

Government Policy Statement on land transport (GPS) 2024

Frequently asked questions

About the GPS

What is the GPS?

The GPS is the Government Policy Statement on land transport. It outlines what the Government wants to achieve in land transport, and how it expects to see funding allocated between types of activities (for example, roading, public transport and road safety) across New Zealand's land transport system.

Each GPS sets out the priorities for a 10-year period and is updated every three years.

What is the NLTF?

The National Land Transport Fund (NLTF) is a transport fund made up of fuel excise duty, road user charges, road tolls, vehicle and driver licensing and registration, and income from the sale and lease of state highway property.

The NLTF is administered by the NZ Transport Agency (NZTA) and all the revenue that goes into the fund is spent on our land transport system through the National Land Transport Programme (NLTP).

What is in the GPS?

The GPS guides the NZTA, KiwiRail and local authorities on land transport investment.

The GPS outlines:

- What the Government expects to be achieved from its investment in land transport through the NLTF over the next 10 years.
- How much funding will be provided and how the funding will be raised.
- How the Government will achieve its priorities through investment in certain areas known as activity classes (for example State Highway Pothole Prevention, Public Transport Services, and Safety).

GPS 2024 also references system reforms the Government is looking to undertake in the transport and infrastructure sectors to aid in the delivery of GPS priorities.

How does the GPS guide how projects are funded?

NZTA has responsibility for which projects or investments receive funding through the development of the NLTP, which gives effect to the GPS.

To be considered for funding from the NLTF, an activity or project needs to be referenced in a Regional Land Transport Plan (RLTP). RLTPs are developed by local authorities, they identify regional investment priorities and must be consistent with the GPS.

Why is the GPS needed?

Transport investments have long lead times, high costs and leave long legacies. Transport planning and investment need to be guided by a long-term strategic approach, with a clear understanding of

what outcomes the Government wants.

The GPS influences decisions on how money will be invested and guides local government and NZTA on the type of activities that should be considered for inclusion in RLTPs and the NLTP.

Where does the money come from?

In general, revenue to cover expenditure comes from the NLTF, which is made up of taxes or fees people pay through Fuel Excise Duty (FED), Road User Charges (RUC), vehicle registration and licensing fees and tolls.

The NLTF is also topped up by direct funding from the Crown in the form of grants and loans.

About GPS 2024

When will GPS 2024 take effect?

GPS 2024 will take effect from 1 July 2024, at which point it replaces GPS 2021. It covers the ten-year period from 2024/25 to 2033/34.

What are the strategic priorities in GPS 2024?

The outcomes the Government wants to achieve from NLTF investment are outlined via a set of strategic priorities. These are:

- Economic Growth and Productivity (this is the overarching strategic priority for GPS 2024)
- Increased Maintenance and Resilience
- Safety
- Value for Money.

When did consultation on the draft GPS occur?

The Government consulted on the draft GPS 2024 between 4 March and 2 April 2024. Over 2,000 submitters provided a range of views which were reviewed to inform the final document.

What changes were made to the final GPS following consultation?

The final GPS 2024 has several key changes, including:

- Signalling a programme of investment in regionally significant corridors through the Roads of Regional Significance programme and includes two more Roads of National Significance. The final GPS 2024 now sets out 17 Roads of National Significance and 11 Roads of Regional Significance.
- Including the additional funding amounts announced through Budget 2024 for the North Island Weather Event rebuild, investments in rail, and the additional \$1 billion of funding tagged to accelerate Roads of National Significance and the Northwest Rapid Transit project.
- Clarifying that investment in walking and cycling can be made where there is either existing demand, or demand that can be reliably forecast, and requiring that 25 percent of funding on new improvements from the Walking and Cycling Activity Class will be spent on footpaths and other walking projects.
- Clarifying that multi-modal transport projects (for example, projects that include walking and cycling components) that are already consented can continue to be funded from their primary activity class, so that these projects can continue to make progress and be

delivered.

- Updating the safety strategic priority to refer to the work underway on setting speed limits, outline proposed work by the NZTA on third party investment in safety, and to note the work underway on the new road safety objectives document.
- Further strengthening the requirements that the NZTA's Performance and Efficiency Plan will need to meet.
- Including funding for coastal shipping activities through a new Coastal Shipping Resilience Fund totalling \$30 million over three years.

What are the Roads of National Significance?

The Government will reintroduce the Roads of National Significance programme to achieve its strategic priorities. By highlighting these projects, the Government expects their strategic importance will be focused on during the development of the NLTP.

The Roads of National Significance include the following strategic corridors:

Whangarei to Auckland, with the following stages prioritised:

- Alternative to Brynderwyns
- Whangarei to Port Marsden
- Warkworth to Wellsford.

Tauranga to Auckland, with the following two stages prioritised:

- Cambridge to Piarere
- Tauriko West State Highway 29.

Auckland roads:

- Mill Road
- the East West Link.

Roads to unlock housing growth:

- Hamilton Southern Links
- Petone to Grenada Link Road and the Cross Valley Link
- the North West Alternative State Highway (SH 16).

Other major routes:

- Takitimu Northern Link Stage 1 *
- Takitimu Northern Link Stage 2
- Hawkes Bay Expressway
- Ōtaki to North of Levin *
- Second Mt Victoria Tunnel and Basin Reserve upgrade
- the Hope Bypass
- The Belfast to Pegasus Motorway and Woodend Bypass.

*These projects are Crown funded.

What are the Roads of Regional Significance?

The Government is committed to investment in a number of Roads of Regional Significance, which represent a region's most essential corridors.

The Roads of Regional Significance include:

- O Mahurangi – Penlink*
- Waihoehoe Road*
- State Highway 1 Papakura to Drury Improvements*
- State Highway 1 / 29 Intersection*
- State Highway 58 Improvements Stage 2*
- State Highway 2 Melling Transport Improvements*
- Canterbury Package – Rural Intersections*
- Canterbury Package – Rolleston Upgrade*
- Canterbury Package – Halswell*

- Second Ashburton Bridge
- Queenstown Package*

*These projects are Crown funded.

How will the Government fund the investments outlined in GPS 2024?

Investments in GPS 2024 will be funded from the NLTF, Crown grants, a Crown loan and private finance.

The Government recognises increasing pressure on the NLTF and the need to increase revenue. GPS 2024 proposes to do this from a range of sources, including:

- Increasing the annual licensing fee component of Motor Vehicle Registration (MVR) by \$25 in January 2025 and a further \$25 in January 2026.
- Returning to the previous practice of regular FED/RUC increases from January 2027. an increase of 12 cents per litre in January 2027, a further six cents in January 2028, followed by a four cent per litre annual increase starting in January 2029.
- A Crown grant of \$3.144 billion and Crown loan of \$3.08 billion.
- The final GPS 2024 also now includes an additional \$1 billion in Budget 2024 for accelerating key transport projects over the coming years – including Roads of National Significance and the Northwest Rapid Transit public transport project.

The Government is aware of the cost-of-living crisis experienced by New Zealanders and is delivering on its commitment to not increase fuel taxes this term.

How will the Government fund the major transport projects outlined in GPS 2024?

Delivering the Roads of National Significance and major public transport projects will require the use of alternative delivery models, and a broader range of funding options and financing models. The Government expects Public Private Partnerships (PPPs), and other new and innovative funding and financing options will be considered for all major projects.

Strategic priorities

What outcomes are expected to be achieved by the GPS 2024?

The 2024-27 NLTP and corresponding RLTPs are expected to prioritise projects and activities that progress the GPS 2024 priorities. It is expected that NZTA and local authorities focus on achieving the following outcomes:

Economic Growth and Productivity:

- reduced journey times and increased travel time reliability
- less congestion and increased patronage on public transport
- improved access to markets, employment and areas that contribute to economic growth
- more efficient supply chains for freight
- unlocked access to greenfield land for housing development and supporting greater intensification.

Increased Maintenance and Resilience

- more kilometres of the road network resealed and rehabilitated each year
- fewer potholes

- a more resilient road and rail network

Safety

- reduction in deaths and serious injuries
- increased enforcement

Value for Money

- better use of existing capacity
- less expenditure on temporary traffic management

How will the GPS 2024 support economic growth and productivity?

GPS 2024 is a blueprint to build and maintain a transport system that supports New Zealand's long-term economic growth and productivity. A reliable and well-maintained transport network ensures people and goods can move efficiently, quickly and safely and connects people and businesses with economic opportunities.

Investments in Roads of National Significance and Roads of Regional Significance will increase the efficiency of how people and freight move around. Increased spending on pothole prevention is also expected to improve safety and resilience for the movement of freight.

What does the GPS 2024 mean for investment in rail?

The GPS 2024 focuses rail investment on the highest value parts of the network to support the efficient movement of freight, notably on the connections between Auckland, Hamilton, and Tauranga. This will complement investment in the state highway network to deliver a productive and efficient supply chain.

Investment in metro rail networks will support the efficient movement of people in Auckland and Wellington.

Budget 2024 includes \$200 million for development of the Rail Network Investment Programme (RNIP). This funding is reflected in GPS 2024.

The Crown has made a large contribution to rail over the past six years and will continue to provide direct Crown funding for rail in addition to the RNIP. GPS 2024 outlines the range of rail projects the Crown has committed to funding (refer to Table 6 in the GPS 2024).

How does the GPS 2024 direct investment in public transport?

The Government will invest in major public transport projects alongside local government to deliver more travel choices and reduced congestion in our main centers of Auckland and Wellington.

The major public transport projects in Auckland include:

- completion of the City Rail Link
- completion of the Eastern Busway
- Northwest Rapid Transit corridor
- Airport to Botany Busway

In Wellington, the major public transport investments include:

- upgrades to rail network substations through Lower North Island Rail Integrated Mobility (LNIRIM) project
- replacement rolling stock for the Wairarapa and Manawatu lines.

How will the Government ensure our roads are better maintained?

Maintaining the road network is a priority in GPS 2024. To fix the growing number of potholes on our roads, and to prevent further deterioration in roading quality, the GPS 2024 increases road maintenance funding by \$640 million compared to the draft GPS released in 2023 by the previous Government.

GPS 2024 establishes a new Pothole Prevention Fund through two new activity classes to ensure that maintenance funds are prioritised and ringfenced towards resealing, rehabilitation, and drainage maintenance works to fix and prevent potholes on state highways and local roads.

How does GPS 2024 ensure a more resilient transport system?

GPS 2024 includes significant investment in maintenance and resilience to ensure that transport networks are not only maintained to high standards but are also more resilient to the impacts of extreme weather or natural disasters.

A new Coastal Shipping Resilience Fund is included in GPS 2024. Through this fund, the Government will invest in measures that support the resilience of coastal shipping for freight. Coastal shipping plays an important role in wider network resilience by providing alternative connections to move goods when road and rail links are damaged or inoperable. Decisions on how this funding is used to improve coastal shipping resilience will be made in due course.

How does the GPS improve safety on our roads?

Road safety is a responsibility we all share, and improving road safety is a priority in GPS 2024.

Road safety investment will be directed toward road policing and enforcement, alongside investment in building safer roading infrastructure.

The Government will publish a new set of road safety objectives later this year, which will target the highest contributing factors in fatal road crashes, such as alcohol and drugs. Blanket speed limit reductions are being reversed, with speed limit reductions focused on areas with high safety concerns.

How will the Government ensure value for money?

The draft GPS 2024 includes value for money as a strategic priority. To ensure value for money, the following changes will be made:

- reducing NZTA head office overhead expenditure by 7.5 percent and reinvesting these savings into delivering against the GPS 2024 objectives
- increasing farebox recovery and third-party revenue (e.g. advertising) on public transport services
- reducing expenditure on temporary traffic management, while maintaining the safety of workers and drivers
- focussing on outcomes in road maintenance and safety investment
- reviewing road safety investment to ensure investment is focused on efficient changes, which make improvements to the roading network at the lowest cost
- making better use of existing assets by allowing time of use charging or the use of dynamic lanes in main cities to manage demand
- a focus on whole of life costs to maximise long-run value
- making better use of existing digital infrastructure and information systems

- investigating opportunities for NZTA to run collaborative and/or centralized procurement with local government.

A performance and Efficiency Plan, developed by the NZTA, will support lifting value for money from investment in transport. See accountability below for more information.

Funding

How much funding is forecast under the GPS 2024?

The GPS 2024 signals the Government's transport priorities and guides investment in land transport of \$7 billion from the NLTF per year. The GPS 2024 will also guide around \$1.5 billion per year from local government.

What is the increase in the licensing fee?

The Government will be increasing the Motor Vehicle Licencing Fee by \$25 on 1 January 2025 and a further \$25 on 1 January 2026.

This fee hasn't been increased since 1994 and inflation has reduced the real value of this NLTF contribution by half. The change will return MVR to the 1994 level, in real terms.

Is the Government raising fuel taxes?

The Government is aware of the cost-of-living crisis experienced by New Zealanders and is delivering on its commitment to not increase fuel taxes this term. Instead, it is providing additional Crown funding and financing to the draft GPS.

However, the cost pressures in the NLTF mean that we will have to return to the previous practice of regular increases in fuel excise duty (FED) and road user charges (RUC) from January 2027. This means FED and RUC will be increased by:

- 12 cents per litre in January 2027
- 6 cents per litre in January 2028
- and an annual 4 cents per litre starting in 2029.

These increases will raise \$11.5 billion by 2034/35. These increases mean that the average driver of a petrol vehicle in 2027 would expect to pay an additional \$2.06 per week (including GST, \$1.80 GST exclusive).¹

What changes are proposed to funding for the land transport system?

The land transport funding system is facing significant pressure due to rising demands and costs. This includes historic deferral of maintenance, increasing severity and frequency of extreme weather events, workforce pressures, and a period of heightened inflation.

The Government has provided additional funding to meet these pressures in the short term. Longer term, a programme is already underway to look at the future of revenue in the transport system and consider how to make the system more sustainable.

The first step of this is already underway, with light electric vehicles required to pay Road User Charges from April 2024. The next steps include requiring all road vehicles to move from Fuel

¹ This figure is based on a driver travelling an average distance of 10,500 kilometres per year with an average fuel efficiency of 7.4 litres per 100km in 2027.

Excise Duty to Road User Charges as part of the National-ACT coalition agreement.

The Government also expects NZTA and the Ministry of Transport will work together to examine how alternative funding and financing arrangements could be used for all new major transport infrastructure projects – such as tolling, time of use charging, equity finance and value capture.

Are there any new activity classes in the GPS 2024?

A Pothole Prevention Fund has been established through two new activity classes that are ringfenced to resealing, rehabilitation, and drainage maintenance works on our state highways and local roads. The new activity classes are State Highway Pothole Prevention and Local Road Pothole Prevention Activity Classes.

The new maintenance activity classes will ensure NZTA, and councils, focus a defined proportion of their maintenance funding on fixing and preventing potholes, improving our roads and enhancing their resilience.

Performance and delivery

How will the Government ensure that NZTA is delivering value for money for taxpayers and road users?

With the GPS 2024 investing \$22 billion into the transport network over the next three years there needs to be a focus on value for money and achieving better outcomes for New Zealanders. Value for Money is a strategic priority and GPS 2024 includes clear expectations that the NZTA focuses on delivery, value for money, and considers other funding sources and revenue models.

The Minister expects NZTA to develop a Performance and Efficiency Plan that will:

- improve the management of benefits, costs, risk and uncertainty at the programme and activity class level
- increase the capability and capacity of the transport sector
- improve asset management practices across the sector
- provide analysis to inform price/quality trade-offs for maintenance and operations expenditure
- ensure business case and cost estimation reflect best practice
- manage overheads and back-office costs
- outline how the wider Ministerial expectations and outcomes in GPS 2024 will be met.

System reforms

What transport reforms are being signalled in GPS 2024?

GPS 2024 signals a number of critical reforms to how land transport activities are planned, funded and delivered. These include:

- Development of a 30-year plan for transport infrastructure in New Zealand
- Progressing legislation to enable fast-track consenting approvals
- Making it easier to sell land no longer required for transport purposes
- Advancing reforms to the NLTF revenue system
- Amending the Land Transport Management Act 2003 to require future GPSs to adopt a 10-year investment plan