

## Finalising the GPS 2021

<b>Reason for this briefing</b>	To summarise key recommended changes to the draft Government Policy Statement on land transport 2021/22–2030/31 (GPS 2021) following public engagement and consideration of COVID-19.
<b>Action required</b>	Discuss what changes you wish to pursue to finalise the GPS 2021, responding to: <ul style="list-style-type: none"> <li>• issues raised by submitters through public engagement</li> <li>• challenges presented by COVID-19, including reduced revenue to the National Land Transport Fund.</li> </ul>
<b>Deadline</b>	29 June 2020.
<b>Reason for deadline</b>	There is limited time to finalise the GPS in advance of the election. Discussing this briefing at the officials meeting on 29 June 2020 will give officials 4 working days to provide a revised GPS by 3 July 2020 (and keep us on track to meet timeframes for Cabinet Committee submission on 31 July 2020).

### Contact for telephone discussion (if required)

Name	Position	Telephone	First contact
Helen White	Manager, Investment	██████████	✓
Matt Skinner	Senior Adviser, Investment	██████████	
Ellie McKenzie	Adviser, Investment	██████████	

### MINISTER'S COMMENTS:

<b>Date:</b>	23 June 2020	<b>Briefing number:</b>	OC200380
<b>Attention:</b>	Hon Phil Twyford (Minister of Transport)  CC: Hon Julie Anne Genter (Associate Minister of Transport)	<b>Security level:</b>	Budget-sensitive

### Minister of Transport's office actions

- |                                       |   |  |
|---------------------------------------|---|--|
| <input type="checkbox"/> Noted        | <input type="checkbox"/> Seen                 | <input type="checkbox"/> Approved            |
| <input type="checkbox"/> Needs change | <input type="checkbox"/> Referred to          |  |
| <input type="checkbox"/> Withdrawn    | <input type="checkbox"/> Not seen by Minister | <input type="checkbox"/> Overtaken by events |

## Purpose

1. This briefing recommends potential changes to the draft Government Policy Statement on land transport 2021/22–2030/31 (GPS 2021) to reflect:
  - 1.1. submissions and key themes raised during public engagement on the draft GPS 2021
  - 1.2. the change in forecasts and required expenditure to respond to COVID-19 over the GPS 2021 period.

## Executive summary

2. Engagement on the draft GPS 2021 over March–May 2020 resulted in 1,278 submissions from stakeholders. The majority of submitters supported the strategic direction, with many seeking additional emphasis or deliverables to be associated with the proposed strategic priorities rather than changing the priorities. Most submitters sought increased investment in public transport, active modes, and environmental outcomes. Submissions from the road sector representative groups sought a rebalancing of investment towards roading infrastructure.
3. The draft GPS 2021 was developed to deliver the greatest outcomes in your priority areas within available revenue, and engagement has not highlighted any significant issues that would prevent that.
4. Most of the more substantive changes suggested by stakeholders would further progress your priorities, but would only be possible with trade-offs, or more funding. We have highlighted the key suggestions where you may wish to consider making changes, alongside some of the trade-offs that could make them possible in Appendix 2. This also includes some changes in investment priorities that are necessary to respond to COVID-19, or matters that have progressed since the draft GPS 2021 was developed. We would like to meet with you to go through this summary to enable us to complete a final draft GPS 2021.
5. Other issues raised by submitters, which we consider would require material changes to the proposed strategic direction or affordability of the GPS 2021, are summarised in Appendix 3.
6. We have developed an ambitious timeframe to enable the finalisation and Cabinet approval of the final GPS 2021 prior to the 2020 General Election. This will require cross-party consultation of 14 working days, and a tight turnaround between drafts. In order to meet these deadlines and provide a revised final draft GPS 2021 by 3 July 2020, we seek your direction on this paper by 29 June 2020.
7. A pre-election release remains the best way to give local government more clarity and certainty of the Government's priorities as they develop their Regional Land Transport Plans. However, if the timeframes do not allow for a pre-election release, you could reconfirm your strategic direction and indicate to stakeholders that there are minimal changes to revenue as a result of financial support from the Crown, and that a final GPS 2021 (similar to the public draft) will be released later this year.
8. This paper has been divided into three sections:
  - 8.1. Section 1: Draft GPS 2021 engagement and subsequent changes
  - 8.2. Section 2: Funding for GPS 2021
  - 8.3. Section 3: Timeframes and next steps

## Section 1: Draft GPS 2021 engagement and subsequent changes

9. Public engagement on the draft GPS 2021 occurred between 19 March and 11 May 2020. The initial four-week engagement period was extended by two weeks to give stakeholders more time to develop feedback while responding to COVID-19. Feedback was received via an online survey on the Ministry of Transport website and as written submissions sent directly to the Ministry.
10. The regional roadshows we had planned to engage with local government and special interest groups between 16 March and 23 April 2020 were cancelled due to COVID-19. Presentations were instead published on the Ministry's website to help stakeholders and members of the public understand the draft GPS 2021 and give informed feedback. Officials offered to participate in videoconference meetings if requested to address questions and key concerns about the draft GPS 2021, which was taken up by two local government groups (Greater Wellington Regional Council Regional Transport Committee and the Local Government NZ Transport Special Interest Group).
11. In total, 1,278 submissions were received. These included:
  - 999 form submissions from Generation Zero (900) and Bike Waikato (99) members
  - 165 responses from individual members of the public (most via an online survey)
  - 49 submissions from local government (including Local Government New Zealand)
  - 6 submissions from transport sector groups
  - 12 submissions from active transport mode groups
  - 10 submissions from the construction, engineering and commercial sector
  - 8 submissions from community groups
  - 4 submissions from safety advocacy groups
  - 13 submissions from environment, urban development and technology groups
  - 7 submissions from other groups
  - submissions from NZ Infrastructure Commission and KiwiRail Holdings Limited
12. The list of stakeholders is attached in Appendix 1 and we can provide specific submissions to your office on request.

### Overarching feedback on the GPS

13. Consistent positive feedback on the draft GPS 2021 included:
  - 13.1. that it is clearer and easier to interpret and use than previous GPSs
  - 13.2. support for the general direction and the overall strategic priorities
  - 13.3. support for the objective of public transport and active modes of transport being more available and/or accessible
  - 13.4. emphasis on the importance of retaining the focus on reducing dependency on private vehicle travel, and increasing the safety of pedestrians and cyclists.
14. The most frequently recurring suggestions for change to the draft GPS 2021 included:
  - 14.1. expanding the scope of the climate change priority, and including more tangible outcomes and deliverables within it
  - 14.2. increasing investment on public transport and walking and cycling
  - 14.3. reducing investment in roading improvements and maintenance

- 14.4. using the GPS to contribute to the economic recovery from COVID-19 by prioritising projects that benefit communities and stimulate the economy
  - 14.5. giving more support to local government to deliver their projects given the COVID-19 impact on council revenue, through increasing total funding for activities that include local share and/or increasing funding assistance rates.
15. A small number of submitters who represent large industries and/or numbers of members had strong views that the draft GPS 2021 or particular parts of it should fundamentally change. Generally, these views came from groups advocating for increased funding for roading infrastructure who are concerned about the movement of focus from roading infrastructure towards public transport, heavy rail, and walking and cycling. Notably, feedback included that:
- 15.1. the decrease in investment in road infrastructure in recent years has forced the Government to provide additional Crown funding from outside of the National Land Transport Fund (NLTF), which removes new road infrastructure from business as usual investment, and new significant investment can only be made with more political and ad hoc decisions
  - 15.2. too much prominence and funding is provided to rail, without identifying the benefits it provides to the transport system.
16. A common presumption made throughout the submissions was that the final GPS 2021 would be markedly different after changes are made in light of the impacts of COVID-19, and that a second round of engagement would be necessary. It is unlikely that re-engagement would be legally required (we are currently testing this with Crown Law), but if changes made the final GPS 2021 fundamentally different from the draft, you might want to consider further engagement.

### **Responding to substantive matters raised during engagement**

17. Many of the issues submitters raised do not relate to the role of the GPS, or cannot be addressed without material changes to the strategic direction. We have documented these suggestions and how we propose addressing them in Appendix 3.
18. There are some substantive issues that have arisen since the publication of the draft GPS 2021 or that have been raised by submitters on the draft, which you may wish to reflect in the final GPS 2021. These are:
  - 18.1. expanding the scope of the Climate Change strategic priority
  - 18.2. integrating resilience more prominently in all four strategic priorities
  - 18.3. increasing ambition for public transport and walking and cycling
  - 18.4. the level of investment in state highway improvements
  - 18.5. the wide scope of the Road to Zero activity class

#### *Expanding the focus of the Climate Change strategic priority beyond greenhouse gas emissions*

19. The Climate Change strategic priority as drafted seeks to guide investment decisions that progress the Climate Change Commission's CO2 reduction targets, which is why the primary focus of this priority is on reducing greenhouse gas emissions. Initiatives aimed at reducing the environmental impact of the transport network are integrated across strategic priorities,

such as influencing mode shift by improving the availability of public transport services, and shifting freight to lower emission modes such as rail and coastal shipping. The draft GPS 2021 investment section does not include any expenditure that is solely to progress the Climate Change strategic priority.

20. A notable portion of submitters want to see the scope of the climate change expanded to recognise the wider impacts that transport has on the environment. Many submitters expressed concern that the focus on achieving a low carbon transport system may limit the scope and levers available for activities targeted to environmental sustainability.
21. Some examples of how the scope could be widened include:
  - 21.1. A clearer direction promoting greater collaboration between Waka Kotahi and local government to prepare for natural events related to climate change including more explicit reference to resilience and adaptation in the language about how the strategic priorities will be achieved. This is a low cost option, as it would be expected to be built into existing planning processes.
  - 21.2. Addressing other environmental impacts from the transport system such as heavy metals used in construction; vibrations; and impeded stormwater quality. This is a medium cost option, as it would potentially increase the cost of delivering infrastructure projects.
  - 21.3. Seeking to fill the gaps in the national electric vehicle charging network. This is likely a medium cost, depending on the level of ambition of such an initiative.
  - 21.4. Making it explicit that projects with climate change or adaptation benefits will be prioritised. This is a high cost option, requiring funding from the state highway and local road improvements activity classes, and could result in these projects being delivered instead of other priorities.
22. Consistent with our earlier advice to you, we consider climate change outcomes are best delivered through the other strategic priorities, such as promoting mode shift and public transport. There is insufficient funding available to prioritise interventions with new costs, but in finalising the GPS 2021, we will reconsider some of the areas where there is room to deliver improved environmental outcomes at low cost. We will also refer in the GPS 2021 to the Transport Emissions Action Plan that we are developing, signalling that its actions should be delivered through the GPS 2021 where possible.

*Embedding resilience more prominently across the strategic direction*

23. Similar to the points on climate change adaptation, 16 out of 49 submissions from local government (including Local Government New Zealand) advocated for raising the prominence and widening the scope of resilience in the strategic direction.
24. The draft GPS 2021 embeds resilience across all of the strategic priorities and includes indicators to signal the importance of the transport system being able to respond quickly to unexpected events in order for people and freight to safely get to their destinations. The draft makes it clear that maintenance is being prioritised to keep assets in a resilient state and also proposes that decisions about investment must align with Waka Kotahi's 2018 *Resilience Framework*.
25. Possible options to give more prominence to resilience could include:
  - 25.1. new investment to ensure that the whole transport network can accommodate growth, changes in land use patterns, and the higher level of demands as a result of



unexpected problems, not just freight, which is the current main point of focus for resilience (high cost option)

25.2. building resilience directly into the name of the Improving Freight Connections priority, which could help to reinforce the focus on protecting and improving freight routes (e.g. “Resilient Freight Connections”).

26. Without new funding, there are limited options to promote resilience. Our view is that the approach in the draft GPS 2021 is sufficient to ensure progress within the funding available; therefore, we do not recommend any further changes.

*Many submitters are seeking more investment for active and public transport modes*

27. Mode neutrality is an integral part of the proposed strategic direction; public transport and active modes are recognised as being key to progressing the priorities of Safety, Better Travel Options, and Climate Change. The GPS 2021 commits to making these modes more accessible, and the key interventions and outputs have been costed, which flows through to the investment section, which maintains investment at or above the significantly increased levels signalled in GPS 2018. Based on our modelling of the investment in the draft 2021, we would expect the majority of the funding available for public transport and active modes to be prioritised towards Auckland Transport Alignment Project (ATAP) and Let’s Get Wellington Moving (LGWM).

28. Despite the significant increases in funding from GPS 2018, there was a lot of support from stakeholders to further increase funding. The main argument was that given the Government’s high ambition and priorities to provide better travel options and mode shift, further investment in these areas is necessary. Other stakeholders were concerned that there is too much focus on non-road modes, and that the high proposed investment in walking and cycling outweighs the benefits it provides to the motorists that primarily fund the NLTF.

29. Changes relating to the ambition for these modes could include:

29.1. identifying further opportunities or outcomes to be delivered for public transport and walking and cycling (there is some flexibility within existing funding ranges in years 7–10 of GPS 2021 to highlight additional potential outcomes to be sought, but minimal flexibility to do so within earlier years)

29.2. reflecting the need for investment in these modes to directly translate to the benefits that the investment provides to road users (though this is inconsistent with the idea that the NLTF is to deliver transport outcomes rather than direct benefits for road users).

30. There is limited ability to further increase investment in these activities, from both a funding availability and a local share perspective. With significant funding already available for walking and cycling that has been underspent due to local affordability issues, further increases may not achieve additional outcomes. We consider that the ambition for public transport is already high, and there are limited known high-value opportunities to further encourage and improve the existing networks. In addition, the draft GPS 2021 proposes increasing the upper limit of the public transport activity classes beyond the value required to deliver those known opportunities. It therefore already has significant flexibility to enable public transport investment and encourage mode shift, and we recommend retaining the approach in the draft GPS 2021.

### *Funding allocated to state highway improvements*

31. The funding ranges for the state highway improvements activity class have been set at an amount that would fund:
  - 31.1. all projects already approved and contracted by Waka Kotahi
  - 31.2. essential spend including debt and Public Private Partnership repayments and end-of-life asset replacements (e.g. bridge replacements)
  - 31.3. state highway projects that are part of ATAP and LGWM.
32. There will be minimal discretion in funding allocation remaining once the above project types are funded. Remaining funding would be prioritised (consistent with the strategic direction) towards a small number of low-cost projects that facilitate urban growth. Small to medium state highway improvements of importance to local communities are unlikely to be funded. However, we do expect that there will be significant investment in state highway infrastructure through the Road to Zero activity class, enabling safety projects to proceed through that activity class instead.
33. Feedback on the state highway improvements funding allocation was mixed, with many submitters seeking reduced funding to ensure it is more consistent with the Government's objectives of mode shift and reduced emissions. Conversely, other submitters called for more investment to rebalance the use of revenue collected from road users back towards investment in roads, and to ensure sufficient funding to fund state highway improvements in regions.
34. Possible options to address this feedback could include:
  - 34.1. increasing funding to enable further investment in state highway improvements that facilitate urban growth (which could be up to \$1.5 billion)
  - 34.2. increasing the ambition for state highway improvements to deliver the highest priority projects outside of main urban areas (at a cost of anywhere between \$100 million and \$1 billion)
  - 34.3. decreasing the ambition for state highway improvements, by reducing the state highway components in ATAP and/or LGWM, which could generate some savings.
35. If there was additional revenue available, the state highway improvements activity class would be a good option for where you could increase investment to deliver more projects that facilitate urban growth. However, given the current pressures, we recommend retaining the existing allocations (subject to the ATAP commitments which are outlined further below).

### *Road safety activities in a single Road to Zero activity class*

36. The draft GPS 2021 set out the Road to Zero activity class, which brings together all safety activities that have previously been funded through separate activity classes. A single activity class enables flexibility to progress the activities that best improve safety, regardless of whether they are, for example, road policing, infrastructure improvements, safety cameras, or road safety promotion activities.
37. There was significant concern that the Road to Zero activity class offers too much flexibility in project selection without providing a clear steer of what specifically will be funded. Around 30 submissions from local government (including Local Government New Zealand) and a number of stakeholder groups (including the AA and the Road Transport Forum) expressed concerns with the combined activity class. Additionally, only 16 percent of the online survey

respondents agreed that funding to support Road to Zero activities should come from a single activity class. Many of the concerns were that investment in safety infrastructure could be crowded out by road policing spend, and that having no clear settings for infrastructure makes it difficult to understand the investment pipeline.

38. Based on the submissions received, potential options (which change how it is implemented, but have no cost) include:
- 38.1. retaining the activity class in its proposed form, but including an indication of where we expect funding to be allocated (without mandating it, and therefore leaving it subject to change depending on Waka Kotahi assessment)
  - 38.2. setting clearer expectations around the monitoring and reporting of activities within the activity class
  - 38.3. splitting the activity class and its spend into the appropriate activity classes (i.e. bringing back the road policing, road safety promotion activity classes, and adding funding to local road and state highway improvements for safety improvements), and implementing the delivery of the Road to Zero strategy through the Road to Zero Government Commitment rather than an activity class.
39. We still consider that the single activity class is a key part of achieving the Road to Zero outcomes. Providing further information within the GPS 2021 on where the activity class will be focused could help to address some of the concerns (i.e. we could make it explicit that modelling expects that, to deliver the 40 percent DSI target, 40 percent will be spent on road policing, 30 percent on state highway infrastructure, 15 percent on local road infrastructure, and 15 percent on other activities such as automated enforcement and road safety promotion and education). This would need to include a caveat that the estimates are based on theoretical modelling, and actual investment levels may differ depending on what the National Land Transport Programme (NLTP) prioritisation process identifies as the best investment opportunities.
40. We could also make it clearer that we expect Waka Kotahi to monitor the delivery of the Government Commitments closely, which for Road to Zero will include reporting on the spend under each category.

*Links between GPS investment and other Crown investment programmes*

41. The draft GPS 2021 references other Government investment programmes, including the New Zealand Upgrade Programme, the Provincial Growth Fund, and the New Zealand Rail Plan, and draws from Government strategies, commitments and agreements such as Road to Zero, Climate Change Commission targets, and the Government Policy Statement on Urban Development.
42. Some stakeholders (including Waka Kotahi) submitted that it is not clear how all investment is aligned and fits together, and that the GPS 2021 should be clearer about how it intends to remain consistent with the other documents.
43. We propose to release communications material with the final GPS 2021 that clarifies the relationship between the different programmes, which could also sit within the Crown funding section of the GPS.



## **There are other matters to consider due to changes since the draft GPS 2021 was published**

44. In addition to feedback on the draft GPS 2021 from stakeholders, matters that have arisen since we published the draft present opportunities for further changes. The key issues you need to consider are:

44.1. how COVID-19 is reflected in the GPS 2021

44.2. reflecting the ATAP 2021 update.

### *Treatment of COVID-19 in the GPS 2021*

45. The draft GPS 2021 was released on 19 March 2020, before the Alert Level 4 lockdown was announced. On its release, you noted that it remained important for the Government to maintain strong investment signals to support the economic recovery. The draft GPS 2021 reflects Government's transport priorities, and any direct COVID-19 recovery support sits outside of that. As a result of these factors, the draft GPS 2021 does not include any direct reference to COVID-19.

46. Some stakeholders submitted that they would expect a significant shift in investment to respond to COVID-19, particularly towards a greater focus on economic stimulus. Potential options to address this include:

46.1. adding a new strategic priority focused around economic stimulus and associated investment to support it (high cost, and would require significant change)

46.2. highlighting the areas where the GPS 2021 does provide economic stimulus (this could also feature strongly in your Foreword)

46.3. incorporating the Crown funding for COVID-19 into the GPS 2021 narrative, including the "Crown funding" section.

47. We recommend incorporating the second and third options, which are no cost, but show how the NLTF is expected to contribute to the COVID-19 response. While stakeholders may expect to see an economic stimulus angle in the strategic direction, there is a strong argument that there is already significant investment in transport and other sectors for that specific purpose. The primary focus for the GPS remains to improve transport outcomes, which will deliver significant economic benefits, but should not invest for the sole purpose of stimulating the economy.

### *Reflecting the ATAP 2021 update*

48. We are currently updating the ATAP 2021–31 programme across the ATAP partner agencies using the ATAP 2018–28 programme as a base. We do not expect a change of direction in ATAP, with the core investment continuing to support mode shift and the application of additional lenses such as climate change, growth, and the impact of COVID-19.

49. It is expected that options for an updated ATAP investment package will be presented to you by mid to late August 2020. This enables the consideration of advice prior to the election and decision making early in the new term of government.

50. Ideally, the update would be reflected in the final GPS 2021 to ensure it gives ATAP certainty as to how much funding the NLTF will contribute. While the ATAP update timing does not allow us to fully incorporate it into the final GPS 2021, we have applied some ATAP funding assumptions into the GPS 2021.

51. The level of funding commitment for ATAP may change as a result of changes to NLTF forecasts, decisions made regarding how ATAP considers New Zealand Upgrade Programme funding, and changes to Auckland Council's budget. These issues will be worked through as part of the ATAP update.
52. The draft GPS 2021 commits to funding ATAP as previously agreed and notes that amendments to give effect to the Government's commitment as part of the ATAP update will be factored in through the final GPS 2021. We recommend to retain this approach should the GPS 2021 be released prior to the completion of the ATAP update.

## **Section 2: GPS 2021 funding**

### **The draft GPS 2021 strategic direction was set to fully utilise pre-COVID forecast revenue**

53. In developing the draft GPS 2021, the Ministry estimated the cost of implementing the activities necessary to deliver the outcomes proposed by the strategic direction. In this way, we are able to provide confidence that everything that the draft GPS 2021 prioritises is affordable within the total expected revenue (note that this is based on theoretical modelling and decisions by Waka Kotahi in the implementation of the GPS could result in different expenditure).
54. On confirming the draft GPS 2021, we advised that to deliver the strategic direction will likely require all of the forecast NLTF revenue. The revenue forecast used for this analysis was produced in November 2020 for the Half-Year Economic and Fiscal Update (HYEFU) 2020.

### **COVID-19 is likely to reduce revenue, and will require the NLTF to repay borrowing**

55. COVID-19 will impact on the GPS 2021 funding availability, creating:
  - 55.1. additional costs to the NLTF in 2019/20 and 2020/21, some of which will be covered by borrowing that will be repaid in the GPS 2021 period (around \$1.5 billion plus interest, subject to decisions by Ministers on the split between Crown grant and borrowing)
  - 55.2. less revenue to the NLTF as a result of less petrol excise duty (PED) and road user charges (RUC) forecast to be collected due to reduced driving as a result of lower economic growth through the COVID-19 recovery (around \$385 million).
56. The above means that there will be around \$1.9 billion less available funding in the GPS 2021 10-year period to deliver the priorities compared to what we assumed when we developed the draft GPS 2021. This is based on an un-moderated internal forecast. By mid-July 2020, we expect to have an updated forecast for the Pre-Election Economic and Fiscal Update 2020, which will also give us more certainty of the recovery of NLTF revenue post-COVID.
57. There are still decisions to be made around activities to be funded through section 9 of the Land Transport Management Act 2003 (LTMA), following the Search and Rescue review and the review of Waka Kotahi's regulatory costs. In the past, these costs have been minor and considered as immaterial, and within Waka Kotahi's available discretion (particularly as Waka Kotahi receives additional revenue of around \$50 million per year for activities, such as for the management of Crown land). However, with the potential to come to a combined cost of over \$50 million, they could be material to the ability to deliver other priorities. We have not factored section 9 decisions that have not yet been made into our modelling, and

any decisions to increase funding will have a direct impact on Waka Kotahi's ability to implement the GPS.

58.

[Redacted]

59.

[Redacted]

60.

Graph 1 shows the draft GPS 2021 assumed annual commitments, including the COVID-19 borrowing repayments. We advised you that a potential shortfall in 2021/22–2023/24 of this level is likely to be manageable by Waka Kotahi, as expenditure in these years will likely be subject to optimism bias, and shift into later years. However, expenditure exceeding forecast revenue is unsustainable in the longer term.

Graph 1: Expected GPS 2021 expenditure (including COVID-19 borrowing repayments) (\$b)



*The impact of loan repayments in years 4–10 can be partially mitigated with flexible borrowing terms*

61.

The impact of the repayments will depend on the repayment terms of the borrowing facilities, which we hope will be confirmed by Treasury by mid-July 2020. For the purposes of this advice, we have assumed that repayment will be over 10 years, with repayments in the latter 7 years of this period. This helps to mitigate the remaining COVID-19 revenue shortfall in the first 3 years where the GPS is also heavily committed, and utilise the discretion from later in the cycle to make the repayments.

62.

However, the borrowing will likely be required to be repaid within 10 years, and including the full cost of the borrowing repayments in the expenditure forecasts does mean that expenditure exceeds revenue by around \$1.2 billion over the whole GPS 2021 period.

**Any changes to the draft GPS 2021 must either have no additional cost, or if they increase costs must have corresponding changes that decrease costs**

63. Section 1 of this briefing outlines the areas where there is support or rationale for changes to the draft GPS 2021, including where you could consider funding increases or decreases.
64. The A3 in Appendix 2 sets out the investment direction of the draft GPS 2021, and the financial implications of the potential changes outlined in Section 1.
65. We will discuss this with you to come to a solution that is affordable and best reflects your priorities while considering the views of stakeholders.

**Section 3: Timeframes and next steps**

**Finalising the GPS 2021**

66. We would like to discuss the opportunities raised in this paper to understand what changes you would like to reflect in the revised final draft GPS 2021. The A3 in Appendix 2 summarises the potential choices you have that were set out in this paper.
67. We have begun to make minor changes to the document based on submissions and further work we have completed since the draft was released. We will provide you with a version showing these changes, followed by a draft Cabinet paper once we have reflected any substantial changes resulting from this briefing.

**Formal consultation with Waka Kotahi**

68. Waka Kotahi has been involved in the development of the draft GPS 2021, so many of their views have been included, but we have not yet formally consulted with them.
69. The Land Transport Management Act 2003 requires that “*the Minister must consult the Agency about the proposed GPS on land transport*”. When finalising GPS 2018 and 2015 (both post-election, where there was more time available for consultation), Ministers wrote to the Board seeking comment on a near-final GPS (i.e. ahead of submission to Cabinet and cross-party consultation).
70. Given the tight timeframes to finalise and approve the GPS in advance of the election, there is limited time to seek formal comment from the Waka Kotahi Board. Our current approach would be to provide a final draft to the Board in parallel with cross-party consultation. We are working with Waka Kotahi to schedule an out of session meeting for the Board to consider the GPS 2021. There would be value in you attending to present your intentions for the GPS 2021 and address any questions. Alternatively, we could engage with Waka Kotahi on your behalf once we have a near-final GPS.

## Publishing the GPS in mid-2020 gives adequate time for implementation

71. We are working to provide you with a final GPS 2021 for Cabinet approval to enable a pre-election release.

Milestone	Date
Meeting to discuss GPS 2021 changes	29 June 2020
Revised GPS 2021 to the Minister	3 July 2020
Cross-party consultation (and consultation with Waka Kotahi)	13–24 July 2020
Implement changes and finalise GPS	27–30 July 2020
Lodging for the Cabinet Economic Development Committee	30 July 2020
Consideration by the Cabinet Economic Development Committee	5 August 2020
Confirmation by Cabinet	10 August 2020

72. This timetable would give Waka Kotahi and local government around a year to reflect the final GPS 2021 in developing the next National Land Transport Programme and Regional Land Transport Plans.

73. If a final GPS 2021 is not released in advance of the 2020 General Election, Waka Kotahi and councils will take a similar approach as was required by GPS 2018 and 2015, where they developed programmes based on a draft GPS. However, this approach would leave some uncertainty about the Government's priorities and associated funding ranges.

### Recommendations

74. The recommendations are that you:

- (a) **discuss** with officials what changes you would like reflected in a revised draft GPS 2021 Yes/No

Helen White  
Manager, Investment

**MINISTER'S SIGNATURE:**

**DATE:**



## Appendix 1: Submitters on the draft GPS 2021

Individuals (165)	Various	Active transport (12)	Active Transport Wanaka Active West Coast Bike Auckland Bike On NZ Bike Tamaki Drive Bike Waikato Cycling Action Network Living Streets Aotearoa Movement North Taranaki Cycling Advocates Spokes Canterbury Sport Canterbury
Local government (49)	Albert-Eden Local Board	Construction and commercial (10)	Aggregate and Quarry Association Auckland Airport Aurecon Candor3 Engineering New Zealand Federated Farmers of NZ Infrastructure NZ NZ Port Company CEO Group Port of Napier Transportation Group NZ
	Auckland Council		
	Auckland Transport		
	Bay of Plenty Regional Transport Committee		
	Canterbury Health District Board		
	Canterbury Regional Council		
	Christchurch City Council		
	Dunedin City Council		
	Environment Canterbury		
	Environment Southland & Otago		
Gisborne District Council	Community (8)	Auckland Business Forum Connect Wellington Eastpark Residents Association Gisborne Rail Action Group Healthy Families Hutt Valley Mt Victoria Resident's Association Nelson Transport Strategy Group Queenstown Chamber of Commerce	
Greater Wellington Regional Council			
Hamilton City Council			
Hastings District Council			
Hawkes Bay Regional Transport Committee			
Horowhenua District Council			
Hutt City Council			
Kapiti Coast District Council			
Local Government NZ			
Manawatu District Council			
Manawatu-Whanganui Regional Transport Committee	Safety (4)	Brake Doctors for Safe Active Transport Motorcycle Safety Advisory Council Roadsafe Taranaki	
Mangere-Otahuhu Local Board			
Masterston District Council			
Nelson City Council			
New Plymouth District Council			
Northland District Health Board			
Northland Regional Council			
Otara-Papatoetoe Local Board			
Palmerston North City Council			
Papakura Local Board			
Puketapapa Local Board	Environment, urban development and technology (13)	Campaign for Better Transport CCS Disability Action Drive Electric Future Proof Generation Zero Greater Auckland Intelligent Transport Systems NZ NZ Centre for Sustainable Cities SmartGrowth Uber Urban Design Forum Aotearoa	
Queenstown Lakes District Council			
Rodney Local Board			
Ruapehu District Council			
Selwyn District Council			
South Taranaki District Council			
Southland Regional Development Agency			
Taranaki Regional Council Transport Committee			
Tasman District Council			
Taupo District Council			
Tauranga City Council	Other advocacy groups (7)	Blind Low Vision NZ Disabled Persons Assembly NZ Inc Grey Power Federation Healthy Families Millions of Mothers Rural Women NZ Women in Urbanism Aotearoa	
Timaru District Council			
Transport Special Interest Group			
Waiheke Local Board			
Waimakariri District Council			
Waipa District Council			
Wellington City Council			
West Coast Regional Council			
Whau Local Board			
Transport sector (6)			Automobile Association Bus and Coach Association Motor Industry Association NZ Heavy Haulage Association Road Transport Forum Rail and Maritime Transport Union
		Form submissions (999)	Generation Zero (900) Bike Waikato (99)

Note: All numbers are indicative expected costs that have been used to build activity class funding ranges but will not necessarily be the final spend.

## Draft GPS 2021 (as published)

**\$33.4 billion investment expected, including:**

State highway maintenance	\$9.0 billion
Local road maintenance	\$7.7 billion
Public transport	\$5.1 billion
Road policing	██████████
State highway/local road improvements	\$2.9 billion
Debt repayments (excluding COVID-19 debt)	\$2.7 billion
Other base spend	\$1.5 billion

**\$5.0 billion investment expected, including:**

State highway safety improvements	\$3 billion
Local road safety improvements	\$1.5 billion
Automated enforcement	\$0.5 billion

**\$8.7 billion investment expected, including:**

ATAP (total of \$16.3b in GPS 2018 period)	\$5.2 billion
Mode shift, including PT & W&C investment	\$2.2 billion
Let's Get Wellington Moving	██████████
Road improvements for urban development	\$0.1 billion

**\$1.24 billion investment expected, including:**

Rail	\$1.2 billion
Coastal shipping	\$0.04 billion

**No specific climate change investment expected**

Delivered through more targeted implementation and prioritisation of baseline and other activities, and through initiatives primarily targeted at achieving other outcomes (for example, mode shift investment will provide significant benefits for climate change).

## Choices for investment changes in final GPS 2021

### Potential cost savings

### New potential costs

**-\$0b**

Any decreases in base expenditure will create future difficulty to continue to maintain the existing system, create a risk of reducing levels of service, or require cancellation of already approved or contracted work

**+\$1.2b**

to repay debt for COVID-19 response

**-\$1.5b**

Any decreases in safety expenditure will result in a decrease in the forecast DSI reductions by 2030 (a decrease of \$1.5b would deliver a 30% DSI reduction instead of 40%)

**+\$1.0-\$2.0b**

to extend ATAP through to years 8-10

**-\$?b**

reducing ambition for ATAP, LGWM, mode shift, or urban development

**+\$1.5b**

increasing ambition for mode shift outside of Auckland and Wellington

**-\$1.2b**

a larger Crown share for Rail Plan investment could reduce NLTF share

**+\$1.0b**

investment in improving resilience on the roading network

**-\$0b**

no savings are possible given there are no expected costs based on the draft GPS 2021

**+\$0.5-\$1.5b**

prioritising projects that deliver climate change adaptation

**+\$0.5b**

prioritising wider environmental spending (noise, vibrations, water)

### Baseline expenditure

Significant approved, contracted, or other essential works

### Safety:

Develop a transport system where no one is killed or seriously injured

### Better Travel Options:

Provide people with better travel options to access places for earning, learning, and participating in society

### Improving Freight Connections:

Develop a transport system where no one is killed or seriously injured

### Climate Change:

Transform to a low carbon transport system that supports emission reductions aligned with national commitments, while improving safety & inclusive access

PROMPTLY RELEASED TO THE MINISTRY OF TRANSPORT

## Appendix 3: Issues raised by submitters on the draft GPS 2021

Issue raised	Summary of issue(s) raised by submitters	How the GPS considers this view, or why it does not
<b>Local government affordability</b>	There are local affordability issues due to COVID-19 reducing revenue (public transport fares), and with the GPS direction towards more NLTF investment in activities with a local share, some submitters supported higher funding assistance rates (FAR) to alleviate this funding pressure.	Impacts of COVID-19 on revenue from land transport will be addressed by the Government through other funding packages separate to the GPS.  Waka Kotahi should consider when setting the NLTP how it will spend within the Government's funding ranges. FAR is one tool Waka Kotahi can use, and this is within the discretion of the Board rather than something the GPS must guide.
<b>Greater focus on investment in infrastructure for freight movement</b>	The priority of Improving Freight Connections should place a greater emphasis on the need to invest in existing infrastructure that moves freight, such as flattening roads and moving freight on alternative routes to commuter routes.	The focus of the GPS is on maintaining the existing network, for which there is significant funding to keep roads at recommended levels of service. The Road to Zero funding, which includes infrastructure investment, may help to flatten roads and improve existing routes.  Due to limited funding, there will be limited progress in building new alternative road freight routes.
<b>Support for kaupapa Māori in the strategic direction and greater recognition of Māori outcomes</b>	The GPS should explain how te ao Māori perspectives are factored into planning, assessing, and decision-making about the land transport system, and how Māori outcomes are considered in the implementation of the GPS.	Waka Kotahi and local authorities must consider Māori/iwi perspectives when making decisions about investment in land transport, including providing opportunities for Māori to contribute to decision-making processes. The GPS does not specifically reference the Crown's responsibilities under the Tiriti o Waitangi nor how the GPS may impact Māori because it is a high-level, guiding strategy for investment. The needs and interests of certain populations are therefore not identified, but rather, built into the strategic direction through investment in making land transport modes accessible and the system safe for all users.
<b>The benefits of road versus rail in moving freight</b>	Rail is not a feasible or economical option for moving freight in regions where there is not a rail network or freight only needs to be transported over a short distance (as the on- and off-loading can make the transport process inefficient).	Rail is a valuable mode for regions that are connected to the network, and it therefore provides value to the transport system as a whole. Investment to support regions not connected to the rail network will be delivered through other priorities, such as Road to Zero, which will ensure a safe road network.



Issue raised	Summary of issue(s) raised by submitters	How the GPS considers this view, or why it does not
<b>Extension to the scope of the Safety priority to recognise health</b>	The Safety priority should place greater emphasis on the health benefits of active modes of transport in addition to the need to make these modes safer.	The Safety strategic priority takes a targeted focus to improve safety to ensure the activities funded have direct safety benefits to achieve the goals of Road to Zero. Positive health outcomes are not out of scope of the GPS (they will be achieved through walking and cycling investment under the Better Travel Options priority), but are not specifically prioritised.
<b>Extension to the scope of the Safety priority to recognise safety risks of poorly maintained roads</b>	The GPS should take greater account of how the condition of the road network infrastructure (including bridges) affects the safety of it. Promotion of activities that aim to maintain and upgrade roads to a safe standard needs to be included in the Safety priority.	The proposed level of road maintenance spend is sufficient to maintain roads to the necessary standard as advised by Waka Kotahi. This is included as part of maintaining the existing network, which is the core responsibility that the GPS is expected to deliver, but could also be included under the safety priority for completeness.
<b>Funding walking and cycling projects from the Road to Zero activity class</b>	The GPS should be clearer about the possibility of initiatives that improve the safety of walking and cycling receiving funding through the Road to Zero activity class.	The Road to Zero activity class is not expected to fund new walking and cycling facilities. However, funding to reduce safety risks for pedestrians and cyclists on the top 10 percent highest risk roads may be allocated as part of broader activities to improve the safety of these roads through Road to Zero.
<b>Supporting innovation through the GPS</b>	The Government needs to provide greater incentives for innovative solutions that support the strategic priorities, and implement a framework to ensure there are measurable outcomes of any investment.	The scope of the GPS does not exclude innovation, and it recognises the value it can provide to the transport system. It prioritises research projects aimed at identifying new solutions to address challenges, and these can be funded through the activity classes. The GPS also sets an expectation for Waka Kotahi's role in leading innovation in the transport sector.