

Funding assistance rates: Options discussion document

Questions and answers

February 2014

WHY WAS THE DISCUSSION DOCUMENT RELEASED JUST BEFORE CHRISTMAS?

The document is being released as soon as possible to give council staff and others as much time as possible to consider the information in it and the issues raised

The consultation period will now run until 28 March 2014.

WHEN WILL THE NZ TRANSPORT AGENCY MAKE THE FINAL DECISION?

Given that consultation on the options discussion document will run until 28 March 2014, the Transport Agency is likely to make decisions on how to set funding assistance rates going forward (and how to transition in any changes to funding assistance rates) in early May 2014.

We will then talk to individual approved organisations about what their specific rates will be for the 2015-18 investment period and make final decisions on those investment rates by July 2014.

IS THIS A WAY TO REDUCE FUNDING?

The funding assistance rates review is not about seeking to either reduce, or increase, funding for approved organisations' land transport activities across New Zealand as a whole. How much funding is available for those activities is determined by how much revenue is available in the National Land Transport Fund and the funding ranges for the relevant activities set in a Government Policy Statement on Land Transport Funding.

HOW WILL THE TRANSPORT AGENCY DECIDE WHICH OPTION TO USE FOR SETTING FUNDING ASSISTANCE RATES?

The Transport Agency will assess all options either included in the discussion document, or raised with us by stakeholders, against the role of funding assistance rates and the principles in the provisional funding assistance rates framework available at <http://www.nzta.govt.nz/consultation/far-review/docs/far-glance.pdf>.

Using the provisional funding assistance rates framework, we have also developed a list of factors to assess options against. These are discussed in section 5.7.6 of the options discussion document. We would also assess the options against those assessment factors.

I THINK THAT THERE IS AN OPTION FOR SETTING FUNDING ASSISTANCE RATES THAT IS BETTER THAN ANY OF THE OPTIONS IN THE OPTIONS DISCUSSION DOCUMENT. IF I RAISE THAT OPTION WILL IT BE TAKEN INTO ACCOUNT?

We are happy to hear about any option for setting funding assistance rates.

It is possible that we may already have given some consideration to the option you are thinking about, although we would still be keen to hear your views.

One of the things we have been doing over the last few months is talking to local authorities about what things make it materially harder for them to deliver land transport outcomes. All of the factors local authorities identified at those meetings are listed in attachment 1 to the options discussion document.

We have assessed all of the matters raised at those meetings against our assessment factors (discussed above). Some of the reasons why we're not currently proposing to use some of the matters raised at those meetings in setting funding assistance rates are that the relevant factors:

- Affect all relevant local authorities so they are not a basis for distinguishing between local authorities, eg additional work required by central government such as requirements to undertake earthquake assessments of buildings and legislative constraints on the ability to deliver alternative sources of funding.
- Are within the local authority's and/or the local community's control, eg the relative willingness of ratepayers to pay rates and the relative willingness of councils to increase rates.
- Cannot be quantified and reliably and objectively compared between councils at present, eg the percentage of heavy vehicles using local roads. (Currently we do not have reliable or comparable heavy vehicle counts for local roads.)
- Would be likely to create perverse incentives, eg setting a higher funding assistance rate for the parts of the network (if any) that are in poor condition would penalise those councils who keep their part of the network in good condition.

CAN I SUPPLY THE TRANSPORT AGENCY WITH MY OWN MODELLING OF HOW AN OPTION FOR SETTING FUNDING ASSISTANCE RATES COULD WORK?

Yes; we would be really interested to see it. Also, if you require any more technical information about how we have undertaken the modelling described in the options discussion document please contact us at farreview@nzta.govt.nz.

WHEN WOULD ANY CHANGES TO FUNDING ASSISTANCE RATES THAT COME OUT OF THE REVIEW TAKE EFFECT?

If changes are made to funding assistance rates as a result of this review, we would begin transitioning in those changes during the 2015-18 National Land Transport Fund investment period.

HOW WILL FUNDING ASSISTANCE RATES FOR EMERGENCY WORKS BE SET UNDER A NEW SYSTEM?

It is proposed that elevated emergency works funding assistance rates would only apply to costs arising from short duration natural events that are rare, or unusually large in magnitude or severity, for the area in which they occur.

The costs of responding to events that are relatively common in the part of a council's area where they

occur would be funded at the council's normal funding assistance rate (which is likely to be based on some measure of a council's relative ability to find the local share of the costs of delivering land transport outcomes).

The options discussion document suggests three options for how the Transport Agency could set elevated emergency works funding assistance rates – two options are tied to an organisation's normal funding assistance rate (a rate half way between the organisation's normal rate and 100%, an organisation's normal rate plus 20 %) and a set emergency works rate of 70% (the overall average emergency works funding assistance rate over the last few years).

We are specifically seeking feedback on what types of events elevated emergency works funding assistance rates should be applied to and how those elevated rates should be set.

HOW OFTEN WILL THE TRANSPORT AGENCY REVIEW FUNDING ASSISTANCE RATES IN THE FUTURE?

The options discussion document seeks feedback on how often councils' funding assistance rates should be re-set. How often they are re-set is likely to depend upon what metrics we use in determining those rates. For example, if funding assistance rates were determined solely by the New Zealand index of deprivation (which is calculated from New Zealand Census data) then any re-sets would be tied to how often the census was held.

WHEN WILL THE FIT-FOR-PURPOSE STANDARDS BE FINALISED AND CONFIRMED?

The one network road classification (ONRC) and its associated customer levels of service and performance measures will help determine fit-for-purpose standards for roads.

By April 2015 it is expected that all road controlling authorities will have applied the ONRC to their network, identified differences in customer levels of service and agreed appropriate performance measures in contracts understanding the financial implications of any significant changes as part of their regional land transport plans.

HOW TO GET MORE INFORMATION

Talk to your regional Planning and Investment contact, visit www.nzta.govt.nz/far or contact the Project Leader Clare Sinnott via email clare.sinnott@nzta.govt.nz or Phone 04 894 6487.