

\$1 billion transport funding "appropriate"

NZCID Media Release

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\$1 billion transport funding announcement appropriate to the times

"The government's decision to allocate additional funding to both roads and rail is timely and will help retain jobs in difficult times", says the Chief Executive of the New Zealand Council for Infrastructure Development, Stephen Selwood.

"The reallocation of \$420 million over the next three years from other transport classes to State Highways will have a more immediate productivity pay back in difficult economic times. Most Kiwis are dependent upon roads to get to work and do business. Our biggest export industry, tourism, is almost totally dependent on the nation having a safe and efficient roading network.

"The government's announcement reaffirms commitment to rail passenger transport in Wellington and to electrification of the rail network in Auckland. This will be achieved through a combination of an additional \$258m in Crown funding for rolling stock in Wellington. In Auckland, electrification of the rail network will benefit from a share of national fuel tax announced today.

While NZCID had previously welcomed the regional fuel tax to help fund much needed infrastructure investment, there is no doubt that a national fuel tax is much simpler than a regional tax. Given that most of the major population centres were contemplating a regional tax, its a logical step to make it a national tax instead and avoid the administrative complexity and market distortions that a regional tax would have caused.

"Longer term investment in rail and alternatives to roads will follow as a component of the proposed 20 year infrastructure plan and as Kiwirail develop the business case for investment in rail.

"In the meantime, this announcement enables priority projects to proceed National funding empowers the NZ Transport Agency to allocate funds to projects that have the greatest national benefit. If these happen to be in Auckland, the whole nation will benefit. If not, the money should rightly be allocated elsewhere", Selwood says.