

15 September 2023

Ministry of Transport Te Manatū Waka

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## **Submission on the *Draft Government Policy Statement on Land Transport 2024***

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### **Introduction**

1. Energy Resources Aotearoa is New Zealand's peak energy sector advocacy organisation. Our purpose is to enable constructive collaboration across the energy sector through and beyond New Zealand's transition to net zero carbon emissions in 2050.
2. This document constitutes our brief submission on the Ministry of Transport (MOT)'s *Draft Government Policy Statement on Land Transport 2024*.

### **Submission**

#### ***Approach to funding the transport system***

3. We support simplifying and streamlining the existing land transport funding system by moving all vehicles to road user charges (rather than petrol users being subject to fuel excise tax). This would:
  - enable consistent treatment of electric vehicles, hybrids, and conventional vehicles;
  - more directly reflect a 'user-pays' system, in which vehicle owners pay on a vehicle kilometre travelled basis that reflects the impact of their vehicle's weight class on roads;
  - expose road users more visibly and directly to the infrastructure component of their driving costs, leaving fuel prices at the pump to reflect the cost of delivering the fuel (including the price of carbon); and
  - could potentially create a platform for future 'smart' revenue measures such as electronic tolling and/or congestion charging (noting the latter is not necessarily a road funding mechanism).

4. We support the proposed ongoing increases to investment in highway and local road maintenance in the draft GPS, partially in response to the impacts of Cyclone Gabrielle. Roads will continue to be critically important infrastructure that supports a growing economy and community wellbeing, even as the vehicles using them are progressively lower-emissions. Of course, with this increased expenditure comes greater need for rigorous cost-benefit assessment of infrastructure projects and ongoing review of value for money.

### ***The strategic priorities of the draft GPS***

#### *General feedback*

5. We support simplifying the objectives included in the draft GPS, for several reasons:
  - the presentation of the objectives implies equal weighting – we suggest at the very least that ‘maintaining and operating the system’ is the primary and overriding objective; and
  - including six objectives without clear weighting risks undermining outcomes by preventing the transport infrastructure planning and investment from focusing on its key task – ensuring infrastructure is available to support the demand of transport users.

#### *Reducing emissions*

6. On the inclusion of ‘emissions reductions’ as an objective, we believe this is best left to the Emissions Trading Scheme (ETS). The ETS is New Zealand’s primary mechanism to drive efficient reductions in emissions, consistent with a trajectory to net zero by 2050. Transport infrastructure planning and investment should be focused on meeting modal demand under our most credible forecasts of users’ responses to future higher carbon prices.
7. This implies transport infrastructure that supports efficient emissions reduction decisions taken by users, rather than trying to drive those decisions itself. We think this is an important distinction because the latter risks over-investment if the Government over-estimates the demand response to increased investment in each transport mode.
8. We note the draft GPS proposes a new ‘inter-regional public transport’ activity class. With the prior point in mind, any such investments should be rigorously tested to ensure they are based on robust forecasts of actual user demand for inter-regional public transport in response to carbon prices (and any other behavioural or economic drivers).
9. Given the sector is already subject to a (likely rising) carbon price, any additional efforts to lower transport emissions should either:

- address issues which prevent the carbon price from exploiting affordable opportunities to reduce emissions; and/or
  - reduce emissions at a lower cost than the carbon price can alone.
10. The Government's focus in this space should be on addressing barriers to uptake of low-emissions alternatives for hard to abate parts of the transport sector, such as heavy freight, aviation, and maritime. This may include measures that address the 'investment chasm' for nascent fuels like biofuels, hydrogen, or sustainable aviation fuel by promoting cost-effective and market-based solutions. Most of these measures will fall outside the scope of the GPS.

### **Conclusion**

11. We appreciate the opportunity to provide input to the draft GPS. We are more than happy to speak to this in further detail if this would be helpful.