



Correction to NZTA funding assistance rates in the roading cost allocation model

This memo sets out the correction made to the NZ Transport Agency funding assistance rates used in the roading cost allocation model. The updated model and report (dated 15/09/2026) should replace the earlier version for any further analysis and reporting.

Background

The earlier model applied a 61% funding assistance rate to capital expenditure. This overstated the NZTA share of the relevant capital expenditure and understated the rates funded cost pool allocated to these items in the model.

The funding rate applied to South Wairarapa’s special purpose road was correct.

Previous capital expenditure data provided by South Wairarapa also had to be manually classified against NZTA work codes based on project description. Updated information has been provided which includes the NZTA work code allocations used for funding requests.

Correction made

The updated model applies South Wairarapa’s specific funding assistance rate of 51% to capital expenditure.

Updates to the capital expenditure classification have also been included to ensure alignment with funding requests and cost drivers.

Impact

The overall impact of the change on the cost allocation model is outlined in the table below.

Previous rates funded costs	Updated rates funded costs	Change
\$4.88 million	\$5.23 million	Increase of approximately \$0.36 million

The movement also reflects updates to the mapping and treatment of roading expenditure. The full change should therefore not be read as being caused by the FAR correction alone.

The costs allocated to each sector include capital and operating costs. The correction relates only to capital costs, however, as expenditure and allocation of costs between heavy and light vehicles differs across capital and operational expenditures, the revision to the FAR rate applied to Capital costs has resulted in minor changes to the share of costs to be borne by each sector.

Additionally, revisions were made to the way capital costs are allocated against work codes for South Wairarapa. These changes have also been reflected in the updated model and report.



The changes are summarised in the table below:

Land use Categories	Previous report: Proposed share of roading costs (FAR at 61% for Capex)	Updated report: Proposed share of roading costs (FAR at 51% for Capex)	Change
Commercial	5.20%	4.77%	-0.43
Horticultural	2.59%	2.74%	0.15
Farming general	17.12%	19.03%	1.91
Forestry	12.63%	10.73%	-1.90
Industrial	3.12%	2.85%	-0.27
Lifestyle	7.81%	9.15%	1.34
Dairy	33.69%	29.83%	-3.87
Other	0.93%	1.09%	0.16
Residential	16.91%	19.81%	2.90
Total	100%	100%	

Recommendation

The correction does not change the model's overall cost allocation methodology. It does, however, change the size of the rates funded cost pool and the dollar amounts allocated to individual land use categories. The updated model should be used for any further analysis and reporting.



Document Status

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