



## MEDIA RELEASE

### *Regional fuel tax first step but more assistance required*

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A regional fuel tax will help relieve pressure on local authorities to fund urgent roading and public transport developments but more assistance is required, *Local Government New Zealand*'s President, Basil Morrison said after yesterday's budget announcement.

"We welcome the Government's announcement that Auckland and Wellington, and possibly other regions, will have the opportunity to benefit from a regional fuel tax. The regional fuel tax, plus the \$600 million over six years for electrification of the Auckland rail network, will go some way in addressing Auckland's transport priorities.

"However, this funding for predominantly metropolitan areas is only a start towards relieving the pressure on local government's rating base and ensuring our cities, districts and towns are world class.

"We are in discussions with the Government over other current and future funding tools which have the potential to assist all councils. One of these is the change in the subsidy percentage of the Financial Assistance Rate for roading. This project to review the subsidy began in 2004 and we are yet to see any sign of tangible progress, despite numerous discussions with the Government. Our members tell us that even a slight adjustment in the percentage will assist with current roading pressures.

"A change in this transport Financial Assistance Rate, and similar government subsidy rates for tourism and sewerage schemes, would offer significant benefits, particularly for our rural and provincial councils. We were disappointed to see that these issues weren't addressed in yesterday's budget.

"We now look to the Rating Inquiry to offer substantial new tools for funding local government. Last month we recommended a range of policy and legislation options to fund the infrastructure pressures on local government. The policy options included government support for the national benefit of local infrastructure; government compensation for rates exemptions on Crown land, additional funding tools for roading and infrastructure services, and changes to the way councils obtain and manage debt.

"If, as we expect, the Inquiry endorses our recommendations, then we will be looking forward to the next budget to further alleviate financial pressure on local ratepayers and offer some real solutions for all of our councils," said Mr Morrison.

*Local Government New Zealand* and the Society of Local Government Managers' submission *Getting Real, Funding the true cost of local communities*, is available at [www.lgnz.co.nz](http://www.lgnz.co.nz). Ends

*Local Government New Zealand* is the national voice of all 85 councils of New Zealand.

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