

## Chapter 3 Financial assistance

### 3.1 Overview

**Introduction** This chapter explains Land Transport NZ's financial assistance policies.

**In this chapter** This chapter contains the following sections:

	<b>Section</b>	<b>Page</b>
3.1	Overview	3-1
3.2	Local road maintenance and renewals	3-2
3.3	Establishment of base rates	3-3
3.4	Local road improvement	3-7
3.5	State highways	3-8
3.6	Special purpose roads	3-9
3.7	Emergency reinstatement	3-10
3.8	Use of the land transport system	3-15
3.9	Passenger transport	3-20
3.10	Administration	3-27
3.11	Multi-party projects	3-28

## 3.2 Local road maintenance and renewals

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### Introduction

This section sets out Land Transport NZ's financial assistance policy for maintenance and renewal activities on local roads, except special purpose roads.

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### Financial assistance

All qualifying work in activity classes 1 and 3, other than:

- work on special purpose roads – refer to section 3.6
- work category 141: *Emergency reinstatement* – refer to section 3.7
- work category 131: *Level crossing warning devices*
- work category 171: *Financial grants*

receives financial assistance from Land Transport NZ at a **base rate** determined for the territorial authority involved.

**Note:** The following conditions apply:

- the base rate varies from one territorial authority to another
  - the minimum base rate is 43 percent.
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### Level crossing warning devices

The relevant rail track authority and the territorial authority share equally the cost of installation and maintenance of crossing alarms and barriers. Where under a deed of grant by the relevant rail track authority, a territorial authority is required to pay the full cost, this cost is accepted for financial assistance.

Land Transport NZ reimburses the territorial authority for its share of the cost.

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### Financial grants

A financial grant is a lump sum payment by Land Transport NZ.

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### 3.3 Establishment of base rates

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#### Introduction

The base rate of financial assistance for a territorial authority takes into account:

- the size of the territorial authority's land transport programme, and
  - the financial resources available to the territorial authority.
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#### Base rate determination

When determining a base rate, Land Transport NZ uses, for its **indicator** of financial assistance, the relationship between programme size and net equalised land value.

The programme taken into account is the block road maintenance allocation – refer to section 5.4. The relationship used is shown in figure 3.1 on the next page.

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#### Net equalised land value

Land Transport NZ has adopted the net equalised rateable land value as an indication of the financial resources available to a territorial authority. This decision was made after extensive research and discussion and is considered to most fairly reflect the relativity between territorial authorities.

Land Transport NZ recognises that rapid movement in land value can occur and, to allow for this effect, has adopted the arithmetic average of the five most recent valuations.

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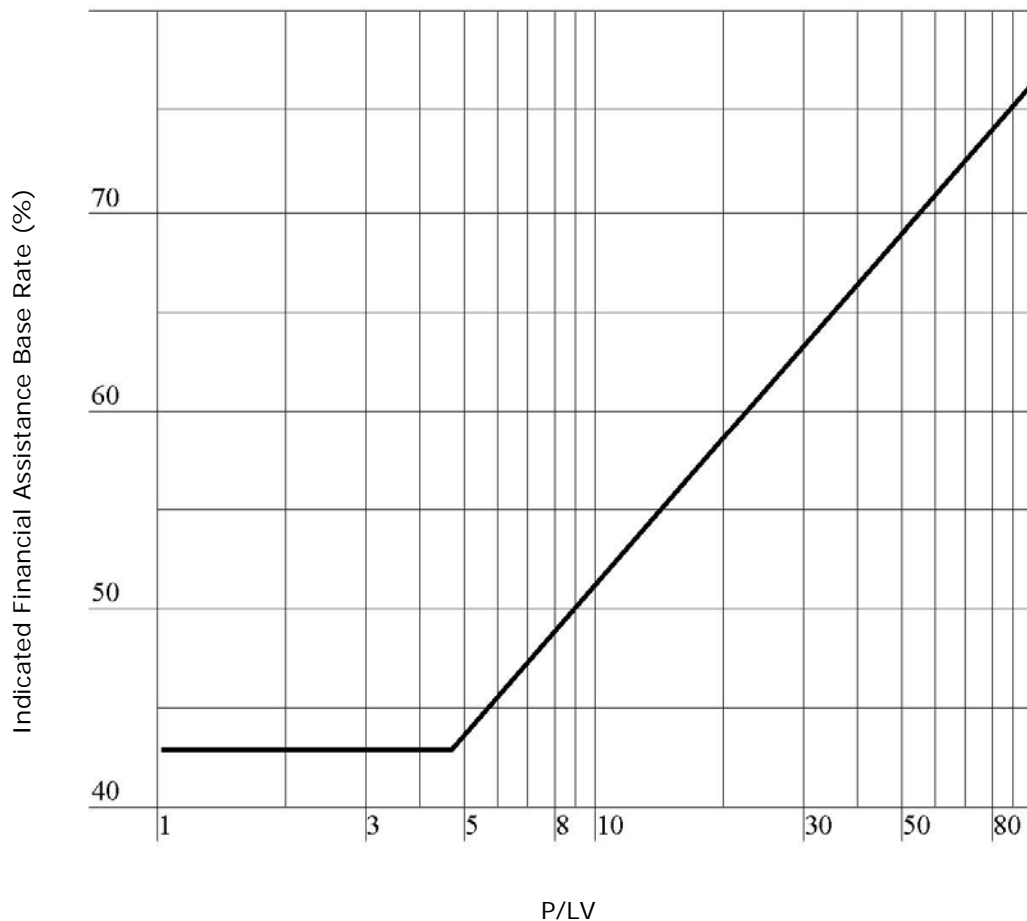
#### Other information considered

In making decisions on financial assistance rates, Land Transport NZ also takes into account such other information as it has available which has a bearing on the level of assistance needed, noting that:

- all territorial authorities are considered on the same basis
  - each territorial authority receives the level of assistance that Land Transport NZ considers appropriate to the size of its land transport programme and the relative circumstances that apply.
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### 3.3 Establishment of base rates, *continued*

**Figure 3.1 Base rate formula**



**Formula:**  $IBR = k_1 + k_2 \log (P/LV)$

**Where:**

- IBR = **indicated** financial assistance base rate for the following year (%)
- P = current year's initial block road maintenance allocation (\$ thousands)
- LV = five-yearly averaged net equalised rateable land value (\$ millions)
- $k_1$  } = constants which are established to give a national indicated FAR of
- $k_2$  } = 50%

### 3.3 Establishment of base rates, continued

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#### Other factors considered in base rate determination

Land Transport NZ stresses that the base rate formula provides only an **indication** of the level of assistance. To this is added Land Transport NZ's judgement of the circumstances of each territorial authority.

The factors taken into account in deciding on the base rate are:

- base rate indicators for the current and previous two years
- approved base rates for the current and previous two years
- the base rate indicator for the following year
- changes in the initial block road maintenance allocation from one year to the next
- the change in net equalised land value
- the resultant change in local share.

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#### Base rate reviews

Land Transport NZ reviews all base rates of financial assistance in November each year. This allows six months' notice to be given to territorial authorities before the start of the financial year in which the new rates apply. Of necessity, this means the current year's initial block allocation is used to determine the following year's approved financial assistance rate.

Once set, the financial assistance rate will remain unchanged until the full review is again carried out. Only in exceptional circumstances will Land Transport NZ consider a review of financial assistance rates at other times.

Any supplementary funds approved at monthly programme reviews will be at the financial assistance rate previously set. Note also that the formula provides an **initial indication** of the relative level of assistance to be provided. Land Transport NZ will then exercise its discretion in making its decision on the financial assistance rate to be set.

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#### Minor changes

Land Transport NZ wishes to retain a degree of stability in the financial assistance rates set and therefore will avoid making minor changes to base rates.

As a general guide, Land Transport NZ does not respond to differences of up to  $\pm 2\%$  between existing base rates and those indicated unless there has been a trend occurring for two successive years.

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#### Significant changes

Where a significant change is indicated, either up or down, phasing of the effects is considered.

An exception is where territorial authorities with normally small programmes have introduced work into their programmes that causes a large but temporary change in the appropriate level of assistance.

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### 3.3 Establishment of base rates, *continued*

#### Summary of base rate policy

In summary, the base rate policy is applied as follows:

<b>Where:</b>	<b>Then:</b>
<ul style="list-style-type: none"> <li>• no specific margin is recommended</li> <li>• the base rate indicator for the following year is...</li> </ul>	
<p><b>greater than</b> <math>\pm 2\%</math> from the current year's base rate.</p>	<p>a move is made towards the indicated rate by half the difference, or such as to be within <math>\pm 2\%</math> of the indicator, whichever is the lesser adjustment.</p> <p><b>Note:</b> Territorial authorities are generally given the advantage of the odd <math>\frac{1}{2}\%</math>.</p>
<p><b>less than or equal to</b> <math>\pm 2\%</math> from the current year's base rate.</p>	<p>no change is made unless the same trend has been shown for two successive years.</p>

**Note:** Some discretion is exercised if the resultant change in local share is more than  $\pm 20\%$ , or if the change in net equalised land value is greater than three times the national average.

## 3.4 Local road improvements

<b>Introduction</b>	This section sets out Land Transport NZ's financial assistance policy for improvement of local roads.
<b>Financial assistance</b>	<p>All qualifying work in activity class 5: <i>Improvement of roads</i>, other than on special purpose roads, receives financial assistance from Land Transport NZ at a <b>construction rate</b> equal to the base rate plus 10 percent.</p> <p><b>Note:</b> The following conditions apply:</p> <ul style="list-style-type: none"> <li>• work under work category 341: <i>Minor improvements</i> receives financial assistance at the <b>construction rate</b></li> <li>• once the construction rate is set for an individual project, or phase of a project, it will remain constant until the project or phase is completed.</li> </ul>
<b>Investigation and design phases</b>	The financial assistance rate for the investigation and design phases of an improvement project will be the same as the rate applicable to the construction phase.
<b>Special financial assistance for local road improvement projects that benefit state highways</b>	<p>Local road improvement projects that meet the following criteria may, at Land Transport NZ's discretion, be partly funded as a state highway improvement project in activity class 6: <i>Improvement of state highways</i>.</p> <p>The criteria are that:</p> <ul style="list-style-type: none"> <li>• greater state highway benefits can be purchased per dollar when compared to upgrading the state highway</li> <li>• Transit NZ and the local authority, in consultation with Land Transport NZ, have agreed that the project is the best investment option</li> <li>• Transit NZ and the local authority, in consultation with Land Transport NZ, have agreed on attribution of benefits and construction costs</li> <li>• the project is unlikely to proceed if left to the local authority ie, funded at normal financial assistance rates.</li> </ul> <p><b>Rule:</b> Normal financial assistance rates shall apply to each party's share of the cost of improvements. Arrangements for maintenance and renewal may differ on a case-by-case basis.</p>

## 3.5 State highways

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### Introduction

This section sets out Land Transport NZ's financial assistance policy for state highways.

State highways are those roads declared as such under:

- section 11 of the *National Roads Act 1953*, or
- the *Transit New Zealand Act 1989*.

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### Financial assistance

Qualifying work relating to state highways receives financial assistance from Land Transport NZ at a financial assistance rate of **100 percent**.

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## 3.6 Special purpose roads

### Introduction

This section sets out Land Transport NZ's financial assistance policy for special purpose roads.

Special purpose roads are those local roads that were accepted as such under section 104 (now repealed) of the *Transit New Zealand Act*.

For the purposes of the LTMA the public body having control of the road shall be deemed to be the relevant approved organisation.

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### Financial assistance

Qualifying work relating to special purpose roads receives financial assistance from Land Transport NZ at a financial assistance rate of:

- **100 percent** if the work is funded from activity class 1: *Maintenance and operation of local roads*
- **75 percent** if the work is funded from activity class 5: *Improvement of local roads*
- **100 percent** if the work is funded from work category 341: *Minor improvements,*

unless approved otherwise by the Land Transport NZ Board.

**Note:** The financial assistance rate for the investigation and design of improvement projects on special purpose roads is the same as for local roads – refer to section 3.4.

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## 3.7 Emergency reinstatement

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### Introduction

This section outlines:

- what qualifies for funding as emergency reinstatement
- the process for applying for financial assistance.

Land Transport NZ may approve any project where in its opinion the project is necessary to effect immediate or temporary repair of damage caused by a sudden and unexpected event.

Repair of such damage is usually undertaken in two separate phases:

- immediate response, then
  - permanent reinstatement.
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### Immediate response

The immediate response phase covers the work necessary to reopen a road, where practicable, to at least a single lane facility for safe use by traffic or to minimise risk of further damage. This may include:

- slip clearance
- construction of temporary detours
- temporary reinstatement of the roadway including emergency bridging, etc
- restoration of roadside drainage.

**Note:** Work undertaken in this phase is exempt from Land Transport NZ's procurement procedures.

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### Permanent reinstatement

The permanent reinstatement phase involves work that is required to restore the road to its former, or a similar, condition.

As the work is of a long-term nature, it generally involves an engineering appraisal of options and may require design input.

**Rule:** Land Transport NZ's policy on *uneconomic* roading facilities applies – refer to section 4.32.

**Note:** Work undertaken in this phase is subject to Land Transport NZ's procurement procedure. However, if the cost of permanent reinstatement is \$50,000 or less, a territorial authority has the option of undertaking the work through the contractor or business unit that is on site carrying out the immediate response work.

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### 3.7 Emergency reinstatement, *continued*

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**Damage to recently constructed/implemented work**

The cost of restoring any damage to work under construction/implementation or still within a maintenance period is to be a charge to that construction/implementation work and not to the emergency reinstatement work category.

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**Improvements associated with emergency reinstatement**

Any improvements undertaken in conjunction with emergency reinstatement are subject to normal programme development and project evaluation procedures.

Improvements include, for example:

- road widening beyond the original width
  - easing of bends
  - pavement strengthening
  - seal extension
  - upgrading of road supporting structures, such as replacing a one-lane bridge with a two-lane bridge.
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**Notification**

Within one week of the events causing the damage, the asset manager should notify Land Transport NZ's regional partnership manager of such damage and request that an inspection be made.

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**Inspection**

The regional partnership manager will accompany the asset manager to inspect the damage and agree on the scope of work and estimated cost necessary to repair the damage. Unless there are exceptional circumstances, this inspection and agreement shall be completed within four weeks from the date the damage occurred.

**Note:** The regional partnership manager may use discretion in deciding whether or not an inspection is warranted.

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## 3.7 Emergency reinstatement, continued

### Application

Applications for emergency reinstatement funding are now to be entered via *LTP online* using the emergency reinstatement project type.

Information requirements are stated both below and in *LTP online*.

All applications for emergency reinstatement funding must include:

- a schedule showing the location and details of the damage and restoration proposed at each site
- the estimated cost of work
- the actual expenditure to be allocated in each year.

#### Rules:

- Any application must be made within **six weeks** of the date the damage occurred, and
- **No funds are authorised** until the application is approved.

**Note:** General rates are defined in this manual to be any rates levied on a local authority wide basis. This includes general rates and uniform annual charges (as defined in the *Rating Powers Act*) and any separate roading rate.

### Approval of allocation

Land Transport NZ's partnership manager will notify the asset manager of an approved allocation of funds.

### Funds programmed into the following year

If it is necessary to programme funds into the following year, the road controlling authority is to advise the partnership manager of the total cash flow when making the original application. A review of the following year's allocation must be made prior to the closing of the current year's accounts.

### Limitation to allocation of funds

Financial assistance provided by an emergency reinstatement allocation must be used within two years from the date of the event unless approved otherwise.

**Note:** Allocations for bridge renewals must be used within three years.

### Unexpended funds

It is essential to the efficient management of the national land transport account that funds which are unexpended, or anticipated to be unexpended, by the road controlling authority are identified at the earliest review of the National land transport programme.

### 3.7 Emergency reinstatement, continued

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#### **Advance of funds to territorial authorities**

Land Transport NZ has adopted the following policy for payment of advances for emergency reinstatement to territorial authorities:

- no advance is payable if the estimated total emergency reinstatement expenditure for a three-month period is less than 10 percent of the territorial authority's total general rate
- if expenditure on emergency reinstatement is in excess of the above limit, then advances will be made such that payments are in advance of claims from the funds applicable to three months' emergency reinstatement expenditure (rounded to the nearest \$10,000).

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#### **Financial assistance rate**

Land Transport NZ will provide financial assistance to a territorial authority on the total cost of the emergency reinstatement within a financial year at the financial assistance rate obtained from figure 3.2 on the next page.

**Note:** Requests falling within the shaded area of the graph may be approved by Land Transport NZ's regional partnership manager up to \$500,000 Land Transport NZ share.

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#### **Adjustment for under-expenditure**

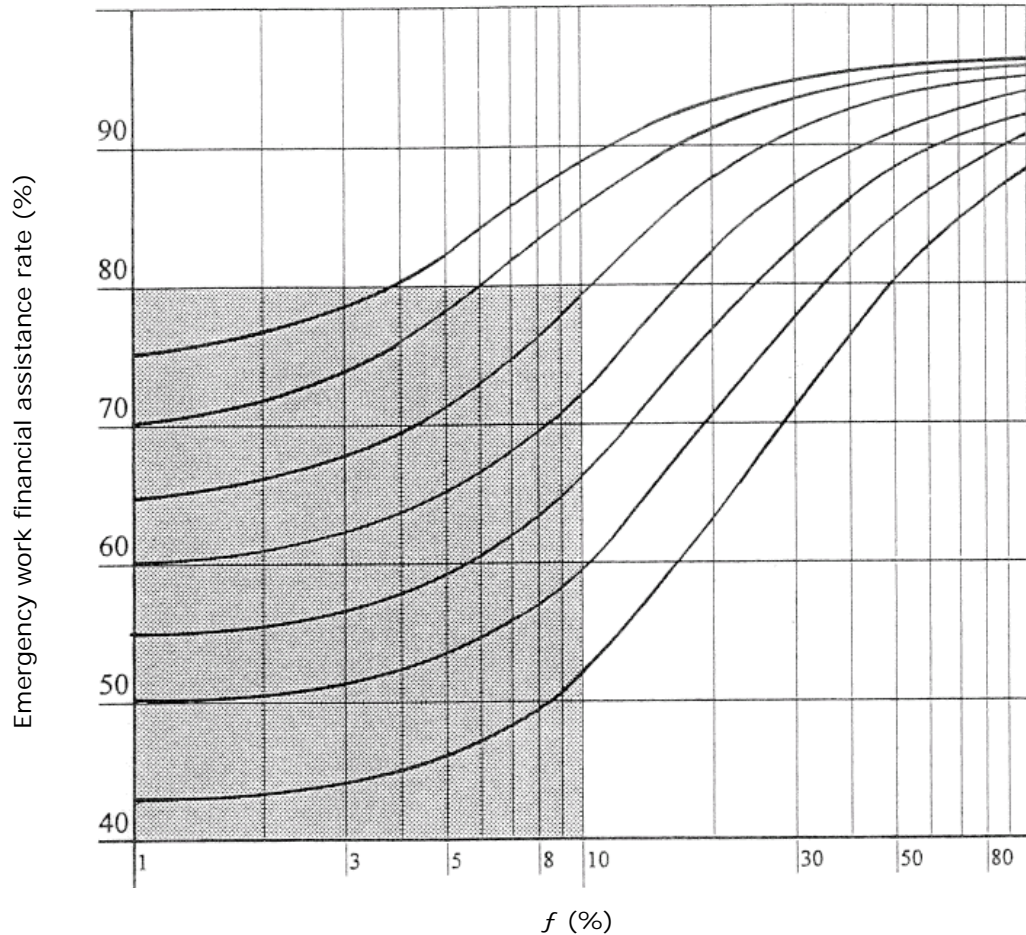
Land Transport NZ may adjust the financial assistance rate for a financial year if actual expenditure is less than the approved allocation.

**Note:** If the unexpended allocation is carried into the following year, another application is to be made. A new financial assistance rate will then be determined for that year.

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### 3.7 Emergency reinstatement, *continued*

**Figure 3.2 Emergency reinstatement financial assistance rate**



**Formula:**  $f = (F \div R) \times 100\%$

**Where:** F = Total cost of current emergency work application *plus* any existing emergency work allocation (current year only)

R = Total general rates for territorial authority (exclusive of GST)

## 3.8 Use of the land transport system

<b>Introduction</b>	This section sets out Land Transport NZ's financial assistance policy for work categories in activity class 8: <i>Use of the land transport system</i> .
<b>Policy being developed</b>	Applicants should note that Land Transport NZ is currently developing policy in the areas of transport demand management, and financial assistance for rail freight and sea freight operations. Applicants should discuss proposed activities in these work categories with Land Transport NZ's regional staff as early as possible.
<b>Regional transport studies</b>	Qualifying expenditure relating to regional transport studies undertaken by regional authorities (work category 411: <i>Regional transport studies</i> ) receives financial assistance from Land Transport NZ at a financial assistance rate of <b>50 percent</b> .
<b>System use studies</b>	Qualifying expenditure relating to system use studies (work category 412: <i>System use studies</i> ) receives financial assistance from Land Transport NZ at the territorial authority's <b>construction rate</b> – refer to section 3.4.
<b>Travel demand management</b>	Qualifying expenditure relating to travel demand management activities (work category 421: <i>Travel demand management</i> ) receives financial assistance from Land Transport NZ at the territorial authority's <b>construction rate</b> – refer to section 3.4.
<b>Community focused activities</b>	<p>Qualifying expenditure relating to:</p> <ul style="list-style-type: none"> <li>• work category 431: <i>Community coordination</i></li> <li>• work category 432: <i>Community programmes</i></li> <li>• work category 433: <i>Community advertising</i></li> </ul> <p>receives financial assistance from Land Transport NZ at a maximum financial assistance rate of <b>75 percent</b>.</p> <p>All requests for funding for community focused activities must identify the total cost of the project. Approved organisations must retain supporting information of the details that make up the total cost of each separate activity. This would often be referred to as the budget for the activity and should consist of financial costs and the value of in-kind goods and/or services.</p>

continued

## 3.8 Use of the land transport system, continued

### Community focused activities, continued

The actual financial costs of the approved organisation are:

- costs that are supported by invoices, or
- the costs of coordination (work category 431) as recorded through a time recording system
- other internal professional services as recorded through a business unit of the approved organisation

The maximum financial assistance rate for community focused activities is 75 percent of its total costs. The Land Transport NZ contribution to the costs of a community focused activity is a calculation based on the following:

- Land Transport NZ financial assistance for a community focused activity is calculated on the total cost less ineligible contributions from other sources, and can only be up to the value of the actual financial costs.
- If the contribution of a third party to funding a community focused activity changes the scope of the activity, the contribution will be deducted from the total cost before calculation of the Land Transport NZ contribution.
- An approved organisation can not gain net income from Land Transport NZ's financial contribution.

Councils can source the 25 percent local share from a variety of sources:

- Council funds
- Community groups who might provide financial contributions and or in kind donations
- Financial contributions from third parties, as long as these don't change the scope of the activity
- In kind donations of good or services that contribute to meeting the objectives of an activity

## 3.8 Use of the land transport system, continued

### **Community focused activities, continued**

In kind donations of goods or services:

- must be an essential part of the activity. For example the provision of volunteer time in running a fatigue stop.
- The contribution of any in-kind goods or services can not be transferred across activities that are combined in a project in LTP online; as the financial assistance calculations are applied to each activity individually.
- Police time or ACC time cannot be used as an in kind donation to make up local share; this is not appropriate as both the Police and ACC are already funded to provide services, so their time cannot be counted as a direct project cost.

Third Party Contributions:

- Other organisations may make financial contributions to the funding of an activity. When a financial contribution from a third party results in a change to the scope of an activity, that contribution will be deducted from the total cost of the activity before the calculation of the actual Land Transport NZ contribution (ie, that part will not be eligible for funding assistance).
- If the third party contribution is more than 25 percent of total cost, the amount over 25 percent is deducted before the calculation of the Land Transport NZ contribution.
- Funding from other Government agencies is eligible as local share.

### 3.8 Use of the land transport system, continued

#### Rail freight and sea freight operations

Land Transport NZ's interim policy for financial assistance for rail freight and sea freight operations is set out below, pending further development of the government's rail policy. The policy is designed for relatively small-scale operations seeking an operational subsidy, as opposed to a capital contribution for infrastructure improvement.

The activity should have a BCR greater than 1, as calculated according to Land Transport NZ's *Economic evaluation manual, volume 2*. This means that the activity will deliver more benefits than the subsidy provided.

Activities must be evaluated according to the requirements of Land Transport NZ's funding allocation process set out in chapter 6.

#### Funding mechanism for rail freight and sea freight operations

The following funding mechanism will apply to Land Transport NZ financial assistance for rail freight and sea freight operations:

- funding will be provided for a limited period, up to a maximum of three years
- funding will be based on a validated business case that demonstrates:
  - there is a funding gap
  - the freight proposal has merit
  - the alternative mode will be self-sustaining by the end of the trial period (maximum of three years)
- the funding gap will be determined by the business case's estimate of freight transported and the actual costs faced by the business
- the subsidy payable would be the minimum of this funding gap or the road user benefits derived from removing this freight from the road
- the actual subsidy paid in a year would be based on the subsidy rate (eg, \$ per tonne) multiplied by the outputs actually achieved (eg, tonnes carried by the alternative mode) up to an agreed \$ maximum
- the financial assistance rate will depend on the circumstances of the proposal, including the type of road from which the freight is removed. For local roads, the maximum assistance rate will be the financial assistance rate applying to the relevant local authority. For state highways, the maximum financial assistance rate will be 100 percent.
- the applicant will acknowledge, as part of its written agreement with the party it funds, that the subsidy will cease at the end of the trial period
- there will be full public disclosure of the basis of payments and the maximum amount of subsidy agreed by Land Transport NZ and the applicant, as well as the subsidy amounts paid by Land Transport NZ.

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## 3.8 Use of the land transport system, continued

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### **Additional guidelines for rail freight and sea freight operations**

In addition to the funding mechanism conditions, the following guidelines apply to proposals for financial assistance for rail freight and sea freight. Land Transport NZ anticipates that:

- freight operations would be relatively small-scale (eg, annual subsidy less than \$1 million per year)
- the subsidy would be a relatively small proportion of the total cost of freight (otherwise it is unlikely the activity will become self-sustaining)
- the subsidy rate would reduce over the trial period as the activity moves towards becoming self-sustaining
- Land Transport NZ's preference is to establish a funding partnership with one or more local government entities
- the subsidy should not confer any obvious advantage to one supplier (of the product being freighted) compared with another in the same product market.

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### **Walking and cycling**

Qualifying expenditure relating to:

- work category 451: *Pedestrian facilities*
- work category 452: *Cycle facilities*

receives financial assistance from Land Transport NZ at the territorial authority's construction rate – refer to section 3.4.

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## 3.9 Passenger transport

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### Introduction

This section sets out Land Transport NZ's financial assistance policy for work categories in activity class 9: *Passenger transport*.

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### Bus and ferry services, concession fares and facilities maintenance and operations

Qualifying expenditure relating to:

- work category 511: *Bus services*
- work category 512: *Ferry services*
- work category 513: *Bus and ferry concession fares*
- work category 514: *Bus and ferry facilities maintenance and operations*
- work category 520: *Passenger transport services management*

receives financial assistance from Land Transport NZ at a financial assistance rate of **50 percent**.

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### Passenger rail services and facilities maintenance and operations

Qualifying expenditure relating to:

- work category 515: *Passenger rail services*
- work category 516: *Passenger rail facilities maintenance and operations*

receives financial assistance from Land Transport NZ at a financial assistance rate of **60 percent**.

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### 3.9 Passenger transport, continued

#### Total mobility

Qualifying expenditure relating to:

- work category 517: *Total mobility services*
- work category 518: *Total mobility facilities maintenance and operations*

receives financial assistance from Land Transport NZ at a financial assistance rate of:

- **40 percent** for those regional authorities that have not met the conditions and signed up to phase 1 of the revised total mobility scheme
- up to **50 percent** for those regional authorities that have met the conditions and signed up to phase 1 of the revised total mobility scheme
- up to **60 percent** for those regional authorities that have met the conditions and signed up to phase 2 of the revised total mobility scheme.

**Note:** Financial assistance from Land Transport NZ will not automatically move to 50 percent upon sign-up of phase 1 of the revised total mobility scheme because the regional authority's financial contribution to total mobility must not fall below the budgeted 2005/06 level. This also applies to the financial assistance rate for phase 2.

Therefore for any related expenditure above the 2005/06 base allocation the regional authority will get 100% financial assistance from Land Transport NZ up to the 50% level for phase 1 and up to 60% for phase 2.

Qualifying expenditure relating to:

- work category 519: *Replacement wheelchair hoists*

receives financial assistance from Land Transport NZ at a financial assistance rate of **60 percent**.

Qualifying expenditure relating to:

- work category 521: *Total mobility flat rate payments*

receives financial assistance from Land Transport NZ at a financial assistance rate of **100 percent**.

### 3.9 Passenger transport, continued

**Revised total mobility scheme**

The revised total mobility scheme was announced by the Minister of Transport and the Minister of Disability Issues in August 2005. The revised scheme provides enhanced financial assistance for those regional authorities that sign up to the scheme. The enhanced financial assistance is subject to regional authority funding for total mobility not falling below the budgeted 2005/06 level.

The purpose of the revised total mobility scheme is *to assist eligible people with impairments to access appropriate transport to enhance their community participation*. This assistance is provided in the form of subsidised door-to-door transport services wherever total mobility scheme transport providers operate.

Provision of a subsidised transport service to eligible people with impairments is consistent with local government responsibilities to the transport disadvantaged, and part of core business.

The eligibility criteria for the revised total mobility scheme are that an eligible person must have an impairment that prevents them from undertaking any one or more of the following five components of a journey unaccompanied, on a bus, train or ferry in a safe and dignified manner:

- getting to the place from where the transport departs
- getting onto the transport
- riding securely
- getting off the transport
- getting to the destination.

The revised total mobility scheme consists of two phases with a possible third phase following further direction from Ministry of Transport.

Land Transport NZ is developing:

- guidelines for contracts between local authorities and assessment agencies to ensure high quality and consistent assessments
- guidelines for contracts between local authorities and total mobility scheme transport operators to ensure high quality and adequate service levels, including the provision of wheelchair accessible taxis within the fleets
- a handbook, including best practice guidelines to help assessors in consistently applying the eligibility criteria
- an appropriate regime to ensure that wheelchair hoists meet acceptable safety standards.

### 3.9 Passenger transport, continued

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**Phase 1 of the revised total mobility scheme**

To qualify for phase 1 financial assistance, the total mobility scheme implemented in a regional authority area must meet the following conditions:

- people with impairments who meet the eligibility criteria, but are able to use bus, train or ferry services some of the time, must be eligible for the scheme (eg, people with impairments such as epilepsy or arthritis)
  - people who meet the eligibility criteria and have an impairment that has lasted, or is expected to last for six months or more, must be eligible for the scheme
  - children with impairments who meet the eligibility criteria must be eligible for the scheme<sup>6</sup>
  - people with impairments who meet the eligibility criteria and live in residential care must be eligible for the scheme<sup>7</sup>
  - the total mobility scheme must have no minimum fare threshold
  - there must be no restrictions on the purpose of the trip for the total mobility scheme.
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<sup>6</sup> It is not intended that the revised total mobility scheme be a substitute for transport services that are the responsibility of other government agencies such as the Ministry of Education which is responsible for all school related travel.

<sup>7</sup> It is not intended that the scheme should be a substitute for transport services that are the responsibility of the rest home provider, or be used by the rest home to provide transport for organised activities.

## 3.9 Passenger transport, continued

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**Phase 2 of the revised total mobility scheme**

To qualify for phase 2 financial assistance, the total mobility scheme implemented in a regional authority area must meet the following additional conditions:

- regional authorities determine maximum subsidised fares for the total mobility scheme in negotiation with Land Transport NZ, taking into account the NZ travel survey, and review them at least three yearly
  - town boundary travel restrictions for the total mobility scheme are removed and replaced with a maximum subsidised fare
  - regional authorities are encouraged to take into consideration the following when allocating Total mobility trips: the needs of the individual user, budget constraints of the regional authority and alignment with other regions methods of trip allocation
  - regional authorities enter into contracts with assessment agencies, aligned with guidelines produced by Land Transport NZ
  - appropriate training is provided to assessment facilitators to assist in the consistent application of the eligibility criteria
  - potential members of the total mobility scheme have the option to be assessed by a voluntary disability sector agency in every region
  - regional authorities establish systems for data collection, monitoring and evaluation
  - regional authorities improve their administration systems for the allocation and redemption of trip entitlement vouchers
  - regional authorities enter into contracts with transport operators, aligned with guidelines produced by Land Transport NZ
  - regional authorities investigate the possibility of contracting taxi services operating in areas that are not currently covered by the total mobility scheme, to provide a scheme service.
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### 3.9 Passenger transport, continued

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**Passenger transport infrastructure**

Applications for funding for bus, ferry or passenger rail infrastructure should explain the links between projects and, where appropriate, present the projects in the form of a package to avoid double counting of benefits between linked projects.

Supplementary funding from local authorities and other parties will be taken into account when assessing the economic efficiency factor of the proposal as part of the prioritisation stage of the funding allocation process.

Land Transport NZ funding will normally be channelled through the regional authority, even when a territorial authority partly funds the project.

Land Transport NZ financial assistance may be conditional on:

- any future disposal of assets being subject to agreement with Land Transport NZ
- effective measures to ensure appropriate access by other operators and commercial interests.

**Rule:** Applications need to take account of ongoing maintenance costs and any revenue generated from sources such as car parking fees. Ongoing maintenance or operating costs associated with approved improvement projects or packages will be funded as part of the ongoing financial assistance for bus and ferry services or passenger rail services.

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### 3.9 Passenger transport, continued

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#### **Financial assistance rates for passenger transport infrastructure**

Qualifying passenger transport infrastructure receives financial assistance from Land Transport NZ at a financial assistance rate (FAR):

- **equal to the construction financial assistance rate of the territorial local authority** in which the project is implemented for bus and passenger ferry infrastructure (work category 531: *Bus and ferry infrastructure*)
- **up to a maximum of 60 percent** (decided on a case-by-case basis) for passenger rail infrastructure (work category 532: *Passenger rail infrastructure*)
- **equal to the construction financial assistance rate** of the territorial authority in which the project is implemented for passenger transport road improvements (work category 533: *Passenger transport road improvements*).

**Note:** Where a project or package spans across more than one authority the FAR will be determined on a case-by-case basis.

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## 3.10 Administration

<b>Introduction</b>	Activities constituting administration are set out in section 2.12.
<b>State highway administration</b>	Administration expenditure by Transit NZ receives financial assistance from Land Transport NZ at a financial assistance rate of <b>100 percent</b> .
<b>Territorial authority administration support</b>	Financial assistance for territorial authority administration is <b>2.25 percent</b> of the total allocation of activity classes 1, 3, 5, 7 and 8.
<b>Regional land transport planning</b>	Qualifying expenditure relating to work category 631: <i>Regional land transport planning</i> receives financial assistance from Land Transport NZ at a financial assistance rate of <b>25 percent</b> .
<b>Passenger transport administration</b>	Qualifying expenditure relating to passenger transport administration (work category 632: <i>Passenger transport administration</i> ) receives financial assistance from Land Transport NZ at a financial assistance rate of <b>25 percent</b> for ARTA and <b>50 percent</b> for all other regional authorities.
<b>Total mobility administration</b>	<p>Qualifying expenditure relating to total mobility administration (work category 633: <i>Total mobility administration</i>) receives financial assistance from Land Transport NZ at a financial assistance rate of:</p> <ul style="list-style-type: none"> <li>• <b>50 percent</b> for those regional authorities that have not met the conditions and signed up to phase 2 of the revised total mobility scheme</li> <li>• <b>60 percent</b> for those regional authorities that have met the conditions and signed up to phase 2 of the revised total mobility scheme.</li> </ul> <p>Refer to section 3.9 for definition of phase 1 and phase 2 of the revised total mobility scheme.</p>

## 3.11 Multi-party projects

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### Introduction

Financial assistance for nominated multi-party projects that involve more than one approved organisation receiving financial assistance for the project will be conditional on the parties entering into a formal funding agreement. The extent of detail required in the agreement will depend on the size, complexity and duration of the project.

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### Approval of agreement

Each multi-party funding agreement shall be developed in consultation with the appropriate Land Transport NZ partnership manager, executed by the parties involved and sent to the partnership manager prior to funding being released.

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### Content of agreement

The multi-party funding agreement shall include the following:

- the organisation responsible for the overall project management and recovering costs from other parties (the lead organisation)
- the total project cost, the total cost of each phase and the agreed division of these costs between each party and whether a financial summary report is required
- the organisation responsible for reporting to Land Transport NZ on project changes
- the organisation responsible for preparing and updating the economic analysis at the key points during the project life
- how the parties' separate interests are protected within the contractual arrangement
- a risk sharing and approvals procedure for any variations, contractual disputes etc
- the basis for accounting for the respective parties' costs associated with the project.

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**Programming:** Each approved organisation shall identify its specific portion of the project cost in its state highway or land transport programme submitted through *LTP online*.

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### 3.11 Multi-party projects, continued

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**Claims**

Each approved organisation shall claim financial assistance for its portion of the project cost.

When required in terms of the agreement, each claim made by the lead organisation must be supported by a financial summary report using form 3.2 (shown on the following page).

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**Land Transport  
NZ audits**

Land Transport NZ will audit all nominated multi-party projects within six months of the first financial assistance payment to confirm that all accounting and reporting requirements are being met.

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### 3.11 Multi-party projects, continued



Form 3.2

## Multi-party projects Financial summary report

(to be submitted by all parties when claiming financial assistance from Land Transport NZ)

Project name		
Lead approved organisation		
Project manager		
Original contract price	\$	
Contract additions plus	\$	
Contract deductions minus	\$	
Current contract price	\$	

Annual expenditure for year	20 ____ / 20 ____
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	Lead organisation	Other party (1) name: _____	Other party (2) name: _____	Total
Current year allocation	\$	\$	\$	\$
<b>Current year expenditure to date</b> (claim no. _____)	\$	\$	\$	\$
Current year previous expenditure	\$	\$	\$	\$

Signed: \_\_\_\_\_ (Project accountant)

Date: \_\_\_\_\_

(A copy of this completed form is to be forwarded to other parties for their claiming action)