

Proposed LTMA reform fail to address the funding challenge

"Proposals announced today by Minister Joyce to simplify and streamline the Land Transport Management Act to reduce red tape and compliance costs are welcome, but the reforms fail to address long term funding constraints that inhibit transport investment in New Zealand", says Stephen Selwood, New Zealand Council for Infrastructure Development Chief Executive.

"Positive aspects of the proposed legislation include the clearer statutory purpose of the Act, rationalisation of planning and consultation processes, improved flexibility in the use of borrowing to support land transport investment and improvements to the provisions for tolling and public private partnerships to reduce barriers to their use.

"However the concerning aspect of this proposed legislation is that it fails to provide new and expanded ways to generate revenue to fund the significant investment in transport infrastructure that is required.

"Tolls on existing roads are prohibited under the current legislation and the proposed LTMA reforms fail to address this fundamental issue.

"Inevitably this means that tolling will only be able to fund new roads meaning continuing ad hoc imposition of tolls for isolated projects such as the Northern Gateway, Route K in Tauranga and the Tauranga Eastern Motorway, and potentially very expensive tolls on a new Auckland Harbour crossing.

"Not only does this constrain the level of toll revenue available it denies the opportunity to use tolling and road pricing as a means to generate significant new funding, manage traffic demand more effectively, and encourage a shift to other forms of transport such as public transport.

"Refusal to allow tolls on existing roads is neither effective, efficient nor safe - the very objectives proposed under the reforms. Constraints on funding are already limiting safety and efficiency improvements to state highways and local roads across the country. And the proposed government policy statement for transport funding is seeking to reduce operations and maintenance costs associated with the road network.

"A low level toll on the Auckland motorway network with a higher charge at peak and a lower charge off peak has the potential to raise a significant level of funding for investment in both roading and public transport, and improve traffic flows on the network.

"It is clear that with increased use of fuel efficient vehicles future revenues to the land transport fund are at risk and a move to road pricing will be required into the future. More immediately the Auckland spatial plan will identify a significant transport funding gap that is likely to be close to \$10 billion. Similar funding constraints are clearly apparent in other regions such as the Bay of Plenty, Waikato, Wellington and

Christchurch where significant investment in transport infrastructure is desperately needed.

"It simply will not be possible to fund this level of investment through traditional methods. Tolls are one important option that communities should be able to consider as a means to overcoming the funding gap.

"Provided there is always an alternative free road available and that there is community consultation and general support for the imposition of a toll on an existing road, the LTMA should be reformed to enable that to occur. Such a provision would provide sufficient protection to ensure that tolls are not inappropriately used as a general revenue tool contravening the wishes of the local community.

"It would be far better to allow new forms of revenue raising to be available than to continue to restrict much needed investment in roading and transport infrastructure", Selwood says.