

Heriot-Edievale Limited - Submission to Ministry of Transport on Draft GPS On Transport 2024



Website: www.heriot-edievale.com

Email: michaelvand@heriot-edievale.com

Phone: 021 769 069

2 April 2024

Heriot-Edievale Limited - Submission to Ministry of Transport on Draft GPS On Transport 2024

1. Introduction

This is a submission to the Ministry of Transport on the Draft Government Policy Statement (GPS) on land transport 2024-34 from Heriot-Edievale Limited and has been prepared by its Director, Michael van Drogenbroek.

This submission primarily focuses on areas of System Reforms, GPS Climate Impacts, Strategic Context, Multi Modal investment, Transport Funding, Strategic Priorities, and comments on the Activity Classes of Active Transport, Maritime, Rail and Public Transport in the Draft GPS.

2. System Reforms.

Heriot-Edievale Limited supports the development of a national 30-year infrastructure plan, provided it is prepared with adequate consultation from all relevant parties, is aligned with the national transport planning and the framework developed jointly by the government and its agencies. In the transport area, which is the focus here, it needs to be undertaken with an integrated and multimodal focus to ensure that a cohesive, efficient, effective Integrated fit for purpose sustainable Transport system is delivered for New Zealanders and that policies are in place to deliver development plans for Public and Freight Transport nationwide.

Other called out matters relating to System Reforms are discussed in relevant sections below.

3. Climate Matters in the Draft GPS.

Transport accounts for a significant percentage of New Zealand's total emissions and we believe it is imperative that transport emissions are reduced to meet the Government's climate goals. The draft GPS states that there will be a shift away from direct transport decarbonization initiatives and towards a greater reliance on the Emission Trading Scheme (ETS).

A move away from direct transport de carbonization initiatives could have significant implications for climate policies and strategies across all New Zealand. We therefore recommend the GPS provide the transport sector with a clear approach which does not rely primarily on the ETS and that a focus on modal shift where appropriate and beneficial is maintained in order to achieve significant reduction in transport emissions.

We also believe Road Vehicle Kilometres Travelled (VKT's) should be a critical measurement that is maintained in terms of business case etc evaluation for modal shift in order to achieve carbon reduction. The transition to an electrical fleet is an integral aspect of reducing transport emissions and the network of EV charges is an important part of that transition.

There needs to be an alignment exercise to align the GPS to the Emissions Reduction Plan (ERP) that is part of the ETS. This should use the process as required by the Climate Change Response Act 2002. The fact that as part of the draft GPS this alignment exercise has not been completed and imbedded is a violation of the Climate Response Act 2002. This needs to be fixed.

We believe that a policy priority should be afforded to the Upper North Island Railway network electrification between Auckland, Hamilton and Tauranga and that further consideration over time should be given to closing the electrification gaps between Palmerston North and Wellington. This will improve the electrification network across the North Island for the most

Heriot-Edievale Limited - Submission to Ministry of Transport on Draft GPS On Transport 2024

heavily trafficked routes and further leverage of the North Island Main Trunk electrified sectors Auckland Metro Network of Auckland to Pukekohe, the NIMT between Hamilton and Palmerston North and through dual voltage joining to the Wellington Metro network.

We caution on an over reliance on electrifying the Road fleet by battery in vehicles as a sole means to electrification of the transport task. It is noted that electric vehicles, especially heavy trucks and buses, can easily have single axle loads in excess of 10 tonnes due to dense and heavy nature of the batteries employed. This coupled with many more Heavy vehicles on the Road due to no VKT reduction targets will likely lead to increased Road wear and therefore significant increased Road maintenance costs resulting from those heavier loads on the pavements. Rail electrification on certain heavily trafficked routes, where Rail already exists, should be seen as a viable alternative since axle loads on Rail are already built for 18 tonnes and when electrified via Overhead wire do not require the use of heavy batteries to the same extent as heavy Road transport.

Further Heriot-Edievale believe it is imperative that all business cases should consider whole of life emission impacts of potential investments. So we therefore recommend potential transport investment includes an assessment of their whole of life, the emission impacts in their contribution to climate goals.

Finally, we note that there is no mention in the draught GPS of other important environmental outcomes directly impacted by the transport system, especially air quality.

4. Multimodal Transport Planning.

Heriot-Edievale supports an integrated multimodal approach to transport planning, funding and delivery. We note that increased flexibility between Activity Classes enables sufficient funding and delivery to be completed efficiently and with positive synergistic benefits. We are concerned that moving away from a multimodal approach to funding delivery and maintenance of infrastructure will lead to greater system disruption and lack of efficient synergies if maintained separately. Heriot-Edievale recommends that the current system enabling flexibility to Activity Classes be maintained to ensure efficient delivery of projects and renewals and maintenance across intersecting Activity Classes eg New Rooding and Cycleways being delivered together.

5. Land Disposal

Whilst Heriot-Edievale is not opposed to disposal of some land designated previously for transport use that clearly is unlikely to be used again for Transport eg. Land on an old transport route that has been deviated to a new route for more efficiency, it notes that considerable caution in this area needs to be exercised. In particular it is strongly against the sale of any land that is part of a linear corridor that could be used for future transport links – this includes things such as the land held for the Avondale – Southdown Rail corridor in Auckland, currently unused Rail corridors such as Napier to Wairoa to Gisborne, land use on other mothballed Rail lines like the Railway to Dargaville, to Otiria, Okaihau, Thames, Taneatua, Rotorua, SOL Line etc.

At the very least the land should be held in State ownership as it provides use for future linear corridors (transport and other) use eg. Rail line re-establishment. Interim use for these land corridors could be used for things such as cycle ways and other linear land corridor uses such utility corridors. The land can also be commercially leased to keep the land tidy until required.

Heriot-Edievale Limited - Submission to Ministry of Transport on Draft GPS On Transport 2024

6. Revenue and National Land Transport Fund Sources

Heriot-Edievale is supportive of the proposed overhaul of New Zealand's transport revenue system, noting that several aspects of the current system are no longer fit for purpose. We therefore support:

- Road User Charges (RUC's) reform for all vehicles including battery powered vehicles as well as petrol based internal combustion engines. We believe that heavy vehicle charging needs reviewing in particular due to excessive damage they are known to do to pavement.
- Tolling legislation for certain Roading infrastructure programmes.
- The use of Congestion pricing for Road for time of use to encourage more efficient use of Roading space over more even time periods – spreading it away from peak time use.
- Track Usage Charges (TUC's) being levied for Rail users but recognise that these charges do not reflect the broader benefits that the Rail system bring to society through externality benefits that are much higher than for Roads and therefore TUC's should not be expected to fully cover the use of the Rail network – see next point.
- We do not agree that it is unfair for Road users to support Rail transport funding as there are significant tangible benefits to Road users from more freight and passengers on the Rail network. Road transport sourced funds are a means other than general taxation to support alternatives to Roading that supports the general transport system other than Road such as Rail, Active and Maritime transport. We therefore submit that full hypothecation of Road usage fees for just Roads without alternative funding mechanism in place for other transport modes will result in significantly sub optimum outcomes.

We are strongly supportive of other private sources of funding for transport such as Development Levies on property development, Value Capture mechanisms, Development Concessions, Transport Orientated Developments etc. These can all lower the funding drain on the public purse for all transport modes but especially subsidies for Public Transport.

7. Strategic Priorities:

Heriot-Edievale supports the desire to achieve the optimum outcome from the NLTF investment being expressed via a set of strategic priorities. We support the GPS 2024 overarching priorities of economic growth and productivity, supported by three equally weighted priorities of a) Increased maintenance and resilience, b) Safety and c) Value for Money.

However, we believe there are significant omissions in having just these priorities. We therefore believe there is a need to have goals and policies that also ensure:

- Reduced emissions – especially important as New Zealand and the World at large are in a climate emergency caused by global climate change.
- Encourage better Transport modal balance with an integrated Freight System for efficient and resilient national logistics.
- Integrated and sustainable development both for regional and urban New Zealand.
- Ensure the transport system delivers on Strategic resilience and mitigates risk in a geo-political unstable World.

In addition, we submit that NZTA should be **focused on all surface transport modes** and this core focus should be more than just build and maintain the State Highway network. If a core

Heriot-Edievale Limited - Submission to Ministry of Transport on Draft GPS On Transport 2024

focus is just State Highways then the agency should be renamed New Zealand Road Authority (NZRA). Its core focus should be for the surface transportation system and this should include all modes of Transport including Active, Maritime, Rail and Road transport.

Heriot-Edievale is not in principle against the idea of Roads Of National Significance (RONS). In fact, we believe the concept should be extended to include Railways Of National Significance. It expects all RONS to be thoroughly assessed in what should be a very robust Business Case BCR analysis process given the scale and importance of these projects to New Zealand. This should include full analysis of costs and benefits as well as looking at alternatives to the normal RONS delivery model. For example, alternatives should consider whether the three laning of key Road corridors for RONS proposed instead of fully grade separated four lane Expressways may in fact be more cost and economically effective to achieve the same outcomes at lower cost and better value. Additionally, further investment in the Rail network and additional Public Transport services / networks should also be examined as part of the alternative options to RONS assessed to achieve the same or similar outcomes desired at greater value to society and at the same time adding resilience to the transport network rather than just relying on Roads.

We strongly support the ambition to be focused on delivery including ensuring activities promote GPS delivery by maximising the use of new funding / financing and delivery models that includes more efficient business case processes and tighter controls on scope and cost.

We also support the consideration of other revenue sources and other funding and delivery models that includes:

- Maximising NLTF revenue.
- Consider tolling for all new Roads.
- Consider congestion pricing.
- Future revenue system.
- 10 year investment plan for Active Transport, Maritime, Rail and Road.
- City and regional deals.

We support a strong focus on value for money that includes cost control and identify savings and ensuring projects maximise benefits that align with the Government priorities of:

- Focus on services and users.
- New delivery models.
- Efficiencies in managing Road tolling.

We support a focus on delivery needs to ensure activities promote GPS delivery, maximise use of new funding / financing and delivery models including more efficient business case processes.

We support through Performance and Efficiency plans improved management of benefits and costs as well as concurrently improving asset management.

In relation to Business cases and cost estimation we believe there needs to be a refocus on Active, Maritime, Rail and Road transport efficiency output to drive accountability, delivery and value for money.

Heriot-Edievale Limited - Submission to Ministry of Transport on Draft GPS On Transport 2024

8. Transport Activity Class Fundings and Priorities

The following are our comments on specific Activity Classes. Those not commented on we are largely happy with eg. State Highway Maintenance, Local Road Maintenance, Safety etc. However generally we believe some reprioritisation may be required in order to fund some other Activity Classes we refer to below. Overall, we believe the transport funding pot needs to be increased through additional sources of funding (Private and Public) with higher user charges for Roading – especially heavy trucks that do significant Road damage and certain Road transport policies to increase the funding available for sustainable transport for national resilience.

8A. Rail Activity Class

Heriot -Edievale welcomes statements that there will be a focus on Auckland and Wellington Metro Rails system upgrades and this is a transport priority for the Government upgrade.

This however needs to be backed up with a commitment to have funding sources that are sustainable into the future.

We note with significant concern that the lower range of fundings for the Rail network Activity Class has been reduced from \$360 m in the FY25/26 to just \$20 Million a year in the FY 2026/27. If there are not other sources of funding (And we note that the words “if any” are used for other sources of funding) then this will lead to serious managed decline and even unmanaged decline of the Railway which will lead to closure of large amounts of the Rail network

On page 15, 28 and 29 of the GPS there is the potential execution warrant to the majority of the national Rail network. We note with considerable concern that NZLF allocation to Rail may be limited to the income generated by Track User Charges (TUC's) (capped at that). We strongly do not support this approach as the other 90%+ is funded from the broader NZLTF recognising that a Rail network delivers other benefits in the national interest that direct Rail users are NOT prepared to pay for in their freight tariffs. This includes things like lower GHG emissions, lower Road fatalities / trauma, less Road congestion, less impact on the Roads through heavier freight being on Rail, encouraging business efficiency in global logistics eg. major exporters / ports etc, international export competitiveness, land use, greater geo-political and national resilience offered by Rail, more efficient energy usage, better Public Transport offerings on Rail and the provision of a heavy haul Rail network that links heavy industries to ports and cities.

The document alludes to this in several places and simply concludes the Golden Triangle of Auckland, Hamilton, Tauranga and associated feeder lines are the only bits of the Rail network in New Zealand worth having together with Auckland and Wellington Metro passenger operations.

Poor transport policy in NZ gives us poor outcomes where Rail is only shown to be more expensive than Road because its costs are transparently identified and internalized by users where as Road transport costs are externalized and entities make sub optimum decisions to the detriment of broader national stakeholder outcomes.

The GPS stated much investment has gone into Rail freight in recent years and its market share for Rail has not improved. However linear assets need money just to keep in perpetuity its current tasks along with increasing them. It is noted that much of this reflects decades of under investment in the Rail network which is now being addressed. The same lens is not being applied

Heriot-Edievale Limited - Submission to Ministry of Transport on Draft GPS On Transport 2024

to Road network renewals necessarily. Whilst it is true that some large money has gone into the Freight Rail network, in the scheme of things relative to the network asset size it is not as large as the money that has gone into Metro Rail. Outside of Metro Rail it has mostly been of renewals of bridges, modest track renewals to keep the national network going and with some new rolling stock replacing assets otherwise life expired (in some cases over 50 years old) in order to keep current freight business as well as provide for some significant growth where it is in fact occurring such as on the Golden Triangle intermodal freight and lower South Island Dairy etc masking declines elsewhere in commodities like Bulk Export Coal and Milk.

We note positively that it is stated the Government may allocate additional funding to Rail as required eg, for the upgrade on the Rail network in Auckland – however the uncertainty in the sources of these funding remains a significant concern.

Whilst we support investment being prioritised into the most heavily used part of the network such as the Golden Triangle routes between Auckland Hamilton and Tauranga this doesn't mean that other parts of the network should have no funding. Quite the contrary – other parts of the network need funding in order to keep Rail alive for the strategic resilience of the nation and to bind the country together just as the Road networks do.

We believe the GPS should have a strong statement recognising the Main Trunk Railway from Auckland to Christchurch and further south to Bluff and North too to Whangarei should be recognised as Strategically nationally important – as a “Railway Of National Significance”. This means that the Rail connection between Wellington and Picton via an Interisland Rail connection is critical and should be maintained. With out Rail enabled Cook Strait ferries the comparative advantage Rail has for some traffic will be lost entirely and it is doubtful the national Rail network in its current format will be sustained. A policy statement on transport should not send a signal to deprioritise investment in a national Rail network that will likely lead to its demise over time, if not in the short term, certainly in the medium to longer term.

Heriot-Edievale believe that Auckland and Wellington transport Agencies seem to lack a full understanding of the competing priorities from freight and to a lesser, extent inter- regional passenger Rail - in Auckland mainly. This is not the Agencies faults however but is a outcome of their mandates that are critical to their stakeholders. Further KiwiRail don't seem to fully appreciate the challenges that its key Metro Rail clients in Auckland and Wellington are under to meet their targets for improved Metro Rail performance to meet their aspirations and objectives. The GPS is an ideal document to better set the tone for a national connected Vision for Rail in the broader Transport ecosystem in respect of recognising the various conflicts of interest that inevitably arise with parties in constrained mixed use Rail networks with competing access and service priorities.

Heriot-Edievale believe both the Ministry of Transport and NZTA need to step up and take some charge of the situation to ensure that Rail works for all the stakeholders of New Zealand and this needs to be supported through policies outlined in the GPS. That is their job and is one reason why the core focus of NZTA should not be just the State Highway Networks but also include the National Railway network.

Under the current direction of the GPS for Rail only the following parts of the national network, in addition to the Auckland and Wellington Regions Metro Networks may survive:

Heriot-Edievale Limited - Submission to Ministry of Transport on Draft GPS On Transport 2024

-
1. The Golden Triangle Auckland to Hamilton to Tauranga, with associated feeder lines including lines to Murupara/ Kawerau, Kinleith and associated spur lines on that network – potentially to be owned by KiwiRail or consortium of prime users like Ports of Tauranga and Auckland, NZ Steel, Fonterra, Forestry companies, Tainui, Auckland Transport for Metro etc.
 9. Lower North Island Wellington to Masterton / Palmerston North for passenger and logs from Wairarapa - owned and funded by Greater Wellington Region / Wellington Port – the Lower North Island Integrated Rail Mobility (LNIRIM) would need to support that.
 10. Lower South Island short line network Bluff to Invercargill to Port of Otago - JV between Port of Otago / Fonterra (Edendale etc) and other Otago / Southland users like meat works, fibre plants exporting tonnage through to Port of Otago.
 11. Mid Canterbury Network - Timaru to Christchurch and Port of Lyttelton with spur to Darfield for Dairy / Inland Ports traffic - owned by Ports and also retained for a potential future regional passenger network in mid Canterbury.

Significantly under this GPS the following Railway corridors will likely go into significant decline and ultimately become abandoned Railway lines (those with little likelihood of full commercial sustainability and/or a group of customers willing to fully underwrite them):

12. Everything north of Auckland Metro to Whangarei and beyond - unless a Northport Marsden Point spur goes ahead in which case Northport could support that corridor.
13. Marton to Whareroa to New Plymouth.
14. Palmerston North to Napier and Wairoa (Gisborne closed already).
15. Wairarapa from Masterton to Woodville.
16. Main North Line Christchurch to Picton.
17. Main South Line Timaru to Dunedin.
18. All lines west of Darfield including Hokitika, Greymouth, Ngakawau once Westland Export Coal mined out (kept in meantime). The Tranz Alpine could run to Arthur's Pass only in a Dunedin Railways type operation for a few years until infrastructure expires and can no longer be supported for a passenger train.

There is no national Rail freight network without interisland Rail access. If Rail accessible ferries go, then the Christchurch to Picton Rail link will quickly follow. This in turn will make the rest of the Rail freight network unviable. There therefore needs to be a statement in the GPS policy on the importance, for numerous reasons, for Rail and Road transport connections between North and South Islands.

Keeping a Rail enabled connection between the islands, concurrently with the national Rail network, should be considered critical in the increasingly unstable geo-political climate World-wide. This is especially good insurance in the event of global supply chain disruption where New Zealand could find itself somewhat isolated. Indeed, this is why many countries are strengthening and building new Rail connections across the World rather than weakening them, or losing them altogether – history has proven Rails worth in that context time and time again.

Dismantling the national Rail freight network, along with the failure to meet our carbon emissions reductions targets against 2030 Paris commitments, and the recently ratified EU Free

Heriot-Edievale Limited - Submission to Ministry of Transport on Draft GPS On Transport 2024

Trade Agreement will not go unnoticed by our trading partners. New Zealand can expect to have to pay billions of dollars and/or be removed from Free Trade agreements from progressive countries. In summary:

1. Rail plays a critical role in New Zealand's multi-modal transport system contributing up to \$2.1 billion in often unseen benefits annually – from emissions reduction to congestion relief and Road maintenance cost savings.
2. To deliver a safe, resilient, reliable national Rail network, it will need the funding top-ups referred to in the GPS, and engagement with the Government is critical on this.
3. Rail move 25% of exports and 50% of the nation's largest port volumes, and every tonne Rail moves emits 70% less carbon than by truck. We need to remember the importance of the provinces, as volumes are highest on the Golden Triangle in part because the rest of the network feeds freight from across the country.

8B. Public Transport Services Activity Classes

Heriot-Edievale has significant concerns about proposed reductions in funding for Public Transport services relative to the previous 2021 GPS – about a 10% reduction. This could have significant adverse impacts on the operation of Public Transport services across New Zealand.

We recommend that Public Transport at a minimum continues to be funded at a level that enables the current levels of services along with modest service enhancements across New Zealand to be maintained in the immediate future. Further we should be planning to expand it significantly over time beyond that especially as new Transport projects come online. This is especially the case for Public Transport in targeted areas - see Comment on inter-regional Public Transport under 8D below.

Whilst we support general initiatives to increase the ratio of private funding to public funding where appropriate towards that which was in place prior to the Covid-19 pandemic, this should not be at the expense of coverage and use of Public Transport. Initiatives to increase the private share of Public Transport funding can include innovative things such as Value Capture, partnerships with Universities and certain industries where many employees use Public Transport.

Increasing funding for Public Transport to encourage its greater uptake is one of the fundamental tenants of the Heriot-Edievale submission to this GPS. We are strong supporters of Public Transport as a alternative to Private Transport, which is not only a drain on people's personal resources but also the Nations and the World at large.

Significant new Public Transport infrastructure is about to be delivered in New Zealand. This includes the City Rail Link and other upgrades in Auckland and to Metro Rail in the Wellington region. This includes the upgraded Lower North Island interregional passenger Rail links to Palmerston North and Masterton as well as improving bus services in various parts of the country. The additional services to realise the benefits of these hugely capital-intensive projects must be funded. The new national integrated ticketing system is also about to be launched and this will likely encourage greater uptake of Public Transport as it becomes easier for people to use and pay for the services. Therefore, this is not the time to be reducing funding for Public Transport, but rather the time to encourage further uptake and thereby increase farebox recovery

Heriot-Edievale Limited - Submission to Ministry of Transport on Draft GPS On Transport 2024

through greater usage rather than just higher fares that may discourage usage and increase peoples cost of living in a cost-of-living crises.

It is further noted that KiwiRail's track access charges are likely to increase materially over the coming years as the network goes to a more sustainable footing to a higher standard in both Auckland and Wellington and this will require additional funding from all partners to be sustainable.

More generally it needs to be recognised that Public Transport at the current time is facing increasing cost pressures due to the cost-of-living crisis. Further, users of Public Transport often are from lower socio-economic or transport disadvantaged groups and any increase in passenger fares due to reduction in funding is likely to place an overall great burden on society.

8C. Public Transport Infrastructure Activity Classes

Heriot-Edievale has material concerns with the proposed reduction in funding for Public Transport infrastructure. Funding allocated to Public Transport has been reduced compared to 2021, while there are now also greater demands on the limited funding due to the proposed changes to other Activity Classes. This will require Public Transport infrastructure Activity Classes to accommodate more Rail activities and renewals. These constraints and funding will limit the ability to invest in Public Transport infrastructure needed to increase the overall capacity of New Zealand's transport network to accommodate growing demand and will result in increased congestion and reduce productivity across the nation. The phasing of reduced level of investment in Public Transport infrastructure will be particularly problematic due to significant commitments from year one, including various projects across New Zealand like City Rail Link. If Public Transport is funded at the lower end of the range committed projects across New Zealand will require significant increases in funding from elsewhere. It therefore recommends sufficient funding be allocated to this Activity Class to enable delivery of major Public Transport projects.

More generally Heriot-Edievale is concerned that Public Transport funding contains insufficient funding for all the major Public Transport projects in the Draft GPS across New Zealand. Public transport assets across certain cities of NZ should be regarded as assets of national significance. Particularly given the critical role it plays in achieving a wide range of the governments shared transport priorities in years to come. Given similarity to Roads of national significance, we suggest that major transit projects across New Zealand be funded from outside the Public Transport infrastructure Activity Class. This will serve to reduce the significant funding pressures on a most highly constrained Activity Class.

8D. Inter-regional Public Transport Activity Class

We note with considerable concern the Activity Class for Inter-regional Public Transport has been withdrawn. Inter-regional PT and passenger Rail has potentially a very strong ability to reduce Vehicle Kilometres Travelled as each regional passenger journey can easily be on average up to 10 times more km's travelled ie. 100 regional passenger journeys in VKT's terms is easily 1000 journeys of the metro Rail system where journey lengths are much lower in km's.

Current providers of inter-regional Public Transport such as Intercity are not providing a adequate service across all New Zealand anymore. The commercial market model is failing and operators that are a commercial business are struggling to provide true national coverage whilst

Heriot-Edievale Limited - Submission to Ministry of Transport on Draft GPS On Transport 2024

making a buck – we have a Jetstar type operation of a low cost bus operating model outside a few core routes receiving no Public Transport funding support so we only get services where the money is. This leaves vast areas of New Zealand without any Public Transport service connectivity at all. This causes significant issues and needs to be addressed by policy settings in a GPS.

From a leadership point of view, we suggest the Government clearly identify a transport-sector agency (likely NZTA) to provide system leadership and guidance specifically for inter-regional Public Transport.

Most successful countries in the World actually that have lower overall population density per sq km than NZ eg, Australia, Canada, Finland, Russia, who like us have large areas of relative empty space have better regional and inter-regional Public Transport than NZ.

We note that the Inquiry into the Future of Inter-Regional Passenger Rail in New Zealand made the following recommendations which we support:

1. That the Government clearly identify a transport-sector agency to provide system leadership and guidance specifically for inter-regional Public Transport.
2. That this agency be responsible for the following areas: a) providing advice, support, education, and guidance relating to inter-regional Public Transport in New Zealand b) identifying and proposing new inter-regional Public Transport services c) engaging with and supporting regional councils to identify potential for inter-regional Public Transport services that would benefit their region and communities d) engaging with regional councils and Waka Kotahi—New Zealand Transport Agency to help consider the costs and benefits of proposed inter-regional public transport services e) coordinating with regional councils, Waka Kotahi—New Zealand Transport Agency, and the Treasury—Te Tai Ōhanga to determine the appropriate business case pathway for proposed inter-regional Public Transport services and providing assistance to regional councils during the business case process f) promoting well-being and environmental principles in the planning and design of Public Transport services.
3. That the Ministry of Transport investigate how the New Zealand Rail Plan could better incorporate inter-regional passenger Rail.
4. That funding arrangements for future inter-regional passenger Rail services reflect the level of national benefit of such services to New Zealand.
5. That scoping studies be progressed for the following inter-regional Rail services: a) Auckland–Wellington b) Auckland–Tauranga c) Napier–Wellington d) an extension of the Capital Connection service to Feilding.
6. That further investigation of other potential inter-regional passenger Rail routes be undertaken to meaningfully compare and identify the costs, benefits, and risks associated with different opportunities.

For inter-regional Rail, benefits are likely to be split between three broad groups:

- Rail passengers receive the direct benefits associated with Public Transport.
- Road users receive indirect benefits from having fewer cars on the Road (reduced congestion, improved Road safety, shorter travel times).
- Wider society receives indirect benefits such as environmental and economic benefits.

Heriot-Edievale Limited - Submission to Ministry of Transport on Draft GPS On Transport 2024

Inter-regional passenger Rail could support and stimulate regional economic growth. Specifically, they noted that inter-regional passenger Rail could:

- Provide greater access to education and employment opportunities for regional and rural communities.
- Enable people to choose housing options that best suit their needs, as they could more easily commute if needed.
- Improve productivity by enabling commuters to work while they travel (if workspaces and wi-fi were available on carriages).
- Connect to different tourist sites, such as national parks, vineyards, and beaches, to improve access for domestic tourism.
- Grow cycle tourism by providing access to cycling tRails and enabling people to easily transport bicycles across the country.

8E. Walking and Cycling Activity Class

Heriot-Edievale does not support the approach proposed for funding maintenance and improvements related to walking and cycle infrastructure. There are significant risk that these changes will have unintended consequences, including administrative burden, construction inefficiencies, and delays to consenting related multimodal projects.

Most of the Walking and Cycling Activity Class has a greater allocation of funding in the draft GPS 2024 compared to the GPS 2021 across the same three years. However the scope of works that the Activity Class is expected to fund has expanded significantly. We are concerned that this approach will put too much funding pressure on this Activity Class. This exacerbated by there being a new requirement that any money for the maintenance of existing walking and cycling infrastructure can only come from the Walking and Cycling Activity Class.

The Walking and Cycling Activity Class proposed allocation will leave this Activity Class severely oversubscribed. As Auckland Transport note in their submission the ban on multimodal improvements being funded from any other Activity Classes is likely to mean there will effectively be a significant decrease in funding available for projects which are currently funded from the Walking and Cycling Activity Class. This in turn will lead to problems in multi modal, planning and funding.

Having separate Activity Classes for individual modes with a single project will lead to perverse disjointed outcomes. It is more cost effective to deliver all elements of a project at the same time. There was also a range of other possible indications from new funding requirements, including the risk of less efficient and a less aligned approach to infrastructure delivery.

That could include funding bottlenecks and specific risks that knew Rooding corridors can be delivered separately from the associated footpaths and cycling infrastructure. Alternatively, it may not be possible to deliver the associated footpaths and cycling infrastructure at all, which would generate a range of issues including critical risks for projects where the inclusion of walking and cycling infrastructure forms part of the consenting conditions.

It is noted that failure to provide footpaths and new cycleways along with new upgraded Roads within urban areas may mean that entities may not be able to fulfil legal obligations under Section 331 of the Local Government Act.

Heriot-Edievale Limited - Submission to Ministry of Transport on Draft GPS On Transport 2024

8F. Maritime Activity Class

Heriot-Edievale believe the Maritime Activity Class should be re-introduced to the surface transport funding since New Zealand's Blue Highway has significant potential to reduce the carbon footprint of New Zealand transport in specific circumstances. However, in 2018/2019 coastal shipping carried 4.7 billion net-tonne kilometres (NTK) of freight, equating to a market share of 13.2%. Coastal shipping primarily operates in a few niche markets, with just two commodities, petroleum and cement, accounting for 75% of the coastal shipping task. The balance of the traffic is mostly handled by foreign vessels, which carry domestic and transshipment containers under a cabotage agreement, incorporated within the Maritime Transport Act 1994. Just 2 container vessels provide a dedicated domestic service. Coastal shipping is relatively low cost in capital expenditure, and very low cost in carbon emissions.

Therefore, we believe it is important there should be strong policies to encourage the greater use of Maritime Transport as an alternative to Rail and Road investment where it makes sense to do so. We also note that this a matter of greater strategic resilience in the event of geo-political or natural disaster disruption as occurred after the Kaikoura earthquake in 2016 when both the main Rail and Road links between Picton and Christchurch were unserviceable for lengthy periods of time.

Summary

Whilst Heriot-Edievale acknowledges there are some good policy developments in the 2024 draft GPS we believe there is a significant pro Road bias that is acting to the detriment of a balanced New Zealand transport policy that fully recognises the World we all live in and more importantly that is rapidly emerging. One example of this is the effect of placing the National Rail network in an uncertain investment situation which will likely lead to its managed decline and possible abandonment across large segments of the network. Another example is the reduction in funding for the Public Transport Services Activity Class.

We believe that the GPS should reflect a more balanced transport policy, reflecting the importance to climate change initiatives and other broad non-economic aspects across all of the transport modes that include Active Transport, Maritime, Rail and Road. We further believe there should be a greater emphasis on Public Transport as opposed to overly large focus on Private Transport. By not having these more broader policy balanced transport policies, New Zealand is exposing itself to significant geopolitical and national resilience risks. This will likely have a material impact on New Zealand's sustainability in the event of disruption to our way of life, including disruptions from natural disaster, external geo-political conflict and significant potential supply chain disruption.

Further, we believe there is insufficient recognition given to climate change impacts from an overly Road focused approach to transportation in New Zealand. Therefore, we believe Climate Change initiatives should be embedded in the GPS to ensure New Zealand meets its climate change commitments and is ready for the future, which could involve significant change to New Zealand's economy and wellbeing if the policy settings are left as inadequate.