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REPORT SUMMARY

Report to: Tasman Regional Land Transport Committee
Meeting Date: 14 September 2012
Report Author: Peter Hookham, Planning and Investment Manager, NZTA
Subject: **Land Transport Amendment Bill 2012**

EXECUTIVE SUMMARY

This report provides information on the Land Transport Management Amendment Bill 2012; why the changes are needed and what they mean.

RECOMMENDATION

That the report is received.

DRAFT RESOLUTION

THAT the Tasman Regional Transport Committee receives the report Land Transport Management Amendment Bill 2012, RRTC12-09-02.

Land Transport Management Amendment Bill 2012 - Questions and Answers

Last updated on 29/08/2012 11:47 a.m.

Information on the Land Transport Management Amendment Bill 2012 (the Bill): why we need the changes and what the changes mean.

[Progress of the Bill through Parliament](#)

[Planning and Funding](#)

[Tolling and Public and Private Partnerships](#)

[Public Transport Operating Model](#)

Progress of the Bill through Parliament

What legislation will be changed?

It is proposed that the Land Transport Management Act 2003 is amended.

It is proposed that the Public Transport Management Act 2008 be repealed and its relevant provisions be incorporated into the Land Transport Management Act 2003.

When will the proposed changes take effect?

This depends on when the Bill is passed. The Bill was introduced to Parliament on 13 August 2012. This means it could be passed in the first half of 2013.

Some regional councils are already implementing the Public Transport Operating Model rather than asserting the full authority currently provided under the Public Transport Management Act 2008.

Who has been consulted on the provisions in the Bill?

The Ministry of Transport has discussed changes to the Land Transport Management Act with stakeholders, including Local Government New Zealand, the Automobile Association of New Zealand and the Road Transport Forum. The Ministry has also had informal discussions with regional councils in Auckland, Wellington, Waikato, Bay of Plenty and Canterbury.

The Public Transport Operating Model has been developed jointly by a group of key stakeholders (including government, regional councils and the Bus and

Coach Association) involved in the delivery of public transport services, employing a partnership approach from the start.

How can I have my say on the Bill?

The Bill is expected to have its first reading in Parliament in 2012. It will then be referred to the Transport and Industrial Relations Select Committee who will call for submissions on the Bill.

How do I know what stage the Bill is at?

You can [follow progress of the Bill on the Parliament website](#).

We will also be updating our website to reflect the progress of the Bill through the House.

Planning and Funding

The changes proposed in the Bill will result in a more straightforward, less prescriptive piece of legislation that will reduce compliance costs and simplify processes. These changes will enable central government to have a greater ability to guide the sector, and will allow regions more flexibility in how to approach their transport planning responsibilities.

Creating improved processes in the Land Transport Management Act 2003 will also enable greater value for money and lower compliance costs when the New Zealand Transport Agency allocates transport funding. This will assist the government to achieve its goal for transport to contribute to New Zealand's economic productivity.

Changes to how some activities, related to the protection of land transport revenue, are funded will ensure these costs are covered in a way that is fairer and more transparent. These changes will help to protect land transport tax revenue and maintain the integrity of the system overall.

What is the change to the purpose of the Act and why is this being made?

The Act's purpose will be changed. Reference to a long list of economic, social, cultural and environmental considerations will be removed from the purpose in order to focus on the effectiveness and efficiency of public expenditure in advancing socio-economic outcomes. The revised purpose is:

"to contribute to an effective, efficient and safe land transport system that supports the public interest"

These changes will align the purpose of the Land Transport Management Act with the proposed new purpose of the Local Government Act 2002. This will make the purpose simpler, clearer and easier to understand and interpret. It will also reduce compliance costs and simplify processes through the reduction in decision making criteria.

How and why is the Act's decision framework being changed?

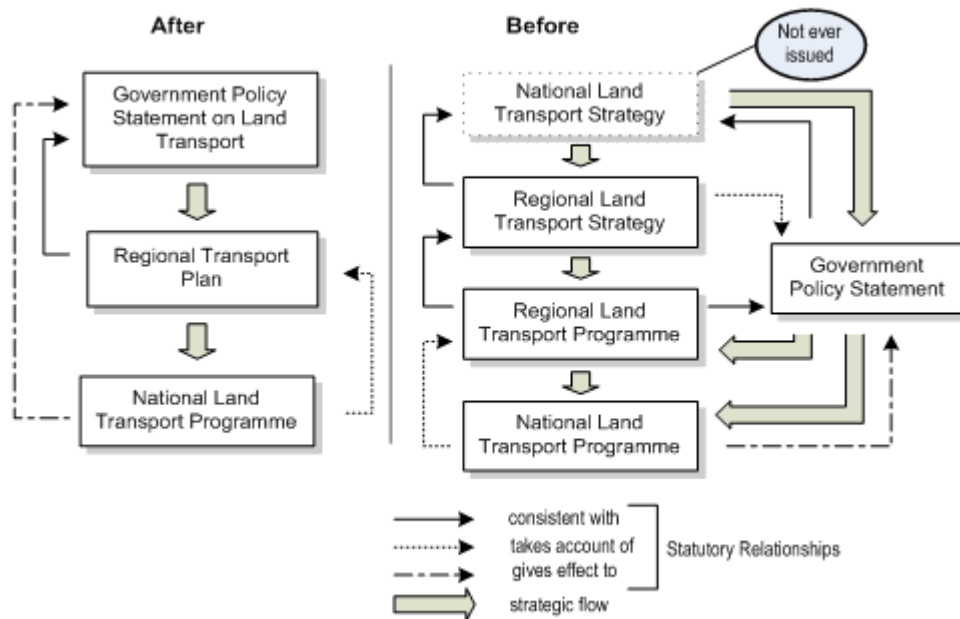
The Land Transport Management Act currently contains many assessment criteria designed to influence the content of national and regional planning documents and the types of activities funded and delivered.

However, repetition, inconsistency and ambiguity in the application of these criteria create uncertainty and encourage bureaucracy. The current decision making criteria will be replaced with a focus on effectiveness, efficiency and safety, as illustrated in the table below.

Current decision-making criteria	Proposed decision-making criteria
<ul style="list-style-type: none">• Affordable• Integrated• Safe• Responsive• Sustainable• Assist economic development• Assist safety and personal security• Improve access and mobility• Protect and promote public health• Ensure environmental sustainability	<ul style="list-style-type: none">• Effective• Efficient• Safe

What are the changes to the national and regional transport planning frameworks and what will they achieve?

The planning framework will combine the existing five national and regional transport planning documents into three main documents.



[See how Regional Public Transport Plans fit into the new framework](#)

At a national level:

- the Government Policy Statement on Land Transport will set out central government's outcomes, objectives and impacts for the land transport sector for at least 10 years
- the Statement will be issued by the Minister of Transport at least once every six years. It will contain the Crown's Land Transport Investment Strategy, which will be reviewed at least once every three years
- the existing National Land Transport Programme will be largely unchanged

At a regional level:

- the Regional Land Transport Plan will set objectives, policies and interventions for at least 10 years
- the plan will be issued every six years, and reviewed every three years

These arrangements will allow transport planning to better integrate higher-level strategic planning with lower-level tactical planning, and will reduce the amount of time regions spend in consultation over minor activities.

The changes will also enable regions to take an approach to Regional Land Transport Plans suited to the needs of their region.

How are the Act's consultation processes being changed?

The Land Transport Management Act's requirements will be made less prescriptive by:

- moving to a six-yearly consultation process for the regional transport planning document
- making use of the Local Government Act's special consultative procedure discretionary
- reducing to a minimum the extent to which the Land Transport Management Act modifies Local Government Act 2002 processes
- removing other specific requirements, particularly a prescriptive listing of agencies to be consulted

This will allow regions to tailor the engagement process to specific situations.

What are the changes being made to regional transport committees and why are these needed?

Membership on Regional Transport Committees, which will prepare the new Regional Land Transport Plan, will consist of agencies that make a funding contribution: local authorities and the New Zealand Transport Agency. Currently Regional Transport Committees include non-voting representatives to reflect the various objectives in the decision making criteria. This has led to committees having more than 20 members in some regions.

The current membership structure makes these committees too big - often resulting in cumbersome processes. Changes will give committees flexibility to decide who they need to hear from rather than their engagement being predetermined by legislation. This also confirms the principle of elected representatives making decisions after consulting with stakeholders.

How will the planning and funding changes work under Auckland's transport governance framework?

Auckland Transport will be responsible for developing the Auckland Regional Land Transport Plan. Its Board will be the Regional Transport Committee for Auckland with power to approve the Regional Land Transport Plan. The Board includes two members nominated by Auckland Council.

Auckland Transport will have to give effect to Auckland Council's Long-Term Plan and its Statement of Intent, and must act in a way that is consistent with any other strategy or plan as determined by Auckland Council, including Auckland's spatial plan or any funding agreement.

Why remove provision for regional fuel tax?

A regional fuel tax would not be fair and equitable as the costs for one region would almost certainly be spread across consumers in all regions over time. Fuel is sold within a national market, with keen competition among suppliers in the main urban areas. Imposition of a regionally based tax would probably lead to price spreading as suppliers look to secure a competitive advantage or protect market share. Regional fuel tax is also an expensive way to collect tax, with the cost largely falling upon the productive sectors of the economy.

Borrowing

Why is borrowing under the Land Transport Management Act being changed and why is this needed?

In its current form, the Land Transport Management Act allows the Crown or the New Zealand Transport Agency to borrow for the National Land Transport Programme only for cash flow management. This is similar to how households use an overdraft to ensure unforeseen costs are always met. It is proposed to amend the Land Transport Management Act to allow borrowing to be used for future projects should circumstances suggest there is a good case for borrowing and it is prudent to do so.

The New Zealand Transport Agency will still need to get agreement from the Minister of Transport and the Minister of Finance under the Public Finance Act and Crown Entities Act before undertaking any borrowing.

[Read the policy behind the change](#)

Administrative Activities

What are the changes to the funding of administrative activities and why are they needed?

This Bill will implement changes to the funding of activities carried out by the Ministry of Transport or the NZ Transport Agency related to the protection of the land transport revenue base and the maintenance of the integrity of the revenue system. This includes costs associated with:

- managing fuel excise duty refunds
- managing road user charges refunds, and assessing outstanding road user charges
- the Ministry of Transport's land transport revenue forecasting and strategy work

The Bill will allow these costs to be met from land transport revenue rather than the current administration fees.

These changes follow an independent review of the administration fee portion of charges associated with road user charges and the registration and annual licensing of motor vehicles. The review found that under the current system, administration fees do not align well with the costs they are intended to recover and that in some cases the activities provide no direct benefit to the fee payer.

[Read the policy behind the change](#)

Tolling and Public and Private Partnerships

The current tolling provisions in the LTMA contain a number of confusing and complicated assessment and consultation requirements that must be met before the Minister of Transport can approve a tolling scheme.

A review of these provisions has shown that making these more straightforward can reduce potential barriers to their use while maintaining robust approval processes.

What are the changes to tolling and public private partnerships in the Amendment Bill and why are these needed?

There are a number of statutory tests that have to be satisfied before tolling and public private partnerships can be approved and many of these are duplicated elsewhere in the Act.

The proposed changes to tolling will simplify the process of approving tolling and replace the previous requirements with a high-level test requiring tolling proposals to be efficient and effective.

The requirement that a tolling scheme must include one method of payment that does not collect personal information will be removed. This will ensure tolling operates in a cost effective manner. The Privacy Act 1993 and an untolled alternative route will ensure privacy is safeguarded.

The Bill will additionally enable the existing toll road at Tauranga, Route K, to be brought under the Act's toll road regime, meaning there would be consistency between Route K and other toll roads.

The proposed changes to public private partnerships will simplify the process of approving public private partnerships by making use of the existing

procurement regime. This will ensure there is a more straightforward process which will reduce potential barriers to the use of public private partnerships.

Why does this Bill propose removing the current Act's provision for an anonymous method of payment for tolls?

The Bill removes a lot of administrative processes that were thought to add value when they were introduced in 2003 but, upon re-examination, mainly add complexity. The anonymous method of payment is one example of such a measure. There are strong privacy safeguards in place under the Privacy Act 1993. And as a continuing requirement in the LTMA, there must always be an alternative route available. An anonymous method of payment would have to be very low cost to justify the complexity involved in implementation, particularly under modern, free-flow tolling systems.

Providing roadside payment, required for anonymous payment, is not really consistent with the service levels we want to see from free-flow tolling schemes like the Northern Gateway, or the monitoring needed to keep the toll road operating safely and efficiently. The NZ Transport Agency and Ministry of Transport have consulted with the Office of the Privacy Commissioner on the proposed amendment. While the Office considers that an anonymous method of payment is desirable, the Office agrees that this may not be achievable at a reasonable cost.

Does amending this legislation mean there will be more tolling on New Zealand roads?

Not necessarily. Amending legislation will simply ensure that onerous approval processes do not stop tolling where it is sensible to do so. However, tolling schemes will still need to go through robust approval processes, and the requirement to have a feasible, untolled alternative route will remain in the legislation.

[Read the policy behind the change](#)

Public Transport Operating Model

Under the Transport Services Licensing Act public transport operators could decide what services they wished to provide commercially (i.e. without government subsidy), resulting in regional councils needing to fill the gaps with contracted services. This had a number of flow-on effects, including:

- low level of competition for tenders
- little incentive for operators to keep costs down and improve the quality of services
- poor relationships between operators and councils

- difficult planning processes

The Public Transport Management Act 2008 was meant to address this problem, but created new issues that undermined bus and ferry operators' willingness to invest in public transport assets.

What is the Public Transport Operating Model?

The Public Transport Operating Model is the new framework for building a long-term public transport public-private partnership between regional councils and public transport operators. This will be achieved through collaborative planning, joint investment and risk and reward sharing.

Both parties have a stake in, and are reliant on each other, for delivering affordable urban bus, ferry and rail services that people want to use. The model has been developed jointly by key stakeholders (government, regional councils and operators) involved in the delivery of public transport services, employing a partnership approach from the start.

What parts of the public transport operating model are in the Bill?

The key parts of the Public Transport Operating Model that are included in the Bill are:

- all public transport services identified in a Regional Public Transport Plan will be segmented into 'units' and provided under exclusive contract to the regional council. This will include relevant urban bus, ferry, and the metro rail services
- a 'unit' will be defined as a public transport service (or a group of public transport services) that encompasses all the timetabled services operating on a route (or routes) identified in a regional public transport plan
- some services will be exempt from operating under contracts and will need to be identified as exempt services in a register held by the relevant regional council. This will include:
 - inter-regional bus and rail services, existing fully commercial ferry services, and some fully commercial bus services
- Regional Public Transport Plans will include information on:
 - the network of public transport and other services that the regional council proposes to provide
 - the arrangement of public transport services (except exempt services) into units
 - the objectives and policies relating to these services
 - the contracting procedure and how procurement of units will be phased over time

The public transport operating model is largely a contracting model, with the legislation intended to be enabling and high level.

In addition to legislation change, administrative changes will be required to implement the Public Transport Operating Model. Changes to the NZ Transport Agency procurement manual and other guidance released by the NZ Transport Agency will be made.

[Read the policy behind the change](#)

Will all public transport services be subject to the legislation?

Services that do not form part of a region's integral urban public transport network (as identified in a region's Regional Public Transport Plan) will be exempt from operating under contract to the regional council, and can face direct competition from other exempt services. Regional councils will be expected to establish a register of exempt services. These exempt services include:

- inter-regional public transport services
- existing fully commercial ferry services (as at 30 June 2011)
- some fully commercial bus services (as at 30 June 2011)

Is metro rail included in the legislation?

Yes, metro rail is included in the amendment Bill. Rail is currently regulated under the Public Transport Management Act 2008 with other public transport services such as buses and ferries. These provisions will be carried over into the amendment Bill which clarifies the application of the public transport operating model to rail and other forms of scheduled public transport services. Rail services will either be organised into units or exempt services, which would mean:

- commercial rail services would become exempt services
- contracted rail services (i.e. metro rail services) would become units

Metro rail services are already provided under contract to Auckland Transport and the Greater Wellington Regional Council, with a standardised fare structure and provided under exclusive contract.

Commercial rail services are largely inter-regional and are already registered as commercial services under the Public Transport Management Act 2008. These services would be moved to the relevant regions' exempt services register(s). Other commercial rail services in New Zealand, such as the Taieri Gorge Railway and Christchurch trams, primarily provide a tourism experience and are therefore considered exempt services.

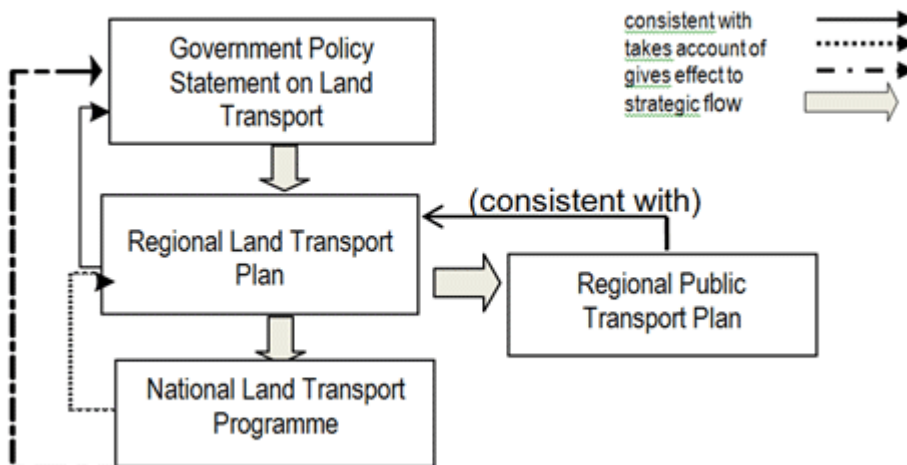
What impact will the amendments have on taxis and shuttles that are financially assisted?

There are no changes to the regulation of these services under the amendment Bill. The amendment Bill will carry over relevant provisions from the Public Transport Management Act 2008 relating to any taxi or shuttle services that the region proposes to financially assist.

What is the relationship between the Regional Land Transport Plan and the Regional Public Transport Plan?

The Regional Public Transport Plan will be required to be 'consistent with' the Regional Land Transport Plan. The diagram below outlines the nature of the relationships between the planning documents identified in the amendment Bill.

Proposed relationships



What is happening to the Public Transport Management Act 2008?

The Public Transport Management Act is being repealed and the relevant provisions will be amended and incorporated into the Land Transport Management Amendment Bill.

The Public Transport Management Act and the Land Transport Management Act 2003 are sufficiently aligned, and having one piece of land transport management legislation, with one purpose, will mean councils and operators are working to one Act rather than two.

How will this piece of legislation affect public transport services for bus, ferry and rail users on a day-to-day basis?

The change in the law will have no immediate effects for bus, ferry, and rail users. Over time, public transport users should see better integration of services, better quality of buses and overall more focus on customer needs.

Additional information on the Public Transport Operating Model is available on the [Public Transport Operating Model page](#).

Related: [Auckland Road Users](#), [Motorcyclists](#), [Motorists](#), [Public Transport Users](#), [Land](#)