Statement on land transport investment

This statement will inform the development of the draft Government Policy Statement on land transport 2027 (GPS 2027). The Government intends to release a draft GPS 2027 for public consultation in early 2027.

A high-performing land transport network is critical to our economy and way of life. But current planned investment outstrips expected revenue, and with competing demands across government, the Crown is constrained in what it can contribute in the coming years. Value for money and addressing the critical needs of the system will be front of mind in considering investment priorities.

Providing the sector with a credible and stable investment pipeline remains my focus. I am undertaking further work to determine how we can return land transport investment to a more sustainable position, in line with the recommendations in the National Infrastructure Plan (NIP).

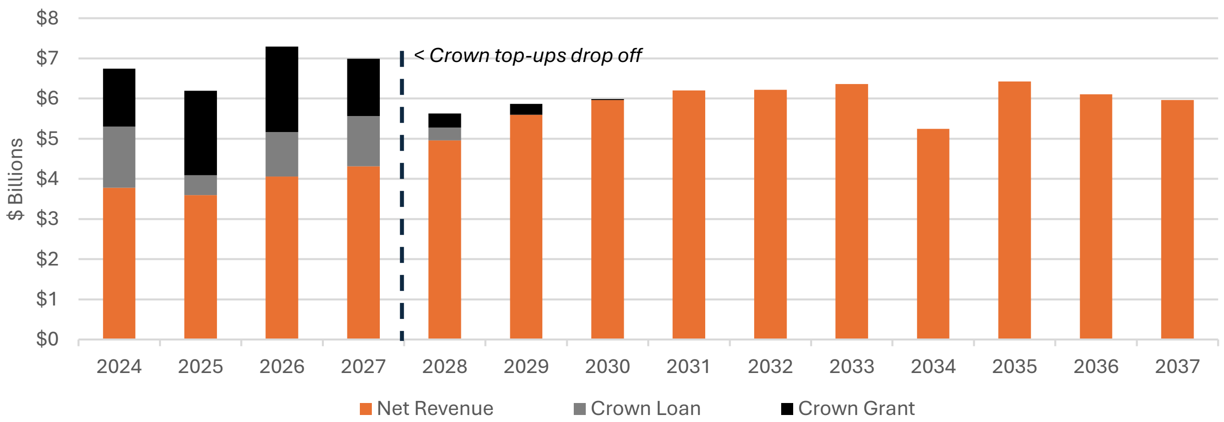
I am conscious that the sector is starting to prepare for the 2027–30 period. The purpose of this statement is to provide clarity on the fiscal context and how it is shaping ongoing policy development, to support the sector in its planning for Long Term Plans, Regional Land Transport Plans and the National Land Transport Programme absent a draft GPS 2027.

The case for a more sustainable system

Land transport investment needs a long-term, credible funding path. Major infrastructure takes years to plan and deliver, and councils, NZTA and the market need stable signals. But we cannot keep relying on deferred revenue decisions or Crown top-ups to sustain the programme.

The National Land Transport Fund (NLTF) is expected to face significant pressure over the coming decade. GPS 2024 included $8 billion of Crown funding and financing, but that support will expire. Increases to Fuel Excise Duty and Road User Charges will take time to build revenue, while the National Land Transport Fund must also repay debt from the 2021–24 and 2024–27 programmes.

Figure 1: Land Transport Revenue Actuals & Forecast[1]



Over 2027/28–2036/37, NLTF revenue is likely to be enough only for continuous programmes (for road maintenance, operations and renewals, rail, public transport services, safety), critical resilience activities, debt repayments and projects already underway. New improvements will require savings, reprioritisation, higher user charges, or further Crown funding. These are hard choices. They either require the system to stop or defer lower-value work, ask users to pay more, or place further pressure on the Crown at a time when fiscal constraints are already significant.

[1] Net Revenue = NLTF Revenue (such as FED and RUC) – any debt servicing that is required in that year.

Recent steps

Through Budget 2026, the Government has already made some targeted choices reflecting this context. Funding was allocated to progress Cambridge to Piarere, strengthen resilience on critical state highway corridors, and support overdue metropolitan rail renewals. These investments point to the kinds of activity that will matter most in a constrained fiscal environment: protecting critical connections, reducing avoidable disruption, supporting productive movement, and looking after the networks we already rely on.

On 9 July 2026, the government released an updated major transport projects pipeline, setting out a long-term view of major roading and public transport projects, including the remaining Roads of National Significance. The pipeline outlines what can be afforded within current revenue and provides a stable and credible delivery signal to the sector. It should help agencies, local government, and industry partners align investment planning, workforce development, and capability over time.

The Government has also progressed demand management and pricing tools, to help ease congestion and avoid network delays, especially where these would impose costs on businesses, workers, and freight movement. We look forward to seeing time-of-use schemes, tolling and new infrastructure financing tools progress in the future.

The Ministry for Cities, Environment, Regions and Transport (MCERT) has now been established, with the aim of ensuring better policy coordination and engagement with local government. Alongside existing system reforms, MCERT has also been tasked with reviewing the land transport funding system as part of the response to the NIP. Key to this will be focusing on restoring the balance so that user charges pay for the system.

What this means for future investment

It will be critical that central and local government remain jointly focused on what priority investment needs to be progressed over the next few years, taking into account critical asset needs, wider long-term benefits and overall affordability.

With this in mind, the draft GPS 2027 will likely focus on the following:

Value for money and investment and cost discipline (overarching focus) – making better use of existing network, service and system capacity before committing to new infrastructure, and ensuring investments are high value, appropriately sequenced, and supported by robust analysis.

Maintenance, operations and renewals – looking after the existing network, supported by stronger asset management and better information on asset condition and risk.

Resilience – targeting the most critical parts of the network, where disruption would have the greatest consequences for communities, freight, emergency response and the economy.

Transit-oriented development – supporting housing growth through alignment with spatial plans and concentrating development around transit nodes, key corridors, and strategic connections.

Economic growth and productivity – supporting access to jobs and markets, housing and urban development, improving travel time reliability, protecting key freight routes, and making better use of public transport and existing capacity.

Safety – continuing to focus on targeted, cost-effective interventions that reduce deaths and serious injuries and avoid major network disruption.

New Zealand already has most of the transport assets it will rely on over the coming decades, and improving how we use the current network is quicker and more cost-effective than expanding capacity. NZTA's intervention hierarchy provides a practical way to test this: integrate land use and transport planning, maintain and operate what already exists, manage demand, optimise current networks through technology and better network operations, and consider new infrastructure only where the problem cannot be addressed more efficiently.

Continuous programmes – including maintenance, operations, renewals, public transport services and safety activities – remain important. High-value low-cost investments, and those that benefit users across different modes of transport will also be important in a financially constrained environment. But these will still need to show strong value for money, clear evidence and careful prioritisation.

The agreed City and Regional Deals, and future Spatial Plans, will also provide another way to align central and local government decisions around growth, infrastructure, housing and economic development, while still needing to be considered alongside wider affordability, value for money and sequencing choices.

Next steps

The draft GPS 2027 will continue to be developed, with public consultation expected in early 2027. NZTA will release separate guidance about how it will prioritise bids for inclusion in the next National Land Transport Programme. In the meantime, I look forward to continuing to work with the sector to ensure land transport investment delivers lasting value for New Zealanders.