



**ROAD TRANSPORT FORUM NEW ZEALAND INC
SUBMISSION**

TO

**THE MINISTRY OF TRANSPORT ON THE
DRAFT GOVERNMENT POLICY STATEMENT (GPS)
ON LAND TRANSPORT 2015/16 – 2024/25**

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1.0 INTRODUCTION

- 1.1 Road Transport Forum (NZ) is the peak body representing the road freight industry in New Zealand.
- 1.2 Collectively our member Associations, National Road Carriers (NRC), Road Transport Associations N.Z. (RTANZ) and New Zealand Trucking (NZN) comprise some 80% of all road transport operators engaged in providing "hire and reward" freight services.
- 1.3 These services include the full range of freight activities and are carried out by commercial enterprises ranging from single truck, owner drivers to large multi-national logistics companies.
- 1.4 While representing the interests of road transport operators it is appreciated that our members use all modes of transport in performing the freight task.
- 1.5 Road Transport Forum (NZ) generally supports the Draft GPS, particularly the three key objectives:
 - Economic growth and productivity
 - Road safety
 - Value for money.

2.0 ECONOMIC GROWTH AND PRODUCTIVITY

- 2.1 The focus on improving connectivity is supported, recognising that the relatively high levels of current investment (i.e. 1.3% GDP cf 1% GDP OECD average) follows five decades of under-investment. We are in a catch-up mode.
- 2.2 A total roading network approach is favoured and we feel the differentiation between highways and local roads is overstated in GPS 2015. The first and last kilometre is critical to the completion of any freight task.
- 2.3 While State Highways carry the bulk of freight on a Tonne/Km basis, it is the inputs to the rural hinterland and the harvest from the land that generates much of the concentrated freight task carried on Highways from the processing facilities to the ports and markets. Local road networks are critically important.
- 2.4 The implementation of the HPMV policy, including the 50 MAX derivative, is greatly enhancing productivity and providing a disciplined focus for future investment priorities. Continuing improvement must be made to streamline the HPMV permitting processes if administrative dead-weight costs are to be reduced.
- 2.5 The deployment of hypothecated road-user taxes to fund public rail transport and active transport modes, such as walking and cycling must be subject to robust benefit cost analyses. Any funding of these projects from road-user taxes must be commensurate with the benefits that road-users derive through an easing of congestion. The cross subsidisation of other transport modes from road-user taxes has the potential to dampen productivity and distort investment decision making.

3. ROAD SAFETY

- 3.1 Good progress has been made over the past 15 years with both the rates of death and hospitalisation on a Vehicle Kilometres Travelled (VKT) basis declining significantly.

- 3.2 The Safer Journey vision for a safe road system increasingly free from death and serious injury, essentially sets a zero tolerance objective.
- 3.3 This vision does require context and balance and should not be pursued as a blind doctrine or mantra. Risk cannot be completely removed. All risk minimisation strategies should be pursued to the point at which the marginal cost equates to the marginal benefit of taking action.

4.0 VALUE FOR MONEY

4.1 Road freight operators pay a significant proportion of the Road User charges collected by Government. The NLTF essentially operates on a User-Pay basis. Therefore, “User Pay – User Say” principles must apply.

4.2 More consultation with bodies representing the interests of the funders should be encouraged. Equally a moderating filter should be applied to those vociferous interest groups who do not contribute to the fund and yet place demands on it.

One example would be the cycling lobby who increasingly demand funding from the NLTF but as users make no contribution to it. Many cycling groups claim that because they are also motorists they do contribute to the fund. This is a fallacious argument. It is akin to HMV operators claiming that they should not pay RUC because they also contribute FED as motorists.

We agree that active transport modes including cycling should be encouraged for a wide range of reasons: easing congestion, spatial efficiency, healthy lifestyle, low CO₂ output, etc.

Projects that encourage or support active transport modes should be funded from general taxation and property taxes, not the hypothecated NLTF.

4.3 Robust procurement provisions are necessary to ensure that value for money is attained. With the creation of NZTA there is no longer a clear split between “funder” and “provider”. This carries the risk that over time an unhealthy institutional culture will develop that is

insular, defensive and intolerant of criticism. Robust competitive markets must be encouraged under the procurement models.

- 4.4 The draft GPS foreshadows an ambitious spend on public transport. Auckland City Council and some political parties are pledging a massively greater spend on public transport funded principally from the NLTF. Public Transport is substantially a private good with the individual capturing the benefit of the subsidy. Regional equity issues are raised when rural and provincial taxpayers massively subsidise the travel of people living in a few large urban centres. The declining share of public transport costs recovered from the fare box is a disturbing trend.
- 4.5 The draft GPS notes on page 6 that investment in rail freight services and infrastructure is not currently covered under the GPS. This implies that consideration is being given to that inclusion. Roads are currently funded on a User-pay basis and yet the rail network is dependent on general taxation.
- 4.6 Transport operators and those engaged in the logistical chain should be able to make rational investment decisions based on the most efficient mode of transport for any particular task. This is not possible unless rail competes on a neutral basis with true costings and true prices devoid of cross subsidisation and government bail-outs.
- 4.7 All land transport investment decisions should be subject to rigorous, common and consistent cost/benefit analyses that factor in a wide range of externalities.
- 4.8 In the absence of these comprehensive and transparent benefit cost analyses land transport investment decisions will become increasingly polarised and determined by political whim and prejudice.