



2 April, 2024

NZ Automobile Association submission on:
**March 2024 Draft GPS on Land
Transport**



SUBMISSION TO: Ministry of Transport - Te Manatū Waka
REGARDING: March 2024 Draft GPS on Land Transport
DATE: 2 April 2024

ADDRESS: Te Manatū Waka
PO Box 3175
Wellington 6140
gps@transport.govt.nz

SUBMISSION AUTHORISED BY: Simon Douglas
Chief Policy and Advocacy Officer
New Zealand Automobile Association Incorporated (NZAA)
PO Box 1, Wellington, 6140

SUBMISSION AUTHOR: Dylan Thomsen

AUTHOR E-MAIL: dthomsen@aa.co.nz

AUTHOR PHONE: 027 703 9935

COPYRIGHT & PERMISSION TO REPRODUCE:

The content of this submission is the property of the NZAA. Information in it is relevant at the time of authorship. The NZAA gives permission for content in it to be freely copied, cited and distributed, but not altered, subject to due care that content used does not misrepresent the NZAA.



Summary

1. The NZ Automobile Association (AA) welcomes the opportunity to submit on the March 2024 draft Government Policy Statement on land transport 2024-34 (the draft GPS).
2. We are glad to see this GPS set an agenda for reform of the transport funding system. The existing framework, originally designed simply to fund a consistent road construction and maintenance programme on a pay as you go basis, is now being called on to fund investments of a scale and range it was not intended to cover.
3. The relatively short timeframe of the three-year National Land Transport Programme (NLTP) is also inadequate to enable efficient medium to long-term infrastructure planning and provide certainty of direction for regions and local road controlling authorities.
4. The AA therefore sees the priorities for system reform as placing the revenue system on a more sustainable basis and developing a framework for longer-term planning of transport infrastructure.
5. Among the strategic priorities for this GPS, we especially welcome the priority given to maintenance and resilience of the road network. The AA has been increasingly concerned in recent years to observe deterioration of many parts of the network due to failure to prioritise essential periodic renewal of road pavements.
6. Creation of a separate activity class for ‘pothole prevention’ should help remedy this situation. We note that recent funding increases for road maintenance generally have not delivered commensurate results and look to see a strong focus on ensuring that contracts deliver the right level of pavement restoration work and provide value for money.
7. We also support the other strategic priorities stated, while noting that these include a very ambitious programme of major road projects. The size of this programme underlines the need for robust and realistic setting of priorities and programming of work. Such programming needs to recognise the limits of both the funding available and the capacity of the construction industry. We also agree that planning of major transport infrastructure needs to sit within a wider national plan for infrastructure across all sectors. The overall result should be a clear timeline with expected start and completion dates for major projects and a consistent medium to long-term pipeline of work
8. The AA supports investment in public transport, including a level of subsidisation from road user revenues to reflect benefits in terms of reduced road congestion. In our view, however, recent experience shows that increasing the amount allocated to public transport subsidies (especially for public transport infrastructure) is less important than making good decisions about where to invest and ensuring projects are affordable and deliverable.
9. The draft GPS signals a shift away from some types of road improvement (“multi-modal” improvements or “traffic calming” measures) to focus more on construction of new roads. The AA considers that all improvement projects should be subject to robust assessment and prioritised based on their anticipated benefits, regardless of the nature of the improvement.

10. The AA agrees that a new strategic approach is needed to road safety. The previous Road to Zero strategy had lost public confidence, omitted significant aspects of road safety including driver training and gave insufficient emphasis to safe drivers as a key element in the safety system alongside safe vehicles and safe roads – both of which should also remain important elements in any safety strategy.
11. We also welcome the GPS emphasis on drug and alcohol impaired driving and high-risk driving behaviours generally. Police enforcement is key to success in this area and we support the setting of appropriate and achievable targets in this area.

Introduction

12. The NZ Automobile Association (AA) welcomes the opportunity to submit on the March 2024 draft Government Policy Statement on land transport 2024-34 (the draft GPS).
13. The AA has advocated for the transport interests of our members throughout our 120-year history. Today our work reflects the wide range of interests of our 1.8 million Members, many of whom are public transport users and cyclists, as well as private motorists.
14. The deadline for submissions on this draft GPS has not allowed time for consultation with the AA's District Councils. We note, however, that such consultation was undertaken on the draft GPS issued by the previous Government in 2023. This submission reflects input obtained from that consultation, along with member surveys, on issues such as the prime importance of road maintenance funding and the need for an ongoing programme of investment in new and improved land transport infrastructure.
15. The following sections of this submission mirror the structure of the draft GPS, commencing with feedback on proposed system reforms, followed by comment on strategic priorities before moving to more specific comments on funding for the NLTF and allocations to activity classes.

System reform

16. The AA agrees that the land transport investment system requires significant reform to address the challenges identified by the GPS in terms of both the adequacy of revenue and the ability to ensure that major infrastructure projects are delivered in an efficient and timely way.
17. We also agree that planning of transport infrastructure requires a longer-term approach and support the proposal to amend the Land Transport Management Act to require a 10 year investment plan. This will give both the NZTA and local and regional authorities greater certainty to invest in projects with a time horizon beyond the 3 year span of the current National Land Transport Programme (NLTP) framework.

18. The existing land transport funding system is based on a user pays model in which fuel taxes and road user charges were intended to be sufficient to maintain and improve the road network, without any need for central government to either contribute further funding or be involved in investment decisions.
19. This model served New Zealand well for many years, but in recent decades has been modified to provide for a greater level of central government strategic direction, primarily through the GPS mechanism. This was introduced to address what was seen as a failure of the original funding model to respond to new transport system needs, particularly where these require investment in major new infrastructure and/or alternatives to private vehicle use.
20. Successive governments have used the GPS to direct funding to purposes that they have seen as of highest priority, whether to construction of new motorways, or to investment in public transport, walking and cycling facilities and the rail network. This has placed demands on the funding system that it was not designed to meet. Changes in policy direction magnify these demands as new governments seek to implement their own agendas while the system is at the same time facing funding commitments reflecting previous strategic priorities. The resulting revenue shortfalls have been met through ad hoc injections of Crown funding and loans. This situation is not sustainable.
21. The AA agrees, therefore, that a new funding framework is required and will welcome the opportunity to participate in the development of proposals for change. The Ministry of Transport and NZTA are expected to report soon to the Minister of Transport on the future of land transport revenue and we look forward to this report being a starting point for engagement with stakeholders, including the AA along with other organisations representing both users and providers of land transport infrastructure. We see such engagement as critical to ensure that proposals are thoroughly tested and provide a basis for a practical, affordable and user-friendly modern revenue system.

Strategic Priorities

22. The AA agrees that the four strategic priorities specified in the GPS are all important to delivering the benefits New Zealanders expect from the land transport system. While noting that economic growth and productivity will be the top priority when considering new infrastructure investments, we also reiterate our view that maintenance and renewal of our existing road network should have the first call on revenue collected from road users. We consider that this is equally if not more important to economic productivity than investment in new infrastructure.

Roads of National Significance

23. The Roads of National Significance (RONs) listed in the draft GPS include many projects that have been identified as high priorities for the communities and regions concerned and will accordingly be welcomed by the respective AA District Councils. We note, however, that

details of the cost, timing and funding of these projects remain to be determined. We also note the statements that other RONS may be identified, and that the Government has also identified other projects that it wishes to progress (including an unspecified number of Roads of Regional Significance).

24. The size of the resulting programme of road investment raises questions about both its affordability and the capacity of the construction industry to deliver projects within expected timeframes at reasonable cost. We note that concerns about such issues were raised by both the NZ Transport Agency and the Ministry of Transport in their briefings to the incoming Minister, the latter highlighting the gap between the extent of investment ambitions identified in transport and other sectors and the capacity of the heavy civil construction industry.
25. We also note that the Infrastructure Commission has identified efficiency of investment as “New Zealand’s biggest infrastructure challenge”. We consider it vital therefore that implementation of the RONS programme should be carried out with a focus on efficiency and in a manner that recognises constraints in industry capacity.
26. This will mean that not all projects will be able to proceed at once. To manage expectations and ensure resources are put to the most productive use there will therefore need to be a robust and transparent process for determining the positions of RONS and other major road improvement projects in the funding queue. This process should take account of the priorities set in Regional Land Transport Plans and ensure that rankings are perceived as based on fair and objective criteria. It should result in a clear timeline with expected start and completion dates for major projects and establish a consistent medium to long-term pipeline of work.

Public Transport

27. The AA welcomes investment in public transport. Affordable and well-targeted improvements to services and infrastructure have the potential to deliver benefits both to passengers and other road users, as well as contribute to the economic productivity of our major urban centres and the development of more sustainable patterns of mobility.
28. We are disappointed, therefore, that increases in public transport funding allocations in recent periods have not produced notable results at a national level. Rather, there has been a decline in confidence in public transport services in the major metropolitan areas where these services have the greatest potential benefits. This failure needs to be addressed by ensuring that investments in new facilities and services are focused on maximising benefits in terms of people moved per dollar invested and enhancing the efficiency of urban transport networks while being both affordable and deliverable.
29. Surveys of AA members indicate strong support for some level of subsidies to public transport and agreement that fuel taxes and road user charges should continue to contribute to such subsidies. The balance between subsidies and user contributions to public transport costs (‘farebox’) requires careful consideration to ensure that users make a reasonable contribution without this impacting significantly on patronage.

30. Investment in public transport from the NLTF has traditionally been justified, at least in part, by benefits to other road users from reduced road congestion. This is a valid rationale in urban centres with large numbers of commuters. In smaller regional centres, however, public transport plays a rather different role, focused more on its function as a social service for people without access to private means of transport. While we support provision of such a service, we suggest it may be appropriate, when considering reform to the land transport funding system, to consider subsidising it from a source other than road user revenue.

Rail

31. The AA supports continuing investment in the rail freight network, but agrees with the Government that this investment should not be subsidised by road users, especially in the absence of any increase in freight carried by rail. Charges levied on road users should not exceed what is necessary to cover the costs of providing and operating the road network¹.

Walking and Cycling

32. As noted above AA members include users of cycling and walking infrastructure and the AA supports investment in such infrastructure, especially where there are demonstrable safety benefits to be gained at reasonable cost while retaining good access for all modes.
33. We note that the GPS stipulates that walking and cycling improvements should not be funded from road improvement activity classes. This is supported on the basis that it should result in greater transparency in funding allocation and clearer definition of the expected benefits of investments. We would, nevertheless, be concerned if it were to lead to situations where there would be clear benefits in improving cycling and walking facilities at the same time as undertaking road improvements, but this cannot be done due to a lack of available funding.

Increased maintenance and resilience

34. As set out in previous submissions, the AA considers that maintenance of the land transport network underpins the economic and other benefits it generates for New Zealand. We have been concerned that maintenance funding has not kept pace with increases in demands made on the road network, or with increases in costs, and especially that funding available for renewal of road pavements has not been adequate to prevent unacceptable deterioration in the quality of many parts of the network.
35. We therefore welcome the strong emphasis in the GPS on maintenance and resilience of the road network and support the creation of the two new activity classes focussed on road resealing, rehabilitation and drainage maintenance. This should provide both more resource for essential pavement maintenance and greater visibility of performance in this regard.

¹ These costs include the full cost of repairing road damage attributable to heavy vehicle use, as well as road policing activity and a contribution to public transport commensurate with the benefit of reduced congestion.

36. We also welcome the intention to seek greater efficiency in road maintenance spending. As outlined in the GPS, and confirmed by our own analysis, there has been a marked trend over recent years towards lower numbers of road kilometres resurfaced or rehabilitated per maintenance budget dollar. Our understanding is that this reflects both increases in the cost of pavement repairs and an increased share of maintenance budgets going towards activities that are peripheral to the core outcome of durable road surfaces that provide for safe and comfortable travel. In this regard, we note and support the intention to require reporting on expenditure on temporary traffic management, along with other initiatives aimed at improving efficiency of maintenance activity.
37. Improvements in road condition outcomes are not therefore simply a question of allocating more funding. Creation of more specific activity classes should assist, but as shown by recent experience focus is required both on the detail of funding for specific categories of periodic pavement restoration work and on obtaining the best value for expenditure.

Safety

38. Recent trends in numbers of road deaths and serious injuries are of concern to the AA and it is apparent that the previous approach to safety under the “Road to Zero” framework had lost public confidence. These factors alone indicate a need for a change in approach.
39. The AA welcomes the focus on drug and alcohol impaired driving and on high risk driving behaviours generally. We support the proposal to legislate for roadside drug testing and the setting of new targets for numbers of such tests, as well as the new targets for alcohol breath tests. We also agree that it is timely to review levels of fines and infringement fees for traffic offences and support appropriate resourcing and targeting of road policing activity, along with safety promotion.
40. An area that the AA considered a major omission from the Road To Zero action plan was driver training and improving driver knowledge and ability generally. We think the new actions for road safety that New Zealand takes should include a focus on this area, complementing other aspects contributing to a safe road system such as safer roads and vehicles and appropriate enforcement.
41. As with previous strategies, much hinges on the ability to deliver the actions required and see what results are achieved. It is important therefore that we continue to have a range of publicly reported targets and measures available so that stakeholders and the general public can easily see what progress is being made. Police targets could be included in such measures to help provide accountability.
42. The ability of the NZ Police to provide the resources needed on the road to implement measures such as drug testing along with other safety enforcement activities will be key to the success of the approach outlined in the GPS. We note that this may depend not only on the level of road safety funding provided, but on other calls on Police resources. Setting contractual requirements for activities such as drug and alcohol testing will assist to ensure delivery, but may not guarantee success.

Investment in Land Transport

National Land Transport Fund

43. The AA welcomes the Government's commitment to increased funding of the NLTF, relative to the previous GPS period. Such an increase is badly needed, simply to make up for previous shortfalls in maintenance of the road network and compensate for cost increases.
44. We also appreciate the Government's desire to limit immediate cost pressures on road users by deferring increases in fuel excise duty and road user charges. This means, however, that increases in expenditure must be funded by other means, including further increases in an already high level of debt carried by the NLTF. As set out in submissions on the previous Government's draft GPS, we are concerned that such increases are not sustainable and, as shown in this draft GPS, will increasingly eat into the share of future revenue available for investment.
45. In this context, the planned increases in the transport funding component of the annual vehicle licence fee can be seen as a reasonable contribution to increasing revenue needs. We note however, that although the effect of these increases on costs for the average motorist will be considerably less than the increases in RUC and fuel excise duty proposed by the previous Government, they will have a greater proportional impact on owners who cover small annual distances.
46. As noted above, this draft GPS outlines an ambitious programme of land transport system improvements, many of which are likely to require funding well beyond the initial 3 years of the GPS period. It also makes clear that existing revenue streams will not be sufficient to meet likely commitments from 2027/28 on.
47. The GPS refers to several ways in which the expected revenue gap could be filled. We do not wish to comment on these at this stage, other than to note that none of the ideas floated are new. We again note our strong interest in engaging in discussions on specific options that the Government may be considering.

Funding for Activity classes

Road improvements

48. The AA welcomes the planned increase in funding for State highway and local road improvements. Part of this increase is, however, a transfer of funds previously allocated to safety improvements through the Road to Zero activity class. It is not explicit in the draft GPS how large this transfer is or how it is intended to be distributed between State highway and local road improvements. We would welcome greater clarity on this point. We would also expect that there will continue to be space for improvement projects based on expected safety benefits.

49. It is clear from statements at various points in the draft GPS that the Government expects not only an increase in the volume of road improvement work, but a shift away from some types of improvement (“multi-modal” improvements or “traffic calming” measures) to focus more on construction of new roads. The AA considers that detailed decision-making on funding of proposed improvements should be guided by the criteria in the Land Transport Management Act, with all projects subject to robust assessment of their anticipated benefits and prioritised accordingly.
50. The GPS allocates increased funding for both constructing new roads and maintaining and renewing the existing network. Realistically, there are likely to be limits both on the ability of the NLTF to fund increases in both types of activity, and on the capacity of the construction industry to carry out all the work expected. An increase in funding will, especially if accompanied by a longer-term investment focus, provide the construction industry with an incentive to invest in increased capacity. In the short term, however, pressure on construction industry capacity carries a risk of further cost inflation. We submit therefore that obtaining greater value for money from roading investments involves not only a focus on carrying out work efficiently, but also on sizing work programmes to avoid creating a “sellers’ market” for road construction.

Road Maintenance

51. The AA endorses the creation of separate “pothole prevention” activity classes for State highways and local roads. Experience over the past decade has shown that failing to allocate sufficient funding for road pavement resurfacing (resealing) and rehabilitation results in deterioration of the network that not only reduces the quality of road users’ experience, but in some cases causes damage to vehicles and creates safety risks. Neglect of such essential periodic pavement restoration² work (not to be confused with the temporary repair of potholes once they develop) has been less visible due to their inclusion within general “maintenance and operation” activity classes.
52. The allocations made to the pothole prevention activity classes appear sufficient to enable a substantially higher level of pavement restoration activity than during the 2021/24 GPS period. The likely extent of the increase in activity is, however, uncertain. This will depend partly on how the various activities included in the old maintenance and operations classes are to be split between the new pothole prevention and operations classes - we assume for example that short-term repair of potholes (pending more substantial pavement restoration) will fall in the operations activity class, but this could be made clearer.
53. The amount of extra activity will also depend on the length of road that can be resurfaced or rehabilitated per NLTF dollar. As noted in the draft GPS increases in road maintenance funding over recent years have not resulted in commensurate increases in pavement rehabilitated or resurfaced. This reflects very steep increases in per-km costs for these types

² We have used the term ‘pavement restoration’ to comprise both the NZTA work categories 212 and 214 (sealed pavement resurfacing and sealed pavement rehabilitation respectively). An alternative term would be pavement renewal, but we note this is used in the GPS to refer only to rehabilitation.

of work in recent years, on top of a longer-term decline in the proportion of total maintenance funding being used for these purposes.

54. Creation of the new activity classes should ensure that pavement restoration receives appropriate focus. There remains however a risk that the increased funding envelope will not automatically deliver the expected results. For State highways these results are defined (over the long-term) as 2 percent of the State highway network being renewed each year and a further 9 percent resealed. We assume that the term “renewed” is used here to refer to the NZTA work category 214 (sealed pavement rehabilitation) and that “resealed” refers to work category 212 (sealed pavement resurfacing)³. The 9 percent target for resurfacing should be readily achievable, as it is not far above the average for recent years, but the proportion of the network subject to more thorough rehabilitation has not exceeded one percent since 2013/14. Given the much more substantial work involved in pavement rehabilitation it may prove challenging to raise this proportion to two percent, at least in the next three years.
55. No targets are set for pavement rehabilitation or resurfacing on local roads. This may lead to the unwarranted conclusion that the same targets will apply as for State highways. This would be inappropriate, given the much greater length of the local road network, and its less intensive use, but the absence of any specific target may lead to confusion and misunderstanding.
56. Analysis carried out by the AA has indicated that over the past decade the percentage of the local road network resurfaced has been relatively consistent at between 3.5 and 4.0%. Full pavement rehabilitation has been much less frequent, and more variable over the decade, but has averaged around 0.2% in recent years. Our view is that indicative targets should be set for increases in both types of work. We suggest such targets could be at least 4% for resurfacing and 0.4% for rehabilitation⁴, while noting that these would be subject to bids submitted by local road controlling authorities. If no target is set we see a risk that resurfacing and rehabilitation of local roads may receive lower priority for funding than equivalent work on State highways, with a consequent failure to meet public expectations of improvement in road surface quality.

Public Transport

57. As noted above, the AA supports well targeted investment in public transport services and infrastructure. The funding ranges proposed for the activity classes concerned are very broad, with upper bounds slightly higher than in the 2021 GPS. This should provide sufficient flexibility to fund useful public transport improvements.

³ The distinction between these two work categories is very significant, as rehabilitation of a pavement involves its complete reconstruction, including the underlying basecourse, and costs about 10 times as much as simply replacing the seal on top (resurfacing).

⁴ These may seem to represent a small percentage increase, but given the size of the local road network the number of additional kilometres to be treated would be substantial.

Safety

58. This activity class is now limited to road policing and road safety promotion, while the former Road to Zero class included infrastructure improvements. This may create a perception that safety funding has declined and leaves it unclear whether additional funding will be available for road policing. We recommend that the final GPS:
- a) Make clear that the funding for safety improvements formerly in the Road to Zero activity class has been transferred to other activity classes; and
 - b) Confirm that safety benefits will be a major factor in deciding priorities for investment across all of both the State highway and local road improvement classes;
 - c) Clarify whether the level of funding provided for road policing and safety promotion represents an increase relative to previous years and if so by how much.
59. We note that the GPS envisages that some road safety funding to the Police could be tied to meeting targets for specified activities. While the amount of funding involved is described as “small” we have some reservations as to both the appropriateness and likely effectiveness of such an approach. We consider that if Police have difficulty in meeting contractual targets set with the NZTA this is likely to be symptomatic of broader issues around Police resourcing. A cut to funding due to failure to meet such targets could therefore simply exacerbate these issues.

About the New Zealand Automobile Association

The NZAA is an incorporated society with over 1.8 million Members, representing a large proportion of New Zealand’s 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, drivers regularly come into contact with the AA through our breakdown officers, 36 AA Centres and other AA businesses. Meanwhile, 18 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 around \$4.5 billion in taxes each year through fuel excise, road user charges, registration fees, ACC levies, and GST. 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

1.8+ million Members

Just over 1 million are Personal Members

Over 0.7 million are Business-based Memberships

% of licenced drivers

At least 29% of licensed drivers are AA Members

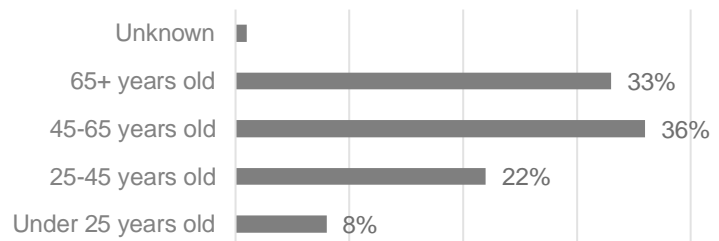
Gender split

54% Female

46% Male

Age range & Membership retention

Age of AA Members



52% of AA Members have been with us for over 10 years.

