

BC'S BUSINESS BRIEFS

A CHANGE OF GOVERNMENT AND WHAT THAT MEANS

Well, the dust has settled and we now have a new minority government of Labour and NZ First supported on confidence and supply by the Greens. What does this mean for us all?

The first thing that strikes me is a change of faces appearing on our daily news bulletins talking about issues of the day and government proposed actions. One politician who seems to have been extremely high profile in the initial weeks of the new government is the new Minister of Everything (or so it seems) the Hon Phil Twyford. It's good to know he has our housing supply shortage under control and the government is going to build even more affordable homes than promised. We'll see about that but it does appear positive that at least the government appears to have this as one of their priorities, even if reality is likely to kick in sooner rather than later.

The sun still seems to be coming up each day and while we do appear to be in a position currently of an economy that has slowed over the last six months, things have certainly not fallen into a hole just because we now have a more left leaning government. One can in fact mount an argument that with the higher level of spending promised by the current government, there is a reasonable chance that we may see slightly higher growth rates over the next couple of years, albeit at the cost of a government who's books are not in as sound shape as what they may have been had we had a National lead government.

From an Auckland perspective, it will be interesting to see what if anything is done to accelerate the progress on our chronic transport problems. I have personally experienced Auckland public transport over the last 12 months or so. In that time, I have attempted to use the trains on 4 separate occasions to attend major sporting or music type events. These have varied from two concerts at Mt Smart to a NZ Breakers game at Spark Arena and a show at the Auckland Town Hall. My first impression of the electric commuter trains is that they are the equal of any commuter trains I have travelled on in any city in the world, including London and Vancouver to name a couple. They are new, quiet and provide a good level of communication at the train stops and on the trains themselves via up to date digital technology.

What hasn't been so impressive is that of the four times I have tried to use them, the trains weren't running on two of those occasions. On one of those occasions a suitable bus service alternative was offered, albeit at a significant time delay. On the other occasion while there was an alternative bus service running, the overall situation seemed to be more than a little chaotic with no one really knowing what was going on and employees of Auckland Transport not being able to give accurate directions as to where the bus stop was that the bus was leaving from. For people to really develop confidence in our public transport system the powers that be need to ensure that the travelling experience is

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positive for the patron on more than 50-75% of the occasions they are wanting to use the service.

TAXES

While there has been significant debate around taxes in the lead up to this year's election and what parties may or may not do, one tax that hasn't received many headlines is petrol tax (other than a surcharge to 'fix' Auckland's transport woes) and what the coming changes to the types of vehicles we see being sold is going to do the governments revenue base. According to the AA, we currently pay 66.484 cents per litre in Excise tax to the government. Additionally GST is charged on the Excise tax meaning that for every litre of petrol sold in this country, almost 76.5 cents is paid to the government by way of tax.

If we believe the information we are being fed by the major car companies we are about to see an explosion of electric vehicles on our roads. The world's largest car manufacturer, Volkswagen expects that by 2025, 25% of its worldwide sales will be electric and they are not alone. All the major manufacturers are predicting a sea change in the type of new vehicles being sold worldwide with a massive move towards electric vehicles.

Obviously we in NZ will be part of this revolution with a smaller share of the vehicles on the road being of the traditional Internal Combustion Engine variety, although it won't happen overnight. What will this do to the government's revenue base?

Clearly as a country we are going to have to come up with some sort of alternative tax on petrol to preserve the revenue base. Will this be in the form of something similar to what we have for diesel vehicles – Road User Charges? Will it be something else such as a tax on power usage. After all with all these electric cars on the road we will need to ensure our power generating capacity is up to the task. Current estimates indicate we have sufficient generational capacity within existing generating plants and plants already resource consented.

With the rapid advancement in battery technology adding significantly to vehicle range, and the declining costs of battery powered cars (Volkswagen state they see their electric powered cars being priced similarly to diesel powered vehicles of today), we can expect to see massive changes to the types of cars being sold in NZ in the next 10 years, and the government still needs to fund itself. Expect some interesting discussion on this topic in the not too distant future.

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