



GUIDING
LIFE'S
JOURNEYS
FOR OVER
110 YEARS.
New Zealand
Automobile
Association



Draft Government Policy Statement on Land Transport 2018

NZAA submission

The New Zealand Automobile Association Incorporated

342-352 Lambton Quay
PO Box 1
Wellington 6140
NEW ZEALAND

2 May 2018

SUBMISSION TO: Ministry of Transport

REGARDING: **Draft Government Policy Statement on Land Transport 2018**

DATE: 2 May 2018

ATTENTION: GPS Submission Team

ADDRESS: Ministry of Transport
gps2018@transport.govt.nz

SUBMISSION AUTHORISED BY Simon Douglas
National Manager, Motoring Affairs
New Zealand Automobile Association Incorporated
P.O Box 1
Wellington

SUBMISSION AUTHOR Sarah Geard

AUTHOR E-MAIL sgeard@aa.co.nz

AUTHOR PHONE (09) 927 2552

2 May 2018

GPS Policy Team
Ministry of Transport
PO Box 3175
WELLINGTON 6140
gps2018@transport.govt.nz

**THE NEW ZEALAND
AUTOMOBILE
ASSOCIATION
INCORPORATED**

342-352 Lambton Quay
Wellington
New Zealand
PO Box 1
Wellington
New Zealand

T. +64 4 931 9999
F. +64 4 931 9964

SUBMISSION FROM THE NZ AUTOMOBILE ASSOCIATION ON THE DRAFT GPS 2018

1. Introduction

The NZ Automobile Association (NZAA) appreciates the opportunity to comment on the draft Government Policy Statement on Land Transport (GPS) 2018.

The NZAA represents the interests of our 1.6 million Members who, through their contribution of fuel excise duty, road user charges, and registration fees to the National Land Transport Fund (NLTF), are the primary funders of New Zealand's land transport system.

The GPS is a powerful and important document in the land transport planning and funding landscape; setting the Government's plans for raising transport revenue and priorities for the allocation of the NLTF to guide the development of the transport system. Consequently, the NZAA takes a strong interest in the GPS as the document which identifies how much our Members – and motorists more generally – are going to pay in transport taxes and what they're going to get for their money.

This submission sets out our key feedback on the draft GPS, and incorporates findings of a survey of almost 600 NZAA Members that we undertook in April 2018¹ on the GPS's content. We are very happy to meet with officials to discuss our feedback in more detail and to share our survey findings if that would be useful.

We have focussed our submission on what we consider to be critical issues, rather than attempt to comment on every aspect of the GPS. This submission therefore includes comment on:

- the development of the GPS including the change in strategic direction and its impact on the sector, and expectations for GPS 2.0 (see section 2)

¹ The survey was specifically designed to inform the content of our submission on the GPS. It was developed by the NZAA and reviewed and amended by an independent expert. The survey was sent to 19,898 randomly selected AA Members on Friday 20 April. By Monday 23 April (when the survey was harvested) it had received 577 usable responses, yielding a margin of error of +/- 4.1%.

- the revenue and funding issues raised including the impact of including rail in the NLTF, the proposed increase in fuel excise duty and road user charges and the decline in funding for State highway improvements (see section 3.1)
- the elevation of safety to the primary objective of the GPS including consideration of 'Vision Zero', the implementation of the Speed Management Guide and a focus on school safety (see section 3.2)
- a new approach to access including challenging the term 'mode neutral', increased local and regional funding, an increased focus on Auckland and greater alignment between land use and transport planning (see section 3.3)
- support for increasing the uptake of low emissions vehicles and reducing the environmental impact of internal combustion engines (see section 3.4); and
- an increased focus on value for money and some of the challenges that we see will emerge from this (see section 3.5).

2. NZAA's feedback on the development of the draft GPS

The NZAA congratulates the team that developed the draft GPS. The document was produced under challenging timeframes, yet the end result is accessible, clear and contains few surprises to stakeholders.

For stakeholders like the NZAA, it is critical that the draft GPS can be easily interpreted and that the strategic and policy directions are clear. It is also important that it be relatively easy to compare to previous documents so that the sector, and the public, can see meaningful changes in direction. The draft GPS 2018 achieves these points well.

There is also a very high degree of alignment between what Ministers had signalled was going to be the strategic direction prior to the draft GPS's release, and what has been set out in the document. The wider transport sector is heavily directed in its planning and resource allocation by the GPS and this in turn has a direct bearing on the confidence of the public in the transport system, so the early signals that were given were beneficial.

That being said, the draft GPS reflects a substantial change in direction of Government policy which has created a great deal of uncertainty over the long term direction for transport. Road controlling authorities and stakeholders value a level of certainty as it allows for stable planning and investment. We would therefore suggest that measured, well telegraphed changes in direction are preferable over substantial and sudden shifts in policy direction. This same principle applies to the construction sector who will build the transport infrastructure, and the commercial operators who will use it. Dramatic shifts in policy direction promote uncertainty, which the commercial sector prices into contracts as risk, which in turn challenges value for money – one of the key objectives of this GPS.

We were somewhat disappointed at the time taken to issue a draft GPS, given that local authorities were required by legislation to develop and consult on their regional land transport plans – which are influenced by the content of the GPS – at around the same time. In our view, this has had flow on effects for the quality of the process for developing many regional land transport plans around the country. This is an issue we heard raised by local authorities in the meetings and summits that we attended on the GPS.

Finally, the Government has clearly signalled that all the changes that they hoped to be able to make in this GPS were not possible, given time constraints. It has been stated that a further revision, GPS 2.0, will be produced in mid-2019. We are told to expect a substantive change, and a move to an outcomes framework. The NZAA would take this opportunity to stress the importance of being able to ‘translate’ the current GPS into any future format so that stakeholders can track changes from one version to the next, and understand where the meaningful changes of direction and funding allocation occur.

3. Feedback on critical aspects of the draft GPS

In the following sections we will highlight what we consider to be critical feedback on the draft GPS’s proposed revenue and funding policy and on its four strategic priorities (safety, access, environment, and value for money).

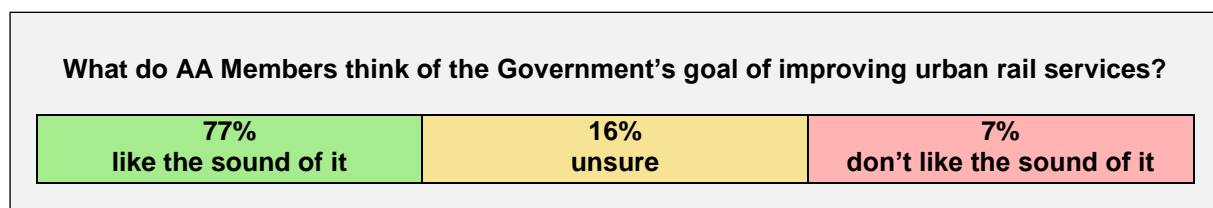
3.1 The draft GPS’s proposed revenue and funding policy

3.1.1 Funding rail and rapid transit from the NLTF

The draft GPS establishes two new activity classes: ‘transitional rail’ and ‘rapid transit’ (which we understand is intended to predominantly be used to deliver light rail).

If these propositions are taken forward, this will mean that for the first time rail and light rail will receive funding for capital projects from the NLTF. What’s more, the NZ Transport Agency (NZTA) has advised us that these activities will both be fully funded by the NLTF, meaning projects funded from these activity classes won’t require a funding contribution from local authorities nor will they receive a contribution from the Crown.

While the NZAA supports investment in rail and rapid transit (and our Member survey shows that there is a very high level of support for this investment as shown below), we have some concerns about the proposal to fully-fund these modes from the NLTF.



To date it has been convention that the NLTF is predominantly used to provide infrastructure and services that benefit motorists, on the basis that the revenue in the NLTF is almost entirely raised from motorists. Consequently, the NLTF (the motorist) funds 100 percent of State Highway projects, as all of the benefits of these projects are seen to fall to motorists. Meanwhile public transport services, for example, are funded by public transport passengers (50 percent), ratepayers (25 percent) and motorists (25 percent) broadly reflecting the benefits of the investment that each group is considered to receive.

Our understanding is that under GPS 2018, the NLTF (motorists) will be funding 100 percent of rail and light rail projects. Yet motorists will only receive a portion of the benefits that these projects deliver. Other beneficiaries of these projects, such as people who own property near them, will not be required to contribute funding. Further, these projects will only be delivered in a handful of – predominantly urban – areas, meaning a lot of motorists around the country will be contributing funding but receiving no benefit at all.

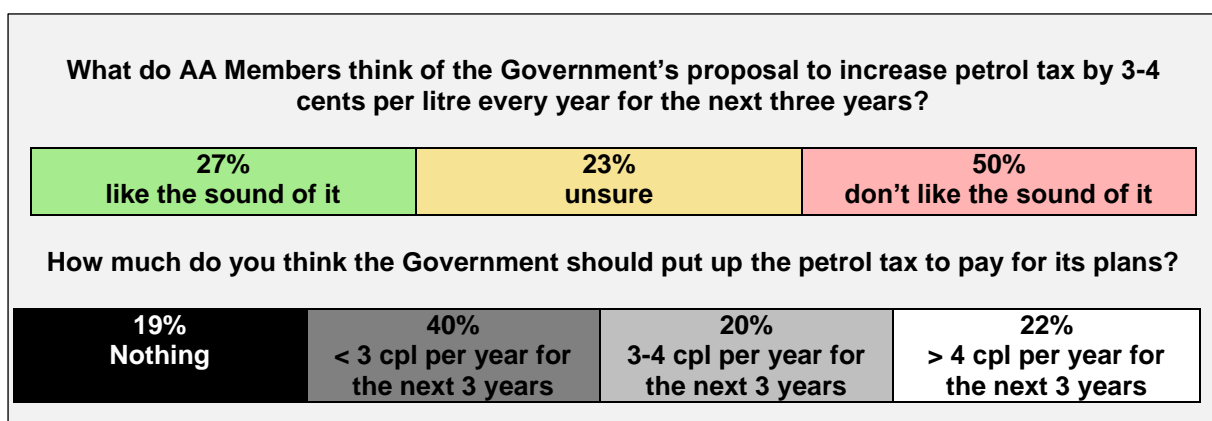
These matters raise serious questions around fairness of the transport funding system going forward, particularly as these modes are forecast to receive a bigger and bigger allocation of the NLTF each year

We are also concerned that by bringing rail under the NLTF umbrella, the Government may in effect be making less funding available for transport overall (however we note that this is offset by the Government’s plans to increase fuel taxes – our feedback on which is provided further below). This is because to date, rail infrastructure has been entirely funded by the Crown outside the NLTF through a separate funding allocation. Indeed we specifically note that Crown funding has fallen from \$1.0 billion in the previous GPS to \$0.5 billion in this draft. We do not support this reduction.

3.1.2 Proposal to increase fuel taxes

The draft GPS proposes to increase fuel taxes by 3-4 cents per litre per year, for the next three years.

Fuel tax increases are a cost to our Members and the wider motoring public, and make private vehicle use – which for many is a necessity – more expensive. However, given that all revenue raised from fuel taxes is hypothecated and invested in the transport system, fuel tax increases have the potential to deliver significant improvements to the land transport network and benefit those who are paying. It is therefore not surprising that there are mixed views amongst NZAA Members about proposals to increase fuel taxes as shown in our survey results below.



Our position is that if increases in fuel excise duty and road user charges are pursued, the following conditions MUST be met.

- Fuel tax increases should not be looked at in isolation.
 - Given that the draft GPS is clear that the benefits of the proposed transformation will accrue to the nation's health, economy, society and environment, we see a strong case for Crown funding to be used to help manage the impact on motorists. In previous GPSs funding for rail and cycling has included significant Crown contributions that recognised wider benefits.
 - Furthermore, the draft GPS is clear that investment in high density corridors will create significant value uplift. We therefore consider that mechanisms such as value capture must be considered and introduced where practical, to help to lessen the effect of the transport funding burden on motorists.
- The increases must translate into immediate increases in investment in the transport system.
 - Fuel tax increases should not be undertaken as a means of raising and saving money to deliver projects in the longer term – raising transport taxes in advance of needing the revenue is inconsistent with the pay-as-you-go principle of the land transport funding system.
 - Fuel tax increases should not go ahead unless local authorities have sufficient funding available for their share of investment. Consistent underspending by local authorities on existing activity classes in the GPS suggests that any major increase in co-funded activity classes risks going unspent, unless there are significant changes to FARs, or local authorities' ability to raise revenue.
- There needs to be transparency around the costs and charges associated with all modes of travel.
 - It is imperative that the Ministry's work to develop a clear understanding of transport costs and charges is carried out so that we have a transparent and agreed understanding of the costs and benefits that underlie our transport system. Only then can we make informed choices about appropriate charges and allocation of costs.

3.1.3 Proposal to reduce allocation to State highway improvement activity class

We note that the GPS indicates that less funding will be made available for State highway improvements projects in the coming years. We're concerned about what this will mean for State highway projects that have already been analysed and which have been determined to be justified under the business case process.

As such, it is difficult for us to understand the impact that a very dramatic reduction in the State highway improvements activity class (up to \$1 billion per annum in the later years of the planning period) will have. We are also unsure of just how (or even if) increases in regional roads funding will 'replace' some of this expenditure.

While we understand that this GPS is seeking a transformation in the transport system, we are concerned that as our State highway network is such a critical part of our overall transport system, a dramatic reduction in State highway building across New Zealand could have far reaching implications. Our view is that a continued strong level of investment is essential.

3.2 Safety – a safe system free of death and serious injury

The NZAA strongly supports the Government's commitment to safety as the key priority under GPS 2018. The NZAA has long advocated for more investment into infrastructure, tools and technologies that have proven road safety benefits. We look forward to an immediate and substantial increase in funding that translates into improved road safety.

3.2.1 'Vision Zero'

In recent weeks we have seen an increased level of public and media discussion of the 'Vision Zero' approach to road safety. Overall, we have not been encouraged by the quality of the debate that has occurred. While we consider there is benefit in a discussion of whether a 'Vision Zero' framework should be applied in New Zealand, we consider it essential that all transport decision-makers have an agreed understanding of what 'Vision Zero' is, and what it would look like in practice.

There are currently misconceptions, even amongst key transport stakeholders, around what a 'Vision Zero' approach to the transport network actually means. In much of the public and professional debate, we see 'Vision Zero' being immediately translated into a 'tagline' of a transport system with no deaths – yet even countries which have implemented 'Vision Zero' for decades have not achieved this. It is by no means a 'quick fix'.

We also don't feel that enough consideration has been given to what 'Vision Zero' would look like in practice. For example, under a true 'Vision Zero' approach, if a safe separated cycleway is provided alongside a busy road, it may be appropriate to no longer allow cycling on the road itself as this unnecessarily places cyclist in a dangerous environment. This would likely prove unpopular with some cyclists who would prefer to cycle on the road. The point is, a 'Vision Zero' approach would be complex to implement and would involve trade-offs and compromises for all transport users, including the most vulnerable.

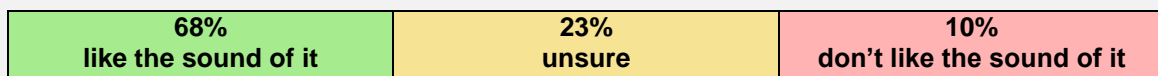
These are matters that need to be worked through as part of the consideration of whether 'Vision Zero' should be adopted here.

3.2.2 Speed Management Guide implementation

The NZAA was a key partner in the development of the Speed Management Guide (SMG) and consider it to be the result of a robust, inclusive and detailed process, in line with international best practice. Consequently we strongly support the GPS's signal that implementation of the SMG will be accelerated.

Our Member survey shows strong, but by no means universal, support for investment in safety and speed management, suggesting to us that there is still work to be done in the conversation with the public

How do AA Members feel about the Government's proposal to spend more on improving the safety of high-risk roads, including managing speed?



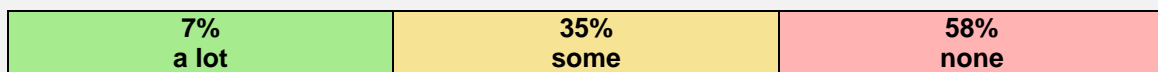
We are concerned, however, that the NZTA and the 66 road controlling authorities that cover New Zealand are not sufficiently resourced to support proper implementation of the SMG. Since its introduction we have seen a few examples of the SMG being well used, but many more of it being ignored, or poorly used. In our view, much of the poor application is simply due to a lack of understanding, because there has been a lack of resource dedicated to its promotion. This means that the true value that the SMG is intended to deliver risks being lost.

We strongly suggest the GPS's support for the SMG, and the targeting of the top 10 percent of high value roads, be translated into an immediate increase in resource to NZTA. We would like to see a specific commitment in the GPS to this.

3.2.3 School safety

We welcome the GPS's signal that it will support safe and appropriate speeds around schools. Lower speed limits around schools will reduce the risk to children walking and cycling, and will be a part of the solution for improving the use of active modes for school travel.

How much effort do AA Members think the Government should put into reducing speed limits?



While we support low speed limits around schools, we believe that to maximise public acceptance – and therefore compliance – these must only be in place at times, and on roads, that make sense to road users. We are concerned that ‘safe and appropriate’ means different things to different people; with some advocates championing 30km/h speed limits for entire blocks around schools 24 hours a day seven days a week. Our survey results (see previous page) show that AA Members are far from convinced that the Government should invest effort in reducing speed limits ‘carte blanche’. Targeted and risk based limit reductions, such as around schools, are likely to prove more acceptable.

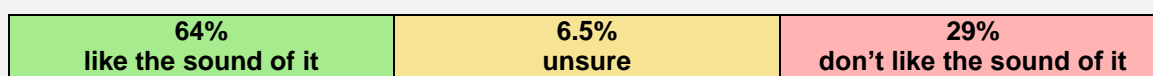
It is also vital not to look at speed limit reductions in isolation – the whole toolbox of initiatives must be considered to help to keep children safe getting to and from school. Engineering treatments to help to make roads and roadsides safer, and education campaigns to help parents and caregivers to understand how they can keep their children safe are just two other interventions that need to be part of the package.

3.2.4 Other safety issues

We note a brief mention of alcohol interlocks in the GPS. The AA has advocated for alcohol interlocks for many years. Since their introduction in 2012, judges have not used these devices as a sentencing option as often as we expected. A survey of AA Members showed 92 percent supported alcohol addicts only being allowed to drive vehicles with an alcohol interlock. Adequate funding must be available to help pay interlock costs for offenders that cannot otherwise afford one, and we would support this being covered in the GPS.

The GPS mentions the road safety strategy will consider the broader harms from transport. “Broader harms” covers emissions, and also the dis-benefits that result from a sedentary lifestyle brings. This is a very significant shift in transport ‘safety’ policy. We (and we would argue the sector as a whole) are yet to understand what this change will translate into, in terms of policy and regulation. Wide consultation in the transport and other sectors (such as health) must be undertaken as this policy direction is advanced

How do AA Members feel about the Government’s intention to improve New Zealanders’ health by reducing pollution from transport?



We also note the GPS talks through considering mandating technical vehicle standards such as underrun technology and motorcycle ABS. We consider that this is a very important part of the safer system approach to road safety, and we would argue it is an aspect that has been ‘under done’ in terms of investment. We welcome a much wider and more meaningful policy programme on this.

3.3 Access – for economic and social opportunities, to enable choice, to provide resilience

The NZAA supports the Government’s indication that ‘access’ is a top priority under GPS 2018, but is concerned that the GPS does not recognise the critical role that private vehicles play – and are expected to continue to play – in New Zealand’s land transport system.

3.3.1 A “mode neutral” approach to transport planning

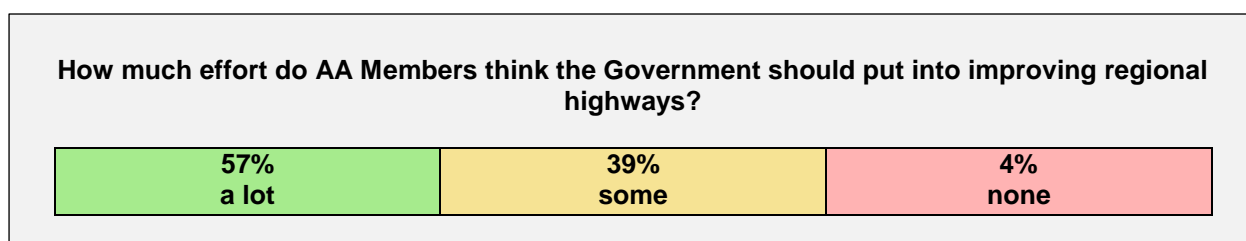
In the GPS and supporting material, the principle of ‘mode neutrality’ is given prominence. Mode neutral is defined as choosing the best transport option for the transport task at hand, be that rail, road, ship or any other mode. Meanwhile, it is explicitly stated that under this GPS there will be a much heavier investment into rail and coastal shipping, and that these modes will be preferred over roads.

To our mind, this is not mode neutral. A clear bias towards non-road modes is embedded. The NZAA considers that using the term ‘mode neutral’ where there is clearly an embedded bias is not accurate. Further, it risks undermining the legitimacy of the case for non-road modes, as it appears the case is stacked towards them.

We would like to be explicit here; we support an approach that chooses the best mode for the task at hand. That needs to be achieved through a transparent and balanced assessment process. The GPS states that the current assessment process undervalues some modes (rail, public transport and active modes) and over-states the benefits of roads. A process to address these issues is envisaged in the GPS and the NZAA supports this. However, at the end of this process, decision makers must remain truly open to choosing the most appropriate mode, even where this may be road.

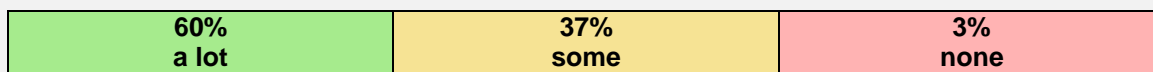
3.3.2 Local and regional road investment

We are pleased to see that the GPS signals increased funding will be made available for investment in local and regional roads, as the local road network forms such an important part of New Zealand’s land transport system. NZAA Members have expressed a good level of support for investment in regional highways as shown below.



Further, recent surveys of NZAA Members have revealed that in non-metro areas in particular, there is a high level of concern about the quality of the roads, and of their maintenance. Kiwi drivers support quality local roads.

How much effort do AA Members think the Government should put into improving road surface quality?



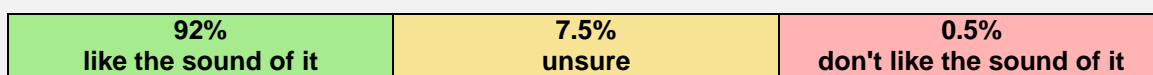
However, we are aware that some local authorities may have trouble accessing the increased funding due to difficulties coming up with their (local) share. We are aware that increasing Financial Assistance Rates (FARs) would go some way to addressing this issue, however we are mindful that any increase in FARs would see the burden of the transport programme fall more heavily on motorists. We are therefore keen to ensure that any increase in FARs results in local authorities doing more than just maintaining their current levels of investment in transport – we must see an increase in investment and we must see projects being delivered that have a demonstrable benefit to motorists.

3.3.3 Resilience

The draft GPS identifies improving the resilience of the transport system as one of its key objectives. The NZAA strongly support this position.

Substantial disruption to the transport system can have serious and far reaching implications, and the NZAA support the Government taking all reasonable steps to minimise the risks. AA Members are extremely strong in their support of this concept.

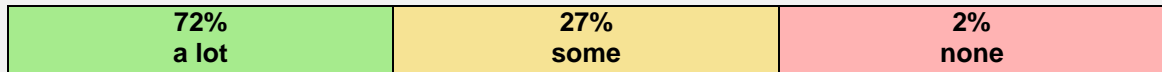
How do AA Members feel about the Government's goal to make sure important transport connections are safe, efficient and keep working when things go wrong?



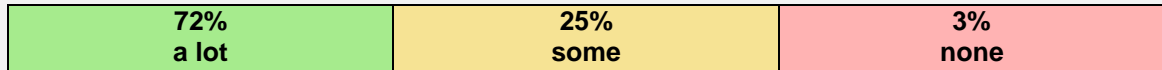
3.3.4 Improving access in Auckland

We are pleased to see that the GPS recognises the scale of the transport challenge in Auckland, and is committing to support the delivery of the Auckland Transport Alignment Project (ATAP) to improve the city's transport network. When we break out NZAA Auckland Members responses to our national survey, we see strong support for investment in reducing congestion (which Auckland NZAA Members have consistently identified as the number-one transport concern) and into improving public transport.

How much effort do Auckland AA Members think the Government should put into reducing congestion?



How much effort do Auckland AA Members think the Government should put into improving public transport?



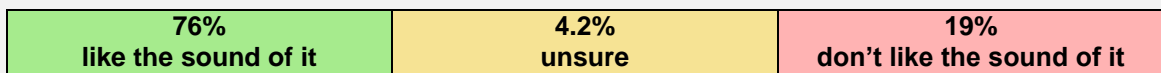
In our view what’s missing from the discussion on Auckland, both in the GPS and in the recently released ATAP-update, is what Aucklanders can expect from the delivery of the ATAP in terms of outcomes – particularly congestion and public transport levels of service – and how this differs from previous versions of the plan.

The delivery of the updated ATAP package is being at least partially enabled by the introduction of a regional fuel tax, which will see motorists paying more at the pump. It is therefore only fair that the benefits of the ATAP programme fall largely to motorists, particularly in the form of congestion management. We challenge the Government to be clear and open with Aucklanders about the outcomes they can reasonably expect.

3.3.5 Land use and transport planning

The desire expressed in the GPS for improved and more balanced integration of land use in relation to transport modes is laudable. However, this is by no means a new concept.

How do AA Members feel about the Government’s intention to integrate land use and transport planning to reduce travel?



For decades, and through governments of all persuasions, we have heard this promoted as a desirable model, yet we are arguably no closer to seeing it implemented consistently, and at scale. In our view considerable work needs to be undertaken to better understand the actual level of desire (not just the stated level of desire) of New Zealanders to a move away from traditional ‘suburban’ living.

Detailed research to understand why people choose to live and work or undertake schooling where they do, for example, and what the potential for behaviour change is, is desperately needed. The same robust modelling should be undertaken to scope the potential demand for alternative and active modes.

Only when we understand actual preferences for this different arrangement of land use and transport, will we start to be able to actively educate and incentivise the choices New Zealanders make.

3.4 *Environment*

The NZAA supports the objective of reducing the adverse climate, local environment and health impacts of the land transport system.

NZAA Members are concerned about the environment: prior surveys show 88 percent of Members are conscious of being environmentally responsible, and 69 percent say they have made changes to their travel in recent years for environmental reasons.

What's more, NZAA Members are well-aligned with the direction being taken in the draft GPS, with Members identifying the top five changes they think would make the biggest difference to the environment as being: improvements to public transport, a greater proportion of freight being carried by rail or shipping, encouraging electric vehicles, encouraging working from home and encouraging more cycling.

The NZAA supports signals in the GPS to invest in lower emissions modes of transport or transport systems, and increasing the uptake of active modes. The emphasis should be on providing New Zealanders with 'real alternatives' to the car that are fit for purpose, rather than penalising New Zealanders who do not have viable mobility options and have no control over the environmental footprint of the preferred mode.

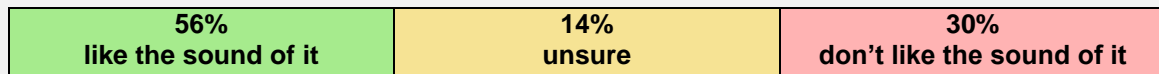
The focus should be on encouraging people to make better environmental choices in future rather than penalising people for past choices that shape current behaviour. That requires providing New Zealanders with greater transparency about all the costs of different modes (e.g. economic, environment, safety, other externalities) in order for them to make fully-informed decisions.

3.4.1 Supporting the uptake of low-emission vehicles

The NZAA supports encouraging the uptake of lower emission vehicles, including electric vehicles, as a means of reducing the environmental footprint of the land transport system and note the GPS raises the potential for a vehicle purchase feebate scheme. Any such scheme would need to be carefully designed to ensure it does not punish owners of vehicles that are "fit for purpose" or where low-emission options are not available. To address this, such a scheme could be segmented according to vehicle class, with feebates accruing to the best in class.

We noted that there is a slight majority of NZAA Members in favour of this proposal as shown in the results below. However those unsure or who don't like the sound of the proposal are a considerable portion of the population. And again, we stress the need to understand the actual behavior of New Zealanders. While 56 percent of NZAA Members like the sound of this idea, the biggest selling car in New Zealand in recent years has been the Ford Ranger, a very large utility vehicle. And large SUVs are selling in record numbers.

How do AA Members feel about the Government's proposal to encourage New Zealanders to buy electric or fuel efficient cars?



Should the uptake of low-emission vehicles increase substantially, we note that there will inevitably be a shortfall in funding to the NLTF which will need to be addressed, due to declining fuel excise and the (currently temporary) road user charge exemption for electric vehicles.

3.4.2 Use of bio fuels

The NZAA also supports ways to reduce the environmental footprint of the existing internal combustion engine (ICE) fleet, such as through the uptake of biofuels, provided they can be produced at scale and are sold in blends that are compatible with the fleet.

The NZAA believes that biodiesel offers a significant opportunity to reduce ICE emissions, by targeting the relatively small heavy vehicle fleet which consumes significant quantities of fuel. However, the current regulatory regime incentivises bioethanol over biodiesel via an exemption on fuel excise, so this needs to be rectified. Wholesaling high-ratio biodiesel blends to commercial fleets could overcome retail blend restrictions imposed by engine manufacturer warranty restrictions which limit the potential uptake of biofuels in light passenger vehicles.

Additionally, there is scope to explore synthetic fuels which can be 'dropped-in' to petrol and diesel and which overcomes compatibility issues. As noted in the Productivity Commission's *Low-emissions economy* draft report, there is a need for New Zealand to invest in more research and development to transition to a low-emissions economy, which could include a broader look at enabling alternative low-emission fuels.

3.4.3 Reducing the environmental footprint of internal combustion engines

The draft GPS signals the possibility of exploring vehicle fuel efficiency standards. We would stress that this this will require robust analysis to demonstrate how this would improve the 'real world' efficiency of vehicles sold in New Zealand.

The draft GPS claims that light vehicles entering the fleet have poorer fuel economy than other countries, but more analysis is needed to understand the factors influencing New Zealand's fleet profile. Further, the NZAA would not support policy that substituted petrol for diesel (which is more popular in Europe), which has better 'claimed' fuel economy, although data shows real-world diesel vehicle fuel economy (and other emissions) is worse than claimed.

As with possible feebates, the NZAA would be concerned if such fuel efficiency standards restrict choice and access to vehicles which are 'fit for purpose'. For example, analysis by the Australian Automobile Association indicates that just eight percent of current new light passenger vehicles would meet proposed efficiency standards in 2025 (and only 0.1 percent of light commercials). While New Zealand is one of the few countries that don't have such standards, unlike most other countries we also don't have a domestic car manufacturing sector, and our small market means we have limited ability to influence vehicle specification.

The NZAA also supports the ongoing provision of information on vehicle fuel efficiency (through EECA's fuel economy labelling programme), and educating consumers on the operating costs of different vehicles, to help them make informed choices. This is becoming more important but also more challenging with the growth of electric vehicles where the capital cost may be higher but annual ownership costs lower, but where the long-term ownership costs and depreciation are less well-established.

3.5 Value for money

Value for money has received further emphasis in this draft GPS than in previous versions. The NZAA supports this emphasis, but are concerned that some of the content of the draft GPS seems inconsistent with this proposition.

3.5.1 Delivering projects with low benefit cost ratios

The draft GPS indicates that there will be cases where transport projects will be delivered despite low benefit cost ratios. We understand the rationale for lead investments (that is, investments that are made ahead of demand to support and encourage future development), however we are also mindful that money that is used to deliver a project with a low benefit cost ratio is money that can't be used to deliver a potentially higher value project from elsewhere in the programme.

Consistent with our feedback on the previous draft GPS, we consider it essential that regardless of mode, if a low value project is being considered for delivery, there must be absolute transparency around why the project is being put forward, the benefits that it is expected to deliver, and the strategic case for the project (which we would expect would be very strong).

3.5.2 Review of project evaluation practices

We note the Government's intention to review existing project evaluation practices to ensure they are fit for purpose, and we welcome this move. As noted in 3.3.1 there are real or perceived (depending on who you ask) inequalities in the way that the different modes are treated by the evaluation processes used to prioritise projects. The NZAA supports a review, but is of the view that the reviews must be conducted (or at a minimum audited) by an independent party, treat all modes consistently and result in a framework that funders are able to understand and that the public can have confidence in. We also ask that transport stakeholders are engaged in the review and consulted along the way, as this will help to ensure there is buy-in of the end result.

3.5.3 Equity issues

The proposal to raise fuel excise duty/road user charges is discussed earlier in our submission. We consider it important to make a further point here. Increases in fuel excise duty/road user charges are generally agreed to have a disproportionate impact on those who are unable to purchase newer, more efficient cars. Further, work by Richard Paling examining journey to work patterns ("Journey to Work Patterns in the Auckland Region Analysis of Census Data 2001 – 2013") showed that access to public transport is significantly higher in the wealthier inner suburbs. It is our view that very careful analysis needs to be undertaken to ensure that those who can least afford to pay increases in fuel excise duty/road user charges will get some of the benefit from the subsequent investments.

3.5.4 Definition of Value for Money

It is our interpretation of the GPS text, that the Government has a very clear idea that value for money is going to be achieved through significant modal shift for both passengers and freight away from road and onto other modes. As per our earlier comments, we are cautious about this definition, and would like to see an assessment framework in place that transparently assesses modal options, and does not pre-suppose that non-road modes will always offer better value for money.

We also note that even marginal shifts in when and how we travel can have significant positive impacts on issues like congestion (think about how well the road network operates in the school holidays). In this vein we think that small, well placed shifts in mode share, while still recognizing the importance, and predominance of vehicle road based modes, can achieve significant gains.

4. End of submission

Thank you again for the opportunity to provide feedback on the draft GPS.

As mentioned above, we are happy to meet with you to discuss the content of this submission and provide more detail on the findings of our AA Member survey.