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NZ Automobile Association submission on:

Land Transport (NZTA) Legislation Amendment Bill



SUBMISSION TO: Transport and Infrastructure Committee

REGARDING: **Land Transport (NZTA) Legislation
Amendment Bill**

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NOTE TO REQUESTOR:

The AA does not wish to present this submission orally.

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Executive Summary

The New Zealand Automobile Association (NZAA or AA) welcomes the opportunity to provide comment on the Land Transport (NZTA) Legislation Amendment Bill.

The NZAA is supportive of the intent of the Bill, but we do not support proposals to permit the NZTA's regulatory functions to be funded directly from the National Land Transport Fund, and instead propose that these should be directly funded by the Crown. We also suggest the Bill should explicitly require that the NZTA's functions, including regulatory functions, should provide value for money. In addition, we suggest the Committee may wish to consider providing greater clarity around the appointment and resourcing of the role, including whether it be for a fixed term.

1. Introduction

The NZAA supports the intent of the proposals in the Bill, and recognises the need for improved monitoring and enforcement of compliance with the land transport system.

2. Clause 5 – section 9 amended Clause 6 – section 10 amended

Following the regulatory failure and subsequent review it is clear that NZTA needs appropriate resourcing to make improvements to its regulatory function. However, funding decisions at this time need to create incentives for value for money and accountability into the future.

Through amendments to section 9 & 10, the Bill permits the Crown to take expenses relating to the NZTA's regulatory functions and Ministry of Transport's associated monitoring functions from the National Land Transport Fund (NLTF). This process is known as 'top skimming'.

Introducing top skimming does not create the right incentives and accountabilities.

The top skimming which will remain in place in perpetuity – it is a solution that works well for transport officials. Funding provided from this source will be easier to roll over, and easier to increase. Those paying this money do not have visibility of how it is spent or leverage over transport officials to hold them accountable.

Compare it to two other funding approaches:

- Crown appropriation – transparency and scrutiny is provided through the budget processes, and requires strong justification to increase because it is assessed against other priorities
- Fees and charges – have strong incentives for efficiency because industry are aware of and sensitive to increases. There is also transparent processes, scrutiny and consultation when these are adjusted because of statutory requirements.

Given the uncertainty about the regulatory changes that are still being worked through at NZTA, the uncertainty about funding requirements and the absence of funding policy work because the

funding review has not taken place yet (there is no information from officials on what these costs may be), the NZAA submits that it is inappropriate to implement top skimming at this time.

We suggest the Crown should instead provide an appropriation for the next two years so that funding is available to develop and implement the changes required.

3. Clause 8 – section 95 replaced

We are concerned that value for money is not referenced under the functions of the Agency. While referenced under subclause 1(g) in relation to the operation and delivery of public transport, we consider this section should implicitly require the Agency to ensure that the delivery of a land transport system provides value for money.

4. Clause 9 – new sections 96A and 96B inserted

In reference to the adoption and publication of a regulatory strategy, we suggest that the Committee may wish to consider whether the Bill should specify how frequently the strategy is reviewed, and that it be reported back to the responsible ministers, to ensure that these amendments to the Land Transport Management Act are achieving their desired outcome.

5. Clause 11 – new sections 104A and 104B

We note that the Agency appoints the Director of Land Transport, but it is unclear whether this appointment is made by the Board or the Chief Executive, nor who the Director reports to. Similarly, while this is a statutorily independent role, it is also unclear whether the Director has access to adequate independent resources in order to carry out these functions. We suggest the Committee may wish to consider providing greater clarity on these matters.

We notice that other Directors in similar roles, such as Maritime NZ or the Civil Aviation Authority, have term limits, and suggest the Committee may wish to consider whether the Director of Land Transport should also be appointed for a fixed term.

As noted in our comments on Clause 8 above, the NZAA suggests that the functions and powers of the Director should also include a value for money component. That is, the requirements in subclauses 4 of new section 104A must be targeted to risk and be delivered at reasonable cost.

About the New Zealand Automobile Association

The NZAA is an incorporated society with over 1.7 million members, representing a large proportion of New Zealand road users. The AA was founded in 1903 as an automobile users' advocacy group, but today our work reflects the wide range of interests of our large membership, many of whom are cyclists and public transport users as well as private motorists.

Across New Zealand, the motoring public regularly come into contact with the AA through our breakdown officers, 37 AA Centres and other AA businesses. Seventeen volunteer AA District Councils around New Zealand meet each month to discuss local transport issues. Based in Wellington and Auckland our professional policy and research team regularly surveys our Members on transport issues and Members frequently contact us unsolicited to share their views. Via the AA Research Foundation, we commission original research into current issues in transport and mobility. Collectively, these networks, combined with our professional resource, help to guide our advocacy work and enable the NZAA to develop a comprehensive view on mobility issues.

Motorists pay over \$4 billion in taxes each year through fuel excise, road user charges, registration fees, ACC levies, and GST. Much of this money is reinvested by the Government in our transport system, funding road building and maintenance, public transport services, road safety work including advertising, and Police enforcement activity. On behalf of AA Members, we advocate for sound and transparent use of this money in ways that improve transport networks, enhance safety and keep costs fair and reasonable.

Our advocacy takes the form of meetings with local and central government politicians and officials, publication of research and policy papers, contributing to media on topical issues, and submissions to select committees and local government hearings.

Total Membership

1.7+ million members

Just over 1 million are personal members

0.7 million are business-based memberships

% of licenced drivers

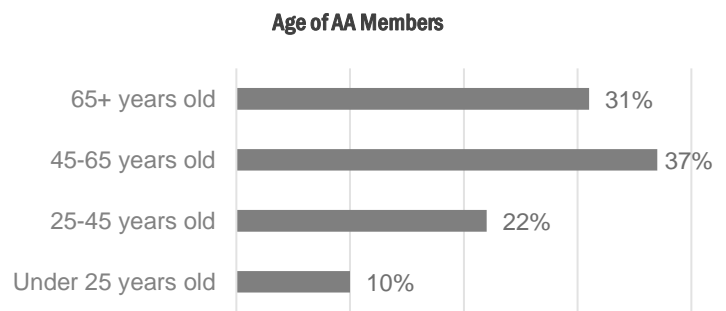
Half of licenced drivers are AA Members

Gender split

54% Female

46% Male

Age range & Membership retention



Half of AA Members have been with us for 10 years or more.
