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Mr Patrick Morgan
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Dear Mr Morgan

Changes to the Government Policy Statement on Land Transport Funding

I would like to advise you of the changes the Minister of Transport will be making to the Government Policy Statement (GPS) on Land Transport Funding 2009/10–2018/19. These changes will affect future applications for funding from the NZ Transport Agency (NZTA) for the relevant activities. However, the GPS changes will not affect activities that have already been approved for funding by the NZTA. This letter is to inform key national stakeholder groups of the amendments being made to the GPS, and the rationale for these changes.

The Minister has decided to amend the GPS to enable the funding of Safer Journeys First Actions. The Safer Journeys strategy was developed after the GPS was released in 2009. The activities required to implement several of the First Actions do not currently fit within the definition of an existing GPS activity class. To address this, the relevant First Actions were added to the definition of the new 'road user safety' activity class, which is outlined below.

The amended GPS will also include a new section outlining the government's commitment to the Safer Journeys strategy. Together with activity class changes, the GPS amendments will allow for the strategy's upfront implementation costs to be considered for funding by the NZTA.

In March 2010, the NZTA completed its review of the 'demand management and community programmes' (DMCP) activity class to align it with the GPS and the Safer Journeys strategy. To reflect the recommendations of that review, the Minister has decided to rename and redefine the DMCP activity class. The DMCP activity class will be renamed as 'road user safety'.

In addition, the Minister has decided to shift some activities out of the DMCP activity class to more appropriate activity classes. First, model communities education and promotion activities, and their funding, will move to the 'walking and cycling facilities' activity class. This is to enable these activities to be considered alongside the model communities infrastructure activities. Second, activities without a significant safety benefit (such as activities targeted at congestion), and their funding, will be moved to the 'maintenance and operation of local roads' activity class. This change is being made because reducing congestion is aligned more closely with the efficient operation of roads than road user safety.


To reflect the changes described above, the Minister is amending the definitions and funding ranges of the relevant activity classes. The changes to activity class definitions and funding ranges are set out in the attached appendix.

Lastly, in August the NZTA completed its review of the 'transport planning' activity class. This review found opportunities for improved value for money in the activity class by ceasing to fund duplicate activities, clarifying the assessment criteria and increasing the use of integrated planning. The NZTA indicated an expectation that these changes to its funding policies will result in a reduction in expenditure from the 'transport planning' activity class. As a result, the NZTA approved less funding in 2009/10 for the 'transport planning' activity class than was set out in the GPS. To allow for the anticipated savings, the Minister will reduce the funding range minimums for the 'transport planning' activity class.

The NZTA is expected to give effect to these GPS amendments when prioritising and allocating funding from the affected activity classes for 2010/11 and 2011/12. The Ministry of Transport will be publishing the updated GPS on its website in November, along with a number of questions and answers that will further describe the amendments.

Should you have any further questions, please feel free to contact Jacob McElwee on (04) 439-9320 or at j.mcelwee@transport.govt.nz.

Yours sincerely



Barry Kidd
Deputy General Manager
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Encl: Appendix 1: Amendments to the 2009/10–2018/19 Government Policy Statement (GPS)

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Addition to page 9 – Section on Safer Journeys

SAFER JOURNEYS

25. Safer Journeys is the government's road safety strategy to 2020. This strategy is designed to reduce the number of people killed and seriously injured on our roads over the next decade and takes a system wide approach by looking at the safety of roads, road use, vehicles and speed. The top priorities for action in the strategy are:

- Young drivers
- Alcohol and drug impaired drivers
- Motorcycling
- Roads and roadsides
- Safer speeds

26. The strategy identifies a series of actions that the government will consider implementing to improve road safety. These actions include the introduction of alcohol interlocks, zero blood alcohol limits for repeat drink drivers and improvements to motorcycle licensing requirements. The actions will represent the government's priorities for improving the safety of our roads. The implementation of these actions should be considered when the NZTA delivers the National Land Transport Programme.

Figure 1: Amendments to the GPS activity class funding ranges (page 13 GPS)

TABLE 1: ACTIVITY CLASS FUNDING RANGES 2009/10 – 2018/19

Activity class	Alloca- tions ¹	Funding ranges						Forecast funding ranges			
	08/09 \$M	09/10 \$M	10/11 \$M	11/12 \$M	12/13 \$M	13/14 \$M	14/15 \$M	15/16 \$M	16/17 \$M	17/18 \$M	18/19 \$M
New & improved infrastructure for State highways	864	800 1150	825 1150	850 1150	875 1150	900 1175	950 1200	950 1275	975 1300	1000 1325	1025 1350
Renewal of State highways	202	190 230	190 230	200 240	210 250	220 260	240 280	250 290	260 300	280 320	290 330
Maintenance & operation of State highways	279	270 335	280 345	280 345	300 365	320 385	330 395	350 415	370 435	390 455	410 475
New & improved infrastructure for local roads	231	150 250	150 250	150 250	175 275	175 275	175 275	200 300	200 300	200 300	200 300
Renewal of local roads	216	200 240	210 250	220 260	230 270	240 280	250 290	270 310	280 320	300 340	310 350
Maintenance & operation of local roads	237	200 265	215 280	225 290	235 300	255 320	265 330	285 350	395 360	315 380	335 400
Road policing	283	285 295	295 305	305 314	315 325	325 335	335 345	340 350	355 365	365 375	375 385
Public transport services	191	185 215	195 225	205 235	220 250	230 260	240 270	255 285	270 300	280 310	295 325
Public transport infrastructure ²	144	20 100	20 100	20 100	20 70	20 70	20 70	25 80	25 80	25 80	25 80
Road user safety	55	40 55	30 55	30 55	34 55	34 55	34 55	34 60	34 60	34 60	34 60
Walking & cycling facilities	18	10 25	12 27	12 27	12 30	12 30	12 30	14 32	14 32	14 32	14 32
Sector training & research ³	6	5 7	5 7	5 7	5 7	5 8	6 8	6 8	6 8	6 8	6 8
Domestic sea freight development	6	0 2	0 1	0 1	-	-	-	-	-	-	-
Rail & sea freight	2	0 2.5	0 1	0 0.5	-	-	-	-	-	-	-
Transport planning	39	20 36	20 34	20 32	20 32	20 32	20 32	20 32	20 32	20 32	20 32
Management of the funding allocation system (including performance monitoring) ⁴	38	33 39	31 38	29 35	32 36	33 37	34 38	35 39	36 40	38 42	39 43

¹ The GPS activity class allocations for 2008/09 differ slightly from those in the 2008/09 National Land Transport Programme, as they have been reconfigured to match the activity classes that will take effect from 1 July 2009.

² Expenditure on Public Transport Infrastructure is significantly lower than the previous GPS due to the government's decision to fund current commitments to Wellington Public Transport Rail Infrastructure directly from Crown funds and not from the National Land Transport Fund.

³ In the previous GPS these were two separate activity classes – Sector training and support, and Sector Research.

⁴ In the previous GPS these were two separate activity classes – Management of the funding allocation system and Performance Monitoring.

Figure 2: Amendments to the GPS activity class indicative 3-year allocations (page 14 GPS)

TABLE 2: INDICATIVE THREE YEAR ACTIVITY CLASS FUNDING ALLOCATIONS FOR THE PERIOD 2009/10 – 2011/12

Activity Class	Indicative Three Year Allocations (\$ Millions)
New and improved infrastructure for State highways	3,055
Renewal of State highways	645
Maintenance and operation of State highways	885
New and improved infrastructure for local roads	550
Renewal of local roads	685
Maintenance and operation of local roads	765
Road policing	900
Public transport services	635
Public transport infrastructure	135
Road user safety	130
Walking and cycling facilities	55
Sector training and research	18
Domestic sea freight development	3
Rail and sea freight	2
Transport planning	85
Management of the funding allocation system	100

Figure 3: Amendments to the GPS activity class definitions (page 25 GPS)

DEFINITION OF ACTIVITY CLASSES

Activity Class	Definition
New and improved infrastructure for State highways	Allocate funding for State highway capital improvements and manage the delivery of a State highway improvement programme.
Renewal of State highways	Allocate funding for the renewal of existing State highway infrastructure and manage the development and delivery of a renewal programme for existing State highways. These activities are capital expenditure items arising from the deterioration of existing roading infrastructure. The activities are required to minimise the long-term cost of retaining serviceable State highway infrastructure.
Maintenance and operation of State highways	Allocate funding for the maintenance and operation of existing State highway infrastructure and for the management, delivery and procurement of operation and maintenance activities. Maintenance and operation activities include: minor pavement and drainage repairs, operation of traffic signals, maintenance of bridges and guardrails, provision of network user information, and incident response.
New and improved infrastructure for local roads	Allocate funding, in addition to funding from approved organisations, for capital improvements to local roads.
Renewal of local roads	Allocate funding, in addition to funding from approved organisations, for the renewal of local roading infrastructure and management of the renewal activities. These activities are capital expenditure items arising from the deterioration of existing roading infrastructure. The activities are required to minimise the long term cost of retaining serviceable local roading infrastructure.
Maintenance and operation of local roads	Allocate funding, in addition to funding from approved organisations, for the routine maintenance and operation of local roading infrastructure. Maintenance and operation activities include: minor pavement and drainage repairs, operation of traffic signals, maintenance of bridges and guardrails, provision of network user information, and incident response.
Road policing	Allocate funding to road policing activities to be delivered by NZ Police.
Public transport services	Allocate funding, in addition to funding from approved organisations, for public road, rail and ferry (except for commercial services) and total mobility transport services.
Public transport infrastructure	Allocate funding, in addition to funding from approved organisations, for the renewal and improvement of road and ferry infrastructure to support public transport services. Rail infrastructure is generally excluded from this activity class as the intention is to fund this outside the National Land Transport Fund.
Road user safety	Allocate funding to activities that promote, educate, advertise or raise awareness of the safe use of transport networks. Road user safety activities include: marketing and promotional information, educational initiatives, national and local awareness campaigns and activities required to implement the Safer Journeys First Actions for the three high priority areas of young drivers, alcohol, and motorcycling.
Walking and cycling facilities	Allocate funding, in addition to funding from approved organisations, to new and improved walking and cycling infrastructure for transport purposes and promotional activities for model walking and cycling communities. Walking and cycling facilities include: cycle paths, cycle lanes, new footpaths, facilities for crossing roads, shelters and bicycle parking facilities. Promotion activities include cycle maps, skill training and information dissemination.