

## MINISTERIAL BRIEFING NOTE

<b>Subject</b>	Impact of weather events on road maintenance costs
<b>Date</b>	1 August 2019
<b>Briefing number</b>	BRI-1738

Contact(s) for telephone discussion (if required)				
Name	Position	Direct line	Cell phone	1 <sup>st</sup> contact
Brett Gliddon	General Manager System Delivery and Design			✓

### Action taken by Office of the Minister

- Noted
- Seen by Minister
- Agreed
- Feedback provided
- Forwarded to
- Needs change [please specify]
- Withdrawn
- Overtaken by events

Released under the Official Information Act 1982

1 August 2019

**Minister of Transport**

## **BRI-1738: Impact of weather events on road maintenance costs**

### **Purpose**

1. This briefing provides you with an update on the costs associated with extreme weather events that have occurred during the 2015-2018 and 2018-2021 NLTP periods.
2. This request for additional information was raised at the Regional Improvements and State Highway Maintenance deep dive meeting with the Minister on 8 July 2019.

### **Background**

3. Emergency works funding covers adverse weather events. It does not cover extraordinary events, such as the Kaikoura earthquake, where the scale of the damage is significant and therefore the costs are not allocated in the NLTP.
4. While the cost of emergency works between the 2014/15 and 2016/17 financial years remained relatively consistent, with an average spend of \$30m per year, costs have increased significantly in the 2017/18 and 2018/19 financial years. These increases are primarily as a result of four cyclones occurring within a relatively short period of time.
5. The following table shows the emergency works spend over the last five financial years:

	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
<b>Emergency works spend</b>	\$35,976,759	\$24,627,705	\$29,883,809	\$78,964,853	\$72,127,811

6. Cyclones Cook and Debbie occurred in April 2017 and cyclones Fehi and Gita in February 2018, resulting in widespread damage affecting a significant proportion of the country.
7. As a result of these four cyclones alone, over \$61m of emergency works were completed in the 2017/18 financial year, and approximately \$39m in the 2018/19 year.
8. The damage caused by these four cyclones resulted in nine projects in the Manawatu-Whanganui, West Coast, Canterbury, Waikato, Tasman and Northland regions.

9. The cost of each of these projects is outlined in the following table, including the share incurred in each financial year:

<b>Project</b>	<b>Region</b>	<b>2017/18 spend</b>	<b>2018/19 spend</b>
Manawatu Gorge Slip	Manawatu-Whanganui	\$7,073,360	\$7,073,360
Canterbury Cyclone Gita	Canterbury	\$10,216,124	\$3,336,748
Cyclone Debbie/Cook	Waikato	\$4,254,179	\$82,563
Manawatu Cyclone Debbie	Manawatu-Whanganui	\$4,022,245	\$601,412
West Coast Cyclone Fehi	West Coast	\$3,953,764	\$14,678,676
Thames Coast Storm Event	Waikato	\$17,451,391	\$614,427
Region 10 SH60 Takaka Hill	Tasman	\$2,633,447	\$4,875,637
Manawatu-Whanganui Rain Manawatu	Manawatu-Whanganui	\$8,184,617	\$6,282,306
SH11 Lemons Hill Slip Repair	Northland	\$3,890,372	\$1,274,120
<b>Total</b>		<b>\$61,679,499</b>	<b>\$38,819,249</b>

10. In total, these nine projects resulted in approximately 80% of the total emergency works spend in 2017/18 and 55% in 2018/19.

11. These are State Highway Maintenance Activity Class figures. It is important to note that these events also result in damage to the local roads network and those works then need to be funded from the Local Roads Maintenance Activity Class.

**It is recommended that you:**

1. **Note** the contents of this briefing



.....  
**Brett Gliddon**

General Manager, System Design & Delivery

.....  
**Hon Phil Twyford, Minister of Transport**

Date: 2019

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**MINISTERIAL BRIEFING NOTE**

<b>Subject</b>	Start of the summer season
<b>Date</b>	10 October 2019
<b>Briefing number</b>	BRI-1821

<b>Contact(s) for telephone discussion (if required)</b>				
<b>Name</b>	<b>Position</b>	<b>Direct line</b>	<b>Cell phone</b>	<b>1<sup>st</sup> contact</b>
Vanessa Browne	Acting General Manager, Transport Services	s 9(2)(a)	s 9(2)(a)	✓

**Action taken by Office of the Minister**

- Noted**
- Seen by Minister**
- Agreed**
- Feedback provided**
- Forwarded to**
- Needs change [please specify]**
- Withdrawn**
- Overtaken by events**

Released under the Official Information Act 1982

10 October 2019

## Minister of Transport

### START OF THE SUMMER SEASON

#### Purpose

1. This briefing provides you with information on the renewals and reseals work planned for the 2019/20 summer season, as well as information about how this compares to recent levels of investment.
2. The 'summer season' runs from October to March and is the best time to build roads as the warmer weather and ground temperatures are optimal for laying surfaces. Our construction is specifically targeted to address surfacing and rehabilitations that increase safety and make people's journeys more enjoyable.

#### Investment in New Zealand's state highway network is increasing

3. In the 2018/21 National Land Transport Programme (NLTP), the planned expenditure on State Highway Maintenance is \$2.01 billion, and \$2.02 billion is planned for Local Road Maintenance. The figures (actual spend) for the 2015/18 NLTP were \$1.74 billion and \$1.77 billion respectively. In total an additional \$512 million will be spent on road maintenance in this NLTP compared to the last.
4. This summer season we plan to deliver the largest surfacing and pavement replacement programme since 2014/15. In total we are renewing 9% of the state highway network over the 2019/20 summer season. This will repair and renew the surface on more than 2,200 lane kilometres of road (around 1200 kilometres of state highway), with a total spend of \$155 million. We need to replace 9% of state highway road surfaces each year, on average, to cost-effectively sustain access.

#### Historic spending

5. State highway maintenance expenditure has been held at a constant rate between 2009 and 2017.
6. Over the same period the cost of labour, plant and materials grew by 12%, general traffic grew by 22% and freight volumes by 32%. The size and complexity of the asset increased by over 9% during this time, because of both the capital works programme and net transfers of local roads to the state highway network.
7. Since 2009 we have varied our investment to focus on critical activities nationwide, implemented more efficient practices and deferred less critical works. We have targeted replacement of road surfaces and road pavements using more robust processes and field validation, and selected treatments better matched to context using premium materials where warranted to improve their effectiveness.
8. While this approach, combined with the 2013 introduction of Network Outcomes Contracts, has been successful, we have replaced fewer road surfaces than the

sustainable rate from 2014/15 to 2017/18, and less than half the sustainable rate over 2015/17.

9. In 2018 it was recognised that we needed to improve the surface condition of the state highway network. This was achieved by renewing 2,244 lane kilometres in the 2018/19 summer season, compared to 1,761 lane kilometres in the 2017/18 summer season. In addition, the skid resistance programme was increased in 2018/19 to 203 lane kilometres, up from 128 lane kilometres in 2017/18.

**The 2019/20 focus will be on cost-effectively sustaining access and improving safety**

10. \$2.02 billion has been committed for investment in Local Road Maintenance in the 2018/21 NLTP, an increase on the \$1.77 billion spent in the 2015/18 NLTP. This will be coinvested with local government in maintaining, renewing and resealing local roads.
11. The number of state highway roadworks around the country over the 2019/20 summer season is 2,774. The 2,774 sites will reseal 2,266 lane kilometres, which is 9% of the total state highway network.
12. The regional totals of lane kilometres planned to be renewed in the 2019-20 summer season are outlined below:

Region	Total lane kilometres	Investment
Auckland Alliance	109.1	\$ 6,821,659
BOP East	116.2	\$ 7,093,725
BOP West	34.5	\$ 7,155,671
Central Waikato	186	\$ 22,305,404
Coastal Otago	173.7	\$ 9,327,326
East Waikato	127.6	\$ 7,665,547
Hawkes Bay	55.6	\$ 3,180,130
Manawatu Gorge - Detour Route	12.8	\$ 306,000
Manawatu-Whanganui	92.6	\$ 6,602,507
Marlborough	13.6	\$ 570,257
Milford Alliance	24.2	\$ 1,621,195
Nelson-Tasman	118.7	\$ 5,649,022
North Canterbury	150.8	\$ 10,464,026
Northland	212.4	\$ 14,230,424
Otago Central	102.6	\$ 5,982,981
South Canterbury	112.4	\$ 5,808,750
Southland	95.6	\$ 5,266,361
Tairāwhiti Roads - Northern	57.2	\$ 2,382,622
Tairāwhiti Roads - Western	45.8	\$ 2,019,888
Taranaki	81.9	\$ 7,264,774
Wellington	92.7	\$ 8,421,478
West Coast	133.1	\$ 3,952,508
West Waikato-North	48.9	\$ 6,092,377
West Waikato-South	68.2	\$ 4,787,686
<b>Grand Total</b>	<b>2266.2</b>	<b>\$154,972,316</b>

13. A draft media release and summary of lane kilometres is attached (Appendix 1) for your consideration. The Transport Agency can work with your office if an event or alternative release is preferred.

**It is recommended that you:**

1. **Note** the contents of this briefing
2. **Note** the attached media release for consideration



.....  
**Vanessa Browne**

Acting General Manager, Transport Services

.....  
**Hon Phil Twyford, Minister of Transport**

Date: 2019

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## Attachment One: Draft Ministerial Media release

### Record investment in maintenance for a safe summer on the roads

Transport Minister Phil Twyford says a record level of investment through the 2018/21 National Land Transport Programme (NLTP) will be used to repair and reseal the surface on approximately 1,200 kilometres of state highway, improving safety for motorists this summer.

“An injection of \$155 million through the NLTP will allow NZ Transport Agency contractors to reseal and repair the road surface at over 2,700 work sites on the state highway network during the 2019-20 summer work season, improving safety for drivers.

“This work is being enabled by a 16% boost in funding for state highway maintenance, which has increased to \$2.01 billion in the 2018/21 NLTP from \$1.74 billion in the 2015/18 NLTP. Our Government has also increased funding for local road maintenance by a similar amount, and in total we are investing an additional \$512 million on road maintenance in this NLTP compared to the last.

“Our Government is spending more in total on local roads and state highways through the National Land Transport Programme than the last government.

“We are taking a balanced approach to making our roads safer – investing significantly more in safety improvements, increasing safe driving messages and investigating lower speed limits on the most dangerous roads in the country.”

Repairs and resealing will be carried out at a total of 2,774 sites during the 2019/20 summer work season. Work at the 2,774 sites will include the reseal of 2,266 ‘lane kilometres’ of state highways, comprising around 9% of the total state highway network.

The regional totals of lane kilometres\* planned for resealing in the 2019-20 summer season are outlined below:

Region	Lane Kilometres
Northland	212.4KM
Auckland	109.1KM
Gisborne	103KM
Bay Of Plenty	150.7KM
Waikato	430.7KM
Hawkes Bay	55.6KM
Taranaki	81.9KM
Manawatu/Whanganui	105.4KM
Wellington	92.7KM
Marlborough	13.6KM
Nelson/Tasman	118.7KM
West Coast	133.1KM
Canterbury	263.2KM
Otago	276.3KM
Southland	119.8KM
<b>Total</b>	<b>2266.2KM</b>

\*Lane kilometres refers to the total length of lanes to be resealed – i.e. resealing both lanes of a five kilometre stretch of two-lane highway equals ten lane kilometres.

**MINISTERIAL BRIEFING NOTE**

<b>Subject</b>	National Land Transport Programme 2021-24 Development
<b>Date</b>	20 November 2020
<b>Briefing number</b>	BRI-2053

<b>Contact(s) for telephone discussion (if required)</b>				
<b>Name</b>	<b>Position</b>	<b>Direct line</b>	<b>Cell phone</b>	<b>1<sup>st</sup> contact</b>
Matthew Walker	General Manager Corporate Support	s 9(2)(a)		✓

**Action taken by Office of the Minister**

- Noted
- Seen by Minister
- Agreed
- Feedback provided
- Forwarded to
- Needs change [please specify]
- Withdrawn
- Overtaken by events

Released under the Official Information Act 1982

20 November 2020

## Minister of Transport

# National Land Transport Programme 2021-24 Development

### Purpose

1. This briefing informs you ahead of the Waka Kotahi NZ Transport Agency (Waka Kotahi) Board's decision on the 2021-24 National Land Transport Programme (NLTP).
2. The NLTP is a three-year programme that sets out how Waka Kotahi, working with its partners, invests national land transport funding to create a safer, more accessible, better connected and more resilient transport system to keep New Zealand moving. From now until August 2021 we and our local government partners will focus on preparing the 2021-24 NLTP.
3. The NLTP is developed through a collaborative process with local government. Waka Kotahi is a full member of all regional transport committees and Auckland Transport. The committees develop the regional land transport plans and we help shape them through our planning and investment expertise.
4. Activities selected for inclusion in the NLTP are drawn from regional land transport plans. These contain activities from local authorities, the New Zealand Police, approved organisations across the country and Waka Kotahi Transport Services group. Regional land transport plans must be consistent with the Government Policy Statement on Land Transport.
5. Activities within regional land transport plans which are proposed for the NLTP are evaluated against our investment assessment framework to ensure they are the right priorities, ready to be delivered in the right way, at the right time and for the best cost.

### Background

6. Waka Kotahi is primarily funded through revenue received from the National Land Transport Fund (NLTF) and the Crown.
7. Waka Kotahi allocates and invests the NLTF and prepares the NLTP to give effect to the Government Policy Statement on Land Transport (GPS). The GPS sets out the government's priorities for land transport and the results it wishes to achieve through the allocation of funding from the NLTF.
8. Waka Kotahi's investment role is to allocate funding, across transport modes, in line with the GPS to build an affordable, integrated, safe, responsive and sustainable land transport system. This funding allocation role involves balancing national, local and regional short, medium and long-term priorities.
9. Waka Kotahi works closely with co-investment partners and stakeholders (local communities and national policy makers) to determine the transport solutions that will work best for New Zealand to give effect to the GPS.

### Developing regional land transport plans

10. A regional land transport plan (RLTP) sets out a region's land transport objectives, policies, and measures for at least 10 financial years, as required under section 16 of the Land Transport

Management Act 2003. The direction set by an RLTP is an essential part of the strategic context for any land transport investment proposal.

11. RLTPs are prepared by Regional Transport Committees (RTCs), or Auckland Transport in the case of Auckland, every six years. The Land Transport Management Act 2003 sets out in detail the requirements of an RLTP, including the requirement to complete a review of an RLTP during the six-month period before the end of the third year of the plan.

#### **What does an RLTP contain?**

12. RLTPs describe the region's long-term vision and identify its short to medium-term investment priorities to move towards this vision. They also include a regional programme of transport activities proposed for funding over the next three to six years.
13. RLTPs are the primary vehicle for discussing and agreeing a clear set of land transport regional outcomes, priorities and improvement projects. They describe the gap between where a region is and where it needs to get to, along with the programme of activities needed to bridge that gap. Therefore, RLTPs tell a powerful story about a region and its aspirations.
14. For Waka Kotahi, RLTPs are more than just a list of activities or projects that funding is being sought for – they tell the story of what really matters to a region, how investment in different activities will achieve the community's outcomes and where change is most needed.
15. The RLTP will inform and drive investment across all funding sources. It presents the compelling case for land transport investment for local, regional and national investors.

#### **Building useful RLTPs**

16. The GPS 2021 was finalised and announced in September 2020. Following this on 21 September 2020, we started a six-week consultation on the draft Investment Prioritisation Method for the 2021-24 NLTP. The Investment Prioritisation Method is our tool for assessing and prioritising investment proposals.
17. The Waka Kotahi Investment Proposal (previously known as the Transport Agency Investment Proposal) sets out the activities that we propose for investment in the NLTP. It includes proposed state highway activities and other activities we lead on behalf of the sector. We provide the Waka Kotahi Investment Proposal to RTCs to help with preparation of their RLTPs.
18. The GPS, the Investment Prioritisation Method and the Waka Kotahi Investment Proposal are all important building blocks that help RTCs to prepare their RLTPs. Each of these was finalised later than usual, placing pressure on RTCs to complete their RLTPs to the original timeline of April 2021.

#### **Extension of RLTP and NLTP deadlines**

19. The Waka Kotahi Board has agreed to extend the deadlines for regional councils to submit their RLTPs and the adoption of the NLTP. Regional councils now have until 30 June 2021 to submit their RLTPs, and the adoption of the NLTP also moves from 30 June to 31 August 2021.
20. The extension helps to reduce the pressures being faced by our co-investment partners as they all navigate the impacts of COVID-19.
21. This shift of two months is the same change to deadlines that was made for the 2018-21 NTLTP adoption, after the change of government in late 2017. Under the Land Transport Management Act, 31 August 2021 is the latest date the NLTP can be adopted, so there will be no deferral past this date.

22. There will be an extension to the 2018-21 NLTP to cover the two-month gap, so we will be working through what is needed to ensure we continue to fund the approved activities being delivered during that period before the 2021-24 NLTP is adopted.

### **Funding Assistance Rates (FAR)**

23. The Board has agreed the Funding Assistance Rates (FARs) for the 2021-24 NLTP. FARs set out the proportion of funding that will be provided by both Waka Kotahi and local government to progress approved investment proposals. The overall average FAR across all organisations remains at 53%.
24. The Board agreed the transition approach for the FARs that are changing as follows: increasing FARs will be a single step from the start of the 2021-24 NLTP and decreasing FARs will be a staged transition to help councils adjust to the reducing NLTF share.

### **Review of the Investment Decision Making Framework**

25. Waka Kotahi uses an investment assessment framework to ensure that we deliver on government priorities as set out in the current GPS. This framework is called the Investment Decision Making Framework and helps us determine which activities should receive funding.
26. A review of the framework was undertaken in partnership with the Ministry of Transport and supported by Local Government New Zealand. The main change to the framework is to ensure a wider consideration of all costs and benefits associated with a transport investment through a comprehensive benefits management framework.
27. An important part of the Investment Decision Making Framework review was the development of a comprehensive benefits management framework. This sets out an enduring set of benefits and measures that represent what we are seeking to achieve through our investment in the transport system. The benefits management framework can be applied across the breadth of NLTP processes from regional land transport plans to detailed business cases and from decision making processes to benefits realisation and reporting.
28. The benefits framework aligns with the Ministry of Transport's Transport Outcomes framework and comprises 25 benefits (12 of which are monetised) and 63 quantitative and qualitative non-monetised measures. The set of benefits is enduring, and comprehensive enough to encompass the focus of current and future governments. It is also mode neutral. The framework means all impacts (positive and negative) can be consistently considered, measured, tracked and reported.
29. Changes to the Investment Decision Making Framework came into effect on 1 July 2020 and will apply to any business case that started on or after 31 August 2020.

### **The NLTP will need to make some difficult decisions to deliver on GPS 2021**

30. The Waka Kotahi briefing on funding and financing (see BRI-2049) more fully explores the key risks associated with revenue and funding availability for the 2021-24 NLTP. These are the most significant risks facing the 2021-24 NLTP.
31. The GPS for the period 2021-24 has set activity class ranges where the aggregate sum of the lower end of the activity class ranges are very close to the total revenue expected to be received for the period. In other words, the maximum available to spend is almost the same as the very minimum required to be spent.
32. Currently revenue for the three-year period is forecast at around \$13.0 billion. The sum of the bottom of the funding ranges is \$12.9 billion and the 'minimum expenditure' set out in the GPS \$13.1 billion. While this looks achievable in total, some specific activity classes need to be funded above the bottom of the funding ranges to either keep spend the same as it was in 2018-21, or to maintain levels of service, which is a priority in GPS 2021.

33. For example, in finalising GPS 2021, the then Minister of Transport agreed with a Waka Kotahi White Paper on State Highway Asset Management that the State Highway Maintenance activity class would require at least \$2.4 billion over three years. However, the activity class lower funding range is \$2.26 billion, meaning it will need to be funded by at least \$170 million above the lower range to maintain levels of service. This would use up all available discretion, meaning all other activity classes would be funded at or below the lower funding range. Consequently, an activity class such as Public Transport Services will be funded at around \$150 million less than 2021-24 expected commitments, with cost pressures for driver meal breaks and a living wage. We have early sight of these activities in particular, as they do not require RLTPs to be completed, and there is little flexibility to defer, as it would result in higher costs in the long term, or directly impact on short-term service levels.
34. Some activity class lower range expenditure levels will also be difficult to attain. For example, the Public Transport Infrastructure, Road to Zero and Coastal Shipping activity classes all have low commitment levels compared with the lower funding range. This will likely result in lower quality investments occurring in certain activity classes that have funds available, and more GPS aligned higher priority activities being deferred in activity classes without the funds available. The Board previously wrote to the then Minister requesting greater flexibility in the funding ranges (refer Ministry of Transport briefing note OC200624).
35. This pressure, without any additional funding, requires Waka Kotahi to make some trade-offs as part of its role in giving effect to the GPS 2021 that will be more significant than those made in previous GPSs. This might require trading off maintaining existing levels of service in the system with giving effect to the Government's priorities.

*We will provide you further advice on how the NLTP is developing and what trade-offs are being considered*

36. Given the potential significance of the trade-offs that could be considered, Waka Kotahi will work closely with the Ministry of Transport to advise you as the NLTP is being developed:
  - a. the GPS priorities that are likely to be fully met as part of the developing NLTP
  - b. the GPS priorities that will not be met as part of the developing NLTP
  - c. changes that could be made (either to the developing NLTP or to the GPS) to alternatively address the GPS priorities
  - d. funding options that the Government could consider, to enable better progress towards the GPS priorities.

**It is recommended that you**

37. **Note that:**

- development of the NLTP 2021-24 is well underway, however timeframes for RLTPs and the NLTP have been delayed due to COVID-19 related pressures
- there are significant risks related to revenue and funding availability for the 2021-2024 NLTP which are explored further in BRI-2049 provided to you on 12 November 2020.



.....  
**Matthew Walker**

General Manager Corporate Support

.....  
**Hon Michael Wood, Minister of Transport**

Date: 2020

Released under the Official Information Act 1982

## MINISTERIAL BRIEFING NOTE

<b>Subject</b>	Meeting with the Taranaki Mayoral Forum
<b>Date</b>	28 July 2021
<b>Briefing number</b>	BRI-2237

Contact(s) for telephone discussion (if required)				
Name	Position	Direct line	Cell phone	1 <sup>st</sup> contact
Leisa Coley	Senior Manager Government	s 9(2)(a)		✓

### Action taken by Office of the Minister

- Noted
- Seen by Minister
- Agreed
- Feedback provided
- Forwarded to
- Needs change [please specify]
- Withdrawn
- Overtaken by events

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27 July 2021

## Minister of Transport

# Meeting with the Taranaki Mayoral Forum

### Purpose

1. This briefing provides information to support your meeting with the Taranaki Mayors on 28 July 2021.

### Background

2. The Taranaki Mayoral Forum comprises of the Mayors of New Plymouth (Neil Holdom), Stratford (Neil Volzke) and South Taranaki (Phil Nixon), as well as the Taranaki Regional Council Chair, David MacLeod.
3. Linda Stewart, Director Regional Relationships – Taranaki, Hawke's Bay, Gisborne and Manawatu, and Cassandra Crowley, Deputy Chair, will also be attending on behalf of Waka Kotahi NZ Transport Agency.
4. Linda Stewart and Cassandra Crowley, recently meet with the Forum to discuss:
  - State Highway condition and maintenance
  - 2021-24 National Land Transport Programme (NLTP) Funding announcement
  - Road safety concerns.

### State Highway condition and maintenance

5. In December 2020, the Taranaki Mayoral Forum wrote to the Board Chair regarding the condition of the state highway network in Taranaki. The letter set out the Mayors' concerns that the maintenance of roads in Taranaki was lacking, that there was insufficient investment to address the deterioration and that this would lead to safety and resilience issues.
6. Some sections of state highway throughout Taranaki were in a poor condition at the end of winter 2020. Prior to Christmas, Waka Kotahi and its contractors moved quickly during fine weather to address the issues. Unfortunately, the disruption caused by COVID-19 across New Zealand resulted in some of these projects not progressing as quickly as had hoped.
7. Wet weather days during the 2020 calendar year greatly constrained the contractors' ability to carry out heavy maintenance following the COVID-19 lockdown. This year our contractors have undertaken a much larger maintenance programme to compensate for the lost time and address the issues on the network.
8. The councils have also expressed dissatisfaction with the way in which Waka Kotahi undertakes state highway maintenance and the way in which we audit our contractors.
9. Waka Kotahi uses Network Outcomes Contracts (NOC) for the procurement of state highway maintenance. The contracts are performance based using key performance indicators and allow Waka Kotahi to work collaboratively with contractors to ensure desired outcomes are achieved. Downer currently holds the contract to provide road maintenance in the Taranaki region.

### Regional Funding for Taranaki

10. The funding allocation for the Taranaki region is in line with other regions. The focus for investment for the 2021-24 period is to prioritise maintenance and public transport services and complete commitments that will be carried over from the 2018-21 NLTP.
11. The Taranaki Regional Council will receive 100 percent of their Public Transport bids, with the average across all councils at 94 percent.
12. The councils in the Taranaki region will receive 82 percent of their Local Road Maintenance funding bid, with the average across all councils at 83 percent.
13. The Taranaki Mayoral Forum believe extensive re-sealing and higher maintenance is required for their network and submitted a request to support this. However, the bid was unsupportable in the current constrained financial environment.
14. Neil Holdom, New Plymouth District Mayor, also believes the Taranaki region does not receive its fair share of funding when considering how much revenue is gathered from Road User Charges and Fuel Excise Duty.
15. Vehicles are not necessarily registered where they are driven, meaning assessing revenue geographically can be arbitrary. For example, towns like Picton will have a significant amount of heavy traffic that is likely not registered in the town or the region. Vehicle Kilometres Travelled is also not a precise measure for revenue.
16. It is expected that the Mayoral Forum will also want to discuss the long term funding of roading infrastructure, public transport, and freight.

### Road Safety and infrastructure improvements

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- 18.
- 19.
- 20.
- 21.
- 22.



**MINISTERIAL BRIEFING NOTE**

<b>Subject</b>	Impact of COVID-19 Outbreak on the National Land Transport Fund
<b>Date</b>	18 November 2021
<b>Briefing number</b>	BRI-2335

Contact(s) for telephone discussion (if required)				
Name	Position	Direct line	Cell phone	1 <sup>st</sup> contact
Howard Cattermole	Chief Financial Officer	s 9(2)(a)	s 9(2)(a)	✓

**Action taken by Office of the Minister**

- Noted
- Seen by Minister
- Agreed
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- Forwarded to
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- Withdrawn
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Released under the Official Information Act 1982

18 November 2021

## Minister of Transport

### IMPACT OF COVID-19 OUTBREAK ON THE NATIONAL LAND TRANSPORT FUND

#### Purpose

1. This briefing provides an update on the possible effects of reduced revenue and increased expenditure resulting from the current outbreak of COVID-19 on the National Land Transport Fund (NLTF) and thus on delivery of the 2021-24 National Land Transport Programme (NLTP) and Government Policy Statement (GPS) 2021 outcomes.
2. The NLTF is subject to decreased revenue resulting from a reduction in vehicle kilometres travelled (VKT) associated with the COVID-19 Alert levels, particularly in Auckland. Lower levels of private vehicle use lead to reduced inflows to the NLTF from Fuel Excise Duty (FED)/ Road User Charges (RUC). Concurrently, Waka Kotahi NZ Transport Agency is experiencing increased direct and indirect costs from COVID-19 requiring additional expenditure. Similar cost impacts will be impacting Approved Organisations (local councils).

#### COVID-19 adds to pressures on the NLTF and will place at risk some elements of the NLTP

3. In the absence of additional funding or additional financing (i.e. beyond the \$2 billion facility agreed in principle), Waka Kotahi considers that reduced revenue and increased expenditure from COVID-19 impacts may require offsetting reductions in spend on some activities during the NLTP. This may adversely impact the delivery of government priorities and commitments.
4. Making commitments to fund new activities in particular, will require careful consideration depending upon the eventual extent of the impacts of the various lockdowns and alert level restrictions.

#### We have updated our forecasts on the financial impacts of the current COVID-19 outbreak

5. In September 2021, we produced the following estimates based on assumptions prevailing at the time around the extent of restrictions:

Financial Year 2021/22	Optimistic \$m	Realistic \$m	Pessimistic \$m
Lost revenue	216	343	655
Contractual claims	s 9(2)(j)		
Increased support for public transport	63	110	204
<b>Total</b>	s 9(2)(j)		

Table 1: estimated net impacts on the NLTF of the current COVID-19 outbreak (September 2021)

6. As the duration of the restrictions has been extended and more data has become available, we have updated our revenue and expenditure forecasts (Table 2), making the earlier optimistic scenario no longer relevant.

7. Our updated “realistic” revenue scenario assumes minimal lockdown revenue impacts post December 2021<sup>1</sup>.

Financial Year 2021/22	Optimistic \$m	Realistic \$m	Pessimistic \$m
Lost revenue		327	734
Contractual claims		s 9(2)(j)	
Increased support for public transport		91	149
<b>Total</b>		s 9(2)(j)	

Table 2: updated estimated net impacts on the NLTF of the current COVID-19 outbreak

8. In all cases, the figures are best estimates based on possible alert level scenarios, these do not account for the move to the traffic light system later in the year. Revenue impacts are somewhat uncertain as the full impacts of reduced travel on the NLTF is subject to a degree of revenue “lag”<sup>2</sup>.
9. Estimates for contract cost increases are particularly hard to define. The table includes provisional sums based on experience from previous lockdowns. It will be some time before we receive and assess claims from our contractors and determine the full impact of delays and cost increases.
10. The contractual claim estimates exclude the likely COVID-19 related claims for the two public-private partnerships (PPPs). If these claims were not to be fully funded by the Crown (as has been the case with previous COVID-19 effects), the estimate for contractual claims above would likely increase.
11. Separate advice has been provided via the Ministry of Transport’s briefing on the costs of supporting public transport services: Responses in relation to Ministerial questions on the Impacts of COVID-19 Alert Levels on Public Transport Funding (OC210758).

#### Estimates are inherently uncertain

12. There remains considerable uncertainty as to the final impact of COVID-19, given that we do not know how long various restrictions relating to COVID-19 may remain in place. Our latest assessment of the negative effects on the NLTF of the current outbreak is somewhat reduced (s 9(2)(j) in September). Conversely, we have increased our “pessimistic” estimate (s 9(2)(j) in September).
13. Delays in the delivery of some NLTP activities due to COVID-related constraints are likely to partially offset the impacts of reduced revenue and higher costs in the short term.
14. The combination of these uncertain factors shows the difficulty of short-term revenue and expenditure forecasting and, therefore, predicting the potential risk that funding (and anticipated financing) is insufficient to meet current commitments and planned activities.

<sup>1</sup> It is not clear what impacts will occur as a result of the new COVID-19 traffic light system.

<sup>2</sup> It will be a number of months post lockdown until we know the full impact of the lockdown, but we should have a better understanding within two months of restrictions ending. One of the immediate effects of the restrictions on travel is a reduction in RUC purchases - deferred until they are needed. Similarly, the nature of the fuel supply chain makes it difficult to immediately assess the true effect on FED revenues.

### **Increased expenditure will result from a range of factors**

15. Many cost pressures are similar to those experienced during past lockdowns, e.g. mobilisation/ demobilisation costs; loss of resources/ lack of available equipment; losses to productivity; missed timeframes; disproportionate timing impacts (e.g. missing a construction “window” i.e. a time impact can be disproportionate to the lockdown duration).
16. In the latest lockdowns, we have experienced additional costs resulting from increased traffic management, e.g. at the Auckland border. There are also cost increases associated with prevailing global supply chain challenges, especially material and labour shortages, delays from shipping and the unavailability of materials, and cost escalations on commodities. These impacts are in part attributable to COVID-19 and, therefore, not only complicate the assessment of contractual claims, but are also likely to mean greater impacts on forecasts of future expenditure compared to earlier lockdown periods when there was less inflationary pressure.

### **The NLTF cash balance is currently strong**

17. At present, we have available cash of circa \$600 million (including \$275 million from borrowings under our short-term facilities). This cash position will be sufficient for sustaining the NLTP until at least February 2022 (barring a national Level 4 lockdown).
18. We anticipate that the \$2 billion loan facility agreed in principle by Cabinet will be in place by December 2021. Therefore, we do not expect any cash constraints in the near-term.

### **COVID-19 adds to pressures on the NLTF and will place at risk some elements of the NLTP**

19. Making new funding commitments, however, will require careful consideration of the various lockdown related impacts. Based on reasonable assumptions and projections, Waka Kotahi may not be able to deliver the NLTP in full without additional funding or financing beyond the \$2 billion facility.
20. As a minimum, in the absence of additional funding or financing, Waka Kotahi will need to exercise caution about making large new funding commitments. This may lead to the need to decline funding requests from Approved Organisations (Local and Regional councils and KiwiRail) potentially impacting Government commitments (e.g. Auckland Transport Alignment Project, Let’s Get Wellington Moving) and/ or GPS priorities.
21. It is hard to assess the extent to which programme delays, including COVID-19 impacts on availability of “local share”, may reduce funding demand in this NLTP. In the event of significant programme slippage, there will be impacts on the 2024-27 NLTP as costs “spill over” into that period.

### **Options for reducing expenditure**

22. There are comparatively few options for expenditure reduction if funding or financing constraints occur. Contractual agreements complicate the easy stoppage of capital projects already underway. Most of the projects in the State Highway Improvements activity class fall in this category. There is also limited flexibility for reductions to the “continuous programmes” required to keep the land

transport system running safely and efficiently (i.e. road maintenance, road policing and existing public transport services).

23. Reductions in expenditure would therefore be targeted towards new improvements that have not yet been confirmed or approved for funding. The activity classes that would primarily be subject to reductions in expenditure, either from deferral or delay, would, of necessity, be those with large expenditure yet to be committed, such as public transport infrastructure, walking and cycling and Road to Zero. Declining funding for these activities, that Approved Organisations would expect to be approved, would potentially carry reputational risks. Achieving transport sector targets under the emission reduction plan may also be set back.

**We continue to work with the Ministry of Transport and the Treasury across a range of issues**

24. We are actively engaged with the Ministry of Transport and The Treasury around the most urgent pressures (i.e. support for public transport services), which are already being dealt with out-of-cycle. Alongside this work, we are currently seeking support for the additional costs associated with the two PPPs via separate engagement with Treasury and Infracom.
25. It may be possible to offset some of the impacts on public transport and walking and cycling activity classes via use of funding previously allocated to the Northern Pathway project, in line with your letter of 24 September 2021 to the Chair of the Waka Kotahi Board. The quantum of any possible offset will not be known for several months i.e. until the costs of other relevant priorities for the released funding are confirmed.
26. We will continue to work with the Ministry of Transport and the Treasury to ensure a shared understanding of the specific non-public transport funding pressures and when they are liable to have an impact on decision making. Ideally, Waka Kotahi would be invited to submit a bid for COVID-19 impacts on the NLTF (as well as on regulatory activities) in the Budget 2022 process.

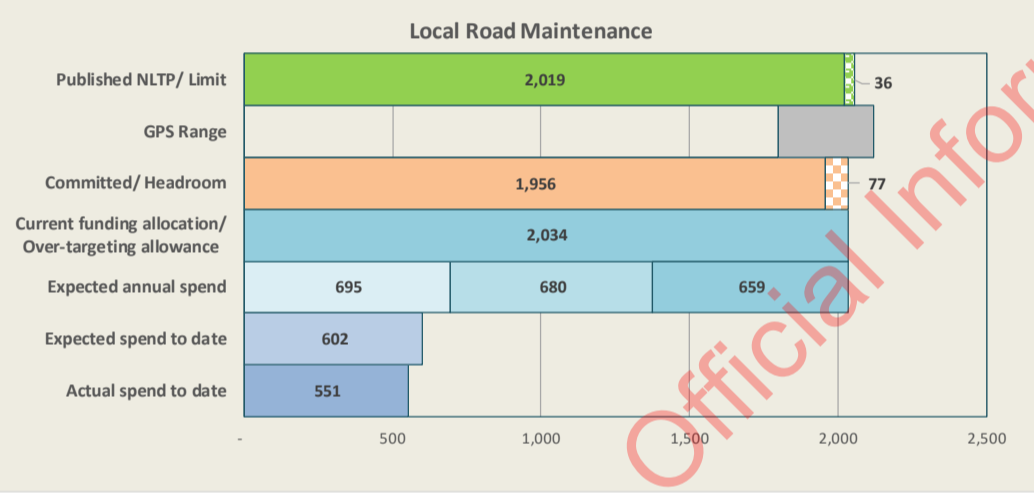
**It is recommended that you:**

- |  |               |
|--|---------------|
| 1. <b>Note</b> the contents of this briefing.  | <b>Noted</b>  |
| 2. <b>Forward</b> a copy of this briefing to the Minister of Finance, Hon Grant Robertson. | <b>Yes/No</b> |



.....  
**Howard Cattermole**  
 Chief Financial Officer, Corporate Support

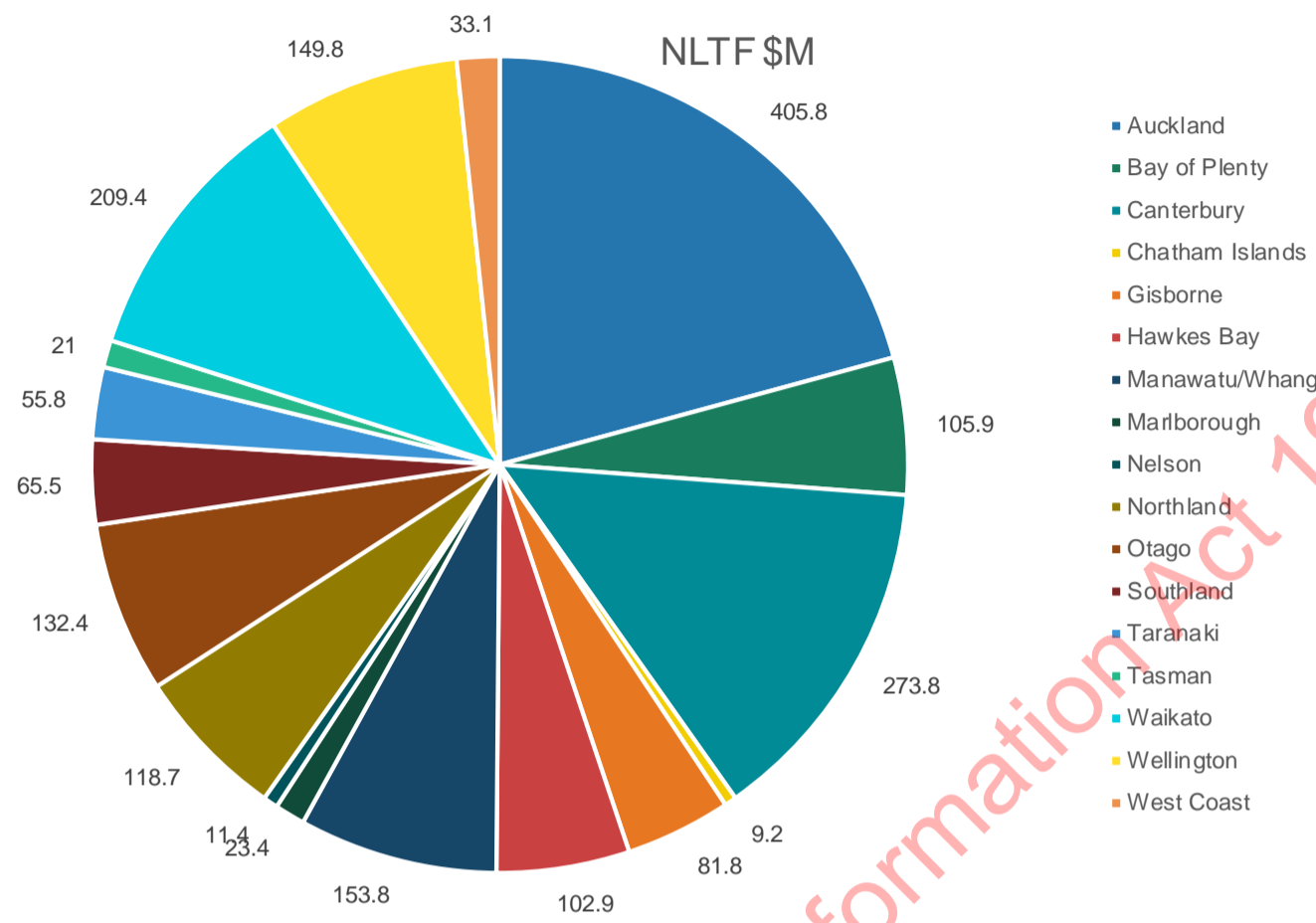
.....  
**Hon Michael Wood, Minister of Transport**  
 Date: 2021

<p><b>SCOPE</b></p>	<p><b>Activity Class definitions (GPS):</b></p> <ul style="list-style-type: none"> <li>Operate: Investment in the operation of existing local roads to deliver an appropriate level of service</li> <li>Maintain: Investment in the maintenance of existing local roads to deliver an appropriate level of service, excluding asset upgrades</li> <li>Renew: Investment in renewal of existing local roads to deliver an appropriate level of service</li> <li>Emergency: Urgent response to transport network disruptions to restore an appropriate level of service</li> </ul> <p><b>Examples:</b></p> <ul style="list-style-type: none"> <li>Traffic monitoring and emergency and incident management including Traffic Operations Centres shared with the Transport Agency (TOCs)</li> <li>Maintaining and repairing the local road network (including the cycling and footpath networks) to agreed standards and service levels, including safety equipment on the network, surfacings (both sealed and unsealed), pavements and drainage facilities</li> <li>Emergency works, i.e. reactive spend for the significant disruptions that occur on the networks typically as a result of earthquakes and adverse weather conditions, such as cyclones, flooding, electrical storms.</li> </ul>												
<p><b>FUNDING</b></p>	<p><b>GPS 2015-18 compared to GPS 2018-21: Local Road Maintenance</b></p> <table border="1" data-bbox="331 528 1381 655"> <thead> <tr> <th>Funding ranges \$million</th> <th>2015-18 NLTP</th> <th>2018-21 NLTP</th> <th>Percent increase</th> </tr> </thead> <tbody> <tr> <td>Local road maintenance - upper</td> <td>1,740</td> <td>2,120</td> <td>22%</td> </tr> <tr> <td>Local road maintenance - lower</td> <td>1,230</td> <td>1,800</td> <td>46%</td> </tr> </tbody> </table> <p><b>Funding Sources 2018-21</b></p> <ul style="list-style-type: none"> <li>National Land Transport Fund (NLTF) overall average 57% funding assistance rate (FAR) (including the impact of emergency works which are funded at a 20% higher FAR)</li> <li>Local share on average 43%</li> </ul> <p><b>Outputs and outcomes 2018-21</b></p> <p>Forecast NLTF co-investment with approved organisations in local road maintenance in 2018-21 is \$1,784 which represents a 26% increase over the 2015-18 expenditure of \$1,417M. (excluding emergency works). Emergency works have a three-year forecast of \$250m, which is higher than the \$210m at publication of the NLTP.</p> <p>The local roads investment contributes to a number of outcomes, including:</p> <ul style="list-style-type: none"> <li>Improved road safety – through maintaining safety equipment such as guard rails and delineation, and addressing hazards such as visual obstructions</li> <li>Improving value for money by reducing the whole of life cost of the assets</li> <li>Ensuring access is delivered at the right level for different parts of the network through maintaining service levels such as ride quality (both sealed and unsealed), street lighting, urban street channel cleaning (to improve drainage, minimise environmental impact and improve amenity) and network availability through managing small scale weather events to minimise the impact on users</li> <li>Minimising network disruption and maintaining access in response to emergency events through proactive bridge and structures maintenance and repairs</li> </ul> <p><b>NLTP Local road maintenance (31 May SPE figures)</b></p>  <p><b>Definitions</b></p> <p><u>Published NLTP/Approved limit</u> Funding target approved by Transport Agency Board (can include upper flex target)</p> <p><u>GPS Range</u> As per published GPS</p> <p><u>Committed/Headroom</u> Sum of funding approvals to date including funding commitments made in prior NLTPs and available "headroom" for further approvals</p> <p><u>Current funding allocation/over-targeting allowance</u> Current target funding allocation to manage NLTP to approved limits and expected revenue plus an over-targeting allowance to counter optimism bias and under-delivery</p> <p><u>Expected annual spend / Expected spend to date</u> Forecast spend based on observed expenditure trends (annual and year to date views)</p> <p><u>Actual spend to date</u> Claims made to date against approved funding</p>	Funding ranges \$million	2015-18 NLTP	2018-21 NLTP	Percent increase	Local road maintenance - upper	1,740	2,120	22%	Local road maintenance - lower	1,230	1,800	46%
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<p><b>KEY ISSUES</b></p>	<p><b>1. Delivery and Improvements</b></p> <p>For this NLTP, there has been a significant focus on:</p> <ul style="list-style-type: none"> <li>Ensuring investment decisions reflect the level of sector uplift in asset management planning performance including embedding the One Network Road Classification (ONRC) into road maintenance. The ONRC was a key focus of the Agency in conjunction with Road Efficiency Group (REG). The ONRC improved our matching of allocations to requested funds. This meant that, for 51% of approved organisations, the funding allocation matched their request, a further 30% received 95 to 99% of request, while only 10% received less than 90% of their request. Common causes of differences between allocation and request, now improved by the ONRC, were a lack of evidence for the investment requested or low confidence in the ability of the authority to plan and deliver the intended programme in a cost-effective manner.</li> <li>In response to the GPS, the NLTP includes a three-year \$119M investment with local government into footpath maintenance and renewal. Previously footpaths were not funded via the NLTF.</li> </ul> <p><b>2. Cost pressures</b></p> <p>The 2018-21 NLTP included an assumed escalation cost of 2% per annum (based on discussions with Treasury and the MoT).</p> <ol style="list-style-type: none"> <li>Our recent update of contract payment escalation indices for road maintenance payments (using Statistics New Zealand information) show an average year on year escalation of 4.67%. If this continues it will create pressure on the NLTP with the most likely result that approved organisations will reduce work programmes to remain within their funding allocation, only a few will be able to afford to carry out their full works programme with no NLTF assistance for additional maintenance.</li> <li>During the NLTP development phase we advised those local authorities who proposed a step change in expenditure to lift levels of service that we would consider the potential for funding an 'enhanced' programme allocation over and above the approved allocation. The NLTP at adoption included a global programme contingency of \$18M for this purpose. Several local authorities are now seeking approval to access the enhanced funding. Given cost pressure on the local road maintenance activity class and the NLTP as a whole we cannot approve these requests at this time and may not be able to during this NLTP.</li> <li>Upward pressure on the price of contracts being renewed. Across the 68 local authorities approximately 25 - 30% of all multi-year maintenance contracts can expect to be renewed in each calendar year. This allows suppliers to adjust the costs of their maintenance contracts now they have a greater understanding of how the new ONRC focused contracts work and adjust for the cost increases related to increasing compliance costs and a tightening labour market.</li> <li>Emergency works costs are increasing due to several large adverse weather events in the last NLTP period still requiring recovery works in the 2018-21 period. Some events have triggered our bespoke financial assistance rate (FAR) to ensure the repairs are affordable for the local authority. The bespoke FAR increases the NLTF share of these events over and above the usual share (at normal FAR plus 20%). Accounting for current known events and forecasting for events over the remainder of the 2018-21 NLTP has seen an increase of ca. \$40M over the adopted NLTP allocation.</li> <li>For finalising post 2016 earthquake repairs to the Kaikoura and Hurunui District Council networks, ca. \$33M is accounted for in the emergency works forecast. One major decision for the Kaikoura restoration, of access to the upper Clarence Valley, is yet to be resolved – estimates range from \$17 - \$47M (vs. \$13M included in the current forecast).</li> </ol> <p>The actual spend to date is below budget, but we typically see a large increase in claims in June, and especially in year 3 of the NLTP, i.e. June 2021.</p>												
<p><b>ACTIVITIES</b></p>	<p>Maintenance programmes for each approved organisation are made up individually of numerous activities which are amended by the organisation during the three-year period to account for changes in assumptions and factors such as weather and traffic impacts on networks. We do not collate a list of activities within maintenance programmes for the NLTP. Attached is a regional distribution of approved maintenance.</p>												



### Regional allocation

The regional distribution of current approved maintenance allocation (NLTF share \$M including emergency works) is set out below; (on a proportional distribution basis) the allocations follow similar trends of previous NLTPs)



Released under the Official Information Act 1982

<p><b>SCOPE</b></p>	<p><b>Activity Class definitions (GPS):</b></p> <ul style="list-style-type: none"> <li>Operate: Investment in the operation of existing state highways to deliver an appropriate level of service</li> <li>Maintain: Investment in the maintenance of existing state highways to deliver an appropriate level of service, excluding asset upgrades</li> <li>Renew: Investment in renewal of existing state highways to deliver an appropriate level of service</li> <li>Emergency: Urgent response to transport network disruptions to restore an appropriate level of service</li> </ul> <p><b>Examples:</b></p> <ul style="list-style-type: none"> <li>Traffic monitoring and emergency and incident management including Traffic Operations Centres (TOCs)</li> <li>Maintaining and repairing the state highway to agreed standards and service levels</li> <li>Replacing or adding safety equipment on the state highway and providing new surfacing and drains to strengthen the road and protect the existing network</li> <li>Emergency works, i.e. reactive spend for the significant disruptions that occur on the State Highway typically as a result of adverse weather conditions, such as cyclones, earthquakes, flooding, electrical storms</li> </ul>												
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<p><b>KEY ISSUES</b></p>	<p><b>1. Delivery and Improvements</b></p> <p>For this NLTP, there has been a significant focus on:</p> <ul style="list-style-type: none"> <li>Delivering to the programme – historically, maintenance programmes have under-delivered</li> <li>Delivering of longer life (but higher cost) treatment types on nationally strategic sections of the network – with a view to reducing the whole of life cost of our assets. The higher cost treatment types last longer and over time will reduce the overall volume of maintenance on the roads. This delivers to the expected long-term levels of service</li> <li>Increased focus on delivering high performing surfacing to reduce death and serious injuries resulting from loss of control in wet weather</li> <li>Delivering more surfacing repairs, the largest recorded programme</li> </ul> <p>The 2018/19 financial year has delivered the highest recorded programme and overall work is on track to deliver 70% more lane-kms in renewals than the previous NLTP period. Previously, funding was maintained at a constant level and to achieve this, the average surfacing age of the network was increased, and this coupled with the adverse weather patterns and higher traffic growth resulted in a greater deterioration of the network than expected. The increase in surfacing repairs is to bring this back to acceptable service levels.</p> <p>In addition, approximately 16% of the SH maintenance expenditure this NLTP, is reactive maintenance, which responds to unexpected events, particularly those caused by adverse weather effects and the impacts of having an increase in network users.</p> <p>The above, coupled with the increasing emergency works means that there is significant pressure on funding in the maintenance activity class.</p> <p><b>2. Cost pressures</b></p> <p>The 2018-21 NLTP has the following specific cost pressures that have accumulated during the first year of the NLTP. These will make it challenging to remain within the NLTP funding allocation. The current forecast spend (\$2,015m) is \$28m above the published target of \$1,987m.</p> <ol style="list-style-type: none"> <li>Treasury's cost inflation rate was used for the modelling analysis and the agreed approach to develop the forward plan was on the basis of an annual 2% escalation provision, this is currently 12%. This is reflected through materials increasing such as aggregate and bitumen pricing.</li> <li>Upwards pressure on prices of contracts being renewed. Three Network Outcomes Contracts (NOC) will be retendered during this NLTP as well as the Auckland motorway contract. This allows suppliers to adjust the costs of their maintenance contracts now they have a greater understanding of how the outcomes contract works and adjust for the cost increases related to increasing compliance costs and a tightening labour market.</li> <li>Increased number of claims for contract variations:             <ul style="list-style-type: none"> <li>NOC traffic growth contractual risk – there is a marked increase in traffic growth on many networks and this is an allowable claim under the current contract provisions.</li> <li>Temporary Traffic Management (TTM) – following recent incidents of road worker fatalities on the network, changes have been mandated for TTM resulting in increasing costs,</li> </ul> </li> <li>Improvement in delivery of renewals programme - with the focus on programme delivery (to improve network condition), achieving delivery to the plan has improved by 25% and negates the assumptions built into the NLTP of \$80m in savings due to under delivery.</li> <li>New assets result from the safety focus in the GPS. With the safety focus comes the construction of new safety assets. With these additional safety assets comes additional maintenance (circa \$6m/annum)</li> <li>Additional measurement requirements due to the environmental focus in the new GPS. Additional pressures on measuring climate effects, and environmental factors as per the GPS need to be met from the allocated funding.</li> <li>Emergency works increasing due to adverse weather impacts. \$172m was allowed for emergency works in the 3-year NLTP period. However, with all the adverse weather conditions the emergency works burn rate is currently at \$70m per annum, this is an increase of \$40m per annum over the NLTP period. This includes Takaka hill closure, Waiho bridge washout, Manawatu Gorge among others</li> <li>Kaikoura additional assets and maintenance: due to the earthquake in Kaikoura, additional costs resulted. These costs were for: additional maintenance on SH1 due to additional heavy vehicles travelling to the damaged Kaikoura section of SH1 (\$15m); additional assets now on SH1 will need to be maintained (\$4m).</li> </ol> <p><b>3. Regional allocation</b></p> <p>The maintenance expenditure by network region is weighted towards population density and the most users. This is reflected with Auckland (19% of allocation), Waikato (13%), Canterbury (11%) and Wellington (8%). Expenditure in and around these regions covers demand management, traffic monitoring and emergency and incident management. Due to the large network area of Northland, this is the 6th largest in terms of cost allocation.</p>												
<p><b>ACTIVITIES</b></p>	<p>A list of maintenance funding activities is set out in the Attachment. The activities are categories by region and shows the funding spent in 18/19 and the current plan for 19/20, and the remaining funds for 20/21.</p> <p><a href="https://www.nzta.govt.nz/planning-and-investment/national-land-transport-programme/2018-21-nltp/nltp-snapshot-and-tables/regional-and-activity-tables/">https://www.nzta.govt.nz/planning-and-investment/national-land-transport-programme/2018-21-nltp/nltp-snapshot-and-tables/regional-and-activity-tables/</a></p>												

SAP region	Activity type	Forecast FY 18/19
Auckland	Asset Renewals	\$26,081
	Maintenance	\$59,622
	Structures	\$16,242
	Operations	\$8,669
<b>Auckland Total</b>		<b>\$110,614</b>
Bay of Plenty	Asset Renewals	\$14,993
	Maintenance	\$19,191
	Structures	\$4,393
	Operations	
<b>Bay of Plenty Total</b>		<b>\$38,577</b>
Canterbury	Asset Renewals	\$16,347
	Maintenance	\$32,379
	Structures	\$6,746
	Operations	\$4,715
<b>Canterbury Total</b>		<b>\$60,187</b>
Gisborne	Asset Renewals	\$7,468
	Maintenance	\$12,562
	Structures	\$2,293
<b>Gisborne Total</b>		<b>\$22,323</b>
Hawkes Bay	Asset Renewals	\$2,554
	Maintenance	\$7,785
	Structures	\$1,761
<b>Hawkes Bay Total</b>		<b>\$12,101</b>
Manawatu Whanganui	Asset Renewals	\$7,700
	Maintenance	\$7,649
	Structures	\$2,432
<b>Manawatu Whanganui Total</b>		<b>\$17,781</b>
Marlborough	Asset Renewals	\$3,204
	Maintenance	\$4,358
	Structures	\$1,066
<b>Marlborough Total</b>		<b>\$8,627</b>
Centrally Allocated	Asset Renewals	\$18,019
	Maintenance	\$89,364
	Operations	\$11,116
<b>Centrally Allocated Total</b>		<b>\$118,499</b>
Northland	Asset Renewals	\$14,265
	Maintenance	\$13,865
	Structures	\$2,277
<b>Northland Total</b>		<b>\$30,407</b>
Otago	Asset Renewals	\$15,047
	Maintenance	\$18,213
	Structures	\$2,425
<b>Otago Total</b>		<b>\$35,685</b>
Southland	Asset Renewals	\$4,249
	Maintenance	\$13,684
	Structures	\$1,768
<b>Southland Total</b>		<b>\$19,701</b>
Taranaki	Asset Renewals	\$5,121
	Maintenance	\$8,189
	Structures	\$1,971
<b>Taranaki Total</b>		<b>\$15,281</b>
Tasman	Asset Renewals	\$5,135
	Maintenance	\$6,209
	Structures	\$1,750
<b>Tasman Total</b>		<b>\$13,093</b>
Waikato	Asset Renewals	\$26,996
	Maintenance	\$36,965
	Structures	\$6,176
<b>Waikato Total</b>		<b>\$70,137</b>
Wellington	Asset Renewals	\$9,414
	Maintenance	\$12,317
	Structures	\$7,215
	Operations	\$10,876
<b>Wellington Total</b>		<b>\$39,821</b>
West Coast	Asset Renewals	\$6,191
	Maintenance	\$12,393
	Structures	\$4,050
<b>West Coast Total</b>		<b>\$22,634</b>
<b>Grand Total</b>		<b>\$635,468</b>

#### Emergency works funding distribution to date

Region	Forecast FY 18/19
Bay of Plenty	\$12,575
Canterbury	\$5,431
Gisborne	\$134
Hawkes Bay	\$3,285
Manawatu-Whanganui	\$16,072
Marlborough	\$51
Nelson	\$598
Northland	\$1,789
Otago	\$2,054
Taranaki	\$1,672
Tasman	\$4,889
Waikato	\$3,924
Wellington	\$484
West Coast	\$23,484
<b>Grand Total</b>	<b>\$76,441</b>

#### Note:

1. Auckland is the largest network in terms of demand and is complex in terms of its traffic management associated with work on the Auckland network. These figures include Auckland harbour bridge.
2. Centrally allocated includes skid-resistant (SCRIM) sites and overheads, property, consultancy support.
3. Waikato includes 4 contract areas, central, west north and south and east. Central Waikato is driving the most change as a result of underinvestment, increased traffic growth, challenging climate conditions.

# MIN-3412

Minister Phil Twyford

19 March 2020

Advice on how the Transport Agency could accelerate its PGF-funded state highway projects in Tairāwhiti.

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## Background

- In late 2019 the Transport Agency was asked to accelerate its PGF-funded projects in the Tairāwhiti Roading Package. **Out of scope**

[Redacted]

- **Out of scope**

[Redacted]

**Out of scope**

[Large redacted area]

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Out of scope

### Recommended approach for enhanced support for Tairawhiti

- **Out of scope**  
[Redacted text]
- The Transport Agency put forward enhanced maintenance proposals to support the forestry sector and the response to COVID-19 (see table below). We have identified similar proposals for Northland, Hawke's Bay and Nelson/Tasman. This work is not subject to the above challenges due to:
  - The work is maintenance and not subject to design and geotech, therefore no professional services are needed.
  - Established contractors can undertake the work.
  - No consenting or property is required.
  - The work is less weather dependent.
- Health and Safety will still need to be a strong focus, to provide supervision by a qualified consultant and clear expectations set of what is required of the contractors. Some funding to manage the contracts and work programme delivery would also be required.
- The Transport Agency recommends that if Ministers have a desire for greater support for workers in Tairawhiti, that the Transport Agency is asked to identify an expanded package of enhanced maintenance over and above the work presented in the table below. This is because the work represents better value for money, will result in additional works over and above that already

planned and will be achieved in a much shorter timeframe than accelerating the current PGF investments.

- These shorter-term proposals will bridge the gap between now and when the Tranche 1 projects come 'online' in the second half of 2020.

Region	Type of work	Additional \$ required for new work	No. of people employed
<b>Gisborne</b>	Hazardous tree removal/ enhanced maintenance works	\$1.25m - \$1.50m	8 - 13 people over 1 - 2 months

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## MIN-3415 Enhanced Maintenance Package

7 April 2020

Provide an update on the greater maintenance package which MIN-3412 identifies

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- We understand you are interested in an enhanced state highway maintenance package in addition to that already funded in Tairāwhiti through the Worker Redeployment Package funding.
- Waka Kotahi NZ Transport Agency confirms that a national enhanced maintenance package has been included in the economic stimulus work.

\* Note: we understand the remaining state highway maintenance proposals have been removed from the latest Cabinet paper that seeks the drawdown of the remaining Worker Redeployment funding. This does not impact the enhanced maintenance package included in the economic stimulus work.

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# MIN-3574 Minister meeting with Automobile Association on 3 May 2021

30 April 2021

On Monday 3 May 2021, you are meeting with the Automobile Association (AA) to discuss some of the pressures it is seeing around the country. In particular, the AA wants to discuss road maintenance pressures and speed limit reviews and tackling unsafe speeds. The AA will also use Northland as an illustrative example for these issues.

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## Waka Kotahi NZ Transport Agency's response:

### 1. Road maintenance background

Cost pressures for maintenance and renewals have been building since 2009-10 when maintenance budgets were flat-lined. In response, Waka Kotahi reviewed its asset management strategy to extend the life of the assets and introduce efficiencies with the introduction of the Network Outcomes Contracts (NOCs). Modelling completed to inform the 2021-24 NLTP indicates that continuing to fund maintenance at the current investment level will result in further deterioration of the network and increasing routine maintenance costs.

The past reduced rate of renewals and deterioration of the network has been raised in various reports by industry, road users and in the Auditor General's 2020 report into the NOC.

Other factors that have contributed to the cost pressures include:

- increased demands from vehicle volumes and freight - vehicle kilometres travelled (VKT) have increased by 18 percent in the last five years
- a significant increase in the level of service required for bridge assets over the last 10 years as loads have increased
- new intelligent traffic management monitoring and control devices, which require regular replacement and upgrades
- increased shorter life assets, such as line marking, ATP (audible tactile profiles), signage and guard railing/wire-rope barriers, which require more frequent renewal work
- an increase in the cost of environmental compliance with more assets and more consents required
- increased costs due to changes made by Waka Kotahi to reinforce Temporary Traffic Management requirements increasing staff safety.

The impact of all the activities listed above has resulted in an increase to the state highway maintenance activity class from \$19,284 per lane-km in 2016-17 to \$25,352 per lane-km in 2019-20.

### 2. Issues faced by Waka Kotahi in Northland

**Weather:** Northland has experienced a number of 'weather bombs' that in July 2020 closed most of the roads. This was a 1 in 500 storm event and caused flooding in a number of areas in Northland. But within 24 to 48 hours the water receded. The aftermath left eight slips in the Mangamuka area. Conversely, Waka Kotahi monitors the summer droughts which also cause movement in road surfaces and create subsidence.



**Topography:** a number bullock tracks were upgraded to roads, which did not account for future use of freight or traffic growth. There are hilly and windy areas.

**Geological challenges:** Waka Kotahi often needs to build roads on the soggy clay called Onerahi Chaos, which is prevalent in Northland.

**Materials:** the quarry sources are not as good as other places in the country, and Waka Kotahi has to cart materials further in some areas.

**Traffic increases:** the growth in traffic and freight volumes has caused additional pressure on the state highway network.

### 3. Speed limit reviews and unsafe speeds

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**Talking points:**

- Nationally, Waka Kotahi is responsible for 11,000km of state highway.
- 2,024 lane-kilometres of paving and surfacing renewals were completed in 2019-20 (89 percent of the programme). The delivery of the 2019-20 pavement and surfacing programme was impacted by the COVID-19 lockdown.
- 1,909 lane-kilometres are programmed to be completed during the 2020-21 sealing season.
- \$747 million was spent on maintaining, renewing and operating the state highway network in 2019-20 (including emergency works). This represents the biggest annual spend in the last 10 years.
- Results from advance modelling of the whole network are being assessed by Waka Kotahi and its suppliers to optimise the 2021-24 pavement and surfacing programmes. This will allow Waka Kotahi to target maintenance and renewals to where it is most needed. It is expected that programmes will match or exceed the depreciation rate. This optimisation includes lower whole-of-life cost treatments.
- Waka Kotahi can only properly fix our roads in summer, which is the height of our tourist season, as water and pavement do not mix.

Northland

- Waka Kotahi spends more than \$20 million annually on road maintenance in Northland. This includes pothole repairs and replacing sections of highway that are in poor condition.
- Waka Kotahi has nine cyclic crews on the network daily addressing any maintenance issues.
- Waka Kotahi will (starting in May 2021) be talking to local communities and stakeholders to understand how the road is being used, any safety concerns and to get feedback on speed limits.
- Waka Kotahi has been reviewing speed limits on State Highway 10 between Awanui and Kaingaroa and are currently finalising our investigations so we can announce our decision on this review.
- Waka Kotahi is reviewing speeds on nine state highways in Northland and two in north-west Auckland where safer speed limits could make a big difference in preventing deaths and serious injuries.

Things to note:

- Please see the attached presentation Waka Kotahi gave to the AA on 20 April 2021 relating to Northland. Waka Kotahi has just had \$1.6 million provided to our NOC to address Bridge Approaches

and two areas on our National Strategic Road SH1 at Valerie Close and just south of Wellsford. This has just started, and delivery for this year is not included in the total funding for maintenance and operations.

- Please see this article from the AA on 22 March 2021 regarding its concerns with the maintenance in Northland: <https://www.nzherald.co.nz/northern-advocate/news/aa-wants-northlands-dire-roads-to-be-first-in-national-maintenance-campaign/RKPBCTXUPKTLZADSDKHQW6LKPU/>

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# MIN-3693 Rural road maintenance and heavy vehicles

2 September 2021

Provide a report about the relative cost/damage incurred by different vehicles and information about work done to restrict heavy vehicles from certain roads.

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## Waka Kotahi NZ Transport Agency's response:

- There was no report produced in 2019 however, Waka Kotahi believes the research report being referred to is: *The relationship between vehicle axle loadings and pavement wear on local roads June 2017*. This report is available on the Waka Kotahi website at: [www.nzta.govt.nz/assets/resources/603/RR-603-The-relationship-between-vehicle-axle-loadings-and-pavement-wear2.pdf](http://www.nzta.govt.nz/assets/resources/603/RR-603-The-relationship-between-vehicle-axle-loadings-and-pavement-wear2.pdf)
- The above report considered heavy vehicles only. While cars are considered to contribute to texture loss on chip seal road surfaces and loss of skid resistance, heavy vehicles cause more damage to roads than light vehicles. For that reason, it is included in the calculation for Road User Charges (RUC) according to the potential load of different vehicle types. The Fuel Excise Duty (FED) and RUC revenue model recognises this by charging heavier vehicles more, so they pay their share of maintenance costs.
- A rule of thumb is that a 'standard heavy truck' does as much damage to the road as 10,000 cars, though this depends on the strength of the road and exact vehicle types. Their weight is important as it causes road pavement to deteriorate and may exceed the strength of bridges.
- The capacity of trucks has increased. On 1 May 2010, the Land Transport Rule: Vehicle Dimension and Mass 2010 (the Rule) came into effect. The Rule change allowed for "50max" trucks. These added a six-tonne gross weight increase from the previous maximum 44 tonne trucks (about 1 tonne of which as an extra axle). The extra axle spread the load more so there was theoretically, no further damage done by the fewer trucks carrying the old maximum load.
- More recently, higher loads up to 64 tonnes have been allowed under permit.
- High Productivity Motor Vehicles (HPMV) route studies considered the extra damage done by HPMV vehicles and were restricted to only approved routes when the concept was introduced. Some routes are restricted for standard trucks, usually where a bridge isn't strong enough and other routes are restricted for 50max and HPMV vehicles. The routes which have restrictions are available online at: [www.nzta.govt.nz/commercial-driving/high-productivity/50max/50max-information-for-operators-and-manufacturers/map-of-50max-routes/](http://www.nzta.govt.nz/commercial-driving/high-productivity/50max/50max-information-for-operators-and-manufacturers/map-of-50max-routes/)
- Buses (particularly battery powered buses), are heavy and impose significant load on urban streets. A significant increase in public transport will have an impact on road maintenance requirements, possibly increasing work on bus routes with a smaller reduction of works required on adjacent roads.

## **MINO-0261 Maintenance funding**

12 July 2021

*Can maintenance activities be funded as improvements?*

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- Activities funded through the NLTF are restrained by the requirements of the activity class they qualify for.
- These restraints would not apply to Crown funded activities. Where funding is provided outside of the NLTF there is likely to be more flexibility to capitalise some maintenance activities (e.g. renewals).
- Waka Kotahi would be happy to discuss with you and/or Treasury the possibility of doing so.

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