

Submission by



to the

Ministry of Transport

on the

**Draft Government Policy Statement on
Land Transport, 2024/25-2033/34**

15 September 2023

INTRODUCTION

Business New Zealand welcomes the opportunity to comment on the Draft Government Policy Statement on Land Transport, 2024/25 – 2033/34 (the Draft GPS).

Businesses are the lifeblood of the New Zealand economy. By paying taxes directly, and providing jobs that also yield government revenues, they enable the country to work towards the economic, social and environmental wellbeing outcomes everyone wants.

Although different components of the land transport infrastructure are important, first and foremost, businesses want an extensive, high quality and reliable strategic road network that connects New Zealand's cities and major towns. Such a network would reduce business costs and increase productivity. High quality and reliable roads can also remove traffic bottlenecks and reduce greenhouse gas emissions. Having proper regard to their needs in the development of the transport infrastructure GPS would enable businesses to contribute more towards general wellbeing enhancements.

Regrettably, there has been long-term underinvestment in the development and maintenance of the road infrastructure. This underinvestment needs to be corrected, and this implies a major funding requirement. However, there are other aspects of the infrastructure, notably the water infrastructure, that also require major investment. Inevitably, this means that a range of options to fund the investment will be needed, especially at times when there is slow economic growth, or when fiscal restraint is necessary.

SPECIFIC COMMENTS

Against this background, it is encouraging that the Ministerial Foreword acknowledges the needs of businesses, and the importance of the road network. However, it is disappointing that the rest of the document has very little to say about how the needs of businesses are going to be met. Accordingly, we have relatively few specific comments to make.

We note that the list of projects in the Strategic Investment Programme (page 29 of the document) includes some important investments in the State Highway network, but we would like to have seen more.

In saying this, we acknowledge that, because of its basis in Fuel Excise Duties and Road User Charges, the National Land Transport Fund would not necessarily be sufficiently large to support more projects. And, while we are pleased that there is the potential to use direct government funding for further strategic projects, we do not think that the funding for further projects should come from current government expenditure. Rather, at a time when there are other infrastructure investment needs, we believe that it will be important to consider alternative funding mechanisms.

These alternative funding mechanisms could include user-pays (i.e. toll roads where users have the option to drive on non-tolled roads instead) or public-private partnerships (where the cost burden could be designed to fall more equally between current and future generations).

Further on the subject of strategic roads, although we are encouraged by what the Ministerial Foreword says about the needs of businesses and the importance of the road network, we are disappointed that the statement of the Minister's Expectations and the Government's Commitments (pages 30-32) do not mention inter-regional highways. Indeed, it does not refer to any specific road projects.

Equally, we are disappointed to note that the section on Land Transport Needs of Different Users (pages 33-34) does not mention businesses.

CONCLUSION

In presenting what we have said above, we do not diminish the desirability of the sort of objectives (such as reducing emissions, safety and promoting transport options) that are detailed in the Draft GPS. However, we doubt whether their achievement will be wholly realistic without a

more robust and efficient economy than New Zealand has now. We recommend, therefore, that the GPS that emerges from the consultation process should have a significant emphasis on what businesses need to enable them to grow, and to provide the wherewithal for creating a world class infrastructure that provides for all user groups.

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