

28 March 2024

Greater Wellington Regional Council submission to the Ministry of Transport regarding the Draft Government Policy Statement on Land Transport 2024-34

Greater Wellington Regional Council (Greater Wellington) welcomes the opportunity to provide comments on the Government's Draft Government Policy Statement on Land Transport 2024-34 (draft GPS).

We note that our submission is focused on providing feedback at a high level on the issues that directly impact Greater Wellington, and the Greater Wellington region, particularly public transport.

Greater Wellington supports and endorses the submission made by the Wellington Regional Transport Committee [[hyperlink TBC](#)] which addresses broader transport system concerns regarding the draft GPS we share with many of our Territorial Authority partners in the region.

Opening Comment

Greater Wellington welcomes the delivery of the draft GPS and acknowledges the Ministry of Transport's quick development of a new draft GPS. We acknowledge the Government's focus on boosting economic growth and productivity, resilience, reliability, and safety and support the confirmation in the draft GPS of funding decisions that directly impact the Wellington region including investment in the Wellington metro rail network, bus corridors, the Lower North Island Rail Integrated Mobility programme, SH2 Melling Transport Improvements, the National Ticketing Solution and regional roading projects.

However, overall, we are concerned at the reduction in funding levels for public transport and the degree of uncertainty the draft GPS creates in the absence of more definition around non-NLTF Crown funding for transport.

We value our engagement with the Minister to date on the transport issues our region, like many others in the country, faces and look forward to further engagement on the points we raise in this submission in the months ahead.

Strategic Priorities

Greater Wellington notes that the draft GPS strategic priorities represent a significant shift from the previous GPS 2021. This will require adjustments in our region's funding bid from the NLTF via the RLTP and NLTP. While we broadly support the four strategic priorities outlined in the draft GPS, there are issues we urge the government to consider:

- **the draft GPS should include emission reduction as a priority or outcome.** Our region remains committed to reducing emissions and we seek central government support to achieve this through a much clearer emissions reduction pathway.

- **the draft GPS does not acknowledge the role public transport can play in achieving the four strategic priorities.** A high-quality public transport network sits at the heart of economic growth and productivity especially in large metropolitan centres.
- **the draft GPS does not look at the transport system as a whole.** Looking at the individual components separately doesn't acknowledge the positive impacts of investment in one area has on another e.g., investment in public transport and active models helps alleviate congestion and improves the overall efficiency of the land transport network.
- nor does the draft GPS acknowledge the **inadequate RUC charges paid by heavy vehicles** in relation to the damage they are causing to our roads.
- **the draft GPS is silent on accessibility, equity, and the important societal function the public transport network plays in responding to community need and providing connectivity for the transport disadvantaged.**
- **the 'user pays' approach to funding combined with a drive for greater farebox recovery on public transport creates equity concerns** that the draft GPS fails to acknowledge or address. We believe these changes will have a disproportional impact on lower socioeconomic communities across the country during a cost-of-living crisis.
- **the user pays approach, while signalled, provides no clarity on actual impact on fare box recovery rates.**
- **a broader multi-modal investment approach to resilience and seek increased focus on adaptation.**
- **the draft GPS is silent on the Government's implementation of the National Ticketing Solution (NTS)** a major Crown transport investment nationally, and one that has major implications for public transport operations and funding nationwide.

Public Transport

Public transport is essential to our region's economic growth and prosperity. Wellington Region has the highest per capita public transport use in the country, with the bus, ferry and passenger train networks playing a key role in the way people access jobs in our sub-regional centres and access facilities like our CBDs (Wellington, Porirua and Hutt Valley), regional hospital, international airport, regional stadium and events centre. In doing this it reduces congestion on the road network for freight, essential and emergency services and other high value trips.

The draft GPS notes a decrease in public transport patronage across the country, which is definitely not the case in the large metropolitan centres. We note that patronage levels on our public transport is now trending above pre-covid levels for most parts of our network which has resulted in Greater Wellington growing service frequency and coverage this year. In the case of our region, a key focus is on increasing public transport capacity, particularly at peak times, to meet current and latent demand.

As the key Government national policy instrument for land transport, it is important that the GPS accurately reflects a true picture of transport use and provision in New Zealand. Greater Wellington strongly urges therefore that the comments on public transport patronage in the draft GPS be amended to reflect the current high demand for public transport in regions like our own and the positive growth trends that will require high levels of continued investment from the Crown and local government.

We strongly support the identification of 'less congestion and increased patronage on public transport' as a key outcome sought under the *economic growth & productivity strategic priority*. We agree public transport is critical to support reliable journey times and reduced congestion. We welcome the opportunity as a region to work with the Government on the introduction of measures like 'road pricing alternatives' and 'time of use charging' in our region and urge that the Government looks to ensuring revenues generated through such measures are ring-fenced for investment in public transport infrastructure, particularly our high-volume, high frequency metropolitan rail network.

As stated above, we note that public transport can play a role in helping the Government in achieving all four strategic priorities set out in the draft GPS. However, we are extremely concerned about the reduction in public transport funding in real terms and other investment signals in this GPS that could significantly impact on our region's ability to maintain and improve public transport services.

Therefore, we are seeking further clarity in relation to:

- the rationale for substantial differences in upper and lower range bounds in the public transport service funding class
- what the removal of the inter-regional activity class means for the transition of the Capital Connection rail service.
- NZTA considering alternative funding sources to deliver major investments including "Build, Own, Operate, Transfer" and Value Capture.

We are also seeking further clarification as to the changes to revenue and funding expectations for public transport services through farebox recovery and third-party sources and to rail track user charges so that we can be clear with our regional community on any future affordability challenges we face. We will address track user charges in the rail section of this submission but, regarding farebox recovery, we would like to highlight that Wellington public transport users have always 'paid their way', both through direct fare revenue and through targeted rates. Currently Greater Wellington's farebox split is broadly along the third/third/third split between Crown contribution, targeted rates and passenger direct contribution established in previous NZTA policy. As a public transport authority (PTA), Greater Wellington has consistently moved to increase fares in line with economic measures like CPI and has recently agreed to raise fares by an additional 10% from 1 July 2024.

Greater Wellington is concerned that if funding remains around the 'mid-point' of public transport services funding class, many PTAs will be unable to maintain existing services levels and coverage. While inflationary costs pressure are starting to return to normal levels, 'the lag effect' from service contracts will continue to place pressure on existing costs at a time in which we also need to fund a rapid growth as patronage levels rises above pre-COVID levels for many of our services. Given pressure on both existing services costs and required growth expectations, it is unlikely that any funding shortfall can practically mitigated without 'private share' increases, i.e. further rises to public transport fares.

Greater Wellington's would estimate we need to increase fares in the vicinity of 50-80% to cover the immediate funding shortfall and this would come on top of a 16% increases we made across the board to our fares in the last 12 months. Any increase of this magnitude would likely come with significant negative social and economic outcomes as affordability would drive many to migrate to other forms of transport as well as being unable to afford to travel for learning, employment opportunities etc.

To avoid this scenario, Greater Wellington recommends that the 'PT services' funding class must be at or above the upper end of the indicated range to ensure sufficient funding is available for most PTAs to keep future fares rises reasonable for residents to absorb.

We note these points to illustrate that direct passenger contributions to public transport operational costs are already proportionate, and that we hope future GPS-driven changes to fares and pricing policy led by NZTA recognises the already high proportions of 'local share' contributed to public transport services in the Wellington region in investment decisions.

Improving bus efficiency and reliability in Wellington City is also critical as the bus network moves large numbers of people to and around Wellington City particularly during peak times. 76% of bus passengers in Wellington are carried on services using the core north-south and east-west spines, including where these merge to travel through Wellington's central city. Investment in both high frequency services and as well prioritisation in road space for public transport corridors of "busway" will be a powerful driver in ensuring an effective and efficient transport network for all users.

Any reduction in service would lead to reduced patronage, increased congestion, slower journey times, and additional barriers for people to access jobs opportunities and social services. While Greater Wellington has increased its public transport fares by 16% over the last 12 months further increase are likely to have a significant impact on household transport costs (including for those who can afford it the least) – together with impacts on health, safety, emissions, and lost productivity.

We support the development of the National Infrastructure Agency, which we understand will be tasked with developing a 30-year plan for transport infrastructure. We recommend that this plan be coupled with a 30-year infrastructure investment plan to provide confidence in a well-defined, committed and funded programme of work.

We also encourage this National Infrastructure Agency to take note of the regionally significant strategic documents in each region. For our Wellington region, this includes our Regional Land Transport Plan, Regional Public Transport Plan, Regional Policy Statement, and Future Development Strategy.

The Future Development Strategy is already required to take a long-term view of land use and its integration with transport networks, housing, energy, communications infrastructure, nationally significant waste and water infrastructure, ports, airports, tertiary hospitals and education facilities, and nationally significant conservation sites for conservation. The 30-year national infrastructure investment plans must consider these points, as well as addressing critical matters such as both adaptation and mitigation for climate change and other natural hazards.

Funding System

Greater Wellington welcomes the reintroduction of 10-year National Land Transport Plans, which would better align with local government Long Term Plans (LTPs). However, true alignment will only be secured when timing as well as timeframes line up. While we recognise the timing of this GPS with local government LTP processes was due to circumstance, it has still been challenging for our region both in LTP and Regional Land Transport Plan (RLTP) development. Ideally, future GPSs would be available at least 15 months before the due date for long term plans to be adopted in order to enable integration with development, consultation and finalisation of LTPs and RLTPs.

Greater Wellington is pleased to see that the draft GPS has addressed concerns we had raised previously regarding the six-year funding profile for the National Land Transport Fund (NLTF) and associated debt repayments.

While we are generally supportive of the stated move to bring more long-term certainty to transport funding, we note that increasing the costs payable by users for essential services like transport during a cost-of-living crisis will have a disproportional impact on lower socioeconomic communities across the Wellington region. This, combined with a drive for greater farebox recovery on public transport, creates equity concerns that the draft GPS fails to acknowledge or address.

While these increases will provide a stable funding base for investment in land transport infrastructure, we are concerned that the long-term funding is flat, and inflation will likely erode its purchasing power over time.

Greater Wellington supports the work signalled in the draft GPS to reform to the NLTF's revenue system and would like to be involved in forming the advice provided to you on this issue. Previous funding available through the NLTF has been insufficient to address the level of investment needed to support a thriving and fit for purpose land transport system.

We appreciate that revenue from Fuel Excise Duty (FED) is being undermined by improved fuel efficiency of passenger vehicles, it remains an extremely cost-efficient method of collecting tax revenue. A potential move to a 'universal RUC' system will place an increased administrative burden on NZTA and will result in a less efficient tax collection mechanism being implemented.

Our view is the how the 'universal RUC' tax system is designed, implemented, and operated by NZTA are critical factors in ensuring that the new system is efficient and cost-effective while delivering the funding required by the draft GPS. The impact of transitioning between funding systems should not be underestimated as this will be a notable change for road users and NZTA.

Regarding the application of RUCs, we would like to note that, unless some form of current-to-future cost harmonisation occurs, public transport authorities and their contract bus operators are potentially facing cost increases due to the application of RUC to our growing electric bus fleet, particularly those larger (and heavier) electric double deck buses we have deployed on our network to meet capacity demands. We note the

Government's recent adjustment to the level of RUC applied to plug-in hybrid vehicles and ask that a similar approach be taken to electric public transport buses if the changes to the charging regime see PTAs facing larger costs than currently.

Greater Wellington submits that the alternative funding tools highlighted in the draft GPS need further investigation and wishes to contribute to the work around these and the legislation required to enable these funding tools. Congestion charging and the wider use of tolling need to be thought through carefully to ensure they can deliver the results being sought by the government without placing any unnecessary risks on the NLTF in the long run.

We would welcome to opportunity to engage with Ministry of Transport and NZTA officials on these funding issues as this work is progressed over the next three years.

National Ticketing Solution

The draft GPS is silent on the Government's implementation of the National Ticketing Solution (NTS) a major Crown transport investment nationally, and one that has major implications for public transport operations and funding nationwide. Greater Wellington has demonstrated long commitment to the introduction of NTS and has held back on introducing new customer-focused fares and ticketing initiatives while awaiting the NTS roll-out.

Considering the significant implementation and ongoing maintenance costs NTS will take from the overall public transport activity classes, we ask that the Minister considers how the draft GPS can be amended to both recognise this major investment programme and provide clarity on how the ten-year spend on the project fits within the activity class funding ranges outlined in the draft.

In particular, we are concerned that the NTS, as a large and complex expenditure item, does not appear to be identified in its own unique and separate activity class. If it is bundled in an activity class competing with other strategic investments, perverse outcomes and the stalling of this project could be anticipated.

Investment in the rail network

Greater Wellington submits that the draft GPS is not providing sufficient funding for the Rail Network, where the NLTF should be funding the backlog renewals to the rail network. We note that KiwiRail have estimated \$700m worth of renewals are needed on the Wellington Metro Rail Network alone – noting the Crown's commitment in 2009, as part of the Metropolitan Rail Operating Model, to lift the rail network to an agreed serviceable standard has yet to be delivered.

The 30-year Wellington Strategic Rail Plan has shown that approximately \$5b-\$7.8 billion of investment will be required in the Wellington Rail Network to deliver the desired national and regional outcomes.

Greater Wellington submits that the network improvements include network resilience and operational flexibility upgrades, Network Capacity upgrades (for example duplication of track between Pukerua Bay and

Paekakariki, and a fourth main into Wellington Station to enable operational separation of the Hutt and Kapiti Lines, Network re-signalling to improve safety and network capacity system.

It is not foreseeable that this level of investment in nationally significant infrastructure will be possible through rate payers. Greater Wellington strongly believes that direct Crown support outside of NLTF is required to enable KiwiRail to both renew and enhance existing rail infrastructure.

Improving the Passenger Rail Services in Wellington is vital to delivering the outcomes sought within the draft GPS - failing to provide the required level of Crown investment will result in the outcomes not being achieved.

We note that under previous GPSs approximately 90% of rail funding came from government funding. The changes propose that a proportion of this funding, currently unclear, will come from track user charges. We are concerned that this announcement via the GPS without more precise guidance on the quantum of charging, and how (and by whom) it will be calculated, has created a degree of uncertainty for our financial planning at a point in the local government triennial cycle when all authorities are finalising, and in many cases have completed their public engagement on, their Long Term Plans.

We note from Ministry-led information sessions on the draft GPS that the intent is broadly that changes to the way rail has been funded in general will be addressed through future appropriations in addition to the funding covered by the NLTF. We urge the Minister to ensure the Crown's intentions around future rail funding are clarified by the time Budget 2024 is released.

Finally, we would like to highlight a significant emerging risk that the draft GPS is silent on, rising insurance costs. We urge the Minister to urgently look at insurance costs as an emerging risk for whole of transport system operational costs and, in particular, consider an alternative approach to rail network insurance to help our region manage steeply increasing costs for our essential transport services.

Value for Money

We support a focus on value for money but wish to highlight the potential implications of a ring-fenced approach to activity classes which we believe this will lead to cost increases and inefficiencies.

An implication of the very specific direction in the GPS around no 'multi-modal' investment from the state highway, local road, and safety activity classes is that it is out of step with how transport improvements are generally planned, packaged, and delivered. This approach risks increasing the complexity and cost of funding approval processes, limiting the ability for Road Controlling Authorities (RCAs) and NZTA to deliver projects effectively and to combine projects to get better value for money through increasing secondary benefits.

Other matters outlined in the draft GPS

We support the outcome 'more efficient supply chains for freight' and note that the Wellington, Horizons, Taranaki and Hawke's Bay regions are planning to establish a joint governance group to look at strategic opportunities for improving freight efficiency in across the Lower North Island.

We welcome the proposal to look at the business case process for transport projects to ensure these are as efficient and streamlined as possible, to reduce the cost and improve the timeliness of decision making.

Closing comments

We are happy to discuss our submission or provide any clarification on the issues we have raised in this submission if that is useful. Please contact Samantha Gain, Group Manager Metlink samantha.gain@gw.govt.nz if you have any queries or questions about this submission.

Kind regards

A handwritten signature in blue ink that reads "Daran Ponter". The signature is written in a cursive style with a large initial 'D'.

Daran Ponter

Chair, Greater Wellington Regional Council