



SUBMISSION

Submission: Government Policy Statement on land transport 2024

To: Ministry of Transport, Te Manatū Waka

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About Ia Ara Aotearoa Transporting New Zealand

Ia Ara Aotearoa Transporting New Zealand is a national membership association representing the road freight transport industry. Our member companies operate urban, rural and inter-regional commercial freight transport services throughout the country.

As the peak body and authoritative voice of the road freight sector, Transporting New Zealand's purpose is creating the environment where trucking operators can drive successful, safe, sustainable businesses. Our strategic priorities are:

- Providing one industry voice for advocacy
- Promoting the road freight transport industry
- Attracting talent and promoting workforce development
- Supporting our members and customers
- Sustainability, safety and responsible emissions reduction

New Zealand's commercial road transport sector employs 55,384 people (2.1% of the total workforce), and has a gross annual turnover in the order of \$6.4 billion (1.8% of GDP). Road freight transport accounts for 93% of the total tonnage of freight moved in New Zealand (MoT National Freight Demands Study 2018).

Government Policy Statement on land transport 2024

Transporting New Zealand appreciates the opportunity to make a submission on the Government Policy Statement on land transport 2024 (GPS 2024).

Reference	Question	Response
Question 1 – Strategic Priorities	Do you agree with the strategic priorities and direction that are outlined in GPS 2024	<p>Ia Ara Aotearoa Transporting New Zealand (Transporting New Zealand) has mixed feedback on the strategic priorities and direction outlined in GPS 2024.</p> <p><i>Support for maintenance and increasing resilience</i></p> <p>There are elements of the strategic priorities and direction that Transporting New Zealand agree with. Identifying maintenance and increasing resilience as strategic priorities is a really positive development. This recognises two leading concerns from our membership: long term underinvestment in road maintenance, and the increasing frequency of severe weather events impacting the entire transport network.</p> <p><i>Increasing resilience as an overarching focus</i></p> <p>Transporting New Zealand considers that increasing resilience of the roading network should be an overarching focus, sitting above the other strategic priorities. The COVID-19 pandemic and severe weather events of this year have highlighted the importance of ensuring the resilience of the transport system and supply chain. The primary purpose of the transport system is to move people and goods safely and reliably, making resilience a practical overarching consideration.</p> <p>Transporting New Zealand notes the comments in the GPS 2024 Cabinet Paper regarding the decision not to make emissions reduction an overarching focus: <i>“an overarching priority would likely make it difficult for Waka Kotahi to implement its part of the GPS in practice”</i> and that an overarching focus would make it <i>“difficult to reconcile with the increasingly diverse set of funding tools being used for different aspects of land transport investment”</i> (para. 28).</p> <p>It would be concerning if Waka Kotahi and the government’s funding tools were incapable of prioritising road network resilience over other strategic</p>

		<p>considerations. While emissions reduction may sometimes be difficult to reconcile with transport investment (as noted at paragraph 84 of the Cabinet Paper), an overriding focus on improving resilience should not present such a practical difficulty.</p> <p>The risk of having six evenly weighted and wide-ranging strategic priorities is that the guidance provided by GPS 2024 becomes too broad and lacks adequate direction.</p> <p><i>Integrated freight system</i></p> <p>Transporting New Zealand supports the inclusion of the freight system as a strategic priority, but is concerned by the rail-focussed measures proposed to monitor progress, and GPS 2024’s commitment to mode-shift in favour of rail and coastal shipping.</p> <p><i>Positive practical considerations</i></p> <p>The more practical considerations in this strategic priority are really positive. The reference to “taking the needs of freight operators into consideration in transport design and urban planning and through network optimisation and optimal vehicle regulation” (pg. 28) will lead to more efficient and enduring investments.</p> <p>“Managing resilience risk on important regional corridors where disruptions cause the highest economic and social cost” will also be welcomed by our members. Particularly those in regions including Marlborough, Northland and Hawkes Bay who have recently experienced those economic and social costs first hand.</p> <p><i>Mode neutrality</i></p> <p>On a plain reading, “integrated freight system” seems to emphasise mode-shift to a greater extent than GPS 2021’s “improving freight connections”. Transporting New Zealand considers government strategy and policy around freight should be mode-neutral. Transporting New Zealand continues to oppose</p>
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		<p>use of the NLTF to move the freight task from road freight to rail and coastal shipping.</p> <p><i>Measures used to monitor progress</i></p> <p>The proposed measures to monitor progress for integrated freight system (pg. 36) should include road freight focused metrics including journey times, journey time reliability and speed flow. Rail travel time, freight mode share and rail freight derailments have little practical relevance to many providers and consumers of freight services, given the dominant role of road freight.</p>
Question 2 – Strategic Investment Programme	Do you have any comments on the Strategic Investment Programme	<p>Transporting New Zealand is broadly supportive of the projects identified the Strategic Investment Programme, particularly those that will strengthen key freight links. Transporting New Zealand also supports the Corridor Studies. Upgrades to these key corridors would bring substantial economic, safety and resilience benefits to those regions.</p> <p>Transporting New Zealand does not support the Mass Rapid Transit Wellington CBD to Island Bay due to concerns about cost, build time, and a preference from more versatile roading investment that can deliver positive outcomes for the region.</p> <p>Given the substantial scale of the Strategic Investment Programme, Transporting New Zealand requests that the Ministry of Transport share additional details, business cases, and any multivariable criteria assessments that were used to identify and prioritise the projects. This will enable more detailed feedback to be provided. Transporting New Zealand considers that all major transport investments should be subject to rigorous cost benefit analysis.</p>
Question 3 – Funding increases	Do you agree with the funding increases associated with the GPS 2024	<p><i>Support for substantial funding increases</i></p> <p>Transporting New Zealand agrees with the substantial increase in funding, particularly where it enables road maintenance, roading improvements and network resilience. Historic underinvestment in these three areas has resulted in a severe infrastructure deficit and placed New Zealand’s transport system under strain.</p>

		<p><i>Alternative revenue sources</i></p> <p>Transporting New Zealand accepts that at current revenue levels there is significant pressure on the NLTF. Rather than supporting increases to FED and RUC, Transporting New Zealand would prefer to see alternative revenue sources utilised. This includes tolling, private public partnerships, and congestion charging. These alternative funding methods could also provide additional NLTF headroom for new improvement activities, that the GPS 2024 Cabinet Paper currently describes as “very limited” (para. 96).</p> <p>Transporting New Zealand’s faith in the FED and RUC system has been undermined by revenue repeatedly being taken from vehicle users to fund other activity classes, including walking and cycling, coastal shipping and rail. This makes it difficult for Transporting New Zealand to support the proposed FED and RUC increases, certainly without a commitment to ring-fencing revenues to road maintenance and improvements, and moderate public transport subsidies.</p> <p><i>Cost pressures on road freight businesses</i></p> <p>It is not an appropriate time to be placing additional cost pressures on road transport businesses and their customers. Road freight companies are already under considerable cost pressure.</p> <p>To provide some context to this statement, Transporting New Zealand refers to our Transport Cost Index (quarter ending March 2023), prepared by Grant Thornton. The Cost Index shows the cost movements of the typical components that contribute to transport rates.</p> <p>Between March 2022 and 2023, fuel costs have increased 12.95%, vehicle depreciation and interest costs by 9.66%, tyres by 8.42% and wages by 6.53%. The temporary transport support package’s reduction in RUC was essential to maintaining the viability of many freight businesses and avoiding substantial cost increases to customers and consumers. Further cost increases will harm</p>
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		<p>our road freight operator members, who are primarily small and medium size businesses.</p> <p>Transporting New Zealand urges the Government to maintain its long running pause on RUC and FED increases, accelerate work on implementing alternative revenue sources, and consider a reduction in non-roading NLTF expenditure.</p>
	<p>Do you have any comments on how funding has been allocated across the various Activity Classes in GPS 2024</p>	<p>Transporting New Zealand supports the increases in road funding (improvements and maintenance) compared to GPS 2021. Transporting New Zealand requests that the Ministry of Transport provide supporting evidence that the funding increases to maintenance will be sufficient to address the deterioration of the network.</p> <p>It would also assist Transporting New Zealand and our members if GPS 2024 referenced funding changes in real terms, using inflation projections. It is difficult to assess the real levels of investment being made without accounting for the substantial inflation in construction and maintenance costs. Including additional information about the state of the network in GPS 2024 would also be a helpful addition.</p> <p>Transporting New Zealand continues to generally oppose use of the NLTF to incentivise freight movement from road freight to alternative modes. The substantial increases in funding for coastal shipping and the rail freight compared to GPS 2021 support our concerns that government investment in these modes is unsustainable and inefficient. Particularly considering the Ministry of Transport Domestic Transport Costs and Charges Study (June 2023) finding that user charges for heavy truck shipments cover a significantly greater share of public sector costs than rail transport (76% compared to 39%).</p>
<p>Question 4 - Ministerial expectations</p>	<p>Do you agree with the Ministerial expectations as outlined in GPS 2024</p>	<p>Transporting New Zealand agrees with the Ministerial expectations.</p>

<p>Question 5 - Further information</p>	<p>Do you have any other comments on GPS 2024</p>	<p>Transporting New Zealand notes the comment at paragraph 49 of the GPS 2024 Cabinet paper that <i>“Pressures on our roading network are increasing, particularly through an increase in adverse weather events and the use of heavier trucks.”</i></p> <p>This appears to be a reference to High Productivity Motor Vehicles (HPMVs), including 50MAX trucks. These are heavy vehicles that can operate above the 44-tonne weight limit under permit. Transporting New Zealand appreciates the opportunity to address two common misapprehensions about heavy trucks.</p> <p>HPMV combinations pay particularly high RUC, which more than offsets any greater impact that they have on road pavement. As Waka Kotahi’s website states: <i>“Because 50MAX trucks have one more axle than conventional 44-tonne trucks, the overall truck load is spread further and there is no additional wear on roads per tonne of freight.”</i> If anything, HPMVs are currently overpaying under current RUC settings.</p> <p>Heavier trucks can also reduce carbon emissions on a tonne kilometre basis by up to 35% compared to standard trucks (according to data from the International Road Transport Union). More information about HPMVs can be found in Transporting New Zealand’s decarbonisation framework, the Green Compact.</p>
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