



Transforming the economy

PRESS RELEASE

30 May 2019

Key Budget initiatives:

- **\$1 billion boost for KiwiRail**
- **\$229 million sustainable land use package**
- **Funding to meet the climate change challenge**
- **\$49 million for Te Uru Rākau**
- **More money to tackle the waste problem**

The Wellbeing Budget provides opportunities to grow and modernise New Zealand's economy while ensuring a just transition to a low emissions future. We need to preserve and enhance our environment, as part of the foundation for our long-term wellbeing.

Investing in rail

Rail has huge benefits for New Zealanders' wellbeing, including unlocking regional economic growth, reducing greenhouse gas emissions, decreasing traffic congestion, and preventing deaths and injuries on our roads.

Budget 2019 provides a \$1 billion funding boost to support a long overdue redevelopment of KiwiRail. This includes \$375 million for new wagons and locomotives, \$331 million to invest in track and other supporting infrastructure and \$35 million to begin the process of replacing current ferries that are nearing the end of their lives. This funding package includes \$300 million from the Provincial Growth Fund allocated for investment in regional rail initiatives.

The Deputy Prime Minister and Minister for State Owned Enterprises Winston Peters says the Coalition Government has secured the future of New Zealand's national rail assets because they are a critical and valued part of the transport network.

"This funding will make KiwiRail more resilient and reliable through substantial investment in rail infrastructure, purchasing new locomotives and wagons, and beginning the process to replace the Interislander ferries.

"After 155 years of rail in New Zealand, the historic misstep of privatisation and the managed decline of the past decade, securing these assets for the future is especially gratifying," Winston Peters says.

The Transport Minister Phil Twyford says funding in this year's Budget is just the first step to rebuilding rail as the backbone of a sustainable 21st century transport network, with a long-term national rail plan to be developed this year.

"Our goal is to have a stronger rail network that sees more freight moved by rail and fewer heavy trucks on our roads, as well as better public transport options to give commuters choice.

"Previous governments took a hands-off approach and left rail in a state of managed decline. That's why we instigated the Future of Rail review to make sure we are taking a long-term approach to rehabilitating rail.

“Our New Zealand Rail Plan will outline the Government’s strategic vision and give a 10-year programme of indicative investments and benefits,” Phil Twyford says.

KiwiRail will report on progress on implementing the Government’s vision for rail, and further funding will be considered in Budget 2020.

Budget 2019 also provides \$405.5 million to cover the Crown’s share of forecast cost increases to build the Auckland City Rail Link, and finalises previous allocations of funding for the project.

The City Rail Link will provide the equivalent of 16 extra lanes of traffic into the city centre during peak times and the number of people within 30 minutes travel of Auckland’s CBD will double. The Rail Link is the most significant investment in Auckland’s transport infrastructure ever.

Cleaning up our waterways

Improving the way we use our land can have significant benefits for the health of our waterways, reduce carbon emissions and increase the productivity of our land.

The \$229 million Sustainable Land Use Package invests in projects to protect and restore at-risk waterways and wetlands and provides support for farmers and growers to use their land more sustainably.

The Environment Minister David Parker says the package will help tackle the environmental issues New Zealanders care about, while also supporting the primary sector to increase the value of exports.

“It’s the birth right of all New Zealanders to pop down to their local river in summer for a swim and put their head under without getting sick. Today’s budget announcement turns the tide and offers support to farmers to reduce pollution getting into our waterways,” David Parker says.

“We want to ensure that farmers and growers have the tools and data they need to understand their impacts on the environment and make informed decisions.

The Sustainable Land Use Package also includes funding to improve water quality in at-risk catchments and wetlands.

This includes support for improving consistency between councils, better compliance and enforcement, better engagement with Māori, and improving scientific knowledge to inform plan development.

“In key catchments across New Zealand, freshwater resources have been allocated in excess of environmental limits,” David Parker says.

Agriculture Minister Damien O’Connor says the Government is delivering economic, environmental and social benefits that will flow through to all New Zealanders.

“The primary sector is fundamental to that. It’s a major contributor to our economy – delivering more than \$43 billion in export revenue last year.

“This Government wants to help get more value from the primary sector, in a sustainable way that means our natural resources will be there for future generations. That is why we are investing \$229 million this Budget,” Damien O’Connor says.

Meeting the climate change challenge

The Government is setting into law greenhouse gas reduction targets to meet the Paris Agreement goal of keeping temperature rise to no more than 1.5 degrees. The Wellbeing Budget provides \$107 million to ensure the economic transition required to deliver those emission reductions is effective, efficient and just.

Climate Change Minister James Shaw says the funding will mean the Climate Change Commission can provide the advice, guidance and monitoring New Zealand needs to reduce greenhouse gas emissions, in line with our goal of limiting global warming.

“The Budget also includes funding to implement an Emissions Trading Scheme (ETS) auctioning platform. This is welcome as having an effective ETS is a vital component of achieving a just transition,” James Shaw says.

Working with farmers to tackle climate change

Investment in research and development is required so we can develop new ways to reduce greenhouse gas emissions in the land sector.

Government will work alongside industry to invest in research that provides benefits to the sector.

Budget 2019 invests \$8.5 million in 2019/20 in the Global Research Alliance (GRA) on Agricultural Greenhouse Gases to reduce and mitigate agricultural emissions.

An investment of \$25 million over four years will go into the Agricultural Climate Change Research Platform to support world-class research here in New Zealand to help agriculture deal with the effects of climate change.

Minister for Research, Science and Innovation Megan Woods says this investment will help address one of our most pressing emissions sources.

“Ultimately, this funding will help us achieve the Government’s goal of net-zero carbon emissions by 2050. It’s crucial that we invest in the research now to achieve long-term change.”

Transitioning to a low-carbon future

To tackle the long-term challenge of climate change, the Government will also invest in research into cutting edge energy production.

The National New Energy Development Centre will help create new business and jobs in Taranaki while helping New Zealand move towards clean, affordable, renewable energy and away from fossil fuels.

The Wellbeing Budget invests \$27 million to set up the centre in Taranaki, alongside a further \$20 million over four years to establish a new science research fund for cutting edge energy technology so that we can look into the likes of organic photovoltaics, super conductors, nanotechnologies and inductive power.

Megan Woods says the centre will work closely with industry to test and trial technologies across a range of new energy forms such as offshore wind, hydrogen, solar, batteries, geothermal, and waste-to-energy.

More support for forestry

Forestry plays a critical role in many of the Government's priority areas – enhancing regional development, supporting Māori to realise the potential of their land, improving water quality, reducing carbon emissions and creating jobs.

The Wellbeing Budget allocates over \$49 million to help transform the forestry sector. Combined with existing funding, this equates to an investment of \$58 million in Te Uru Rākau (Forestry New Zealand).

“The funding will allow Te Uru Rākau to increase its regional presence to ensure foresters and landowners have the support they need and will also see the agency focus on the Government's goal of developing a sustainable, domestic forestry workforce,” Forestry Minister Shane Jones says.

“A key part to achieving our vision for the sector will be delivering in the regions and we will see a new premises built in Rotorua – the heart of the forestry sector – showcasing the use of wood in construction and accommodating Te Uru Rākau's growth.”

Tackling the waste problem

The Government recognises New Zealanders care about the amount of waste that goes to landfill and is committed to reducing those volumes.

The Wellbeing Budget provides \$4 million over four years to help the Ministry for the Environment work on improving recycling and resource recovery and shifting New Zealand to a more efficient zero waste economy.

It will build on work underway to improve the data on waste and develop mandatory product stewardship schemes for tyres, lithium batteries and refrigerants. The new funding will help implement a national resource recovery programme in response to China's waste ban and action on single use and problem plastics.

“New Zealanders care deeply about reducing waste. This funding forms part of our plan to turn around New Zealand's poor record on waste,” the Associate Environment Minister Eugenie Sage says.

Budget 2019 invests a further \$18 million over four years to continue the Bioresource Processing Alliance and Product Accelerator.

The Bioresource Processing Alliance co-funds and co-develops innovative products or processes that turn low value biological waste streams into new high-value products. The Product Accelerator also helps develop technologies that create new products, new market opportunities and grow New Zealand's exports

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