

Multi \$billion Investment in transport infrastructure needs vastly improved strategic direction

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The New Zealand Council for Infrastructure Development is calling on government to optimise its long term investment programme for transport before committing to further substantial investment in rail.

The Minister of Finance signalled in the House yesterday that he "will be taking a paper to Cabinet in a few weeks time, probably at the end of this month, with a longer-term, more aggressive investment programme."

"It is pleasing to see government commitment to national infrastructure. But any investment programme for rail needs to be developed in the context of an overall transport investment programme and must allocate funding for rail, roads, coastal shipping and other transport modes in an optimum manner", says NZCID Chief Executive Stephen Selwood.

"The fact is that New Zealand faces many billions of dollars of investment in rail, roads and public transport and the list of unfunded projects gets bigger by the day", Selwood says.

"For too long, investment in transport infrastructure in New Zealand has been managed on an ad hoc project by project basis.

"We cannot afford to make the same mistake for rail infrastructure investment. What's required is a well structured long term investment programme supported by an appropriate mix of public and private sector debt which maximises the return from all transport modes.

"The NZ Land Transport Strategy envisages an integrated transport system, where each mode plays its part. Despite the focus on integration that is the centrepiece of the Land Transport Management Act 2003, it is difficult to see how investments in rail, road, and shipping compliment one another and how they each give effect to the overall transport strategy.

"For example, the Coastal Shipping Strategy launched in May targets an increase in coastal shipping mode share, from 15% today to 30% in 2040. This is a very positive development for the coastal shipping industry, but it remains to be seen how this strategy will now reconcile with the government's buy back of the rail network. Will the planned investment programme for rail ensure that it

compliments coastal shipping, or will it result in rail competing with coastal shipping for market share?

"Equally, it is concerning to note that the recent auditor general's report on Ontrack shows that it lacks an overall long term plan for the rail network. In the words of the Auditor General, "until service levels are established and there is clear accessible information about the state of the rail network, Ontrack will not be able to determine optimum strategies for managing the rail network or how much this will cost."

"The transport sector is undergoing significant structural reform at this time with the creation of the New Zealand Transport Agency. A "steady as she goes" strategy for rail might well be the better course of action until the newly formed agency is in a position to determine a well considered investment programme, across all transport modes, that ensures best return for every limited dollar that is available.

"Not only will this provide improved certainty to the industry about where the transport sector is headed, it is essential for good public process to see that use of substantial public funds are being utilised in the best way possible", Selwood says.

Further information

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NZ Council for Infrastructure Development

NZCID is an authority at the forefront of infrastructure development issues. NZCID members come from diverse sectors across New Zealand, equity owners, service providers, public sector agencies, and major infrastructure users.

Further information on infrastructure development, NZCID and its members can be found at: www.nzcid.org.nz