



# Cabinet Policy Committee

POL Min (07) 9/5

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## Minute of Decision

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### Next Steps in the Land Transport Sector Review

On 9 May 2007, the Cabinet Policy Committee (POL):

#### Next Steps in the Transport Sector report

- 1 **noted** the officials' report to the Ministers of Finance, State Services and Transport, attached to the submission under POL (07) 117, on the *Next Steps in the Transport Sector Review (Next Steps)*;
- 2 **noted** that the Ministers of Finance, State Services and Transport support the recommendations in the *Next Steps* report;

#### Taking the report forward

- 3 **agreed** to the following changes to the land transport sector as recommended in the *Next Steps* report:
  - 3.1 a Government Policy Statement be issued by the Minister of Transport on a three-yearly basis setting out the government's funding policy and priorities for the next three to six years;
  - 3.2 the National Land Transport Programme becomes a three-yearly, as opposed to an annual, document;
  - 3.3 approval of individual activities continues to be carried out on a statutorily independent basis by the agency responsible for developing the National Land Transport Programme, which must give effect to the Government Policy Statement;
  - 3.4 Fuel Excise Duty and Road User Charge levels for the next three years be set as part of the Government Policy Statement process;
  - 3.5 in the event that Crown funding is used to fund land transport activities, a separate transparent process be put in place to provide clear accountability to Ministers for use of this funding;
  - 3.6 a single statutory Crown entity be established through a merger of Land Transport New Zealand and Transit New Zealand;

- 4 **noted** that a number of the recommendations in the *Next Steps* report require further work and consultation with key stakeholders;
- 5 **authorised** the Minister of Transport to commission further work and instruct officials to undertake consultation on the following recommendations from the *Next Steps* report:
- 5.1 regional councils, through arrangements such as Regional Land Transport Committees, be responsible for prioritising all regional and local land transport funding proposals, including State highway proposals, in Regional Land Transport Programmes on a three-yearly basis;
  - 5.2 Regional Land Transport Programmes must be consistent with the Government Policy Statement;
  - 5.3 only activities included in a Regional Land Transport Programme be eligible for funding through the National Land Transport Fund, with the exclusion of nationally-led expenditure and other central expenditure such as Police funding;
  - 5.4 all Fuel Excise Duty, Road User Charges and Motor Vehicle Registration fees be hypothecated to the National Land Transport Fund;
  - 5.5 the Ministry of Transport be enhanced through having responsibility for the new functions of providing advice on evaluation procedures and design standards and monitoring and reviewing a selection of activities funded through the National Land Transport Programme;
  - 5.6 the Ministry of Transport consider how it will enhance its capability and capacity to deliver on its strategic leadership functions;
- 6 **noted** that there will be fiscal implications from the proposed changes, in particular the proposal to fully hypothecate Fuel Excise Duty, and officials will report on these to the Cabinet Policy Committee by 30 June 2007;
- 7 **noted** that the proposed changes will require legislative change and officials will report on these to POL by 30 June 2007;
- 8 **noted** that a communications process is being developed by 31 May 2007;
- 9 **noted** that the Minister of Transport would brief the Minister for Transport Safety and the Associate Minister of Transport before the Cabinet meeting on 14 May 2007;
- 10 **authorised** the Ministers of Finance, State Services and Transport to jointly announce the *Next Step* review findings at an appropriate time;

## Implementation

- 11 **agreed** that a multi-agency Implementation Steering Group be established before 31 May 2007, led by the Chief Executive of the Ministry of Transport and involving senior officials from the three central agencies;
- 12 **agreed** that the Implementation Steering Group provide a detailed implementation plan with milestones to the Ministers of Transport, Finance and State Services by 31 May 2007, and regular reports on progress to these Ministers commencing 30 June 2007;

- 13 **noted** that the Minister of Transport indicates that consultation is not required with the government caucuses or with other parties represented in Parliament.

Cabinet Policy Committee  
Secretary

Reference: POL (07) 117

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