

Hon Mark Gosche

Minister of Transport



28 February 2002

Customs and Excise Amendment Bill (No. 5) 2002

First Reading Speech

Mr Speaker, this Bill will provide for increasing funding as part of a major package of initiatives to revitalise our land transport system.

This package of initiatives has been developed after almost two years of consultation with local government, Maori and other stakeholders. This has involved a close working relationship with local government on transport issues that is without precedent, and I want to thank local government for its contribution.

The current system is not working. It is not coping with the economic social and environmental demands being placed on it.

Congestion is crippling Auckland, a burden to all New Zealanders. Regional development is being hindered by the poor state of many roads. Passenger transport, while it has already received a much better deal from this government, needs more support. Alternatives to cars, like rail, buses, walking and cycling, struggle to get funding under the current system. And the level of road safety remains unacceptable.

This government is committed to developing integrated policies that meet our social, environmental and economic goals. The transport system is critical to achieving these goals.

We want a transport system that is affordable, integrated, safe, responsive and sustainable.

To reach this vision, we are developing a New Zealand Transport Strategy that spans all modes of transport. This will give the transport sector the strategic leadership it needs.

The New Zealand Transport Strategy we are currently developing has five key objectives: economic development, safety and personal security, improved access and mobility, health and environmental sustainability

Consistent with these objectives, we now have a set of funding priorities for land transport. No previous government has ever taken this sensible step.

These priorities will be:

- to reduce severe congestion

- to improve the funding and delivery of passenger transport
- to promote walking and cycling
- to assist local authorities with regional development needs
- to improve road safety in order to achieve a substantial reduction in the road toll by 2010.
- The purpose of this Bill is to provide increased funding for these priorities, and to ensure current crucial projects already planned can go ahead.

The government estimates that the increase in fuel excise duty, coupled with the increase in Road User Charges for light diesel vehicles, will raise approximately an additional \$175 million per annum (including GST). Mr Speaker, all of the money generated from these increases will be spent on land transport.

The new Road User Charges will come into force on 1 April 2002. Previously RUC owners have been required to purchase new RUC licences within one month of a rate change but, because of the frustration this has caused in the past, the government intends repealing this provision. Legislation to give effect to this will be introduced shortly.

While roading will remain a key focus, this funding package will place greater emphasis on other land transport areas, particularly public transport, the needs of pedestrians and cyclists, regional development and road safety.

In accordance with the government's priorities, there will be:

- \$94 million more for roading, particularly for severely congested roads
- \$30 million specifically for regional development
- \$30 million more for alternatives to roading
- \$36 million more for increasing public transport
- \$3 million to specifically promote walking and cycling, and
- \$34 million more for road safety.

I am also pleased to announce a number of complimentary policy measures. These will be put in place through legislation to be introduced later this year.

The government intends allowing roading authorities more flexibility to use tolling to raise extra funds for new roads, and allow partnerships with the private sector to finance some very large projects.

No existing roads will be tolled and there will be other strict conditions attached to these types of arrangements.

The government is also considering a new electronic system for collecting Road User Charges, to allow for a more effective means of charging.

We also plan to change Transfund New Zealand's mandate to ensure its decisions better reflect government priorities.

Transfund will also be able to use different methods of evaluation for different types of projects.

Currently, all projects are evaluated against the same criteria, so a motorway project and a public transport project are evaluated against each other, instead of against similar projects. It is therefore not surprising that projects other than roads struggle to get funding under this system.

These changes will give greater flexibility by putting the emphasis on funding land transport as a whole, not just roading, and allow the government to give a more strategic view of the project types that should be the priority.

Roads will of course continue to be the main focus of land transport funding, but we are looking for a more balanced mix than we have had previously.

Reinforcing the need to take a more strategic view, there will be more emphasis on long term planning by requiring Transfund and Transit to develop and maintain 10-year revenue and expenditure plans.

In addition, regional councils will be allowed to fund and, under agreed conditions, both own and operate public transport infrastructure and services.

We will also remove any legislative barriers to the clustering of road responsibilities between road controlling authorities and consolidate the powers they use into one piece of legislation.

There will also be a review of the regional land transport strategy process with a view to improve the level of transparency.

In combination, the funding provided by this Bill and the policy initiatives we are taking will give us a more effective and balanced land transport funding system.

Mr Speaker, I commend the Bill to the House.