



NEW ZEALAND COUNCIL OF TRADE UNIONS

Submission

of the

New Zealand Council of Trade Unions

to the

Transport and Industrial Relations Committee

on the

**Land Transport Management Bill**

28 February 2003

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## **1. Introduction**

1.1 The New Zealand Council of Trade Unions (CTU) is the internationally recognised central trade union centre in New Zealand. It represents 34 affiliated unions with a membership of approximately 300,000.

1.2 The CTU supports the general tenor of the Land Transport Management Bill. We agree that there is a need for an integrated approach to land transport, and we therefore support this Bill and other measures designed to improve the transport system as a whole.

1.3 The CTU also strongly supports greater investment in public transport and we support the “take back the track” campaign in relation to rail infrastructure.

1.4 However, the CTU does raise a number of issues in respect of specific provisions in the Bill.

1.5 In particular we express our perspective on PPPs.

## **2. Purpose of the Bill**

2.1 The CTU supports an integrated approach to land transport funding and management as stated above. We also agree that social and environmental factors must be considered in land transport funding, planning, and management.

2.2 We also agree that the statutory objectives of Transfund and Transit need to be broadened to specifically include environmental and social impacts to be better considered, consultation with affected communities, and full consideration of options in a way that observes best-practice. The CTU

recognises that there are inequities between, for instance, road and rail funding and Transfund needs to have the flexibility to address this matter.

- 2.3 The CTU also agrees that it is vital to improve long-term transport planning.
- 2.4 The CTU believes that where cities focus predominantly on cars and trucks for mobility there can be damaging effects to both the economy and quality of life.
- 2.5 New Zealand has a high rate of child pedestrian injuries and deaths. We hope that this legislation will reduce the risk factors causing this situation.
- 2.6 The CTU supports the emphasis given in the Bill to consultation with affected groups, and in particular the recognition of the need to improve opportunities for Maori to participate in land transport decision-making processes.

### **3. Public Private Partnerships**

- 3.1 The CTU is concerned about the use of Public Private Partnerships in land transport. The CTU would much prefer to see a much stronger central and local government role, which could include a private sector role in construction, but not in operating a toll road.
- 3.2 A Public Private Partnerships is another name for 'Private Funded Infrastructure' and what is entailed is simply a scheme for having the private sector deliver something on behalf of the state for a fee, but financed in a different way. This can be contrasted with government directly or indirectly raising finance from private capital markets to fund infrastructure development.
- 3.3 The CTU is wary about any provisions which essentially assemble a collection of institutional investors, lawyers, accountants, merchant bankers and other private sector service providers who take what could be a public sector

infrastructure project and turn it into a private sector commercial venture to provide the infrastructure and make a dollar on the way.

- 3.4 It is likely that we would see legal fees, due diligence fees, a wide range of technical, financial and other advisory fees, success fees for winning a project, underwriting fees for fund raising, performance fees for exceeding the expected returns, and ongoing management fees for a variety of services provided through the life of the project.
- 3.5 Relevant issues for the CTU in relation to PPPs include the extent of private sector involvement needed if we are in an “infrastructural catch-up” phase, the role of the public service in project development, transparency, governance, taxpayers’ interests, and public benchmarks, the role of user pays, and equity issues. It is not obvious to the CTU how the private sector could access funding on a better basis than the Government. In addition, there are alternatives – such as development bonds.
- 3.6 The CTU supports greater investment in quality infrastructure to underpin economic growth and social development. We advocate for a strong public sector role in terms of funding, design and delivery of services. We do not accept that innovative input from the private sector can only be achieved through a PPP.
- 3.7 We believe that the current low level of debt to GDP gives the Government some room to step up the level of public investment in infrastructure. We also support the use of the National Superannuation Fund, as appropriate, for infrastructural investment
- 3.8 We totally oppose a private sector involvement that establishes procedures to simply “clip the ticket” on major investments in collective goods.

- 3.9 We support public discussion of options, cost-benefit analysis, and inclusive processes to identify whether or not a PPP should proceed. We support a very high level of transparency at an early stage.
- 3.10 We support consideration of other options such as development bonds.
- 3.11 Toll roads also raise the issue of privacy. There is the likelihood of the use of electronic means, identifying cars and/or drivers. The CTU wants to be assured that Clause 56 adequately protects privacy.
- 3.12 We are particularly concerned about a situation where income inequities translate into transport disadvantage. For low-income workers, the economic cost of a toll being paid to get to and from work is a major issue. If the alternative is a substandard road, then we will arrive at a situation where the use of toll roads becomes the preserve of those on higher incomes. We are therefore seeking a requirement that the Minister, when making an order establishing a tolling scheme, must have regard to equity considerations.

#### **4. Specific Submissions**

- 4.1 Clause 5 should include a definition of “transport disadvantaged”. This term is used in Clause 18 but no definition is given.
- 4.2 The CTU agrees with the provisions in the Bill which recognise the role of coastal shipping in domestic transport. However, to ensure this is accurately reflected in the Bill, there needs to be clearer definitions. For example in Clause 5, “dedicated coastal shipping” should replace “coastal barging”.
- 4.3 In Clause 23 (e) the term “not inconsistent with any national land transport strategy” is used. There are two problems with this phrase. First, it is clearer and more definitive to use the term “is consistent with” as in Clause 23 (f).

Secondly, it is better to refer to either any national transport strategies or the NZ Transport Strategy.

- 4.4 In Clause 53 we submit that the following words are inserted as a new (h) in subclause (2):

*“equity considerations including the impact on those with low incomes”*

- 4.5 In Clause 54 on consultation with affected communities and others, the CTU submits that reference should be made to unions as organisations which represent workers who could be disadvantaged by a tolling scheme.
- 4.6 In Clause 62 on Terms of concession agreements, Sub-clause 1 says that a concession agreement “may” include certain provisions, including in (d) and (e) the consequences of default, and the cessation of work. We submit that such provisions should be requirements of a concession agreement, not an optional part.
- 4.7 The CTU also queries why the LTSA is not also required to incorporate social and environmental considerations. Surely the provisions applying to Transfund and Transit should also apply to LTSA?

## **5. Summary**

- 5.1 The CTU supports the general tenor of this Bill.
- 5.2 We have some specific concerns about the use of public-private-partnerships.
- 5.3 We have suggested a number of points to clarify the Bill and ensure that the concerns of workers are considered.