

## Passenger Transport, Walking and Cycling

Let me now talk about the way in which the funds are distributed. In your Outcome statement you asked that alternatives to roading, including rail, cycling, pedestrian, passenger and water transport, should not be marginalised. We know that the transport funding system does not allow the Government, or some local authorities, to achieve the outcomes that they need for passenger transport, and many feel that pedestrians and cyclists do not have proper provision for their needs either. Alternatives to roading -- and alternatives to cars and trucks -- are constricted by the current legislation.

I am pleased to report that patronage funding is already proving successful. In five months Transfund New Zealand has already approved \$2.05 million in new and improved passenger services throughout the country with a total approval of \$6.46 million over three years. The amount will increase as new applications are received.

The introduction of patronage based funding has been a large step in the right direction. I will also be asking my colleagues to consider the case for putting passenger transport capital and operational funding on a clearer long-term basis within the National Roads Fund. I envisage a separate passenger transport output within the fund and deliberate arrangements for cycling and pedestrians which would let Transfund use different criteria to assess their requests. The New Zealand Transport Strategy could have a role in deciding the level of these allocations.