

# Hon Mark Gosche

## Minister of Transport



28 February 2002

## Media Statement

### **\$227 Million Land Transport Package**

*Note: Entire Media Pack Embargoed Until Legislation Introduced – approx 5pm today*

The \$227 million land transport package announced today will ensure crucial roading projects proceed while also giving greater emphasis to the government's social, economic and environmental priorities.

Transport Minister Mark Gosche said that over the next 16 months the package would fund:

- An extra \$94 million for roading, particularly for severely congested roads on top of some \$970 million already allocated in 2001/02
- \$30 million for regional development - the first time land transport funding has been specifically dedicated to regional development
- Another \$30 million for alternatives to roading, such as rail, in addition to the \$9 million allocated in 2001/02
- \$36 million more for public transport on top of approximately \$70 million already allocated in 2001/02
- \$3 million to promote walking and cycling - the first dedicated funding for walking and cycling
- An extra \$34 million for road safety education and enforcement in addition to some \$230 million allocated in 2001/02.

This package sits within the wider context of a New Zealand Transport Strategy currently being developed. This strategy will provide direction across all modes of transport, land, sea and air, and link the government's social, environmental and economic goals.

"We want a system that recognises that land transport is about more than just roads," Mr Gosche said.

"There's also rail, passenger transport, walking and cycling, which all struggle to get funding under the current system, yet may be the best option. Of course roading will continue to be the main focus of government land transport spending, but we want a more balanced mix.

"The current system of funding is inadequate for meeting existing needs, let alone any future ones, he said.

"The number of large land transport projects planned over the next few years means that the current expenditure programme is financially unsustainable. Without change we estimate we would face a deficit of \$425 million over the next

three years. A funding boost is essential if key projects throughout New Zealand are to proceed.

“We have therefore decided on a funding package worth \$227 million over the next 16 months. The \$227 million will be raised through increasing fuel excise duty by 4.2 cents a litre, effective immediately legislation is passed, and increases to road user charges (RUCs) for diesel vehicles of four tonnes weight or less.”

“All of the revenue raised by these increases will be spent on the land transport package. None will go into the Crown’s general revenue,” Mr Gosche said.

“A 4.2 cent increase per litre in petrol is likely to translate to a 4.7 cent increase at the pumps, which could increase average household weekly petrol costs by \$1.34.

“Road user charges (RUCs) for diesel vehicles of four tonnes weight or less will increase, on average by 30 per cent, from April 1. This figure will vary depending on the weight of the vehicle. The majority of vehicle owners affected would face an increase of about \$6.28 over 1000 kilometres, Mr Gosche said.

“At the same time, the government is to make major changes to the funding framework for land transport to ensure its priorities are reflected in future funding allocations by Transfund New Zealand.

“The package will also allow the use of tolling as a way of raising extra funds for new roads, and allow partnerships with the private sector to finance some large projects,” said Mr Gosche.

“These changes will apply only to new roads. Ownership of any roads built under public-private partnerships will remain in public hands and there are no plans to toll existing roads.”

To allow for a more effective and environmentally responsive means of charging, the government was also looking at a new electronic system for collecting Road User Charges.

Mr Gosche said decisions on how the \$34 million for road safety would be spent would be made in the next few months. Other details of the package would also be announced over the next few months and legislation would be introduced mid-year.

“All New Zealanders will ultimately benefit. An improved land transport system will reduce congestion in Auckland, which is estimated to cost the country about \$1 billion a year. It will also help stimulate the economy in regional areas, improve road safety and improve access to public transport services. This package ensures the cost of those benefits are shared by those most directly benefiting – road users.”

**Full details of the package can be found on**  
**<http://www.executive.govt.nz/minister/gosche>.**

**For media enquiries please contact Lyn Holland, Mark Gosche’s press secretary on (04) 4719 063 or (021) 270 9004.**