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## **Rail's freight value merely a mirage**

Trucks and other road users should not be funding the mirage that is rail freight, Road Transport Forum (RTF) chief executive Nick Leggett told a select committee at Parliament today.

"We have already quite rightly referred to the Government's plan for the existing user-pays road funding to be used to further subsidise KiwiRail as highway robbery," Leggett said.

"We totally support electrified rail in cities to relieve road congestion. But rail freight is never going to be competitive with road freight, or be significant in the New Zealand economy in terms of moving goods, that's just a mirage," Leggett said. "Even with massive Government subsidies, KiwiRail is a bottomless pit that runs at an eye-watering loss.

"The RTF opposes funding rail from the National Land Transport Fund (NLTF), which is paid into by road users for the purpose of roads. The legislation on the table – Land Transport (Rail) Legislation Bill – will upend that completely and put road funding at risk by letting it be raided by rail.

"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 isn't even an option for about 80 percent of New Zealand's freight. Rail freight's strength is in long distance transportation (distances greater than 500km) of high volumes of relatively low value products, such as coal. For how long will New Zealand be producing coal?

"Rail's environmental benefits over road are simply illusionary, as any level of success for rail transport is entirely dependent on truck transport to get the goods to the train at one end of the journey, and off it at the other end.

"We not believe the track user charges, loosely referenced in the Bill, are going to meet the rail programme spend, which the Government has indicated will be significant.

"We believe that in New Zealand's freight market, road and rail should operate as complementary, not competitive. But it will always be trucks that carry the economy on their backs, and they pay handsomely for the roads they use.

“We hear worrying rhetoric from this Government about taking trucks off the road. They believe this Bill will do that. In reality, if you take trucks off the road you take jobs from New Zealanders and within three days, you would have no food in the supermarkets.”

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 93% of the total tonnes of freight moved in New Zealand. On a tonne/kilometre basis, road freight transport's share of the freight task is 75%.