

4.0 FUNDING PLAN

The section sets out how the proposed programme is to be funded for the next three years. It also provides a financial forecast of anticipated revenue and expenditure on activities for the 10 financial years from 1 June 2009.

4.1 SOURCES OF FUNDING

There are three main sources of funding – the National Land Transport Fund and Local funding.

The National Land Transport Fund. This fund is split into two categories, **National (N) funding** and **Regional (R) funding**. Regional (R) funds are allocated to regions from the fuel excise duty. The allocation is based on the region's population. The RTC can determine how R funding is used.

Local share funding is sourced by regional and district councils through rates or targeted contributions.

The proportion of National funding potentially available for activities varies for each council. This is called the funding assistance rate (FAR).

4.1.1 Level of funding requirement in this Regional Land Transport Programme

Table 3 identifies for each activity class:

- the Government Policy Statement (2008) indicative range of funding for 2009 - 12
- the anticipated funding requirement National funding for 2009 - 12
- the differences between anticipated expenditure and Government funding.

As has been noted, the new Government Policy Statement does not include a regionalised indicative funding range for each activity class and the ranges shown in Table 3 are no longer relevant. However the anticipated **N** funding is still relevant for the projects contained in this Regional Land Transport Programme.

Given the uncertainty surrounding fundin`g, the Regional Transport Committee has determined not to exclude any project at this stage nor to adjust the timing for any particular project to spread costs over a longer period.

The Regional Transport Committee is not expecting the full programme to be funded in the National Land Transport Programme. The prioritisation of the activities will indicate to NZTA when they are preparing the National Land Transport Programme which projects are important for the region.

In addition, by including all projects in the Regional Land Transport Programme, if one project is delayed, funding may be diverted to another project within the programme that is ready to proceed.

Appendix 2 provides the anticipated expenditure for each of the three years and an estimated expenditure for years 4-10 for each activity class and each of the approved organisations.

Table 3 – Government Policy Statement funding ranges and anticipated expenditure in each funding period

Activity Class	Government Policy Statement funding ranges (2009-2012)		2009 – 2012 anticipated N funding	Difference between N funding & upper range (minus sign = exceeds)
		(\$)		
Transport Planning	Lower	0	2,365,092	7,634,908
	Mid	5,000,000		
	Upper	10,000,000		
Maintenance and operation of local roads	Lower	25,000,000	32,343,856	2,656,244
	Mid	30,000,000		
	Upper	35,000,000		
Renewal of local roads	Lower	30,000,000	37,609,203	-2,609,203
	Mid	32,500,000		
	Upper	35,000,000		
Maintenance and operation of state highways	Lower	25,000,000	31,867,032	-1,867,032
	Mid	27,500,000		
	Upper	30,000,000		
Renewal of state highways	Lower	25,000,000	42,386,910	-7,386,910
	Mid	30,000,000		
	Upper	35,000,000		
New & improved infrastructure for local roads	Lower	5,000,000	26,757,011	-11,757,011
	Mid	10,000,000		
	Upper	15,000,000		
New & improved infrastructure for state highways	Low	25,000,000	96,058,702	-36,058,702
	Mid	42,500,000		
	Upper	60,000,000		
Public transport services	Lower	0	6,867,172	-1,867,172
	Mid	2,500,000		
	Upper	5,000,000		
Public transport infrastructure	Lower	0	67,390	-67,390
	Mid	0		
	Upper	0		
Walking and cycling facilities	Lower	0	4,331,883	668,117
	Mid	2,500,000		
	Upper	5,000,000		
Demand management & community programmes	Lower	0	3,966,583	1,033,417
	Mid	2,500,000		
	Upper	5,000,000		
Total allocations	Lower	140,000,000	285,433,059	-60,395,559
	Mid	182,500,000		
	Upper	225,000,000		

4.2 10 YEAR FINANCIAL FORECAST OF REVENUE AND EXPENDITURE

The forecasted expenditure for the 10 years from 1 June 2009 has been used to prepare Table 4. It provides the total anticipated expenditure for each activity class for each approved organisation.

Table 5 shows the anticipated funding sources for the anticipated expenditure over the next 10 years.

Figure 5 breaks down the percentage of ten year expenditure across each activity class and shows that 60% of forecasted investment is maintenance, renewals and operations of existing transport networks.

Figure 5 – Ten Year Forecast of Expenditure by Activity

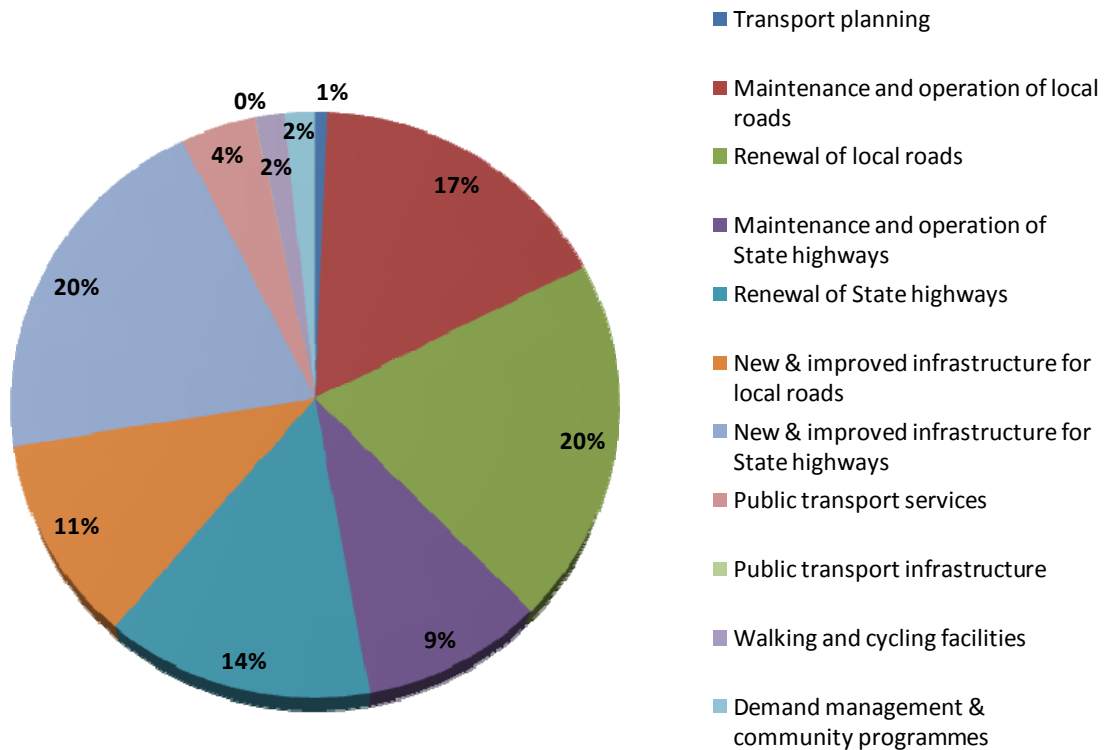


Table 4: 10-year forecast of anticipated expenditure

Activity Class	Total anticipated expenditure 2009-19 (\$)							
	Wairoa District Council	Napier City Council	Hastings District Council	Central Hawke's Bay District Council	Hawke's Bay Regional Council	Department of Conservation	NZ Transport Agency	Hawke's Bay region
Transport planning		225,000	4,061,000	210,000	1,039,827	0	976,000	6,511,824
Local road maintenance	60,832,431	40,396,051	76,412,800	46,340,000	0	350,000	0	224,331,043
Local road renewal	30,983,617	38,684,833	111,546,000	91,846,045	0	0	0	273,060,495
State highway maintenance	0	0	0	0	0	0	121,870,033	121,870,033
State highway renewal	0	0	0	0	0	0	146,955,000	146,955,000
Local road improvements	4,893,383	20,541,100	38,064,000	290,000	0	0	0	63,788,483
State highway improvements	0	0	0	0	0	0	169,941,846	169,941,846
Public transport services	0	0	0	0	57,762,260	0	0	57,762,260
Public transport infrastructure	0	0	103,000	0	0	0	0	103,000
Walking and cycling	1,312,050	2,875,000	5,910,000	227,313	0	0	3,219,000	13,543,363
Demand management & community programmes	0	1,498,000	112,700	0	19,029,674	0	601,000	21,241,374
All activities	98,021,481	104,219,984	236,209,300	138,913,358	76,841,934	350,000	443,562,879	1,099,109,024

Table 5: 10-year forecast of anticipated expenditure and funding sources

Activity Class	Forecast expenditure 2009/2019 (\$)	Funding sources (\$)			
		Regional	National (includes Regional funding)	Local	Other sources
Transport planning	6,511,827	-	4,315,330	2,196,497	0
Local road maintenance	224,331,343	-	143,038,000	81,293,343	0
Local road renewal	278,060,495	-	166,380,058	106,680,437	0
State highway maintenance	121,870,033	-	121,870,033	0	0
State highway renewal	146,955,000	-	146,955,000	0	0
Local road improvements	63,788,483	17,949,116	21,068,033	24,771,334	0
State highway improvements	169,941,846	62,906,964	107,034,882	0	0
Public transport services	57,762,260	-	28,881,130	28,881,130	0
Public transport infrastructure	103,000	-	-	0	0
Walking and cycling	13,543,363	-	9,559,226	3,984,137	0
Demand management & community programmes	21,241,374	-	16,081,281	5,160,094	0
All activities	1,099,109,024	80,856,080	765,244,773	253,008,171	

It is noted that the Regional R funds stated in Table 4 exceeds the estimated R funds that will be allocated to Hawke's Bay. This means that there will be insufficient regional funding to complete the projects that the Committee has identified as being the top priority for Hawke's Bay.

The Regional Transport Committee will await the outcome of the government amendment and the completion of the Regional Land Transport Programme before investigating additional funding sources.

4.3 AFFORDABILITY OF THE PROGRAMME

As noted in section 4.2, the Regional Transport Committee does not expect the proposed programme to allocate all the required N funds to complete its projects.

However, it is also acknowledged that without N funding, many of the projects will not be affordable to the local community and will not be undertaken.

