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Using road funds for rail “highway robbery”

The Government’s plan for “user-pays” road funding to further subsidise KiwiRail is highway robbery, Road Transport Forum (RTF) chief executive Nick Leggett says.

“The RTF opposes funding rail from the National Land Transport Fund (NLTF), which is funded by road users, and we have made a submission to Parliament’s Infrastructure Select Committee considering this law change,” Leggett says.

“We believe the excessive funding planned for rail is ideologically driven, rather than based in any business reality, and we don’t believe road users should have to pay for that. It’s highway robbery.

“The Government is expecting the NLTF to cover the already depleted road and rail infrastructure from a finite revenue source, and it will be road users paying for that. As the road money gets siphoned off for rail, we expect to see even more unsafe roads.

“Despite this Government’s desire to control markets, customers decide which freight mode best suits them. The Ministry of Transport’s National Freight Demand Study 2017/18 shows demand for road freight increased by 16%, while demand for rail freight declined by 17%. This is because the advantages of road over rail are many.

“Rail’s environmental benefits over road are simply illusory, as any level of success for rail transport is entirely dependent on truck transport. Measuring environmental performance solely on the basis of the relative performance of the truck versus train, instead of the reality of point-to-point sender to receiver, is a very narrow perspective, typically favoured by academics without any interest in economics.

“This Bill stacks up the rail track network, owned exclusively by KiwiRail, against roading infrastructure utilised by all road users, owned by the Crown and a number of road controlling authorities (RCAs).

“Road users who pay into the NLTF have no ownership rights whatsoever, but are obliged to pay prescribed fees to use and maintain roads, ensuring safety expectations are met.

“Road users are also subject to property rates for providing accessibility to the roading network. This makes the suggested funding model in this Bill inequitable for road users.

“While the Bill attempts to counter this inequity with reference to track user fees (TUCs), there is no evidence of what those TUCs might look like.

“The road freight sector does not believe TUCs are going to meet the rail programme spend, which the Government has indicated will be significant. The principal rail operator arguably has no mandate to operate on a full cost recovery basis, so this puts road freight at a disadvantage to its heavily subsidised freight competition.

“We agree rail services need support to provide a service complementary to road freight, however, rail freight’s strength is in long distance transportation (over 500km) of high volumes of relatively low value products, such as coal.

“In New Zealand’s freight market, the two modes should operate as complementary, not competitive,” Leggett says.

The RTF has made submissions on the [Land Transport \(Rail\) Legislation Bill](#) and the [Land Transport \(NZTA\) Legislation Amendment Bill](#).

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About Road Transport Forum New Zealand (RTF)

RTF provides unified national representation for several regional trucking associations. RTF members include Road Transport Association NZ, National Road Carriers, and NZ Trucking Association. The affiliated representation of the RTF is about 3,000 individual road transport companies which in turn, operate 16-18,000 trucks involved in road freight transport, as well as companies that provide services allied to road freight transport.

The road freight transport industry employs 32,868 people (2.0% of the workforce), has a gross annual turnover of \$6 billion, and transports about 70% of New Zealand’s land-based freight measured on a tonne/kilometre basis.