Appendix 1 - How are roads funded in other jurisdictions?

Many jurisdictions have a centrally funded road building and maintenance programme. Revenue from licensing, vehicle duty, fuel duty and purchase taxes combined with road and bridge tolls are collected and deposited with the government, either state or federal who then allocate a budget for roads. It should be noted that some countries tolls are collected for a specific road or bridge and are not added to the central funding pot.

United States

In the United States it is believed that the lion's share of transportation funding should come from user fees (the amount users pay directly for a service, such as tolls) and user taxes (the amounts a user pays, based on usage, for transportation, such as fuel and motor vehicle license taxes). When road funding comes from a mix of tolls and petrol taxes, the people that use the roads bear a sizeable portion of the cost. By contrast, funding transportation out of general revenue makes roads "free," and consequently, overused or congested. Nationwide in 2011, highway user fees and user taxes made up just 50.4% of state and local expenses on roads.

Statistics show that total road spending by state and local governments equates to an average of 5.1 cents per mile driven. To cover these costs, Americans paid an average of 0.4 cents per mile in tolls and user fees, 1.4 cents in state fuel taxes, and 0.8 cents in vehicle license taxes. The remaining 2.5 cents was covered by general state and local revenues (1.0 cent) and federal revenues paid (0.9 cents derived from the federal gasoline tax and 0.6 cents derived from general federal revenues).

When comparing the proportion of road spending covered by user fees and user taxes by state, Delaware, Hawaii, Florida, and California raise 64% or more of their transportation spending from user fees and user taxes. By contrast, Alaska, South Dakota, Wyoming, and Louisiana raise less than 25% of their transportation spending from user fees and user taxes, instead subsidising heavily from general revenues.

Part of the issue regarding a perceived lack of funds is the fact the gasoline tax has not been raised by central government since 1993 when it was set at the current level of 18.4 cents per gallon.

Germany

Germany does not have a national highway fund. Federal highways are funded by the government through a combination of general revenue and receipts from tolls imposed on goods vehicle traffic. The revenues from the German taxes on petrol and motor vehicle registration accrue to the federation but they are not tied to highway maintenance or construction.

The annual federal budget has a highway construction plan that describes ongoing and planned construction projects and lists the revenues achieved by the federation that are tied to highway construction and maintenance.

Germany taxes petrol consumption within the framework of an energy tax and the operation of motor vehicles through a motor vehicle tax. In popular opinion, these taxes serve to finance highway construction and maintenance, yet there is no legal requirement for limiting their use to these purposes.

Germany has not contemplated alternative means of highway funding, such as a vehicle-miles-travelled (VMT) tax. Instead, consideration has been given to the desirability of introducing tolls for passenger cars on federal highways. Recently Germany has introduced a new toll scheme which is imposed only on passenger cars registered in other countries, on the theory that Germans already pay enough for vehicle usage through the taxes on motor vehicles and petrol.

France

French roads are divided into three main categories: municipal, departmental, and national. The latter category includes both highways and other national roads. Different levels of government have jurisdiction over different types of roads, but the construction of new roads is often financed by more than one source. No special tax or duty is specifically tied to funding road infrastructure, except many French highways are funded by tolls. These toll highways are often managed by private companies under a concession system. A recent effort by the French government to impose tolls on heavy goods vehicles using national roads and highways that do not come under a concession regime was postponed in the face of strong popular opposition.

New road developments can be financed by governmental spending (either by the state on its own, or in partnership with other levels of government, such as regions or departments) or by public-private partnerships.

Public-private partnerships allow the state to hire a private company to take charge of one or more aspects of a new infrastructure project, such as financing, planning, construction, maintenance, or management.

Japan

There are over 1.2 million kilometres of roads in Japan, about 8,000 of which are expressways. Most expressways charge a toll based on the distance a vehicle has travelled. A toll booth when entering the expressway gives the driver a ticket which is then paid for when exiting the expressway.

Japan also has urban expressways, which are intra-city routes that can be found in most large urban areas. Because of the lack of space in Japanese cities, these expressways are often constructed as viaducts above other roads. All expressway systems, whether national or urban, have been privatized due to the debt amassed when they were built. They are operated by different companies but operate on a flat rate toll system.

In addition to the expressway system, Japan has a nationwide system of national highways. These roads are of the same standards as the modern expressways but do not require the payment of tolls. They are administered by the Ministry of Land, Infrastructure and Transport and other government agencies. Responsibility for the development or maintenance falls on the prefecture or the municipality with support from the national government of up to half the budget cost.

Australia

Under Australia's federal arrangements, state and local governments are responsible for road construction and maintenance. However, the federal government provides funding assistance under various Programmes. The federal government also collects a fuel excise tax, a Goods and Services Tax on fuel and vehicle sales, and a road user charge that applies

to heavy vehicles based on fuel consumption. State governments collect vehicle registration fees and vehicle stamp duties. Federal revenue from road transport-related activities is added to the general revenue pool and is not earmarked for road infrastructure expenditure. Rather, expenditure under the various funding Programmes is appropriated as part of the annual budget process.

In addition to federal, state and local revenue, private sector investment is also a source of funding for some roads and three states maintain networks of toll roads.

New Zealand

Revenue for land transport comes mostly from motorists through fuel excise duty (petrol tax), road user charges on diesel vehicles (RUC), and vehicle licensing charges. The Land Transport Management Act 2003 ring-fences this revenue for investment in land transport, including building and maintaining State highways and local roads.

State highways are funded entirely by central government, with maintenance responsibilities and expenses falling on the NZ Transport Agency.

The costs of building and maintaining local roads are shared between central government (through the NZ Transport Agency) and local councils. Councils contribute to the cost of their land transport activities from rates and borrowing, in what is known as the 'local share'.

The government's priorities for land transport funding are set out through the Government Policy Statement on Land Transport, which allocates ranges within which road improvements and maintenance can be funded. Each local council then prepares a Regional Land Transport Plan, which the NZ Transport Agency considers when preparing the National Land Transport Programme (NLTP). The NLTP allocates funding to individual road projects. This separation of the Minister from individual funding decisions is designed to help avoid any perceptions of conflict of interest.

Occasionally the government may wish to fund projects which are unable or unsuitable to be funded by charges on motorists alone, or might want to exercise more control over investment than is permitted through this process. In these cases the Crown is able to direct additional funds through the Budget processes.