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Committee Regional Land Transport
Author Joe Hewitt Manager Access Planning

Principles for Regional Funding Allocation

1. Purpose

The purpose of this report is to seek the Committee's agreement to a set of principles to guide the allocation of Regional funding.

2. Background

A draft of this report was discussed at the workshop of the Regional Land Transport Committee on 20 December 2004.

2.1 Funding Allocation Process

Land Transport New Zealand is responsible for the preparation of the National Land Transport Programme (NLTP). Funding is allocated under a process that has been developed to take into account the New Zealand Transport Strategy (NZTS) and the requirements of the Land Transport Management Act 2003 (LTMA).

The six stage allocation process is outlined below:

1. **Formulation** of forward-looking, transport programmes by local authorities and other approved organisations, adopting a responsive, collaborative approach between organisations and affected communities and considering opportunities to secure funding from alternative sources such as tolling and developer contributions. These may be presented in the form of strategic packages, which are defined as groups of complementary activities that contribute to NZTS objectives, and may integrate components of Regional Land Transport Strategies (RLTS).
2. **Assessment** by Land Transport, working in conjunction with local authorities and other approved organisations, to ensure an understanding of the strategic and local context of the proposal. This will include questions about which options or alternatives were reviewed, how the views of others were considered, effectiveness in

broad terms, and economic efficiency. Land Transport will encourage approved organisations to optimise proposals having regard to the alternatives and options available.

3. **Prioritisation** by Land Transport. This will be through initial allocation of funds between activity classes, then prioritising proposals within activity classes using four prioritisation factors of: seriousness and urgency, effectiveness, efficiency and confidence over scope, timing and funding.
4. **Programming** by Land Transport into a 10 year rolling period taking into account the priority order established in Stage Three, affordability of proposals, scope for integrating timing of activities, implementation readiness and other practical consideration such as commitments and dependencies. A draft programme will be reviewed by Land Transport for its contribution to the purpose of the LTMA and Land Transport's objective, NZTS objectives, government policy and performance agreement requirements, regional land transport strategies and the National Energy Efficiency & Conservation Strategy.
5. **Approval** of funding by Land Transport, including verification that the proposal remains satisfactory in all aspects, adequate funding is still available, that the NLTP continues to be consistent with national and regional objectives, and that the proposal continues to contribute efficiently and effectively to Land Transport's objective.
6. **Monitoring** and advice by Land Transport, including monitoring the performance of the land transport system, overall programme effectiveness and approved packages and projects (through individual audits).

Activities may be funded from one or more of the following:

- road maintenance
- road construction
- travel demand management, rail and barging
- passenger transport
- regional development
- promotion of walking and cycling
- research, education and training.

Until recently, there was only one type of national funding available in the NLTP. This is known as N funding. However, new regional and crown funding categories are now possible as outlined below. With the exception of State Highway activities, all other activities require some form of local (L) funding.

2.2 Regional Funding (R)

On 12 December 2003 the Government made a series of announcements about a transport solution for Auckland. These announcements also signalled the Government's intention to levy additional fuel taxes from April 2005. Revenues generated from this tax will be distributed regionally based on regional population, after the first 35% is allocated to Auckland. Wellington region is expected to receive R funding of \$220m over 10 years.

2.3 Wellington Transport Project

The Wellington Transport Project (WTP) was established following agreement between Ministers and the Greater Wellington Regional Council. The project objective was to identify where central and local government in partnership can make significant and timely improvements to Wellington's transport outcomes. Crown (C) funding of \$225m over ten years was announced on 27 January 2005 and is made up as follows:

- \$100m for strategic roading to reduce congestion
- \$65m for upgrading the passenger rail system
- \$30m for enhanced public transport (mainly bus services)
- \$30m for transport demand management (traffic systems, travel plans, cycling).

3. Principles

3.1 Overview

In order to allow the Committee to recommend R funding priorities to Land Transport in a consistent manner, it is suggested that the following five principles be followed:

- Projects must contribute to achieving the objectives of the Regional Land Transport Strategy (RLTS)
- Projects should conform with Land Transport criteria
- R funding can be used to accelerate worthwhile projects that would otherwise be unreasonably delayed through a lack of N funding
- R funding can contribute to up to 50% of the local share of a project provided that this contribution does not reduce the proposing Authorities baseline transport development funding
- The total allocation of R funding should demonstrate adequate provision of funding to all activities i.e. Passenger Transport, State Highway Roding, Local Roding and others (includes Alternatives to Roding, Travel Demand Management, Walking & Cycling).

Information supporting the above principles is detailed in the following paragraphs.

3.2 Achieve RLTS objectives

All projects put forward for R funding must be able to demonstrate how they contribute to the objectives of the RLTS. The regional officers group will be responsible for undertaking the evaluation of projects as part of the annual prioritisation exercise. The outcome of this prioritisation will be reported to the Committee around March each year to allow the Committee to determine priority recommendations for Land Transport. This is a normal part of the development of the NLTP.

3.3 Conform with Land Transport criteria

Clearly projects expecting funding through the NLTP must comply with the criteria determined by Land Transport from time to time.

3.4 Accelerate worthwhile projects

The worth of a project will be assessed by the regional officers group as outlined in 3.2 above. Consideration must also be given to the expected timing of the project under normal funding limits. It is not expected that R funding will be used to advance good projects that should qualify quickly for N funding. However, where progress is unreasonably delayed due to a funding constraint, then R funding may be used to accelerate progress.

3.5 Local share contribution

There are a number of projects within the region that are unlikely to be undertaken because of an inability to raise the necessary local share. This particularly affects passenger transport improvements and local roading projects. It is acknowledged that such projects will have some local benefits, but where the benefits are also regional in nature then it is reasonable that R funding be made available to reduce the burden on the regions' rate payers.

Because a project will have local benefits some of the local share should be met by the authority responsible for the project. For want of a better figure, it is suggested that R funding meet no more than half of the local share. This would provide a 75% subsidy, made up as N 50%, R 25% and L 25%.

Alternatively, the potential regional share (R) could be left to be determined on a case by case basis with projects providing larger regional benefits possibly receiving more R funding.

It should be noted that where R funding supports local share, in effect this reduces the potential funding available for improving the state highway network.

3.6 Balanced total allocation

The RLTS is a balanced multimodal strategy which seeks improvements across the region's transport system. The Committee should be mindful of the need to ensure adequate funding is provided to all activity areas when determining R funding recommendations.

4. Communications

A letter will be sent to all approved organisations in the region advising them of the Committee's decision.

5. Recommendations

That the Committee:

- (a) receives the report; and*
- (b) agrees to the principles set out in section 3.1.*

Report prepared by:

Report approved by:

Joe Hewitt
Manager Access Planning

Dave Watson
Divisional Manager Transport