MTA Submission

To the Ministry of Transport on the Draft Government Policy Statement on Land Transport 2024-34

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This submission is from:
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Thank you for the opportunity for MTA (Motor Trade Association) to provide our views on the Draft Government Policy Statement on Land Transport 2024-34.

Ngā mihi

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Introduction

The Motor Trade Association (MTA) serves as the authoritative voice of New Zealand's automotive industry. We represent more than 4000 businesses that fix, fuel, buy, sell, and inspect the country's vehicle fleet – helping families and communities travel and connect safely. Our members work in general and specialist automotive repair, service stations, parts and accessories, new and used vehicle dealers, collision repair and vehicle recovery. MTA has the expertise, experience, and a team ready to collaborate with Government and other stakeholders to develop impactful policies.

MTA appreciates the opportunity to submit on this Government Policy Statement (GPS) and we have provided our comments thematically. We are supportive of the direction of travel and acknowledge that much has changed since the previous GPS was published. We consider the substantive policy changes to be positive for New Zealand.

Road Safety

MTA is supportive of policy that improves road safety using a range of tools, rather than relying on blanket speed limit reductions. We are pleased to see that the Government is proposing to look at more effective enforcement, improvement in the long-term conditions of roads, and a review of vehicle regulations, alongside the raising and/or restoring of speed limits where it is safe to do so.

MTA has long advocated for improved resilience and maintenance of the road network. With extreme weather events having worsened road deterioration across the country, our roads need significant investment to be robust and built to last. We are pleased to see that the Government is aligned with our views and is increasing the funding of road maintenance, including creating ring-fenced funds to ensure that potholes are filled in quickly. If successful, this programme of work will increase road and vehicle safety while reducing congestion.

The shift from focusing enforcement predominately on speed to that of impairment, in particular driving under the influence of alcohol and/or drugs, is the right move once accurate testing equipment becomes available for the latter. Gains made in this area will result in fewer deaths on our roads. MTA is hopeful that new investment will result in better and smarter enforcement, and that there is effective deterrence for behaviour that negatively impacts all road users. The rollout of multi-purpose safety cameras is also a positive step to achieve better road safety outcomes.

We are encouraged by the Government's commitment to reviewing the vehicle regulatory system to better manage the safety performance of the fleet. We note however that it is not clear what this review will look like at this stage. **As a starting point, MTA recommends the Government consider whether there should be a change to the inspection frequency for vehicles aged over 15 years, notably a transition from 12-month to 6-month warrants.**

As it stands, vehicles up to 24-years-old are required to undergo this essential safety check just once per year, as the cut-off for 6-month warrants is set at a fixed date of manufacture – 1 January 2000. This means that vehicles continue to get older, but at no point switch to 6-month warrants. This has created an ever-increasing window for having potentially unsafe vehicles on our roads. Of concern is that more than half of vehicles over 15 years old fail their warrant on first inspection. If this regulation remains as is, vehicles in this category will continue to get older, and the problem will gradually become worse. To address this, MTA recommends transitioning to a fixed vehicle age of 15 years in place of the year of manufacture. Additionally, the issue of newer versus older vehicles being given the same testing regime, despite in many cases significant technological differences, remains a complex issue. MTA questions whether the VIRM (Vehicle Inspection Requirements Manual) is fit for purpose. In due course, we would also support a conversation around how the testing regime and other initiatives could be utilised as a means for modernising New Zealand's aging fleet.

We recommend the Government undertake a cost benefit analysis of an allowance or co-funding model for vehicle inspection for those receiving support from Work and Income. It is MTA's view that there could be a wider public safety benefit for ensuring those on low or no incomes, who might otherwise not maintain a current warrant of fitness, receive specific support to have their vehicles inspected.

Future procurement and proposals

The GPS tackles complex funding issues and forecasts an investment of $74 billion in land transport through the National Land Transport Fund (NLTF) over the next decade.

Addressing the infrastructure deficit in New Zealand is a long-term goal, so we are pleased to see that NZ Transport Agency Waka Kotahi (NZTA) will be developing a 30-year plan, in line with the creation of the National Infrastructure Agency. Given the significant investment required, the intention to look at alternative funding mechanisms is appropriate, and it is MTA's desire to see such projects be politically enduring.

MTA commends the move towards universal Road User Charges (RUCs), as it is a more equitable tool to charge for road use, which will confront the reality of increasing fuel efficiency resulting in less revenue from road tax on a per kilometre basis. However, without a clear timeline for implementing mechanisms such as universal RUCs or time of use charging, it is difficult to provide a fulsome comment on the long-term use of these sources of revenue. We strongly endorse the implementation of an electronic RUC system either before or as part of the launch of universal RUCs.

In line with MTA's views is the commitment to ensure that rail infrastructure will no longer be cross subsidised by revenue generated from road users. Since the amendment in 2020, which allowed the NLTF to be used to pay for rail, MTA has supported reverting to the principle that road users pay for roading projects. We are pleased to see the proposed cap on NLTF funding towards rail being capped at the level of revenue raised from Track User Charges. We expect that road users' money being invested directly back into New Zealand roading projects will deliver better value to those paying the taxes.

MTA believes that it is economically sound for the Government to look at alternative funding mechanisms for land transport, particularly beyond straight taxation. We are supportive of user-pays policies which help to both ease demand and fund more projects.

We wish to highlight that the cost-of-living crisis has been a key challenge for our members, along with staff shortages. MTA fully agrees that investment needs to be made towards land transport infrastructure and growing the economy more broadly but is mindful that significant Government spending can be inflationary despite best intentions. As the Government has stated publicly that it is working to get inflation back to below 3 percent, investments must be made wisely and efficiently.

Capability and delivery

MTA supports the Minister's high expectations of NZTA; the Government and NZTA need to align their strategies quickly, and we acknowledge that this GPS serves as a signal that the agency must pivot to enhance confidence.

The delivery of the new Roads of National Significance will require a broader range of funding options, financing models, and alternative delivery models including public-private partnerships. The Government and its agencies will need to be open to different models of risk allocation and competition, which enable best value for money to be delivered.

It would also be beneficial to engage local and international specialists before investments are made to ensure the programme can be delivered in a timely and affordable manner. Significant costs can be incurred in the consenting process and accounting for whole of life risks. This historically sends negative signals to the international market. The Government needs to be clear that it is willing to consider different risk allocation models and is open to competing development proposals at an early stage.

The key is value for money. NZTA needs to focus on the basics and fund transport projects for transport outcomes first and foremost. We cannot be anchored in past delivery models and should embrace learnings from projects such as Transmission Gully and Pūhoi to Warkworth. The market needs confidence that projects are competitive, politically enduring, and subject to cost benefit analysis. Such projects should be part of long-term regional/city deals so they endure beyond a parliamentary term.

We foresee the required innovation for funding and project commissioning models to be challenging, but nonetheless an opportunity for long-needed infrastructure reform. These reforms are necessary for NZTA to be working most efficiently for New Zealanders, focusing on its core business, and importantly, realising its full potential as an excellent resource and asset to the Government.

Time of use charging and opportunities for local government projects

We urge consideration be given to wider transport options when time of use charging is rolled out in locations around New Zealand. With new fees to deal with congestion and funding, people do need efficient and reliable options available, should they choose to limit or change their driving behaviour.

Under the assumption that funds raised through regional time of use charging schemes will be for councils to utilise for local transport projects, we would encourage the Government to enable councils to have some flexibility. For example, being able to provide local incentives for the purchase of low and/or zero emission vehicles and support the Government's EV charging station rollout. This could be an opportunity for councils who wish to better meet climate goals by continuing the momentum of uptake for such vehicles, with a vastly different funding model to the Clean Car Discount (the Ute tax), which MTA successfully campaigned against.

Conclusion

MTA supports innovative solutions that fund and develop the significant transport infrastructure projects needed in New Zealand. Overall, this GPS signals an ambitious plan to tackle long-term issues by locking in key new Roads of National Significance with mixed funding and procurement models, backed by an Infrastructure Agency to make these projects politically enduring. We back the Government's plans to ensure more equitable charging through universal RUCs, tolling, and time of use charging.

MTA supports the more innovative approach to road safety that includes safety cameras and a greater emphasis on driver impairment. We further commend the Government's commitment to designating specific funding for road maintenance and resilience. MTA sees an opportunity to review vehicle safety regulations, and with our member base playing a significant role in vehicle testing, we wish to lead the conversation around ensuring the warrant of fitness regime is fit for purpose.

We foresee the required innovation for funding and project commissioning models to be challenging but view it as an opportunity for long-needed infrastructure reform. We encourage Government and its agencies to engage with local and international specialists while developing its approach to commissioning, which will help NZTA focus on the basics and develop transport projects for transport outcomes.

Overall, the MTA is optimistic about the proposed changes and looks forward to seeing their implementation and impact on road safety and infrastructure.

MTA appreciates the opportunity to submit on the GPS on Land Transport 2024-34.

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