



Subject **Changes to regionally distributed (R) funding policy**

Circulation Land Transport NZ staff and Partnership Managers

Road controlling authorities (Chief Executives, Asset Managers)

Local Government New Zealand

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Purpose

To provide information on a change to funding policy to allow more flexible use of regionally distributed funds. This policy change will assist:

- authorities to undertake an expanded programme of road renewal activity in situations where there are available, unassigned regionally distributed funds; and
- allow authorities facing a large increase in maintenance spending to fund an increased programme of road renewal activity to apply for additional financial assistance where an affordability problem can be demonstrated to exist.

Background

Regionally distributed funding is currently available for capital improvement activities that have insufficient national priority to receive nationally distributed funding. Regionally distributed funding is available until the end of the 2014/15 financial year, after which it will be incorporated into the nationally distributed fund.

After it came to the attention of the Minister of Transport that some regions may consider renewal of rural roads exposed to increasing heavy traffic more of a priority than capital improvements, she requested the Land Transport NZ Board to consider allowing more flexible use of regionally distributed funds, specifically to allow for situations where a local authority may need to undertake an expanded programme of road renewal activity.

In June 2007, the Land Transport NZ Board agreed to

- allow the use of regionally distributed (R) funds for assisting road maintenance renewal activity, subject to the conditions set out below; and
- to consider bids for additional financial assistance for maintenance renewal activities funded from (R) funds on a case-by-case basis, subject to the conditions set out below.

Use of R funds for periodic road maintenance renewals

Regionally distributed funds can now be allocated to periodic road renewal activities, where:

- there is regional agreement that R funds may be used in this way
- sufficient R funding is available and not already assigned for other improvement projects within the region
- the approved organisation can demonstrate that it needs to undertake substantial one-off renewal activity (or a programme of renewal activity) that is above the normal baseline maintenance programme.

Using R funds for additional financial assistance

Local authorities may also apply for additional financial assistance to use R funds to assist local share for a programme of road renewal activity in individual cases, subject to the following conditions:

- There is regional support from all approved organisations that the region's R funding be made available to provide additional financial assistance with the local share on renewal activity
- Sufficient R funding is available and not already assigned for improvement activities
- the maximum amount of additional assistance is no more than half the local share
- there must be a significant affordability problem demonstrated to the satisfaction of the Land Transport NZ Board.

Effective date

This policy is effective from the beginning of the 2007/08 financial year.

Enquiries

For further information, contact the Partnership Manager at your Land Transport NZ Regional Office.

A handwritten signature in black ink that reads "Richard Braae". The signature is written in a cursive, flowing style.

Richard Braae

General Manager, Partnerships and Programmes