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Ministry of Transport
Attn: GPS team

Per email: gps@transport.govt.nz

Infrastructure New Zealand is the peak industry body for the infrastructure sector and promotes best practice in national infrastructure development through research, advocacy and public and private sector collaboration. Infrastructure New Zealand members come from diverse sectors across New Zealand and include infrastructure service providers, investors, and owners.

This submission represents the views of Infrastructure New Zealand as a collective whole and may not necessarily represent the views of individual member organisations.

Infrastructure New Zealand submission on the Draft Government Policy Statement on Land Transport (2021/22-2030/31)

Infrastructure New Zealand has reservations about the Draft Government Policy Statement on Land Transport (2021/22-2030/31), particularly around the impact of the COVID-19 lockdown and recession on the transport system.

The impacts of COVID-19 are still highly uncertain, particularly for transport, and interim measures to extend the prior GPS or introduce an interim short-term GPS may be appropriate.

This would provide the funding certainty that the transport system needs, while staying relevant to the unknown future for transport.

The COVID-19 lockdown and recession does provide a unique opportunity to rethink New Zealand's transport and larger land-use allocation system. A regional spatial planning approach, in concert with ongoing resource management reform, would provide an effective, outcomes-based, and equitable transport system.

The elephant in the room: COVID-19

The COVID-19 lockdown and recession hit transportation and mobility more than almost any other part of life in New Zealand. The Alert Level 4 lockdown was, fundamentally, a halt to personal mobility in this country.



The long-term impacts of the lockdown and recession are of unknown size, scale, duration, and type. Are our empty roads a sign of excess capacity? Will we need increased freight capacity as retail moves online? Will public transport be hurt by long-term social distancing or an increase in working-from-home?

We note that the GPS process and the long-term planning process for regional and local councils provides necessary clarity on the next three years of transport investment.

Certainty is urgently needed, but the Draft GPS may not be able to totally provide this, given the significant downside risk to National Land Transport Fund (NLTF) revenues due to falling petrol tax and road user charges, lower public transport revenue, and reduced vehicle registrations.

The Draft GPS fails to address these risks and in doing so may provide decision-makers in local councils and Waka Kotahi NZ Transport Agency (NZTA) with *less* confidence in the usefulness of the National Land Transport Programme (NLTP) and GPS, not more.

While stimulus spending from central government is widely anticipated for transport projects around the country, it is unclear how this should or will integrate with the Draft GPS being consulted on.

The GPS on Land Transport would be more relevant and useful if it addressed the NLTF revenue and investment risks resulting from the crisis.

We recommend that the Government consider alternative arrangements to the GPS process such as introducing an interim 'COVID-19 Response GPS' for one or two years or making emergency legislative amendments to extend the previous GPS (and concomitant local authority long-term planning processes) by one or two years.

An interim or extended GPS would need to address the NLTF revenue uncertainty head-on and be suitably flexible and adaptable to however the future may unfold.

Let's not waste a crisis

While the COVID-19 crisis has wreaked havoc on transport revenue and its matching investment, it provides a once-in-a-generation opportunity to rethink and reform the way we plan transport in this country.

The economic impacts of the COVID-19 lockdown are closely linked to the lack of mobility. Even at Alert Level 3 lockdown, with construction, and other safe working returning, the inability for New Zealanders to move has a -25% impact on our GDP.¹ Social and cultural outcomes may be similarly severe.²

Transport is the lifeblood of our economy and society.

It should therefore be integrated and planned in concert with the rest of our economy and society.

The Government should use this opportunity to trial a regional partnership scheme which would empower regions to plan transport and other land uses collaboratively and at pace to meet Government targets.

These partnerships could work in alliances that mirror the fast-acting and effective strategies that built back better in the wake of the Christchurch and Kaikōura earthquakes.

These partnerships could last for a two-year period. However, similar to how accelerated consenting being advanced by the Government will be followed by substantive resource management reform, these partnerships should be followed-up with comprehensive reform.

If the Government wants to use this crisis to guide transport investment and planning, it can take this chance to fully rethink the process.

Building Regions: Regional spatial planning partnerships

There are several key issues in the current transport planning system:

1. Transport planning is disconnected between modes and between other land uses
2. The system favours arbitrary outputs over substantive outcomes
3. Cost and benefits are unequally borne

The result of these issues is that our transport system is highly politicised, unnecessarily expensive, excessively congested, and with insufficient and poorly used capacity across all modes.

Addressing these issues will require a reorientation of the planning system around integrated spatial planning, clear outcomes, and sustainable funding.

¹ New Zealand Treasury (13 April 2020) *Treasury Report T2020/973: Economic scenarios*. Available at: <https://treasury.govt.nz/publications/tr/treasury-report-t2020-973-economic-scenarios-13-april-2020-html#section-5>

² Sir Peter Gluckman and Dr Anne Bardsley (April 2020) *The Future is Now: Implications of COVID-19 for New Zealand* (Koi Tū: The Centre for Informed Futures). Available at: <https://informedfutures.org/social-cohesion-in-a-post-covid-world/>



The details of this proposal are outlined in our recent report *Building Regions: A vision for local government, planning law and funding reform*.³

Integrated spatial planning

Although transport is intimately tied to other land uses, it remains largely planned independently. This creates problems when cities choose to increase development in places with insufficient transport capacity, or when transport links are built in places where development restrictions which impede transport utilisation.

These problems are not unique to transport. Water, telecommunications, electricity and social infrastructure is similarly challenged.

Disconnected planning is inefficient, costly, and unnecessarily slows progress. It aggravates land price inflation and exacerbates congestion, school shortages, and hospital upkeep.

Poorly integrated planning and infrastructure not only impedes aligned development, it impacts the relationship between the users, beneficiaries and funders of transport.

The COVID-19 recovery provides the opportunity to more comprehensively integrate transport with land uses and infrastructure from across the central government, local government, and private spheres. This includes horizontal infrastructure (water, energy, telecommunications), social infrastructure (schools, hospitals, parks, libraries, prisons), all transport modes in the public and private sector (including ports and airports) and development. It would also include key stakeholders: most notably iwi as well as NGOs or other interest groups.

Under our preferred system, transport would ultimately become part of an integrated spatial planning effort with other major land uses.

It would be performed at a regional level, reflecting the economic and social geography of where most New Zealanders live, work, and play.

Spatial planning would be undertaken collaboratively with central and local authorities (including regional and territorial authorities) working closely with major infrastructure providers.

Regional spatial plans would be guided by a coherent national vision.

Spatial planning would be guided by national priorities and guidelines. Central government, through its whole-of-system lens, would set broad priorities that regions must follow. Regions would be allowed to achieve these priorities in whatever safe and legal way they see fit. Local authorities would feed into regional planning and implement measures that fit the local scale.

³ Available on our website at: <https://www.infrastructure.org.nz/resources/Documents/Reports/Report%20-%20A%20vision%20for%20local%20government,%20planning%20law%20and%20funding%20reform.pdf>



Spatial planning transport and major network infrastructure at a regional level would allow for economies of scale and efficient planning and coordination with other modes. It would ensure the efforts of a city are connected with the efforts of their neighbouring districts.

Clear outcomes

The current transport system is focused on overly prescriptive outputs to the detriment of broader outcomes.

For example, the GPS and NZTA regularly set performance targets around travel times, amount of mode shift, audience reach of safety campaigns, etc.

While these targets are part of broader overall goals, the net effect is that transport planning is done to achieve some very fine-grain targets. An observable tendency has been to focus on a target-achieving sub-system rather than to create a well-functioning system.

The planning regime should instead work towards clear, overarching outcomes. These outcomes would allow investment to occur in major revolutionary steps where necessary and allow regions and local authorities to find their own optimal way to progress.

A national plan would, for example, assist regions to deliver affordable housing, safe and efficient transport links, and resilience to natural disasters.

In the Wellington Region, safe and efficient transport links could be implemented through an increase in public transport services, whereas the West Coast may instead expand roading.

National direction would guide regional and local policies and investments. For example, Government objectives to reduce carbon emissions could be provided via funding allocations to regions to create a national electric vehicle charging network.

Spatial planning around clear outcomes would streamline the guidance and legal burden that governments face when trying to plan land uses based on the long, complicated, and sometimes conflicting Local Government Act, Land Transport Management Act, Resource Management Act, and any National Policy Statements or National Environmental Standards they may be supported by.

To meet these overarching targets, and to find the resources to undertake spatial planning, regions would have to be supported by meaningful funding.

Sustainable funding

One of the major failings of the current transport system is the poor financial incentives for those who use and manage transport infrastructure.

Transport users do not pay their fair share for the impact they have on the transport sector. On a congested motorway, each added driver has a disproportionate impact on congestion, but the only material cost they face is the impact on their own time. Wealthier drivers who can afford more efficient



vehicles pay less petrol tax despite causing the same costs on the system. Drivers, through the NLTP, are funding other non-road modes including rail and coastal shipping.

Local authorities, who own and maintain local roads, receive none of the revenue benefits from the increased productivity and wealth that their transport improvements pay for, with most of the added GST, income, or corporate tax flowing to central government. Land value improvement is captured by landowners.

Nor do local authorities feel the downside costs if their inaction slows the economy, worsens inequity, or endangers lives.

A regional spatial planning regime would be a partnership. Central government's guidance, through the national vision, would outline the major outcomes that are expected of each region. Regions would then be given grants from the consolidated fund to develop and implement a regional plan. Regions that perform well would be eligible to receive a take of the economic taxes (GST, income, corporate tax) that are collected in their region.

The fully hypothecated NLTF, which currently is largely funded by road users, would be replaced by a pricing-based system designed to maximise the throughput of road corridors by optimising the relationship between speed and flow.

We would like to see much greater acceleration through the GPS to advance road pricing as a mechanism to improve mobility and access by better connecting the costs and benefits of transport decisions.

Such a road pricing will successfully link beneficiaries of road investment with funders, but additional measures will be required to tie other transport beneficiaries to resourcing for public and active transport.

Landowners are one principal beneficiary and the GPS should provide clearer guidance on how landowners who benefit from transport investment or planning changes resulting from transport investment will contribute to transport funding.

The Government is the other principal beneficiary from transport investment, via its increase in taxation revenue through new economic activity and productivity. We would like to see current Government commitments in response to COVID-19 flow through into longer term commitments of funding to invest in productive, sustainable and inclusive transport solutions, reflecting the benefit the Government receives.

The Government may choose to contribute to the transport system, now and into the future, directly through allocations from the consolidated account, or by attracting private capital. The GPS should be signalling opportunities for private investment, potentially linked to toll revenue, land value improvement or simply a long-term Government revenue stream.



Summary

COVID-19 has greatly increased uncertainty of long-term transport planning. The future of transport revenue and demand is unclear.

The Draft GPS fails to account for this uncertainty and risks competing with, rather than enabling, a speedy and effective recovery.

To provide the necessary certainty of funding and planning for long-term planning processes, we propose that the Government either extend the previous GPS planning regime for a one- or two-year interim basis, or institute a temporary GPS that is flexible to suit the unknown future scenarios we may face.

The Government can use this opportunity to radically rethink transport planning and investment and reorient the system around an integrated spatial planning regime that is focused on clear outcomes based on sustainable funding.

This system would see transport as the enabler of productivity, land use and lower carbon emissions and would depoliticise decisions via collaboration, evidence and shared objectives.

We thank the Ministry for the opportunity to comment.

Yours sincerely,

Paul Blair
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