



## **MEDIA RELEASE**

### **Ruapehu District Council**

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#### **COUNCIL SEEKS MINISTERIAL SUPPORT FOR FAR REDUCTION CHALLENGE**

Ruapehu District Council (RDC) has sought the support of the Minister of Transport, Hon. Steven Joyce, to have the New Zealand Transport Authority (NZTA) Board review its proposal to reduce the Funding Assistance Rate (FAR) being paid to Ruapehu for roading projects.

The Funding Assistance Rate (FAR) is central government's contribution to the nation's local, non-state highway roads and is hugely important to Ruapehu due to the District's vast rural road network that makes up Council's largest expenditure item.

RDC Chief Executive, David Hammond, said that Ruapehu had noted with dismay that amongst those Districts that have proposed drops in their FAR are many of the least well off areas in New Zealand with the proposed national FAR adjustments showing a movement from many rural areas to cities and Districts in the hinterlands of cities.

"The NZTA is currently planning to reduce Ruapehu's FAR by two percent over two years from 62% to 60% which would have the impact of increasing Ruapehu rates by 2.44% if Council wants to maintain its road investment at the same level," he said.

"NZTA funding is based on each territorial authority's relative ability to pay toward their own roading projects by comparing relative property values in each district and the level of their local roading programme."

"In Ruapehu's case our view is that the approach taken by the NZTA is deeply flawed due to the use of past property valuations that were artificially high at the time and do not reflect the significant drop in valuations in 2011, and the huge increase Ruapehu has made into its road investment – some \$2 million increase since 2009."

"The FAR reduction proposal is both frustrating and confusing and if implemented will significantly hamper the District's strategic road renewal programme and potentially hinder future Ruapehu economic development."

Mr Hammond stated that in 2007 Council undertook a major review of its level of roading expenditure in response to NZTA Technical Audits that highlighted the need for Ruapehu to increase the level of investment going to road renewals with the objective of keeping the road network in good condition and reducing long term maintenance costs.

"In response Ruapehu increased its investment into our roading programme by \$2 million in the past two years, a move that has been praised by NZTA staff," he said.

"The additional funding required for this investment was obtained from Council implementing a major organisational review that reduced overheads and produced savings of 22% that were invested in to the roading programme."

"Without significant cuts to other Council services any drop in the FAR rate would need to be made up with rate increases to maintain the District's roading programme going forward."

Mr Hammond added that the use of older property valuations as a proxy for affordability is also a serious issue for Ruapehu.

"Overall property values in Ruapehu are considerably lower than the national average with the value of the Ruapehu District dropping by 13.4% since 2008."

"The latest 2011 property valuation data from Quotable Value New Zealand (QV) shows that since the 2008 Ruapehu farm valuations have dropped by 16.5%, forestry by 23.4% and residential by 16.8%."

"These are significant drops from the 2008 valuations that the NZTA is using in its FAR calculation and provide a significantly more realistic basis for any property valuation assessment."

Mr Hammond noted that Ruapehu's success in achieving efficiency and innovation in the management of its road network has been recognised nationally with Council staff being invited to speak at conferences including the '2010 Local Government Transport Forum' and recently a 'Low Volume Roothing Workshop'.

"These innovations have included the pioneering of an alternative method of road reconstruction that has reduced the average cost by \$130,000 per kilometre and the prioritising of minor safety works and road improvements directly with rural communities."

"The government and the NZTA should recognise and praise the Ruapehu District in developing new ways of rural road management and efficient leadership."

Mr Hammond said that the NZTA has a difficult job in directing dollars to the road network, however, areas such as ours need every support to trade their way out of recession.

"It is vital to New Zealand's and Ruapehu's economic future that this is done right."

DAVID HAMMOND  
**CHIEF EXECUTIVE**

CJH : PRW