

11 May 2020

Ministry of Transport
PO Box 3175
WELLINGTON 6140
Attn: GPS team

To the Ministry of Transport

Submission on the draft Government Policy Statement on land transport 2021

Introduction

The New Zealand Infrastructure Commission, Te Waihanga ('Infracom') welcomes the opportunity to submit on the draft Government Policy Statement on land transport 2021 (draft GPS 2021) and the draft NZ Rail Plan.

Infracom's purpose is to co-ordinate, develop, and promote an approach to infrastructure that improves the well-being of New Zealanders. In fulfilling our purpose, we must consider the long-term trends that impact on, or are impacted by, infrastructure.

One of our legislative requirements over the next 18 months is to produce a 30-year infrastructure strategy. The purpose of the strategy is to co-ordinate, develop, and promote an approach to infrastructure that encourages infrastructure, and services that result from the infrastructure, that improve the well-being of New Zealanders. The strategy will require input across central government, local government and the market. We plan to come back to the Ministry of Transport and the NZ Transport Agency in due course as we seek to get your input on the strategy development.

Infracom considers that to deliver better infrastructure outcomes, it is important that we strive for a planning and delivery system that:

- meets the needs of users of the land transport system
- ensures consistency and alignment across the strategic priorities of government agents
- ensures that investment is prioritised to address the areas of greatest need
- enables and incentivises greater integration with land use and development and between land transport modes
- delivers more pipeline certainty; and
- ensures central and local government have access to best practice planning, funding, financing and procurement.

We are submitting on the draft GPS 2021 as this represents a substantial investment by the Government in the planning and delivery of land transport infrastructure and services. We are also submitting on the draft NZ Rail Plan due to the significant changes proposed to how rail is

planned, funded and delivered. Both instruments will have a considerable impact on how the land transport network improves wellbeing for New Zealanders.

Summary of submission

Our submission focuses on the areas where the draft GPS 2021 and draft NZ Rail Plan can:

- better target investment to the areas of greatest need
- strengthen investment decision-making across the sector to ensure more efficient, effective and equitable use of limited resources
- support an effective planning, delivery and funding system for land transport
- strengthen strategic alignment within the sector and with the Government's broader objectives around housing and urban development.

On the basis of those principles outlined above, our comments on the draft GPS 2021 can be summarised as follows. Further detail can be found in the body of our submission.

1. **Strategic priorities that target the areas of greatest need.** Infracom would like to see a clearer definition of the current problems, challenges and opportunities in the land transport sector and the rationale for selecting the strategic priorities in the draft GPS 2021 in relation to these. We also recommend that the final GPS considers the impact and contribution the land transport network makes to New Zealand's low productivity challenge and how investment and demand management measures like pricing can be used to address this.
2. **Potential for greater mode neutrality through capturing positive and negative externalities.** We note the Government's directive in recent years to create a more mode neutral land transport network. To help this, we encourage looking at ways for the positive and negative externalities of different modes to be more fully assessed, monetised and allocated to the appropriate parties. This will ensure that the true costs and dividends of different modes are captured, project selection can be more fully informed by evidence and the widest possible range of modes can become more financially viable.
3. **Ensuring a robust and considered rail strategy.** Infracom supports the development of the draft NZ Rail Plan as a planning instrument that enables the Government and KiwiRail to take a longer-term view of the role of rail and the pipeline of investment required to ensure the network is fit for purpose. We would like to see a more deliberate and evidence-based consideration of the role that each arm of the rail network plays in transporting people and freight, through detailed business plans that assist the Government in setting appropriate investment priorities for rail.
4. **Strengthening the investment principles to make the best use of limited resources.** Infracom would like to see the GPS 2021 provide a stronger steer from the Government to the NZ Transport Agency and Regional Transport Committees to ensure robust investment decision-making that makes the best use of limited funding and resources. We would also like to see these investment principles reflected in the NZ Transport Agency's investment assessment framework.
5. **Articulating a clear policy on the National Land Transport Fund.** The draft GPS 2021 recognises that there are scenarios where alternative funding and financing approaches would be required to deliver large transport projects. Infracom considers that there are broader reasons why the National Land Transport Fund will come

under increasing pressure, including the Government's ambitious transport and urban development programme and the prospect of reduced land transport revenue from greater fuel efficiency, the uptake of electric vehicles and reduced travel following Covid-19. We would like to see the GPS provide a clear policy around how the National Land Transport Fund should be managed more broadly, in light of these pressures.

- 6. The integration of rail into the land transport planning and funding framework.** Infracom supports the inclusion of rail in the land transport planning and funding framework to the extent that it enables integrated decision-making in the land transport sector. We think there are further considerations that need to be addressed to ensure that planning, funding and delivery of rail infrastructure is integrated with the rest of the land transport system:

 - There are certain policy questions that need be addressed including the cross-subsidisation of rail infrastructure by road users, and in particular freight operators, and ensuring that the planning framework supports consideration of the impact of rail on all other parts of the land transport system.
 - We would encourage the Government to consider and include funding principles in the GPS 2021 and/or the NZ Rail Plan to guide investment in rail and to provide clarity and consistency in the funding decisions that the Crown, KiwiRail and the NZ Transport Agency make in relation to rail.
 - The NZ Transport Agency will need to invest appropriately in its capability and capacity to be able to fulfil its new roles and responsibilities in relation to the planning, funding and delivery of rail network infrastructure. Similarly, there needs to be further consideration about the delivery model for the expected programme of rail investment, and if required, investment in KiwiRail's capability and capacity to take a lead role.
- 7. Measuring the success of investments.** Infracom would like to see key performance indicators developed, consistent with the Transport Outcomes Framework, to measure the long-term effectiveness of land transport investment in improving the wellbeing of New Zealanders. This will ensure a consistent approach to planning, delivering and evaluating land transport investments and will enable continuous improvement when it comes to investment decisions. In addition to these long-term indicators, the Government may also wish to put in place short to medium term indicators and targets to focus on their specific priorities.
- 8. Ensuring the approach to planning, funding and delivery of land transport infrastructure and services remains fit for purpose.** While not necessarily a question that needs to be answered in this GPS, Infracom encourages the Government to consider the impact that region-specific programmes¹ have on the existing planning, funding and delivery framework for land transport. The Government should also consider if there is merit in using the GPS to strengthen the existing approach so that other regions can benefit from stronger alignment of priorities, better institutional settings and greater investment certainty.
- 9. Ensuring consistency and alignment in the land transport system.** Infracom supports the work that has been done to align the strategic and planning instruments in the land transport sector. Alignment and co-ordination across the system will ensure that transport investments are valued and prioritised consistently to optimise wellbeing for New Zealanders. It will also help to provide clarity and build certainty around a longer-term pipeline of work that is tied to a long-term direction for the

¹ For instance, the Auckland Transport Alignment Project and Let's Get Wellington Moving.

sector. This certainty will be particularly important as the infrastructure sector seeks to recover in a recessionary environment post-COVID-19.

- 10. Ensuring consistency and alignment between land transport and housing and urban development.** Transport and urban development are critical components of productive and liveable cities. Infracom would expect to see stronger incentives in the GPS 2021 (land transport) and the Housing and Urban Development GPS that promote integrated land transport and urban planning to deliver improved wellbeing for New Zealanders.
- 11. Considering the impacts of COVID-19.** Given the significant impacts the COVID-19 pandemic will have on the economy, Infracom encourages the Government to consider how the GPS 2021 can play a role in New Zealand's long-term economic recovery. The revenue forecasts for the National Land Transport Fund should also be tested against different recovery scenarios to ensure the Government is aware of, and prepared for, potential changes in travel behaviour and the associated impacts on revenue.

1. Strategic priorities that target the areas of greatest need

It is difficult to assess whether the strategic priorities are the right areas for the Government to target investment without some further evidence around the scale and nature of the issues that this investment is required to address.

1.1 Providing a clearer problem definition to justify the selection of the strategic priorities

Infracom would like to see a clearer definition of the current problems, challenges and opportunities in the land transport sector and the rationale for selecting the strategic priorities in the draft GPS 2021 in relation to these. This could include further information around the scale of the problem (e.g. social costs of deaths and injuries on the land transport network, health and environmental impacts of emissions from land transport, and economic and social costs associated with current land transport options for travel and freight).

Providing a clearer problem definition and justification for the strategic priorities will help to ground these in evidence and provide greater clarity and transparency around the areas that the Government has identified for investment. This also enables a clearer understanding of what success looks like, to inform post-investment evaluation and improvement.

1.2 Productivity needs to be a key consideration in the GPS 2021

The draft GPS 2021 makes no mention of New Zealand's low productivity challenge. Our labour productivity (GDP per hour worked) sits 40% below the average of the top half of the OECD.² This has significant impacts on the long term prospects of the economy, wage growth, and living standards as people have to work longer to earn a decent income.

The land transport network has a crucial role to play in supporting productivity, moving people to opportunities for work and reducing the amount of time spent in congestion. This is particularly challenging for our services sector, including freight, which forms 67% of the national economy.³ While emphasis is placed on commuters who can travel on public and active transport, this forms only one part of the solution. A significant proportion of the services sector relies on an efficient road network that enables them to make point-to-point trips throughout the day. Yet the draft GPS 2021 proposes an almost three-fold reduction in spending on new and improved roading infrastructure (state highways and local roads combined) from 2021 to 2031. It is not clear from the draft GPS 2021 how the needs of these users have been considered and how land transport investment can be targeted to lift their productivity and wellbeing.

Infracom recommends that the final GPS considers the impact and contribution the land transport network makes to New Zealand's low productivity challenge and how land transport investment and demand management measures like pricing can be used to address this.

2. Potential for greater mode neutrality through capturing positive and negative externalities.

² NZ Productivity Commission (2019). Productivity by the numbers:2019. Research paper 2019/2. Available at <https://www.productivity.govt.nz/assets/Documents/productivity-by-the-numbers-2019/42ead8d24d/Productivity-by-the-Numbers-2019.pdf>

³ Ibid.

We note the Government's directive in recent years to create a more mode neutral land transport network. To help this, we encourage looking at ways for the positive and negative externalities of different modes to be more fully assessed, monetised and allocated to the appropriate parties. This will ensure that the true costs and dividends of different modes are captured, project selection can be more fully informed by evidence and the widest possible range of modes can become more financially viable.

3. Ensuring a robust and considered rail strategy

Infracom supports the development of the draft NZ Rail Plan as a planning instrument that enables the Government and KiwiRail to take a longer-term view of the role of rail and the pipeline of investment required to ensure the network is fit for purpose.

A key component that we would expect to see as part of a long-term plan for rail is a statement of the role that different arms of the rail network will play as part of an integrated land transport network. This means setting clear objectives, strategies and performance metrics for the passenger (metro and inter-regional rail) and freight arms of the rail network.

Each of these arms requires its own detailed business plan that, among other things, assesses:

- the role and purpose of rail in these markets
- how it can add value in relation to the other parts of the land transport sector
- what changes in travel and freight patterns might be expected in the future
- the initiatives and investments required to ensure that the rail network addresses and shapes the needs of its users and supports wellbeing.

A robust assessment of the different components of the rail network and the present and future conditions in which these will operate will assist the Government in setting appropriate investment priorities for rail.

4. Strengthening the investment principles to make the best use of limited resources

Infracom would like to see the GPS 2021 provide a stronger steer from the Government to the NZ Transport Agency and Regional Transport Committees to ensure robust decision-making that makes the best use of limited funding and resources. Cabinet's expectations for the management of investments and asset performance should inform this.⁴ As it relates to the land transport sector, we would expect investment principles to include:

- better managing the demand on the land transport network. Improved demand management can deliver more efficient gains sooner and delay or reduce the need for significant investment in physical infrastructure (e.g. pricing, on-demand transport). The GPS should be encouraging and supporting local, regional and national level investigations into approaches to demand management that can deliver the outcomes the Government is seeking from the land transport sector. This could include studies and trials that look at pricing the road network or delivering on-demand transport services.
- asset management practices, including to ensure that the level and timing of investment in asset renewals is appropriate and balanced against capital requirements. The NZ Transport Agency and Regional Transport Committees should be managing their land

⁴ Cabinet Office (2019). Cabinet circular CO (19) 6. Investment management and asset performance in the state services. Available at <https://dpmc.govt.nz/sites/default/files/2019-10/co-19-6-investment-management-and-asset-performance-state-services.pdf>

transport assets in an efficient, effective and sustainable way to ensure that maintenance and renewals are delivered at the right time.

- ensuring investment decisions are informed by rigorous analysis of underlying causes and effects of problems/opportunities and that different options and perspectives are considered. This includes ensuring Cost-Benefit Analyses remain an important consideration in investment decision-making, albeit not the only factor.
- pursuing responsive and adaptive investment that is tested against different demand and supply scenarios and builds in sufficient flexibility to adjust to future changes - this is similar to one of the NZ Transport Agency's investment principles termed "ensure solutions are future focused and adaptable".⁵
 - It is particularly important that land transport investments consider different demand scenarios that reflect varying degrees of the speed of recovery and potential structural changes in behaviour as a result of COVID-19 and the recessionary environment likely to characterise the short to medium term.
- considering how new and emerging technology can deliver the strategic priorities in the GPS. While technology is not an outcome itself, there is a need to ensure that investment decisions consider what role, if any, new and emerging technology can play in delivering the desired objectives. In some instances, technology may provide more cost-effective solutions that release funding for other important initiatives. The GPS could also go further by setting aside funding for the NZ Transport Agency and Regional Transport Committees to investigate, trial and implement new and emerging technology (e.g. intelligent transport systems and low emissions vehicles) that can deliver the Government's strategic priorities.
- making use of opportunities through procurement arrangements to train and hire local skills and expertise, particularly in lower socio-economic communities. The significant increase in infrastructure expenditure provides opportunities to lift skills and employment, which will also help the sector as it gears up to deliver against an ambitious infrastructure pipeline.

4.1 Ensuring the investment principles are considered through investment-decision making

At present, it is not clear how the investment principles stated in the draft GPS 2021 flow through to investment decision-making, or how the Government ensures decisions made by the NZ Transport Agency and Regional Transport Committees are consistent with these principles. A key component of this would be to ensure the NZ Transport Agency's investment decision-making framework reflects the investment principles contained in the draft GPS 2021.

At present, the NZ Transport Agency has developed 5 investment principles, through the review of the investment decision-making framework review,⁶ that do not appear to clearly map onto those outlined in the GPS.

⁵ NZTA (2019). Investment Principles: A technical paper prepared for the Investment Decision-Making Framework Review. Available at <https://www.nzta.govt.nz/assets/planning-and-investment/docs/investment-decision-making-framework-review-investment-principles-november-2019.pdf>

⁶ NZTA (2019). Investment Decision-Making Framework Review: Draft Design Report. Available at <https://www.nzta.govt.nz/assets/planning-and-investment/docs/investment-decision-making-framework-review-draft-design-report-december-2019.pdf>

Infracom acknowledges and supports the work underway to review the NZ Transport Agency's investment decision-making framework to ensure a robust, transparent framework that is fit for purpose and enables investment to consider broader wellbeing impacts.

We would like to see the NZ Transport Agency's review address this potential misalignment between the GPS and its investment decision-making framework to ensure the signals provided through the GPS are consistently applied across the sector.

5. Articulating a clear policy on the National Land Transport Fund

The GPS recognises that some land transport projects, particularly those that are large in scale or delivered over a long timeframe, will require consideration of alternative funding and financing approaches. It is clear that the National Land Transport Fund is increasingly insufficient to fund the level of investment required in the land transport network. In this environment, considering alternative approaches to funding and financing infrastructure will help the NZ Transport Agency to best leverage the National Land Transport Fund while also delivering an ambitious infrastructure programme.

Infracom considers that there are broader reasons why the National Land Transport Fund will come under increasing pressure, including that:

- the Fund operates primarily as a pay-as-you-go fund, however, transport assets have a long shelf life and benefits accrue to users over multiple generations.
- increasingly, governments are investing in large scale and complex infrastructure projects to support its ambitious agenda for land transport and urban development, including significant investment towards projects like light rail and regional rail.
- the Fund is facing the prospect of reduced revenues as a result of greater fuel efficiency, the uptake of electric vehicles and the likelihood of reduced travel following COVID-19.

Given the factors above, Infracom would like to see the GPS provide a clear policy around how the National Land Transport Fund should be managed more broadly, in light of these pressures. This needs to include guidance around:

- the role of pricing and tolling as a demand management and revenue raising tool. The consideration of pricing on the land transport network is loaded with complexity given it has both a demand management and revenue raising function. This requires a broad assessment of how pricing could be delivered, how it could work and how any impacts on users of the land transport network, particularly those who are disadvantaged, can be managed.
- the equity considerations that should be applied to investment decisions, given the National Land Transport Fund is funded primarily by road users.
- how the National Land Transport Fund should be used to fund investments that also include other sources of funding (particularly given the changes proposed with the integration of rail), including potential for value creation and capture through integrated transport and urban development proposals.
- greater use of debt-funding vehicles (e.g. PPPs) and tolerance of debt within the National Land Transport Fund to deliver infrastructure that is likely to deliver multi-generational benefits and for which the costs could be recovered from beneficiaries over a longer period of time.

6. The integration of rail into the land transport planning and funding framework

Infracom supports the inclusion of rail in the land transport planning and funding framework to the extent that it enables integrated decision-making in the land transport sector.

6.1 Policy questions that need to be addressed as part of the integration of rail into the land transport planning and funding framework

While certain rail improvements can help to improve outcomes for road users, there is a significant concern that the inclusion of rail could potentially dilute the benefits road users receive from the Fund. In particular, it is not clear to us that the policy decision has considered and addressed the potential for revenue collected from freight operators using the road network to be put towards improvements to the rail network that create benefits for their competitors. This has impacts on the integrity of the funding framework and the potential to distort market signals (e.g. pricing) to produce sub-optimal outcomes for users of both road and rail networks.

One of the key issues identified in the Future of Rail review was that the current planning and funding framework for rail isolates road and rail infrastructure decisions from each other. The new planning framework for rail requires KiwiRail to submit an investment programme to the Minister of Transport for approval, with the NZ Transport Agency providing advice to the Minister to inform their decision. It is not clear how this planning framework materially strengthens the link between decisions made in relation to either the road or rail network, given the NZ Transport Agency will continue to approve investment in all other parts of the land transport system and the Minister of Transport will approve investment in rail. The new planning framework may need to go further, either by including requirements (potentially in statute) that ensure road and rail decisions are integrated or by vesting decision-making for both forms of transport in the NZ Transport Agency.

6.2 Cost-recovery and pricing for rail

An important component of a sustainable funding and delivery model for rail is an effective cost recovery and pricing model that reflects the Government's intentions for the rail network. A clear cost recovery and pricing model can help the Government and KiwiRail to establish a consistent approach to charging for rail services, and to understand the impacts that user charges have on use of the network, and by extension, the ability to deliver the Government's objectives for rail. Given there are multiple funding streams for rail investment (the Crown, user charges and the National Land Transport Fund), the Government should develop funding principles to guide the choice of funding sources for rail investment so that it allocates costs fairly, efficiently and transparently.

It is unclear if this has been a consideration as part of the review of rail (it may have been withheld due to commercially sensitivity).

Infracom encourages the Government to consider and include funding principles in the GPS 2021 and/or the NZ Rail Plan to guide investment in rail and to provide clarity and consistency in the funding decisions that the Crown, KiwiRail and the NZ Transport Agency make in relation to rail.

6.3 Investing in the NZ Transport Agency's and KiwiRail's capability and capacity to fulfil its roles and responsibilities in relation to rail

The inclusion of rail in the National Land Transport Fund represents a significant additional responsibility for the NZ Transport Agency, which will need to grow its capability and expertise in rail network planning and delivery of rail infrastructure. Given the importance of this change, and the likely increase in rail investment signalled by the Government, the NZ Transport Agency will need to invest appropriately in its capacity and capability to be able to fulfil its new roles and responsibilities in relation to the planning, funding and delivery of rail network infrastructure.

This also applies to KiwiRail, who may be required to take a lead role in delivering a significant programme of capital upgrades over the coming years. Thought should be given to the delivery model for this programme, including if alternative models can deliver efficiency gains (e.g. a special-purpose-vehicle similar to the approach adopted for the City Rail Link in Auckland).

7. Measuring the success of investments

Infracom would like to see a clear approach to measuring the performance of the NZTA and Regional Transport Committees in giving effect to the priorities of the GPS and the investment principles outlined within it.

One of the key challenges when it comes to measuring the success of the GPS and using this to inform future decisions, is the lack of alignment between planning and delivery cycles – a GPS is released every 3 years while infrastructure projects operate on a 3 to 10 year cycle, depending on size, scale and complexity, from planning through to delivery. Tying performance measurement too closely to GPS priorities could risk misalignment given the higher propensity for these strategic priorities to change over time and lead to shifting goalposts for investments already underway. At the same time, there is a need for clear reporting against these priorities to inform successive governments of the impact of investment decisions in delivering their stated priorities.

We see an opportunity to use the Transport Outcomes Framework as a performance measurement framework to track long-term progress towards a land transport network that improves wellbeing for New Zealanders. The Transport Outcomes Framework is a more enduring framework that reflects the needs of the sector and captures the long-term outcomes the Government is seeking to deliver through its transport policies. The breadth of outcomes also allows for the government of the day to choose to prioritise different outcomes within this framework over the short to medium term, depending on their policy agenda.⁷

Infracom recommends that key performance indicators are developed consistent with the Transport Outcomes Framework, and grounded by direct reference to land transport user needs, to measure progress over the long term against each of these outcomes. This could be in addition to any short to medium term indicators that may be added to reflect the specific priorities of the government of the day. The Government may also wish to consider the use of targets to provide greater focus for investment decisions.

Using a more enduring framework will ensure a consistent approach to planning, delivering and evaluating land transport investments over a longer period that aligns with the typical investment lifecycle. A consistent set of performance measures will also enable future investment decisions to be informed by the results and lessons of previous investments to deliver better outcomes for land transport users.

⁷ Ministry of Transport. (2018). A Framework for shaping our transport system: Transport outcomes and mode neutrality. Available at <https://www.transport.govt.nz/assets/Import/Uploads/Our-Work/Documents/0e073f2af0/Transport-outcomes-framework.pdf>

8. Ensuring the approach to planning, funding and delivery of land transport infrastructure and services remains fit for purpose

The draft GPS 2021 refers to programmes specific to the Auckland and Wellington regions – the Auckland Transport Alignment Project and Let’s Get Wellington Moving. These programmes have provided those regions with an additional planning process that then informs the existing land transport planning, funding and delivery cycle (i.e. the GPS-RLTP-NLTP cycle).

The addition of bespoke planning processes for these regions raises the question of whether the existing planning, funding and delivery arrangements are sufficient to deliver the joint priorities of the Government and local authorities in these regions. There is also a question of equity and whether these approaches should be extended to other regions, given that both Auckland and Wellington have benefited from stronger alignment and greater investment certainty as a result of these processes.

In the absence of more fundamental changes to the existing planning, funding and delivery arrangements, the GPS provides some opportunities to strengthen the existing approach by addressing issues that prevent optimal land transport decision-making. For instance:

- the Government could explore regional planning processes that better enable regional transport committees to take a more co-ordinated approach to land transport investment with central government. This could enable a joint consideration of the impact of land transport infrastructure on broader national and regional objectives around housing, place-making, health and the environment.
- the GPS could make investment conditional on local authorities (either on their own or in partnership with central government agencies) addressing institutional issues like improving governance and alignment of transport delivery agencies or strategic issues like inconsistent land use and transport plans.

While not necessarily a question that needs to be answered in this GPS, Infracom recommends that the Government consider the impact that region-specific programmes have on the existing planning, funding and delivery framework for land transport. The Government should also consider if there is merit in using the GPS to strengthen the existing approach so that other regions can benefit from stronger alignment of priorities, better institutional settings and greater investment certainty.

9. Ensuring consistency and alignment in the land transport system

The land transport sector has a number of strategic and planning instruments in place, including:

- the Government Policy Statement on land transport
- the Ministry of Transport’s Transport Outcomes Framework
- the NZ Transport Agency’s investment assessment framework
- the NZ Transport Agency’s National Land Transport Programme
- Regional Land Transport Plans developed by Regional Transport Committees.

The GPS informs the priorities set through Regional Land Transport Plans and the National Land Transport Programme.

However, the role of the Ministry’s Transport Outcomes Framework and the NZ Transport Agency’s investment assessment framework in informing and delivering priorities and long-term outcomes needs to be clear. In particular, both organisations, in the lead roles they play in the sector, need to ensure there is consistency in the long-term direction they are setting to provide certainty and clarity for those planning land transport investments, and by extension those delivering the infrastructure needed.

It appears that there has been a significant amount of work to ensure there is consistency and alignment across the sector, for instance the draft GPS 2021 transparently sets out the links between the Government’s priorities and the long-term outcomes for the sector in the Transport Outcomes Framework. The review of the NZ Transport Agency investment decision-making framework also reflects the principles outlined in the previous GPS, to consider the broader social, economic, cultural and environmental outcomes of land transport planning and investment, including dynamic economic benefits and wider land use changes.

Infracom supports the work that has been done and encourages the Ministry to ensure it continues to build consistency and alignment across the sector. A greater level of alignment and co-ordination across the system will ensure that land transport investments are valued and prioritised consistently to optimise wellbeing for New Zealanders. It will also help to provide the sector with clarity of the Government’s ambitions and can therefore help to build certainty around a longer-term pipeline of work. This certainty will be particularly important as the infrastructure sector approaches a recessionary environment post-COVID-19.

10. Ensuring consistency and alignment between land transport and housing and urban development

The draft GPS 2021 notes that “the Ministry of Housing and Urban Development (HUD) is leading the development of the Government Policy Statement on Housing and Urban Development (HUD GPS), which will communicate the Government’s long-term vision for the housing and urban development system and provide direction to Kāinga Ora – Homes and Communities to lead, facilitate and enable urban development projects, which will include the delivery of transport and other infrastructure.”

Transport and urban development are critical components of productive and liveable cities, and we would expect both the transport and HUD GPS’ to be integrated and consistent with each other. Land transport investment decisions should consider the benefits, impacts and risks created for housing and urban development, and vice versa. At present, it is not clear how the draft GPS 2021 ensures consistency with the Government’s housing and urban development strategy. Giving priority to land transport investments that support and enable agreed spatial plans is consistent with Government policy direction and would be a useful addition to the GPS.

Infracom would expect to see strong incentives to ensure land transport and urban planning is undertaken in an integrated way to deliver improved wellbeing for New Zealanders. As an example, the draft GPS 2021 (land transport) could require funding for land transport projects in Auckland to be more closely integrated with the housing and urban development outcomes in the city, by requiring delivery of land transport infrastructure in greenfield areas to be timed in line with Auckland Council’s and Kāinga Ora’s plans for growth, or by making investment in light rail conditional on greater intensification along the proposed route.

11. Considering the impacts of COVID-19

Infracom would like to see some clear direction from the Government to support decision-making on land transport investments in the aftermath of COVID-19. This is a once in a century event that will have significant impacts on Councils and create a highly volatile environment in which investment decisions have to be made

As part of the broader economic recovery, the GPS has an important role to play in shaping investment. Therefore, the GPS should consider the role the land transport system needs to play in the long-term economic recovery of New Zealand over the next decade.

It is also unclear if the forecasts for National Land Transport Fund revenue, which have informed the draft GPS 2021, included sensitivity testing following the COVID-19 pandemic and response. In particular, there needs to be consideration of the potential for significant shifts in the way people travel, work and play. This could include the potential for increased remote working, increased use of delivery services or reduced travel behaviour as a result of a deep recessionary environment.

Thank you for the opportunity to make our submission.

Yours sincerely,



Jon Grayson
Interim Chief Executive