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David Spears  
Director of Regional Relationships  
NZ Transport Agency  
**WELLINGTON**

Dear David,

### **The AA – representing our Members**

The NZAA is an incorporated society with over 1.1 million personal 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.

More particularly, in regards to this submission, there are 457,000 AA Members in Northland, Auckland, Hawkes Bay and Marlborough - districts that were particularly hard hit by recent weather events.

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 road safety advertising, and Police enforcement activity.

### **The AA's 2023 Election Calls directly inform our policy position**

Prior to the 2023 General Election, the AA developed a set of eight Election Calls that were our priorities for the incoming government. Relevant to this proposal to change the Emergency Works FAR and associated rules, our relevant calls are:

- Revive essential road maintenance – our roads have not been getting the maintenance they need to stay safe and fit for purpose for a long time. Road quality consistently registers in AA Member surveys as their highest concern. The AA called for an increase of at least \$1.2 billion over the next 3 years, focussed on foundation and re-surfacing work, to catch up on work that should have been done previously.
- Make the road network resilient – our highways, roads, bridges and tunnels must be able to better withstand extreme weather. In an AA Member survey that asked about 12 potential election calls for Government action on transport, 'Make the roading

network more resilient to extreme weather events' came out top. Our call was for a clear and fully funded plan for improving the resilience of major roads that are most at risk.

Our headline 'call' for the next government was that:

*"The AA believes that maintenance should get the first call on Fuel Excise Duty and Road User Charges revenue to ensure road users get well-maintained roads in exchange for our fuel taxes."*

### **The proposed changes – a road user's perspective.**

From our point of view, the changes that are proposed that we will comment on can be summarised as:

- Changing the return period from a 1-in-10 to a 1-in-20 year weather event;
- Reducing the enhanced FAR (for costs over 10% of the maintenance budget) from FAR + 20% to FAR + 10%;
- That an enhanced FAR is conditional on AO activity management plans considering, in advance of an emergency event, which parts of the network are priorities for restoration; and
- That an enhanced FAR requires consideration of different levels of service and community led retreat in the uneconomic transport infrastructure policy.

In our view, the proposals, when combined, have the effect of shifting at very short notice the burden on response and recovery activities away from the NLTP and towards local government at a time when local government:

- has already, or is in the process of, confirming their activity management plans and long-term plans and budgets in accordance with their obligations under the Local Government Act; and
- is already under very considerable pressure to meet rising costs, while keeping rates rises low.

Further, requirements that local government have completed work to prioritise which roads should be treated with higher regard in terms of response, and which roads (and therefore communities) should be recovered to a lower level of service, places a very heavy burden onto local government. These are critical and very sensitive issues to discuss with communities who will find their lives and livelihoods are under threat. Central government needs to take a lead role in developing consistent, workable and fundable policy in this regard, not simply shift that burden to local government as a condition for funding.

### **Road users won't see any improvement in outcomes**

The net effect of the proposed changes is not to make progress in solving the problems that exist around response and recovery, it is simply to shift the burden from the NLTP and central government to ratepayers and local government.

From a road user's point of view then, we are unlikely to see progress against our two key Election Calls of:

- Improved road maintenance - because regular or periodic maintenance budgets are likely to be raided in order to divert funds to emergency recovery; and
- Improved resilience – because simply shifting the burden from one stretched funding source to another does not help solve the overall funding problem.

### **Cost pressures are real and need to be met**

The AA understands that cost pressures on the NLTP, and on ratepayers, from increased emergency weather events is real and is going to continue. Response and recovery activities need to be funded.

Currently, FED and RUC attract an Emissions Trading Scheme charge, with the resultant funds being hypothecated to the Climate Emergency Response Fund (CERF). At the current rate of collection, we estimate that around \$1 billion per annum is being collected from motorists and paid into the CERF. In our 2023 AA Election Calls, we called on the Government to:

- Show how transport emissions tax is meaningfully reducing transport emissions. The AA wants to see a clear, long-term strategy, with time bound targets, showing how the money paid by Kiwis in transport related ETS charges is actually reducing transport emissions in line with the Government's climate change commitments.

In the absence of a comprehensive strategy on reducing emissions, it is our view that the cost pressures currently on the NLTF should be eased by a contribution from the CERF. The consultation document shows predicted savings from the proposed changes are around \$190m per annum. It is well within the capacity of the CERF to meet these cost pressures.

### **AA response to the proposed changes**

In our view:

1. The proposed changes to the FAR and other rules should **not** be implemented in the 2024 NLTP cycle, rather they should be consulted on with view to implementing an agreed set of changes for the 2027 NLTP cycle. This will allow local government to meet its obligations under the Local Government Act.
2. For the 2024 NLTP, NZTA should explore other funding sources, in particular the Climate Emergency Response Fund (CERF), to meet real cost pressures on the NLTP.

Yours faithfully,



**Simon Douglas**  
**Chief Policy & Advocacy Officer**

Cc Denise Henigan, Manager: Investment Policies, NZTA