

Property Council New Zealand

Submission on the Draft Government Policy Statement on Land Transport 2024/25- 2033/34

07 September 2023

For more information and further queries, please contact

Logan Rainey
Logan@propertynz.co.nz
021410787

Submission on the draft Government Policy Statement on Land Transport

1. Summary

- 1.1. Property Council New Zealand (“Property Council”) welcomes the opportunity to submit to the Ministry of Transport on the Draft Government Policy Statement on Land Transport 2024/25-2033/34 (“GPS”). Comments and recommendations are provided on issues relevant to Property Council’s members.

2. Recommendations

- 2.1 At a high level, Property Council recommends:

- Developing long-term alternative funding tools for land transport, including congestion pricing.

3. Introduction

- 3.1. Property Council is the leading not-for-profit advocate for New Zealand’s most significant industry, property. Our organisational purpose is, “Together, shaping cities where communities thrive”.
- 3.2. The property sector shapes New Zealand’s social, economic and environmental fabric. Property Council advocates for the creation and retention of a well-designed, functional and sustainable built environment, in order to contribute to the overall prosperity and well-being of New Zealand. We aim to unlock opportunities for growth and urban development that meets New Zealand’s social, economic and environmental needs
- 3.3. Property is New Zealand’s largest industry and fastest growing source of employment. Property provides a direct contribution to GDP of \$41.2 billion (15 percent) and employment for around 200,000 New Zealanders every year.
- 3.4. Property Council is the collective voice of the property industry. We connect over 10,000 property professionals and represent the interests of approximately 550 members organisations across the private, public and charitable sectors.

4. Transport and Urban Development

- 4.1. Property Council supports transport investment that seeks to unlock urban development opportunities as well as enabling more efficient movement of people and freight. Transport investment is critical for reducing commute times, enabling significant new housing supply, increasing business productivity as well as reducing climate emissions.
- 4.2. To give context to our preferred approach, Property Council recently developed high-level ‘Public Transport Project Principles’ across different regional contexts. Applied nationwide, these principles outline that we support public transport projects that aim to achieve a combination of the below:
- Unlock mass housing opportunities to reduce carbon.*
 - Encourage people towards mass rapid transport, reducing future commute times, and increasing productivity across the region.*
 - Free up existing routes for freight movement and interregional travel.*

- iv. *Any approach to funding and financing of transport projects should be the result of meaningful and early engagement with the development community and be value for money.*
 - v. *Has network alignment with other key regional transport projects.*
- 4.3. To that end, we welcome many of the proposed Strategic Investment Programme projects in the GPS. Achieving successful outcomes from the Strategic Investment Programme projects will require a 'joined up' approach that links transport investment to urban development objectives (such as housing supply) from key stakeholders across central government, local government and the private sector.

5. Transport Funding

National Land Transport Fund (2024/25 – 2026/27)

- 5.1. The National Land Transport Fund ("NLTF") is the dedicated fund for maintaining and developing local and national transport infrastructure/services. Currently, around 95% of NLTF revenue is from Fuel Excise Duty ("FED") and Road User Charges ("RUC"). The Government is proposing to increase the funds available to the NLTF by around 34%, from \$15.5 billion in 2021/22-2023/24 to \$20.8 billion in 2024/25-2026/27.
- 5.2. These additional funds are proposed to be sourced from:
- Graduated 12 cent per litre increase to FED/RUC;
 - \$2.9 billion in Crown grants (includes \$500 million from the Climate and Emergency Response Fund)
 - Hypothecation of traffic infringement fee revenue; and
 - Crown loan of \$3.1 billion. (This will be repaid over ten years from the additional FED and RUC revenue).
- 5.3. Without the additional steps outlined above, the increase in FED/RUC is estimated to total 36 cent per litre.
- 5.4. Property Council supports a transparent, user-pays approach to funding and financing transport infrastructure. We believe that user-pay systems ensures that those that directly benefit from new infrastructure and services make a fair and equitable contribution towards the cost of delivering that service.
- 5.5. In broad terms, we support the Governments proposed approach to funding the NLTF for 2024/25 – 2026/27. We consider it to be financially prudent for the current economic environment and an appropriate balance of a user-pay system with the need to moderate cost pressure on households and businesses.

Long term transport funding

- 5.6. Property Council welcomes the upcoming Ministry of Transport led Future of the Revenue System (FoRS) review, as there is a clear long-term need to reform transport system funding. With increased vehicle fuel efficiency and uptake of electric vehicles traditional revenue sources such as FED/RUC will continue to be stretched. At the same time, there is growing need for investment across the transport system, in order to better unlock the movement of people and freight as well as to fund climate adaptation costs.

- 5.7. Property Council supports the use of a range of alternative funding tools for the transport system such as congestion pricing, value capture, public-private-partnerships and use of Special Purpose Vehicles or targeted rates. As such, we recommend that the FoRS review develops and implements alternative funding tools for land transport, including a focus on congestion pricing.

Congestion pricing

- 5.8. In principle, Property Council supports the implementation of congestion pricing, as both a funding tool for the transport system and as a means of demand management on New Zealand roads. Congestion pricing generates new revenue that can be invested into the wider transport system, encourages uptake of alternative methods of transport (i.e. a switch from private to public transport), reduces greenhouse gas emissions and will improve ease of freight movement across New Zealand's urban areas.
- 5.9. It is important to note that congestion charges need to be coupled with increased availability of alternate modes of transport, such as investment in new public transport services. This is to prevent inequitable impacts on both commuters and businesses, if the increased cost of using the road network is not met with viable transport alternatives.

6. Conclusion

- 6.1. Property Council welcomes the Draft Government Policy Statement on Land Transport 2024/25-2033/34. We support the proposed transport funding approach for 2024/25-2026/27 and recommend developing long-term alternative funding tools for land transport, including congestion pricing.
- 6.2. Comments and recommendations are provided on issues relevant to Property Council's members. For any further enquiries, please do not hesitate to contact Logan Rainey, Advocacy Advisor, via email: logan@propertynz.co.nz or cell: 021410787.

Yours Sincerely,



Leonie Freeman
Chief Executive Officer
Property Council New Zealand