



Received
07 MAR 2018
Office of Hon Phil Twyford

Government Policy Statement on land transport 2018 priorities and revised funding ranges

Reason for this briefing	This briefing provides revised proposed GPS funding ranges, following decisions to fund some initiatives from the National Land Transport Fund that were previously proposed to be funded from Budget 2018. It also seeks your agreement to signal, during engagement, that 'safety' and 'access' are the most senior of the four strategic priorities within the GPS. At the officials meeting on Monday 12 March 2018, we would like to discuss whether some objectives under the 'access' priority are more important than others.
Action required	Provide feedback to officials on the recommendations by 15 March 2018.
Deadline	12 March 2018
Reason for deadline	To enable revisions to be reflected in the draft GPS to be lodged with the Cabinet office on 15 March 2018.

Contact for telephone discussion (if required)

Name	Position	Telephone	First contact
Helen Roberston	Acting Manager: Investment	[REDACTED]	✓
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MINISTER'S COMMENTS:

Date:	7 March 2018	Briefing number:	OC05744
Attention:	Hon Phil Twyford (Minister of Transport) Minister Julie Anne Genter (Associate Minister of Transport)	Security level:	In-Confidence

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 Withdrawn | 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 provides you with revised proposed Government Policy Statement on land transport (GPS) 2018 funding ranges, following Ministers' decisions to fund some initiatives from the National Land Transport Fund (NLTF) that were previously proposed to be funded from Budget 2018.
2. It also recommends that we signal that 'safety' and 'access' are the most senior of the four strategic priorities in the GPS. We would like to discuss with you whether you see all of the objectives under the access priority as being equally important.
3. We would appreciate your feedback on these proposed changes by 12 March 2018, in order to allow them to be incorporated into the final GPS documents that we will provide to you for your consideration, to be lodged with the Cabinet office on 15 March 2018.

Revised proposed activity class funding levels

4. We have updated the activity class funding levels to include initiatives previously provided for in Budget 2018. They now include over \$1 billion of additional funding over 10 years to cover:
 - active modes: urban cycleways and bikes in schools
 - road safety: alcohol interlocks
 - rail safety: level crossing safety
 - rail: support for the metropolitan rail needed for Auckland (aligned with the Auckland Transport Alignment Project (ATAP)) and advancement of Wellington metro rail and essential interregional passenger rail services.
5. To do this we have created a transitional rail activity class, and made adjustments to the walking and cycling, regional improvements, road safety promotion and demand management, and local road improvements activity classes. The rail activity class is transitional because the funding is interim until the review of rail is completed.
6. Additional funding included for the Urban Cycleway Programme and alcohol interlocks provides for the full ten year period, whereas the additional funding for bikes in schools, level crossing safety and transitional rail initiatives does not (time periods for these initiatives vary). Out-year funding for bikes in schools and the level crossings programme are both very scalable and could be included in the GPS depending on your desire to continue funding these programmes.
7. The additional funding that is included for rail network infrastructure improvements (i.e. below track) to support ATAP in Table 1 totals \$520 million. This is based on the five years of funding requested by KiwiRail through the Budget bid process. However, we are aware that the total figure for below track rail to support ATAP is likely to be closer to \$770 million uninflated or \$920 million inflated for the decade. At this point in time, we propose to include only the amount requested during the Budget bid process to fund the highest priority projects. Once the ATAP package has been revised and the review of rail completed, we can look to reflect the updated package of below track rail improvements increased level of funding in the second stage GPS.

8. The funding range for the transitional rail activity class is narrow (plus/minus five percent around the total budget bid amount). This range was chosen so that the scope of NLTF rail funding could be limited until the review of rail has been completed. During engagement on the GPS, we can test with the sector whether this funding range provides enough flexibility to deliver on rail initiatives.
9. The impact of the proposed changes to the activity classes (and especially the introduction of the new transitional rail activity class) are subject to investment decisions that rest with the New Zealand Transport Agency (NZTA) Board. This includes what funding assistance rates will be applied and which projects will be prioritised for funding as part of the National Land Transport Programme (NLTP).
10. **Table 1** shows the activity class funding ranges on which including the relevant budget initiatives has an impact. Comparisons with the previously proposed funding ranges are provided. The complete set of updated funding ranges are attached as **Appendix 1** and, if you agree, will be included in the GPS lodged on 15 March 2018 for Cabinet consideration.

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Table 1 – Changes to activity class funding ranges to include budget initiatives

Activity class		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Transitional rail	New	Upper 55	175	205	185	120	40	30	5	0	0
		Lower 45	155	180	165	105	30	20	0	0	0
Local road improvements	Updated	Upper 230	350	450	490	520	470	480	420	430	420
		Lower 90	150	190	200	220	200	200	180	180	180
Walking and cycling improvements	Previous	Upper 220	340	430	460	500	450	460	400	410	410
		Lower 90	150	190	200	220	200	200	180	180	180
Regional improvements	Updated	Upper 95	120	145	125	115	115	115	115	115	120
		Lower 40	50	60	55	50	50	50	50	50	50
Road safety promotion and demand management	Previous	Upper 75	80	95	90	80	75	75	80	80	85
		Lower 30	35	40	35	35	30	30	30	30	35
Road safety promotion and demand management	Updated	Upper 140	180	210	210	210	210	180	190	190	200
		Lower 50	70	80	80	80	90	70	70	80	80
Road safety promotion and demand management	Previous	Upper 110	140	170	170	170	170	180	180	180	190
		Lower 50	60	70	70	70	70	70	70	80	80
Road safety promotion and demand management	Updated	Upper 55	65	85	100	100	100	105	105	110	110
		Lower 45	55	70	85	85	90	90	90	95	95
Road safety promotion and demand management	Previous	Upper 50	60	75	95	95	100	100	100	105	105
		Lower 40	50	65	80	80	85	85	85	90	90

Reflecting these initiatives in the GPS text

11. There is currently wording in the strategic direction section of the GPS that supports inclusion of the active mode initiatives (urban cycleways and cycling to school), alcohol interlocks, and rail safety for level crossings.
12. We will need to add wording in the strategic direction section and scope section of the GPS to explain the inclusion of the additional rail items. This wording will note that the inclusion of rail is to fund priority rail projects, and that is an interim step until the review of rail is completed and final decisions can be taken on the role of rail in the transport system and how it should be funded.
13. The outcomes of the review of rail will be reflected in the second stage GPS.

Strategic priorities within the GPS

14. The current draft GPS outlines four strategic priorities – ‘safety’, ‘access’, ‘environment’ and ‘value for money’. Within these, we have understood that ‘safety’ and ‘access’ are the most senior of the four priorities from your perspective. However, there is no hierarchy currently noted in the GPS or Cabinet paper.
15. Following a discussion with the NZTA, we recommend that the GPS be amended to reflect that two of the strategic priorities are more senior. Making this change would enable the NZTA to reflect the change in their draft Investment Assessment Framework, which in turn would ensure that funds from the NLTF are invested in value for money activities that collectively achieve the results set out in the GPS – with priority given to projects that support safety and access. Likewise, local government planning through Regional Land Transport Plans may look markedly different should two priorities be noted as more senior than the other two.
16. The risk of not making this change is that all four priorities would be treated as equally important, which may hinder the change you are seeking in the transport sector.
17. We propose to make only minor wording changes, which simply note that the two strategic priorities of safety and access are more senior. We would, however, like to discuss with you whether any of the objectives under the access priority are more important. We had understood the first of the following objectives to be most important within this strategic priority:
 - 17.1. A land transport system that provides increased access for economic and social opportunities
 - 17.2. A land transport system that enables transport choice and access
 - 17.3. A land transport system that is resilient.

Recommendations

18. The recommendations are that you:

- (a) **agree** to include the updated activity class funding ranges in the version of the Government Policy Statement on land transport (GPS) 2018 that will be considered by Cabinet for release for public engagement Yes/No
- (b) **agree** that minor wording changes are made to GPS 2018 to reflect that two strategic priorities (safety and access) are more senior than the other two priorities, and that this change is made ahead of Cabinet consideration of the GPS Yes/No
- (c) **discuss** at the officials meeting on 12 March 2018 whether any objectives under the access strategic priority are more important than the others. Yes/No



Helen Robertson
Acting Manager, Investment

MINISTER'S SIGNATURE:



DATE: 11.3.18

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Appendix 1 – Updated activity class funding ranges

Activity class	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
State highway improvements	Upper	1,550	1,150	1,150	1,300	1,000	900	650	600	500
	Lower	1,200	900	900	1,050	800	700	500	450	350
State highway maintenance	Upper	700	710	720	740	750	770	790	810	850
	Lower	600	600	610	630	640	660	670	690	730
Mass Transit	Upper	340	720	1,040	1,090	990	300	80	110	20
	Lower	130	290	430	450	400	120	20	40	0
Rail improvements and maintenance	Upper	55	175	205	185	120	40	30	5	0
	Lower	45	155	180	165	105	30	20	0	0
Local road improvements	Upper	230	350	450	490	520	470	480	420	420
	Lower	90	150	190	200	220	200	200	180	180
Local road maintenance	Upper	720	690	710	720	740	760	780	800	840
	Lower	610	590	600	620	630	650	660	680	710
Public transport	Upper	530	600	650	670	680	690	720	880	830
	Lower	380	430	470	480	490	500	520	640	610
Walking and cycling improvements	Upper	95	120	145	125	115	115	115	115	120
	Lower	40	50	60	55	50	50	50	50	50
Regional improvements	Upper	140	180	210	210	210	210	180	190	200
	Lower	50	70	80	80	80	90	70	70	80
Road safety promotion and demand management	Upper	55	65	85	100	100	100	105	105	110
	Lower	45	55	70	85	85	90	90	90	95
Investment management	Upper	80	75	80	80	80	80	85	85	85
	Lower	65	65	65	65	65	70	70	70	75
Road policing	Upper	360	370	380	380	390	400	410	420	430
	Lower	320	330	330	340	350	350	360	370	380