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Committee Council  
Author Natasha Hayes, Senior Transport Planner

## Submission on the NZTA's Funding Assistance Rates (FAR) review: Options discussion document

### 1. Purpose

To seek the Council's endorsement of proposed feedback to the NZ Transport Agency's Funding Assistance Rates (FAR) review discussion document (Provided as **Attachment 1** to this report). This is the third and final formal consultation stage of the FAR review.

### 2. Background

A FAR describes the proportion of the total cost of a land transport activity that is sourced from the National Land Transport Fund (NLTF).<sup>1</sup> A range of other documents, policies and processes govern the amount of funding available from the NLTF for different classes of transport activities (e.g. local roads, public transport, etc.), and which projects and activities are eligible to receive funding.

In October 2012, the NZ Transport Agency (NZTA) announced the commencement of a comprehensive review of the general approach to setting FARs for land transport activities.

The purpose of the review is to test whether the way the NZTA sets FARs is still valid and appropriate. The review will not change the overall amount of money available from the National Land Transport Fund for land transport activities or how much is available for different types of transport activities. The FAR review does not include consideration of the current 100% funding for state highways.

The first phase of the review involved release of a FAR Review Background Document which described the history of FARs and the way they have evolved

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<sup>1</sup> . The NLTF sources its revenue primarily from fuel tax and road user charges.

over time. Refer to NZTA website at <http://www.nzta.govt.nz/planning/investment/docs/far-background.pdf>

The second phase of the review looked at the principles that should sit behind how the NZTA sets FARs and what overall approach should be taken. Refer to NZTA website at <http://www.nzta.govt.nz/planning/investment/docs/far-discussion-document.pdf> Greater Wellington Regional Council (GWRC) provided feedback through a formal submission to this stage of the review in May 2013. (Refer Attachment 1 to **Report 13.157**)

The current phase is the third and final stage of consultation. It focuses on what the overall NLTF co-investment rate (the national average FAR) should be and how each Approved Organisation's<sup>2</sup> (AO's) FAR should be determined.

The closing date for submissions is 28 March 2014.

### **3. The provisional FAR framework**

In the discussion document the NZTA has proposed a 'provisional funding assistance rate framework'. The key aspects of this framework are:

- One FAR for each Approved Organisation (currently every AO has a number of different FARs for different activities).
- A fixed overall NLTF co-investment rate (the current national average FAR is around 53% but this is not a set level).
- Some AOs receiving a FAR above the overall co-investment rate to reflect factors which materially affect their ability to deliver land transport outcomes. Consequently other AOs receiving a lesser rate.
- NLTF revenue used for the eligible costs of undertaking or maintaining a land transport activity to fit-for-purpose standards.
- Targeted enhanced FARs in exceptional circumstances and for limited time periods.

### **4. Feedback sought**

Through this current consultation process, the NZ Transport Agency is seeking feedback about the following key aspects of the proposed framework:

- The overall NLTF co-investment rate.
- The factors that will be used to determine whether some AOs need additional assistance and therefore receive a higher FAR – five options are proposed in the discussion document.
- The transitional arrangements for any changes to FARs.

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<sup>2</sup> Approved Organisations are organisations that can apply for funding from the NLTF including councils, Auckland Transport, the Department of Conservation and the Waitangi National Trust Board

- The appropriate eligibility for a higher FAR following a natural event to deal with emergency works – eg. the type/nature of event for which the special rate applies and what rate is appropriate.
- The use of targeted enhanced FARs in exceptional circumstances and for time limited periods.
- NLTF eligibility and FAR for Waitangi National Trust and Department of Conservation carriageways.

## 5. Comment

The recommended submission is included as **Attachment 2** to this report.

The submission identifies the potential impacts for GWRC and the possible implications for the wider region of any change to the current assistance rates under the proposed new provisional framework, particularly as a result of the overall NLTF co-investment rate and the method for determining each AO's FAR.

The key feedback points for NZTA's consideration can be summarised as:

- GWRC supports an overall National Land Transport Fund (NLTF) co-investment rate of 53% to ensure that changes to each AO's average FAR under the new framework do not result in significant affordability issues for GWRC and local councils in the region.
- GWRC seeks appropriate transitional arrangements to minimise the impact on the ability of local and regional councils to deliver on planned programmes and activities.
- GWRC strongly supports the proposal that any previous central government commitments to fund particular activities at a specified FAR for a defined period will be honoured.

In relation to the last point above, the NZTA discussion document (refer bottom of page 8) states that where NZTA has made a binding commitment to fund a particular identified activity at a specified FAR for a defined period, or to fund a particular project or phase of a project at a specified FAR, it will honour those commitments. The attached submission identifies those previous commitments for GWRC (refer section 6). If some or all of these commitments were not honoured, then the potential impact on rates could be as much as \$23 million over the six years from 2015 – 2021.

The implications of this FAR review discussion document have been discussed with officers of the region's territorial authorities, and it is noted that many territorial authorities in the Wellington region will be making a submission directly.

## 6. Communication

The approved submission will be sent to the NZTA for its consideration as part of this stage of the review process.

## 7. The decision-making process and significance

Officers recognise that the matters referenced in this report may have a high degree of importance to affected or interested parties.

The matters requiring decision in this report have been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act). Part 6 sets out the obligations of local authorities in relation to the making of decisions.

### 7.1 Significance of the decision

Part 6 requires Greater Wellington to consider the significance of the decision. The term 'significance' has a statutory definition set out in the Act.

Officers have considered the significance of the matter, taking the Council's significance policy and decision-making guidelines into account. Officers recommend that the matter be considered to have low significance as the decision relates to feedback from the Council to another organisation (NZ Transport Agency) who will make the final decisions in relation to the subject proposal.

Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance.

## 8. Recommendations

*That the Council:*

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Approves the submission set out in Attachment 2 to this report.*

Report prepared by:      Report approved by:      Report approved by:      Report approved by:

**Natasha Hayes**  
Senior Transport  
Planner

**Luke Troy**  
Manager, Corporate  
Planning

**Jane Davis**  
General Manager,  
Strategy and Community  
Engagement

**Wayne Hastie**  
General Manager,  
Public Transport

**Attachment 1:** NZTA's Funding Assistance Rates (FAR) review – Options discussion document

**Attachment 2:** Draft Submission on the NZTA FAR review: Options discussion document