https://oec.world/en/visualize/tree_map/hs92/export/nzl/all/show/2021/

⁸ <https://www.lgnz.co.nz/assets/Uploads/252d91a4db/BERL-Transport-Futures-Economic-Evidence.pdf>



With almost 93% of all freight transported by truck, New Zealand's roading network provides a crucial service in supporting our economy at both national and local levels⁹.

However, despite the clear signal from the Government that we need to improve and diversify our freight network, little has been delivered to date and the problem is getting worse. According to a review of Waka Kotahi's asset management by the Ministry of Transport (MoT)¹⁰, heavy vehicle use and volumes on the State Highway network has grown by 28% over the past 10 years, with a 7% increase in kilometres travelled by heavy vehicles experienced across the State Highways during the 2018-21 funding period alone.

We would like to see MoT advance the New Zealand freight and supply chain strategy at pace and co-design the detailed actions with local government as our local roads play an important part in getting products to market.

Recommendation

// That MoT advances the New Zealand freight and supply chain strategy at pace and co-design the detailed actions with local government.

Meeting the level of investment needed in our transport system

LGNZ is concerned that despite the increased levels of investment outlined in the draft GPS, our local roads and transport system will fail to meet the challenges of the 21st century, because of inadequate overall levels of investment in the system. The NLTF is constantly being asked to cover

⁹ <https://www.transport.govt.nz/assets/Uploads/Review-of-the-Investment-in-Operating-and-Maintaining-New-Zealands-State-Highways-Part-1-Summary-Report-Final.pdf>

¹⁰ [Review-of-the-Investment-in-Operating-and-Maintaining-New-Zealands-State-Highways-Part-1-Summary-Report-Final.pdf \(transport.govt.nz\)](#)

more without an adequate increase to the fund, and external factors such as climate change have exhausted budgets well before the end of the funding cycle.

We agree that funding allocated through the NLTP needs to be spent in a way in which “delivers value for money makes most efficient use of the NLTF to deliver on outcomes aligned with the strategic priorities.”¹¹ However, we are not convinced the funding allocated is sufficient, and the current funding system is underpinned by short-term thinking. This means that the NLTF is unlikely to achieve strategic priorities or meet users’ reasonable expectations. The funding drop-off after year three of the NLTP does not give councils confidence to plan long term improvements to the network either. We also have significant concerns around the debt financing proposal and the impacts this will have on future funding level and overall financial sustainability. This is especially concerning given that activity class budgets are dependent on revenue raised, and it is currently unclear whether the sources identified will achieve the hypothecated 34% increase in revenue and be able to repay Crown debt.

We believe that our transport system is not financially sustainable and the way we fund our transport network needs to fundamentally change. We strongly urge MoT to assure itself of the financial sustainability of the proposed NLTF funding ranges across all 10 years.

Sources of revenue

We support the proposed changes to the way revenue is generated including the diversion of revenue generated through traffic infringements. We also support the extension of RUC to include EVs. While an incentive may initially have been needed to increase uptake of Electric Vehicles as a means of reducing emissions this is not a financially sustainable intervention nor does it account for the cost any type of vehicle has to the transport network.

We agree that distance-based charges like RUC and RED need to be considered, but equity considerations need to be kept front of mind. Distance-based charges are predominately paid by rural communities who currently receive only a small portion of the revenue generated. We request a larger portion of the revenue generated through RUCs is apportioned to rural road maintenance.

However, we need a wider range of revenue raising tools to meet the needs to the system. Congestion charging, the expansion of digital RUCs, and several other tools have been implemented successfully overseas and we request the MoT work with DIA and local government to explore a range of tools that can be given to councils to raise revenue outside of rates, including the ability to set their own parking infringement rates.

¹¹ Draft Government Policy Statement on Land Transport 2024 pg. 8

We understand that MoT is currently undertaking a review into the Future Transport Revenue System. However, we believe this work needs to be accelerated to ensure investment in the transport system will meet the existing and future challenges of rural and urban communities. We would encourage MoT to work closely with LGNZ and councils during the review and co-design the new system with local government given we deliver most of the transport system. Alongside this, we need to improve our transport planning system to ensure strategic investments in the system happen in the right place at the right time.

Recommendation

- // That the MoT work with DIA and local government to explore the tools that can be given to councils to raise revenue outside of rates.
- // That MoT accelerates the review into transport funding and co-designs a new transport funding framework with local government.

Local share

We note that, while some increases of spending have been indicated through the NLTP, the FAR allocated to councils remains unchanged. This means that in order to meet the increased levels of funding that the GPS proposes, significant rates increases may be needed. These will be incredibly difficult for councils given their current funding pressures and the wider, current economic situation. Councils are facing significant cost pressures from implementing a raft of reforms, inflationary pressures, and the need to deliver a number of unfunded mandates from central government. Rates increases cannot keep up with the ballooning programme of works councils are expected to deliver. With councils unable to raise revenue to meet NLTP funding it is likely that some of the proposed outcomes and programmes may not be realised.

This is particularly true for councils which have a small rating base or where compounding pressures (such as recovering from Cyclone Gabrielle or deteriorating socio-economic conditions in communities) would push council budgets beyond the brink. We are concerned that rural and disadvantaged communities will have inequalities entrenched through a lack of investment in their transport networks through the NLTP. To have a well-connected New Zealand all aspects of our network need significant uplift, not just those with the population base to support significant investment. We propose that Waka Kotahi investigate the FAR available to all councils to relieve the pressure on their local rating base and investigate any further support rural and disadvantaged communities will need to maintain and operate their transport network.

Recommendation:

- // That Waka Kotahi works with local government to investigate changes to the FAR to ensure councils' local share can be met by the existing rating base.

Increasing capacity and capability

There currently is a significant shortfall in the skilled labour required to deliver many of the transport maintenance programmes and capital investment projects that are outlined in the draft GPS. Right now there are substantial vacancy rates in the transport construction sector and the machinery required to undertake transport upgrades is in short supply. While it is important that the levels of funding for maintenance and capital project programmes are increased to deliver a quality transport network, we urgently need to increase the capacity and capability of the system to meet the increased levels of funding and work that is needed.

One option for building capability and capacity could be to prioritise providing long term contracts to small to medium-sized contractors to support them to build capacity and capability at the local level. Providing long term certainty will give small to medium-sized businesses assurance that investment in capacity and capability will continue beyond a three-year timeframe. We encourage MoT to investigate expanding the Network Outcomes Contract framework for councils to use during procurement. We also support Taituarā's recommendation that MoT and Waka Kotahi work with them and roading companies put in place a strategy to increase capacity and capability and improve the competitiveness of the marketplace.

Recommendation:

// That MoT work with local government, through Taituarā, and roading companies to increase capacity and capability in the system.

Improving the way we fund our transport network

The current three-year funding cycle makes long term strategic investments difficult and the NLTP is being asked to fund a wider range of activities, meaning different needs and priorities are forced to compete with one another. Local funding isn't enough to bridge the shortfall and the ad hoc use of different funding sources through the CERF and Treasury has created a complex funding system focused on short term decisions.

The cost and impact at the local level of everchanging investment priorities following general elections has been overlooked for too long. The stark contrast in the proposals put out by political parties in the lead up to this year's general election has created uncertainty as to whether priorities, projects, and funding levels outlined in the draft GPS will change in a few months' time.

Furthermore, the NLTP does not align with council funding cycles which makes budgeting decisions difficult and can result in disruptions to work programme planning. Ideally, the GPS on Land Transport would be available at least 15 months before LTPs need to be adopted to allow councils to build the right assumptions into their budgets and meaningfully consult with their community on proposed work. We need a long-term investment strategy for our transport system that has cross party support so that regardless of the shape of the government of the day, communities and councils have confidence that the transport system will be built and maintained to a reasonable



standard. However, in the absence of wider reform it would be useful for extend the deadline for Regional Land Transport Plan adoption and allow councils to adopt their LTP with placeholder transport decisions and have final decisions properly costed and consulted upon once the final GPS has been adopted.

A strategic, long-term approach to planning that joins up central and local government decision-making and puts local people and priorities at the centre of service delivery is crucial to meeting our desired transport outcomes. Local communities are best placed to decide on shared priorities and understand their needs when it comes to our transport network; however, agreed goals and a long-term national plan for our transport network is needed to guide local investment.

We have identified developing a strategic long-term approach to planning that joins up central and local government decision-making as a key priority in our Transport Position Statement and we will be progressing policy and advocacy work in this space after the election.

Recommendation:

- // That Waka Kotahi extend the deadline for adopting Regional Land Transport Plans and allow accommodations in LTP decisions.
- // That MoT and Waka Kotahi work with LGNZ and local government to develop a strategic long-term approach to planning and funding that joins up central and local government decision-making.

CONCLUSION

While we support the general direction of the draft GPS, we have serious concerns around whether the strategic priorities will be delivered upon given the levels of funding allocated and the lack of a coherent plan for what our transport system should look like in 30 years' time. We are concerned that means that the funding allocated will not provide the best value for money as co-benefits across activity classes have not been identified and the projects and programmes funded only encourage short-term investments. We encourage MoT to work with the incoming government to both rationalise the investment decisions in the final GPS as well as finding more revenue options to accommodate both the significant need for investment in our transport network and ensure the financial sustainability of our transport system. We encourage MoT to undertake significant changes to the NLTP and work with local government to understand local priorities and meet the levels of investment required.

Additionally, we need to fundamentally change the way we plan and fund our system to ensure that there is a strategic and joined-up approach to decision making and delivery of transport services so that integrated transport and freight networks support local placemaking and enable community wellbeing. Following the finalisation of the GPS we would like to work with MoT to review current transport planning and funding arrangements to better align decision-making and develop a long-term strategy to improving and building resilience in our transport network.