



MINISTRY OF TRANSPORT REPORT

Subject: DRAFT GPS 2012 CABINET PAPER FOR THE CABINET BUSINESS COMMITTEE

Date: 18 March 2011 **Docmin no.:** WGTA13955

Attention: Hon Steven Joyce (Minister of Transport)

Priority: High **Security level:** In-Confidence

Deadline: Tuesday 22 March 2011

Reason for deadline: To enable the Cabinet paper to be lodged with the Cabinet Office on 23 March 2011.

Purpose of report

- To provide you with an updated draft of the GPS 2012 Cabinet paper for submission to the Cabinet Business Committee following your feedback to officials and interdepartmental consultation.

Contact for telephone discussion (if required)

Name	Position	Telephone		Suggested First Contact
		Direct Line	After Hours	
Gayelene Wright	Principal Adviser	439 9044		✓
Marian Willberg	Manager Policy Projects	439 9290	Withheld under section 9(2)(a).	

Minister of Transport's office actions

- | | | |
|---------------------------------------|-----------------------------------------------|----------------------------------------------|
| <input type="checkbox"/> Noted | <input type="checkbox"/> Seen | <input type="checkbox"/> Approved |
| <input type="checkbox"/> Needs change | <input type="checkbox"/> Referred to | |
| <input type="checkbox"/> Withdrawn | <input type="checkbox"/> Not seen by Minister | <input type="checkbox"/> Overtaken by events |

Changes to the draft GPS 2012 Cabinet Paper

2. Attached for your consideration is the latest draft of the GPS 2012 Cabinet paper. This version includes the changes you requested on 16 March 2011 and these changes are shown as track changes in the paper.
3. Within your comments you asked that a table be added to the Cabinet paper showing the total value of local road investment as a percentage of the total roading investment and the relative share of annual vehicle kilometres travelled. Such a table is shown below. It is understood that your intention is to use the table to show that the split of expenditure between local roads and State highways is relatively balanced once the funding share from local authorities is taken into account.
4. As you can see from the table from 2009/10 onwards the split of funding between local roads and State highways is roughly 40 percent/60 percent respectively.

Year	Local Roads Expenditure (\$M)		State highways Expenditure (\$M)	Share of Roading Expenditure (%)		Percentage of total VKT	
	NLTF	Local Share	NLTF	Local Roads	State highways	Local Roads	State highways
2001/02	302	287	533	53	47	51	49
2002/03	328	309	544	54	46	51	49
2003/04	381	343	653	53	47	50	50
2004/05	485	351	746	53	47	50	50
2005/06	483	407	946	48	52	51	49
2006/07	510	442	1041	48	52	52	48
2007/08	546	471	1205	46	54	51	49
2008/09	601	498	1455	43	57	52	48
2009/10	582	486	1655	39	61	52	48
2010/11	544	452	1536	39	61	-	-
2011/12	500	420	1538	37	63	-	-

5. We have not included the table in the Cabinet paper as in our view it does not necessarily follow that the level of investment in each network should be roughly the same. Instead we have strengthened the arguments (see paragraphs 70 to 72) for why the State highway network requires a relatively higher level of investment at this time.

Feedback from officials

6. The Ministry has consulted other agencies on the Cabinet paper. No substantive changes were made to the paper as a result of the consultation. However, the following key points were raised:
 - 6.1. The Accident Compensation Commission, the Ministry of Health and the New Zealand Police strongly endorse a priority being given to road safety in GPS 2012. They are also strongly supportive of the level of safety related roading investment

being made explicit. However there is some concern that the funding range for the road user safety activity class is being reduced.

- 6.2. The Ministry of Health is concerned that the objective of protecting and promoting public health has received little attention. The Ministry is also of the view that the split of expenditure does not provide appropriate funding for public transport or walking and cycling.
- 6.3. The Treasury would prefer to see economic evidence that GPS 2009 period has been a success, for example whether the projects have improved freight productivity, reduced congestion time and whether there is evidence that higher value projects are being funded. They also query whether consideration was given to removing the activity classes (which in the view of the Treasury arbitrarily define the level of investment on certain activities) and moving to a pure form of economic analysis (e.g. benefit cost ratios) to determine the optimal level of investment across activities.
- 7. We have also reversed the order of two sections in the paper to make it clear to Ministers that stakeholder engagement will occur following their consideration of the paper, and the section on the likely views of stakeholders is based on feedback from previous engagement.

Recommendations

8. The recommendations are that you:

- (a) **agree** to submit the attached Cabinet paper and engagement document to the Cabinet Office by 23 March 2011 to enable the paper to be considered by the Cabinet Business Committee on 28 March 2011. Yes/No

Gayelene Wright
Principal Adviser

Barry Kidd
Acting General Manager Road and Rail

MINISTER'S COMMENTS:

MINISTER'S SIGNATURE:

DATE: