

NLTP adoption

Meeting Date	19 August 2021
ELT Sponsor	Matthew Walker, General Manager Corporate Support
Prepared By	Howard Cattermole, Chief Financial Officer Jacob Boyes, Principal Advisor
Legal Reviewer	Mike Birchler, General Counsel Conal Thompson, Senior Legal Counsel
Version	Final
Date	13 August 2021
Pages	11 + 18 Attachments

Purpose

To seek approval of the 2021/24 National Land Transport Programme (NLTP).

Recommendation

It is recommended the Board:

- **Adopt** the 2021-24 National Land Transport Programme (NLTP) set out in the Resource Centre subject to any non-material changes approved pursuant to the following delegation.
- **Delegate** to the Chief Executive authority to approve non-material changes to the NLTP and authorise publication of the final document.
- **Approve** the National Land Transport Fund (NLTF) investment targets and funding for continuous programmes, low cost low risk and other activities in the 2021-24 NLTP:

Activity Classes, NLTF (share \$m)	Approved funding on adoption			Investment Target (incl. approvals)	GPS 2021	
	Continuous programmes	Low cost low risk	Other activities		Lower range	Upper range
Public Transport Services	1,179	23		1,313	1,220	1,930
Public Transport Infrastructure	104	78		1,270	1,270	2,080
Walking & cycling improvements		5		320	290	550
Local Road Improvements		33		300	300	810
State Highway Improvements		1		2,400	2,400	3,250
Road to Zero	160	273		2,530	2,530	2,830
State Highway Maintenance	2,464			2,464	2,260	2,940
Local Road Maintenance	2,181			2,181	2,000	2,340
Investment Management			15	262	220	270
Rail (excluding Crown top-up)				360	360	510

Activity Classes, NLTF (share \$m)	Approved funding on adoption			Investment Target (incl. approvals)	GPS 2021	
	Continuous programmes	Low cost low risk	Other activities		Lower range	Upper range
Coastal Shipping				30	30	45
Total	6,088	413	15	13,430	12,880	17,555

Strategic relevance

The 2021-24 NLTP provides a prioritised list of activities that are eligible for funding from the National Land Transport Fund (NLTF) over the three-year period to 30 June 2024. The NLTP also includes an assessment of significant forthcoming national land transport issues, an assessment of how the programme complies with the statutory obligations of Waka Kotahi in preparing it, and provides an indication of nationally or regionally significant activities that are likely to be considered for funding in the three financial years that follow the three financial years covered by this NLTP. Preparation and adoption of the NLTP is a core statutory function of Waka Kotahi and is one of the primary means by which Waka Kotahi gives effect to the Government Policy Statement on Land Transport (GPS).

Background

Investment context

Total investment in the land transport system will be at record levels in 2021-24, significantly boosted by the implementation of projects from the New Zealand Upgrade Programme (NZUP). As a result, Waka Kotahi's overall delivery programme will be sustained at or above recent levels. Similarly, investment in Kiwi Rail's programme is substantial. However, despite this, the overriding signal for most of our co-investment partners from the 2021-24 NLTP is that discretionary funding is well below the level needed to meet the ambition of their Regional Land Transport Plans (RLTPs).

Delivering GPS strategic priorities and outcomes

A significant feature of the 2021-24 NLTP is the limited funding for new investment to advance the strategic priorities and associated outcomes of the GPS. A substantial proportion (ca. 90%) of forecast inflows to the NLTF for 2021-24 is to be spent on existing commitments and continuous programmes (maintenance and public transport services). This is expenditure on activities that were either approved prior to the development of this NLTP or are continuous activities (such as maintenance or public transport) where investment is necessary to maintain existing levels of service. The sum of the lower ranges of activity classes in the GPS is also set close to the forecast inflows to the NLTF. This means that once the minimum spend for each activity class is met there are limited funds left to invest above those lower ranges across the entire programme. This limited funding has necessarily restrained the extent of investment to contribute to the strategic priorities and government commitments in the GPS. The allocation of the discretionary portion of forecast NLTF inflows for 2021-24 has sought to balance the various priorities and outcomes.

Scope of the NLTP

The NLTP's scope and content is defined in the Land Transport Management Act 2003 (LTMA). The principal requirements include: setting the proposed level of funding from the NLTF for each activity class and the activities which Waka Kotahi anticipates being approved for funding from the NLTF – drawn either from RLTPs or other (non-state highway) activities for which Waka Kotahi is responsible i.e. nationally delivered activities (NDAs). Other requirements for the NLTP include a statement of anticipated revenue and expenditure over ten years.

The principal function of the NLTP is to describe how funding will be allocated from the NLTF. Inclusion in the NLTP and in an RLTP (except for NDAs) is a necessary precondition to activities being approved for funding from the NLTF. RLTPs and NLTPs can be varied during the three-year programme to accommodate new activities.

Funding from the NLTF is not the only source of funding for transport projects. To provide a complete picture of the relevant funding landscape to stakeholders, the published NLTP will also refer to projects funded from other sources (e.g. NZUP projects funded by the Crown).

Approvals to date

In May 2021, the Board noted the limited discretionary funding available based on expected revenue and likely investment targets for each activity class. The Board endorsed development of the NLTP on the basis that this discretionary funding would be directed primarily to maintain or improve service levels from current assets and services (i.e. road maintenance and public transport services). As a result, improvement activity classes were expected to be funded at the bottom of their respective GPS funding ranges. Also, in May, the Board approved indicative funding allocations for continuous programmes such as road maintenance and public transport services. In June, the Board approved: interim funding to ensure continuity for continuous programmes from 1 July; and funding for a small number of new activities for which early funding commitment, ahead of NLTP adoption, was desirable.

Taxonomy

As noted in the June paper, activities in the NLTP have been classified using the taxonomy set out in Attachment 1. Commitments are activities that are already underway or for which funding has been approved previously¹. As well as committed activities, the adopted NLTP will include approvals for continuous programmes and some other activities (see details below). Probable and Possible activities are those activities included in the NLTP but not yet approved for funding. Activities for which funding is expected to be available are classified as “probable”. Those that can only be funded if additional revenue (funding or borrowing) is available are termed “possible”². RLTP activities that are not included in the NLTP is also an important category. It is a requirement of the LTMA to give regional transport committees (RTCs) written advice of a decision not to include an activity in the NLTP.

Assurance

As discussed below, an assurance review by Ernst & Young (EY) of legislative compliance and the detailed numbers is in progress. Numbers including at the level of individual activity have been checked by management but are subject to this final assurance review.

Programme overview

Activity class funding

We have reviewed the three-year revenue forecast indicated in the May Board paper to take account of: an updated revenue forecast from Ministry of Transport (MoT) that includes the predicted impact of the Clean Car discount scheme; and the closing NLTF balance at 30 June. As a result, we have slightly increased the revenue forecast to \$13.55 billion from \$13.5 billion.

The additional revenue has been directed to Walking and Cycling (\$30 million) and Investment Management (\$20 million). The additional funding for Walking and Cycling allows part of the Innovating Streets programme to be included as a probable activity. The additional funding for Investment Management is required to adequately fund: recovery of staff costs associated with the NLTP; sector-wide transport planning activities; and several nationally delivered activities including the sector research programme and innovation fund. These are the only differences in the final recommended investment targets compared to those indicated in May.

¹ Decisions relate to an activity phase. For example, commitment to funding a business case relates only to that phase. Subsequent implementation funding requires separate approval and is not yet committed.

² The previous NLTP used the terms probable and proposed. Proposed was used for activities for which further evidence was needed to confirm and provide confidence in the priority and availability of funds.

Activity Class GPS 2021 (\$million)	GPS lower range	Discretionary allocation	Recommended investment target	Indicative allocation (May 2021)
Public Transport Services	\$1,220	\$93m	\$1,313	\$1,313
Public Transport Infrastructure	\$1,270		\$1,270	\$1,270
Walking and Cycling	\$290	\$30m	\$320	\$290
LR Improvements	\$300		\$300	\$300
SH Improvements	\$2,400		\$2,400	\$2,400
Road to Zero	\$2,530		\$2,530	\$2,530
SH Maintenance	\$2,260	\$204m	\$2,464	\$2,464
LR Maintenance	\$2,000	\$181m	\$2,181	\$2,181
Investment Management	\$220	\$42m	\$262	\$242
Rail (excluding Crown top-up) ³	\$360		\$360	\$360
Coastal shipping	\$30		\$30	\$30
Sum of lower GPS ranges	\$12,880	\$550	\$13,430	\$13,380
Estimated regulatory "top-slice"	\$120		\$120	\$120
Base revenue	\$13,000	\$550	\$13,550	\$13,500

Rail Network Investment Programme (RNIP)

In late June 2021, the Minister of Transport approved the first Rail Network Investment Programme (RNIP) including a maximum three-year contribution from the NLTF of \$1,351.7 million. This is to be met by the target investment set at the bottom of the Rail activity class range (\$360.0 million), a contribution from Public Transport (PT) Infrastructure allowed for in our programming (\$151.3 million) and Crown top-up (\$840.4 million). Once the Board has formally adopted the NLTP, the eleven activities contained in the RNIP will also be included in the 2021-24 NLTP.

Funding approvals included in the adopted NLTP

As noted above, the adopted NLTP includes significant new funding approvals⁴. Most approvals are confirmation of the indicative approvals for continuous programmes approved by the Board in May plus funding for low cost low risk programmes. The full list of approvals being sought on adoption of the NLTP is as follows:

Activity type	Activity class	\$m NLTF share	Comments
Continuous programmes	Local road maintenance	2,181	A \$14m increase in PT services allocation (from \$1,165m) is the only material change from the indicative approvals in May 2021. Increased allocations for Wellington CC (\$612,000) and Upper Hutt CC (\$27,000) due to omissions in their local road maintenance programmes have been covered by the activity class contingency
	State highway maintenance	2,464	
	PT services	1,179	
	PT Infrastructure	104	
	Road safety promotion (RTZ)	160	
Low Cost Low Risk	Walking & cycling	5	Includes \$35m of funding for committed activities from the 2018-21 LCLR programmes noted in the June 2021 Board Paper
	Road to Zero	273	
	Local road improvements	33	
	State highway improvements	1	
	PT services	23	
	PT infrastructure	78	
Other nationally delivered activities	Investment Management	15	Sector Research Programme

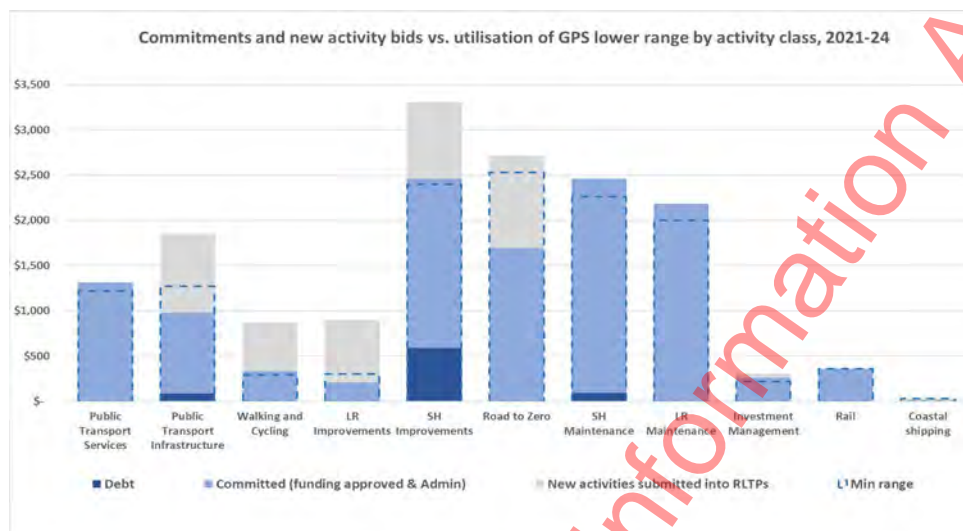
³ Subsequent amendment to the GPS increased the funding range for rail to \$1,194-1,344 million

⁴ The approvals are in addition to the ongoing funding of commitments that were approved prior to adoption and those selected activities approved by the Board in June 2021.

Funding for the 2021-24 Road Safety Partnership Programme (road policing), approved by the Board in April 2021, is also included in the adopted NLTP.

Funding for new activities

The following graph illustrates the lower end of the GPS funding ranges and how that compares to the level of committed (i.e. already approved) and new activities and the extent to which RLTP proposals are unable to be funded.



In aggregate, funding for continuous programmes (\$6.0 billion), road policing (\$1.2 billion), existing commitments (\$4.7 billion) and the required contribution to Rail (\$0.4 billion) accounts for more than 90% of forecast revenue. The remaining ca. \$1.2 billion for new improvement activities compares with total bids for new improvement activities or phases submitted through RLTPs of \$4.6 billion (i.e. nearly four times over-subscribed).

The Road to Zero, PT Infrastructure and Local Road Improvements activity classes have some unallocated “headroom” (i.e. between commitments and the bottom of the GPS funding range/investment target). For PT Infrastructure and Local Road Improvements this headroom is much less than the value of bids submitted.

Additional revenue including financing

The assessment above and listing of activities in the NLTP for which funding is “probable” reflects the base revenue forecast. If additional revenue (funding or borrowing) were to become available, more activities could be funded. Alongside the NLTP, we are also recommending a green-financing programme (August Board paper “Green Financing Programme” refers) to allow up to \$2 billion of financing for projects with accredited climate change benefits. In the NLTP, we have allowed for this possibility (or to respond to other sources of financing or funding) by identifying “possible” activities i.e. activities that could be affordable if additional funding or financing is secured.

Selection of improvement activities

The process for determining the list of improvement activities for inclusion in the NLTP is to rank candidate activities in priority order in each activity class using the Investment Prioritisation Method (IPM), refer Attachment 2. All activities were initially assessed and prioritised by the activity owner and then by Waka Kotahi Investment Advisors. Moderation provides consistency of IPM assessments by reviewing against the GPS strategic priorities and applying judgment in making recommendations for any adjustments to the priority ranking. Regional staff and senior subject matter experts ensure a nationally consistent approach to assessment of activities. Local government and MoT representatives attended as observers.

Depending on the available funding (i.e. activity class investment target less committed and approved spend), an investment threshold is set. The investment threshold defines, for each

activity class, the expected IPM priority ranking for activities at which it is probable that funding will be available when a request is submitted. Compared to previous NLTPs, the investment thresholds are typically much higher i.e. activities that would have been above the investment threshold historically are below the threshold for funding in this NLTP.

The priority ranking of an activity is based on the information available at the time that RLTPs and the NLTP are developed. The level of information can vary widely depending on the maturity of the proposed activity. The ranking (and cost) of an activity may change by the time a funding request is submitted e.g. once a detailed business case is developed. In recognition of imperfect data as well as to account for optimism bias in forecast delivery, an excess of activities is included as probable in the NLTP i.e. the threshold for probable projects is typically set above 100% of the expected funding. The level of over-programming varies by activity class from 0 to 20% (see Attachments 3 to 9). Similarly, forecasts of committed activity expenditure may also be “risk adjusted” depending on the extent of cost/delivery uncertainty.

The priority ranking for an activity in the NLTP may vary from the priority ascribed in the RLTP. There are statutory requirements, not only to identify activities that are not included in the NLTP, but also to which a different level of priority has been ascribed⁵.

Inclusion of activities by exception

Application of the IPM ratings forms the basis of activity prioritisation and selection but with judgment applied against the GPS strategic priorities and to take account of other statutory requirements and to help maintain a pipeline of future activities. As a result of the moderation described above, a number of exceptions to the rankings generated by applying the IPM have been made and are identified in the activity class summaries (refer below). The most notable activities promoted in this way are: Auckland Manukau Eastern Transport Initiative (AMETI) related local road improvements; Innovating Streets programme in Walking and Cycling; City Rail Link (CRL) day-one readiness activities in PT Infrastructure; and Let's Get Wellington Moving (LGWM) City Streets in PT Infrastructure and Walking and Cycling. Several NDAs are also included by exception.

Key trade-offs in improvement activity classes

Attachments 3 to 9 provide an overview of the recommendations for each improvement activity class including public transport services. As well as exceptions to the prioritisation methodology, the attachments identify potential candidates under a green financing programme.

Absent additional revenue, the funding constraints create some difficult trade-offs in the improvement activity classes, most notably:

- *Public transport infrastructure.* Not all submitted high priority, large-scale activities can be funded. The competing activities and options considered are summarised in Attachment 9. Our recommended option (to prioritise AMETI, CRL Day one readiness and LGWM early delivery) means that the national PT ticketing solution is categorised as possible (i.e. requires additional funding or financing). This funding uncertainty threatens future progress for the NTS project. Selection of a preferred supplier is expected to be completed by 30 September 2021 with work planned to complete the final detailed business case for Board approval by 30 June 2022.
- *Walking and Cycling.* The committed activities are dominated by the inclusion of Ngā Ūranga ki Pito-One section of Te Ara Tupua, approved by the Board in April 2021, plus funding to develop a future pipeline of activities and (in part) for the Innovating Streets programme. Numerous high-priority walking and cycling projects around New Zealand are only able to be included as possible.

⁵ A limitation of the current process is that there is not a mandatory requirement for RTCs to use the IPM for assigning priority. In practice, RLTPs apply a mix of priority methods and approaches.

- **Local Road Improvements.** Much of the limited funding headroom for new local road improvements is allocated to activity to support the AMETI busway (prioritised by exception) leaving other equal and, in one case, higher⁶ priority projects only included as possible.

As previously noted, the opportunity to utilise a green financing programme to help alleviate these issues is highlighted in the relevant Attachments.

State highway improvements and maintenance

The funding position for state highway improvements raises several issues. Forecast spend for committed activities is close to the investment target i.e. there is no headroom for any new funding approvals. Cost increases to existing projects would require offsetting savings or project deferrals from the committed programme. The funding position means that no “probable” investment is affordable. As a result, investments to develop the forward pipeline of work to address resilience, climate change adaption and route protection are only included as possible.

When the Board noted indicative investment targets and the allocation of discretionary funding in May, impacts on state highway (and local road) maintenance were discussed. Target funding for state highway maintenance, while increased (up \$260 million (12%) from the 2018-21 NLTP) is less than the \$2.9 billion which was the estimated investment needed to sustain current levels of service and avoid further degradation of the network. s 9(2)(f)(iv)

Further advice on the implications and mitigations for the state highway asset is addressed in the August Board Paper “State Highway Maintenance Discussion Paper”.

Annual cash flow management

A related issue is the profile of committed state highway improvement expenditure⁷, which is significantly weighted toward year one (2021/22). This creates a potential cash flow issue. Forecast overall NLTF spend for 2021/22 commitments (including state highway improvements and expected funding for continuous programmes) currently exceeds year one revenue. Under these circumstances, new projects would not be able to be approved if they involve expenditure in 2021/22. Annual cash flow management could therefore present a significant issue in the early months of the NLTP. Further analysis and assessment of mitigations is under way and we have had initial discussion with Treasury and MoT on options to help manage inter-year cash flows⁸.

Coastal shipping

We are still developing an approach to determine the activities to be funded from the coastal shipping activity class. We expect to provide the Board with further details on our investment priorities and related decisions for the activity class in November. For the purposes of the NLTP, we have included a single NDA for the target investment (\$30 million) with scope to further define the activities that are approved for funding as our approach is developed⁹. Funding via an NDA also recognises that reliance on individual activities submitted by approved organisations may not enable the activity class objectives to be achieved at a national level due to the competing interests of regions/regional ports

Nationally delivered activities (NDAs)

As noted earlier, one of the requirements for the NLTP is to include activities (other than on state highways) for which Waka Kotahi is responsible (so-called “nationally delivered activities” (NDAs)). NDAs are important for several reasons. NDAs are not identified and adopted through RLTPs and,

⁶ Upgrade of Glenvar Road, Torbay – although this was not identified in the Priority 1 tranche of ATAP

⁷ Local road improvements also has a spend profile weighted to year one exacerbating the issue

⁸ The scale and restricted conditions for the existing seasonal and shock facilities mean that they are not sufficient to manage this issue

⁹ Board approval is likely to be requested for Waka Kotahi to request Ministerial direction under s112 of the Crown Entities Act to allow Waka Kotahi to procure and manage delivery of the activities directly

therefore, represent the decision of Waka Kotahi to include activities in the NLTP, and utilise the NLTF, on behalf of the land transport system. Given funding constraints, investment in NDAs may be at the expense of investments proposed in RLTPs. Some NDAs also have significant Waka Kotahi resource impacts and are important to recognise for integrated business and resource planning. The list of NDAs for this NLTP is included as Attachment 10.

Approach to Low Cost Low risk (LCLR) activities

In contrast to previous NLTPs, GPS alignment ratings have been ascribed to LCLR (less than \$2 million) programmes. This has enabled us to directly assess LCLR activities alongside other improvement activities (greater than \$2 million). LCLR programmes with activities that meet the investment threshold in an activity class have been included in the NLTP as “approved” i.e. LCLR activities are treated as “continuous programmes” and funding is confirmed as part of NLTP adoption (as set out above).

The funding for LCLR programmes is summarised in Attachment 11. For LCLR programmes in Local Road Improvements and Walking and Cycling activities that demonstrate good alignment with the GPS, and that are just below the funding threshold, have been included in the NLTP as possible i.e. they are not part of the funding approved LCLR programme. Including them in this way, signals that these projects would be eligible for NLTF investment should additional funding or financing become available. The significantly reduced level of LCLR investment compared to bids submitted is likely to be one of the main areas of criticism of the NLTP especially from smaller AOs.

Programme Outcomes

Alignment to GPS strategic priorities

Waka Kotahi must, in preparing the NLTP, ensure that it gives effect to the GPS, including the strategic priorities. How this has been given effect to is set out in the NLTP and in Attachment 17.

Government commitments

The GPS includes the expectation that Waka Kotahi establishes three-year investment targets for the Government Commitments (Road to Zero, Let's Get Wellington Moving, Auckland Transport Alignment Project and the New Zealand Rail Plan). This provides an indicator of progress toward longer-term investment expectations also set out in the GPS.

The investment targets (i.e. estimated level of expenditure during the 2021-24 NLTP period)¹⁰ are as follows (with a detailed breakdown in Attachment 12):

Government commitment (\$m, NLTF share)		Target	GPS expectations for NLTF contribution
Road to Zero		2,530	\$10 billion from the Fund (between 2021/22-2030/31)
New Zealand Rail Plan		1,710	\$1.2–\$1.7 billion from the Fund plus additional Crown contribution (between 2021/22 and 2030/31)
Let's Get Wellington Moving		66	\$3.8 billion from the Fund (from 2021/22-2041/42)
Auckland Transport Alignment Project	KiwiRail	124	\$16.3 billion from the Fund (from 2018/19-2027/28)
	AT	2,146	
	Waka Kotahi	1,300	
	Total	3,570	

¹⁰ The level of NLTF expenditure during the NLTP is different to the level of funding that may be approved i.e. there is a level of over-programming and some approved expenditure will extend beyond the 2021-24 NLTP.

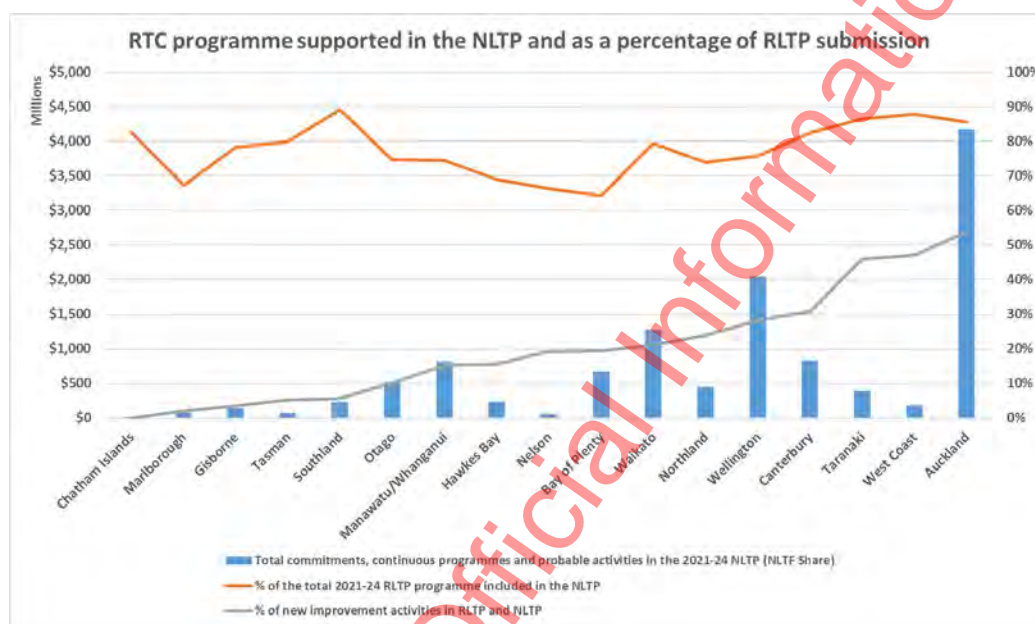
The targets are based on estimated spend for committed and probable activities after risk-adjustment i.e. the sum of planned spend prior to risk adjustment is higher than the target spend.

The “shortfall” in the target ATAP funding is most likely to become an issue, particularly the extent to which the likely investment for Auckland Transport is below the level assumed in its RLTP.

Regional funding distribution

The value and percentage of bids for NLTF funding from each approved organisation that are supported in the NLTP (including probable activities but excluding possibles) is shown in Attachment 13. The level of support as a percentage of bids varies significantly between individual approved organisations (from 30% to 100%). The average level of bids supported is 79%.

A similar breakdown by regional transport committee is illustrated below.



Waka Kotahi vs. other approved organisations

As noted earlier, an important context for the NLTP is the lack of funding for approved organisations' new activities while overall sector funding (including NZUP) is at all-time highs. The share of funding to Waka Kotahi vs approved organisations in the NLTP is \$6.8 billion (48%) vs. \$7.3 billion or (52%). If NZUP is included the share is \$9.6 billion (57%) vs. \$7.3 billion or (43%).

Other issues

Funding Assistance Rates (FARs)

The majority of NLTP activities will be funded at normal FARs – as approved by the Board in November 2020. There are some exceptions for existing phases based on previous Board decisions (as set out in Attachment 14). Any request to deviate from normal FAR requires Board approval.

Various requests or enquiries regarding enhanced FARs have been received during the RLTP/NLTP development process. Our messaging and approach to date, given the lack of discretionary funding, is for all new activities and new phases of ongoing activities to be included in the NLTP at normal FAR (unless there has been prior Board approval). Auckland Transport asserted in its RLTP that enhanced FARs are necessary for some activities to deliver to ATAP expectations and/or accommodate restrictions on local share. However, normal FAR has been

assumed for the following: Airport to Botany rapid transit¹¹, Northwest Bus Improvements, Eastern Busway, Eastern Busway, Auckland rolling stock (tranche III), level crossings improvements and Auckland Regional Rail Programme Refresh. Normal FAR has also been assumed for standard safety improvements on local roads, School Speed Management and LED street lighting programmes.

s 9(2)(f)(iv) and s9(2)(g)(i)



Assurance and statutory compliance

Investment assurance assessment

Continuous programmes and improvement activities have been assessed and prioritised in a robust and consistent way, with internal and external oversight. The investment prioritisation method has been applied based on available information. Exceptions from the investment prioritisation method have been identified in Attachments 3 to 9 and are considered appropriate given: imperfect information about investment proposals; the need for the NLTP to reflect GPS requirements to deliver on a range of priorities and government commitments; and to maintain a future pipeline of activities. Cost estimates used for the NLTP are best estimates based on available information. Contingency within activities and programmes is included to cover potential increases in costs but are at risk of being insufficient to cover changes to scope or higher than expected industry cost inflation.

EY assurance review

Ernst Young has been engaged to provide assurance over the NLTP compliance with statutory requirements and the veracity of the supporting financial data (but not the underlying prioritisation process). This work is still in progress at the time of publishing Board papers. A draft of the letter of comfort to be provided by EY is included as Attachment 16.

Redacted - Legal privilege, s 9(2)(h)



NLTP publication and communication

The NLTP publication – due to be released on 30 August - is still being finalised. A link to the latest version is in the Resource Centre. A summary of the communications plan for the NLTP launch is included in Attachment 15.

¹¹ The Board has previously approved maintaining normal FAR for NLTP 21-24 for rapid transit pending a first principles review.

Health & safety, customer/stakeholder & environmental impact

The LTMA and GPS require consideration of health and safety, the environment and the interests of the public and other stakeholders that are addressed elsewhere in this paper. It's unlikely to meet the aspirations of AO and other stakeholders.

Attachments

Attachment 1	NLTP Taxonomy
Attachment 2	Investment Prioritisation Method (IPM)
Attachment 3	Activity Class recommendations: Local Road Improvements
Attachment 4	Activity Class recommendations: State Highway Improvements
Attachment 5	Activity Class recommendations: Walking & Cycling
Attachment 6	Activity Class Recommendations: Road to Zero (RtZ)
Attachment 7	Activity Class Recommendations: PT Services
Attachment 8	Activity Class Recommendations: PT Infrastructure
Attachment 9	Activity Class Recommendations: PT Infrastructure – Indicative Options
Attachment 10	Nationally Delivered Activities
Attachment 11	Summary of Low-Cost, Low-Risk
Attachment 12	Forecast Expenditure on Government Commitments
Attachment 13	Support for Approved Organisation bids in the 2021-24 NLTP
Attachment 14	Enhanced FAR Approved for 2021-24 NLTP
Attachment 15	NLTP Launch Communications and Engagement Plan
Attachment 16	DRAFT Assurance Letter from Ernst & Young
Attachment 17	How the NLTP gives effect to the GPS
Attachment 18	Redacted - Legal privilege, s 9(2)(h)

Resource Centre

Document 1	Draft NLTP
-------------------	------------

Attachment 1

NLTP Taxonomy

Committed*	<p><u>Improvement Activities (excl. LCLR projects)</u></p> <p>A phase of an activity is “committed” if it is funding approved in TIO as at 30 June 2021 and the activity’s phase will transition into the 2021-24 NLTP. The inclusion of an activity in a business case, or completion of prior pre-implementation phases, does not mean any subsequent phase is committed.</p> <p><u>Low Cost Low Risk</u></p> <p>LCLR activity is committed if it is included in the 2018-21 LCLR programme and will be under contract by 30 June 2021. The completion of investigation and/or design works does not mean the activity’s construction works is considered committed. Activities that are not delivered in 2018-21 should be re-submitted, and those activities that are uncommitted will be prioritised again in 2021-24 to be reconsidered alongside all other activities.</p>
Approved*	Activities for which funding approval has been obtained from the correct delegated authority at the adoption of, or during, the 2021-24 NLTP.
Probable**	Activities for which its investment prioritisation (IPM) profile indicates funding approval is probable, subject to funds being available and confirmation of the IPM profile when a funding application is made during the 2021-24 NLTP.
Possible**	Activities for which its investment prioritisation (IPM) profile indicates funding approval is not probable during the 2021-24 NLTP period unless additional funding or financing is secured or the IPM profile improves.
Not included in NLTP	<p>Activities which are:</p> <ul style="list-style-type: none"> • not included in a RLTP; or • below the NLTP priority order threshold for inclusion; or • outside of the NLTP period; or • have been excluded for eligibility reasons.

* These activities do not have to be prioritised because they are already funding approved by Waka Kotahi.

** Probable and possible may include an element of over programming which is based on the deliverability of activities included into the NLTP.

Attachment 2

Investment Prioritisation Method (IPM)

SUMMARY

Investment prioritisation is undertaken when an activity is put forward for inclusion in the NLTP (either during development or as a variation to an existing NLTP). The IPM has three factors:

- **GPS Alignment:** with a GPS strategic priority: “very high”, “high”, “medium” or low”.
- **Scheduling:** Indicates the criticality or interdependency of the proposed activity with other activities. A rating of “high”, “medium” or low” can be assigned.
- **Efficiency:** Benefit Cost Ratio (BCR) with ratings of “very high”, “high”, “medium” “low” or “very low”.

DETERMINING THE PRIORITY OF AN IMPROVEMENT ACTIVITY

Depending on the amount of discretionary funding available for improvement activities class, new improvement activities with a priority order above an investment threshold can then be included into the NLTP and assigned a “probable rating. Such a rating indicates the likelihood of the improvement phase receiving funding. The priority order for an improvement activity phase is reconsidered when a request for funding approval is made. The review confirms information about costs and benefits as well as the other factors that impact on investment prioritisation.

A priority order is derived using the three prioritisation factors according to the following matrix. For example, if a threshold for an activity class is set at “3” then activities generating a 1, 2 or 3 priority order are included in the NLTP unless a specific exception is made.

2021-24 NLTP Priority Order

GPS alignment	Scheduling	Efficiency				
		VL* (BCR<1.0)	L (BCR 1.0-2.9)	M (BCR 3.0-5.9)	H (BCR 6.0-9.9)	VH (BCR>=10.0)
VH	H	7	2	1	1	1
VH	M	8	3	2	2	1
VH	L	9	4	3	2	2
H	H	9	5	4	4	3
H	M	10	6	5	5	3
M	H	10	7	6	6	4
M	M	10	9	8	6	5
H	L	11	8	8	6	5
M	L	11	10	10	9	8
L	H/M/L	12	12	12	12	12

* Activities that have a Very Low (BCR<1) Efficiency rating may be included in 2021–24 NLTP if they are above the investment threshold for an activity class. However, funded only by exception at the appropriate level of delegation

Attachment 3

Activity Class Recommendations: Local Road Improvements

Key Points			
<ul style="list-style-type: none"> AMETI Eastern Busway (local road improvement) activity prioritised by exception to support critical AMETI Eastern Busway PT infrastructure activities Special purpose road transition plan activities included in readiness for transition to base FAR by 2024 Only 2% of LCLR programmes funded limiting activities to support activity management plans including safety, preventative maintenance, and technical audit recommendations 			
Item	Forecast Cost (NLTF Share \$m)		Comment
	Unadjusted	Risk Adjusted	
Investment target	300	300	GPS range is \$300 million - \$810 million
Committed	238	224	Government Commitments – ATAP (66%) Risk adjusted by 6% based on delivery confidence ratings
Submissions for new activity phases	663		Includes : \$373 million Improvements >\$2 million \$289 million LCLR
Probable	99	76	Priority 1: ▪ Gladstone Rd Resilience (Horowhenua DC) ▪ 7 VH GPS aligned LCLR programmes
			Priority 2: AMETI – Eastern Busway Alliance (Reeves Road Property and Implementation)
			26 business case / pre-imp phases
			LCLR activities on Special Purpose Roads to transition to normal FAR
Possible	284		Priority 1 implementation phase: Glenvar Rd / East Coast Rd (AT)
			Priority 2 Implementation phases (19 phases across 9 AOs) Priority 3 – 5 Business case/pre-imp and implementation phases (69 phases and 358 High GPS aligned LCLR activities)
Not included into the NLTP	280		All other priority 6-12 activities including: ▪ 68 improvement phases (15 AOs) ▪ 695 LCLR activities (64 AOs)

Key:

Activities reprioritised by exception to IPM ranking are highlighted

Candidates for green financing programme are shaded

Attachment 4

Activity Class Recommendations: State Highway Improvements

Key Points			
<ul style="list-style-type: none"> No funding for pipeline development (including responses to Emissions reduction plans) which will impact 24-27 NLTP choices "Possible" activities focused on pipeline development and, in particular, resilience and optimisation activities Future price/cost/scope changes or claims on funded committed activities will be challenging to manage within the \$2.4 billion investment target Cashflows of committed activities frontloaded to Y1 which could impact timing of new activities in other ACs. 			
Item	Forecast Cost (NLTF Share \$m)		Comment
	Unadjusted	Risk Adjusted	
Investment target	2,400	2,400	GPS range is \$2.4bn - \$3.25bn
Committed	2,898	2,489	Provision for \$72m SH bridge renewals
			Other large commitments: Te Ahu a Turanga (\$414m); ATAP (\$769m); LGWM (\$2.9m); Mt Messenger Bypass (\$123m); SH16 Brigham Creek (\$141m)
			PPP unitary charges (\$694m)
			\$2.489bn committed are risk adjusted based on delivery confidence ratings. Currently exceeds funding.
Submissions for new activity phases	779		\$661m Improvements >\$2m (100 phases)
			\$116m LCLR (558 activities)
Probable	nil		
Possible	102		Priority 1-5 planning phases only including: <ul style="list-style-type: none"> 10 resilience DBCs (mostly South Island) Optimisation: Auckland, WLG, Tauranga
			Government commitments: SH Optimisation implementation (ATAP), Regional Highways pre-imp and property (LGWM) part-funded
			Wellington and Picton Port Access included to align with investment in new ferries. Potential to switch to Coastal Shipping
Not included into the NLTP	676		Very High and High GPS aligned LCLR activities (including bridges)
			ATAP: Squadron Drive, Grafton Gully, SH Optimisation (part)
			LGWM Regional Highway (part)
			Implementation phases for Resilience projects and bridge replacements

Key:

Activities reprioritised by exception to IPM ranking are highlighted

Candidates for green financing programme are shaded

Attachment 5

Activity Class Recommendations: Walking & Cycling

Key Points			
<ul style="list-style-type: none"> All phases for Airport Access (ATAP), City Streets, Early Delivery and TDM (LGWM) included "Probable" activities also targeted at developing the pipeline for 24-27 onwards AOs may not retain W&C capability or local share for "possible" activities if additional funding not confirmed Most ATAP W&C activities unfunded AOs may not support the focus on planning over LCLR and implementation phases 			
Item	Forecast Cost (NLTF Share \$m)		Comment
	Unadjusted	Risk Adjusted	
Investment target	320	320	GPS range is \$290m to \$550m
Committed	322	263	Commitments are risk adjusted by 19%. Major risk is Ngauranga to Petone delivery
			Ngauranga to Petone (\$179m) Other significant commitments: <ul style="list-style-type: none"> ATAP in flight (\$38m) Petone to Melling (\$7-30m) Dunedin SH88 Port Chalmers (\$18m) Wakatipu Walking/Cycling Network (\$13m) Tauranga Walking & Cycling (\$7m)
Submissions for new activity phases	577		\$322m Improvements >\$2m (151 phases)
			\$219m LCLR (791 activities)
			\$36m for Nationally delivered activities
Probable	61	57	Priority 1-4 next planning phases
			Priority 1-4 pre-imp phases where there is already a funded business case
			LGWM: City Streets, Early Delivery and TDM
			ATAP - Airport Access and VH GPS aligned
			Innovating Streets Programme (NDA)
Possible	228		All Priority 1-4 activities plus Priority 5 planning
			Most ATAP Walking & Cycling projects
			Manawatu River Bridge SH3 Ashhurst
			Hutt City Eastern Bays Shared Path
			Hutt City Riverlink Pathway Bridge
			\$60m LCLR activities
			Glen Innes to Tamaki Drive Section 4
Not included into the NLTP	288		Priority 5 implementation for mode shift centres (most of Christchurch and all Queenstown)
			All other activities and LCLR programmes

Key:

Activities reprioritised by exception to IPM ranking are highlighted

Candidates for green financing programme are shaded

Attachment 6

Activity Class Recommendations: Road to Zero (RtZ)

Key Points			
<ul style="list-style-type: none"> All RtZ nationally delivered activities included but at a “tensioned” funding level below the “optimised level” to achieve 10-year DSI target. Lower funding overall and specifically in Speed and Infrastructure programme puts the 10-year DSI reduction target at risk; modelling indicated the lower GPS band scenario would place the R2Z trajectory towards a 10-year RtZ target of 30%-35% DSI reduction Upcoming RtZ business cases for NDA may not align to “tensioned” funding level which could result in some reduced funding to the SIP activities 			
Item	Forecast Cost (NLTF Share \$m)		Comment
	Unadjusted	Risk Adjusted	
Investment target	2,530	2,530	GPS range is \$2 530m-\$2,830m
Committed	1,692	1,663	Road Safety Partnership Programme – \$1,244m
			Road Safety Promotion 2021-24 – \$159m
			Speed and Infrastructure - \$289m
			Committed risk adjusted by 2.6% to equal \$1,647m. RSPP \$1,244m commitment not risk adjusted
Submissions for new activity phases	1,287		\$649m Improvements >\$2m (161 phases)
			\$376m LCLR (1659 activities)
			\$239m of Nationally delivered activities
Probable	1 055	867	Priority 1 – 5 138 Pre-implementation and Implementation phases >\$2m targeting high risks corridors and intersections
			1334 Very High, High and Medium GPS alignment LCLR activities across 80 AO/Waka Kotahi regions
			Nationally delivered activities (NDAs) including: Tackling Unsafe Speeds, Public Awareness Campaign at tensioned funding levels
Possible	130		Priority 6 and 7, 14 new phases
Not included into the NLTP	134		Priority 8 to 12, 7 new phases
			331 Low GPS alignment LCLR activities

Key:

Activities reprioritised by exception to IPM ranking are highlighted

Candidates for green financing programme are shaded

Attachment 7

Activity Class Recommendations: PT Services

Key Points			
<ul style="list-style-type: none"> Focus on including activities based on priority order (1-7) including ATAP Community Connect trial COVID impact on revenue on continuous programme could impact revenue for PT service improvements Decarbonisation may result in new activities being submitted for inclusion through 2021-24 period 			
Item	Forecast Cost (NLTF Share \$m)		Comment
	Unadjusted	Risk Adjusted	
Investment target	1,313	1,313	GPS range is \$1,220 - \$1,930 million
Committed	1,251	1,248	PT Services continuous programmes risk adjusted by 0.3%. Risk adjustment is low due to high level of certainty for continuous programmes spend
Submissions for new activity phases	114		\$67m Improvements >\$2m (27 phases)
			\$36m LCLR (81 activities)
			\$15m of Nationally delivered activities (National Mode Shift campaign)
Probable	84	65	Priority 1-7 and LCLR 'very high' to 'high'
Possible	17		National Mode Shift Plan - NDA
			EV conversion of Diesel Buses (Greater Wellington)
Not included into the NLTP	14		LCLR 'medium' to 'low'.

Key:

Activities reprioritised by exception to IPM ranking are highlighted

Candidates for green financing programme are shaded

Attachment 8

Activity Class Recommendations: PT Infrastructure

Key Points			
<ul style="list-style-type: none"> Focus on high priority ATAP activities (AMETI Eastern Busway, City Rail) and early LGWM activities National Ticketing Solution (Priority 6) deemed unaffordable without alternative funding/financing – included as “Possible”; reputation impacts from delay and operational impact on Environment Canterbury Next phases of key ATAP and LGWM Rapid Transit unfunded ATAP expectations for enhanced funding assistance rates not met 			
Item	Forecast Cost (NLTF Share \$m)		Comment
	Unadjusted	Risk Adjusted	
Investment target	1,270	1,270	GPS range is \$1,270m - \$1,930m
Committed	1,037	851	Contribution to RNIP (KiwiRail) - \$151m
			Other key commitments: PT Infra. continuous programmes \$104m; AT ‘in flight’ \$406m; GWRC ‘inflight’ \$261m; NZ Rail Plan activities (excl. AT) - \$245m
			\$1,037b committed risk adjusted by 18% due to risk of under delivery on rail and CC2M
Submissions for new activity phases	1,065		\$796m Improvements >\$2m (143 phases)
			\$88m LCLR (182 activities)
			\$189m National Ticketing Solution imp.
Probable	560	423	Priority 1-2 activities (except CC2M, South Colombo Street PT corridor implementation)
			LCLR ‘very high’ and ‘high’ GPS alignment
			AMETI (Eastern Busway)
			CRL rail rolling stock (plus level crossings, Wellesley St imp.)
Possible	403		LGWM (City Street, Early Delivery, Golden Mile, Thorndon Quay/Hutt Rd excl. RT)
			National Ticketing Solution
			City Centre to Mangere post establishment
			South Colombo Street PT corridor imp.
			LGWM rapid transit
Not included into the NLTP	100		All ‘Connected Communities’ phases (AKL)
			PT packages from UFTI (BOP/ Tauranga), SFDI (Dunedin) and PT Futures (Chch)
			BC - Brownfields Growth, Middlemore Station
			Rail resilience, rolling stock and infrastructure improvements (WGTN, Horizons Manawatu)

Key:

Activities reprioritised by exception to IPM ranking are highlighted

Candidates for green financing programme are shaded

Attachment 9

Activity Class Recommendations: PT Infrastructure – Indicative Options

Base Scenario applicable to all options: IN: Majority of Priority 1-2 activities (except AMETI and CC2M, South Colombo Street PT), LCLR 'very high' and 'high' OUT: CC2M Light Rail, LGWM Rapid Transit, ATAP Connected Communities	
OPTION 1 (RECOMMENDED) BASE PLUS AMETI, LGWM AND CRL DAY 1 Includes: AMETI, CRL Day 1 activities, LGWM (Early Delivery and City Streets) Excludes: National Ticketing Solution	Pros <ul style="list-style-type: none"> • Strongest Mode shift, emissions reduction, Government Commitment • AMETI is a Priority 2 transformational PT activity Cons <ul style="list-style-type: none"> • Reputational impact from delay to NTS if alternative funding cannot be identified
OPTION 2 BASE PLUS AMETI, LGWM AND NTS Includes: AMETI, LGWM (Early Delivery Hutt Rd, Golden Mile and City Streets) and National Ticketing Solution Excludes: CRL Day 1 activities	Pros <ul style="list-style-type: none"> • AMETI is a Priority 2 transformational PT activity • Customer experience benefits and data insights benefits from NTS Cons <ul style="list-style-type: none"> • Lower Mode shift and emissions reductions benefits • CRL opening in mid-2024 impacted due to delays in purchase of rolling stock and level crossing upgrades
OPTION 3 BASE PLUS CRL DAY 1, LGWM AND NTS Includes: AMETI, LGWM (Early Delivery Hutt Rd, Golden Mile and City Streets) and National Ticketing Solution Excludes: AMETI Eastern Busway	Pros <ul style="list-style-type: none"> • Progresses time critical CRL day 1 activities in time for CRL opening in mid 2024 – protects benefits from Crown investment in CRL • Customer experience benefits and data insights benefits from NTS Cons <ul style="list-style-type: none"> • Lower Mode shift and emissions reductions benefits • Delays to Priority activity (AMETI Eastern Busway) – Key ATAP commitment

Attachment 10

Nationally Delivered Activities

Activity class	Activity name	Indicative spend 2021-24 (\$m)	Status	Comments
PTI	Project NEXT (NTS)	10	Committed	Incl. NTS detailed business case
PTS	Rail safety: road-rail interactions	2	Committed	
RtZ	Interlock and vehicle impoundment	3	Approved	Part of continuous programme Education and Advertising prog. approved by the Board June 2021. Others are ongoing programmes.
RtZ	National road safety E&A programme	103	Approved	
RtZ	Safe vehicle programme	5	Approved	
RtZ	Public awareness campaign (RSP)	15	Approved	Approved by the Board June 2021
W&C	Innovating Streets Programme	30	Approved	Approved by the Board in May 2021 (up to \$60m) subject to funding
IM	Sector research programme	15	Approved	
SHM, LRM	Road efficiency group	10	Probable	Board endorsed programme for inclusion in NLTP Feb 2021
IM	Household travel survey	6	Probable	
IM	Toitu Te Taiao	1	Probable	
IM	Innovation fund	15	Probable	Includes funding for the living lab
IM	Security programme	5	Probable	
RtZ	Tackling Unsafe Speeds	212	Probable	Includes safety camera transfer and expansion; speed management around schools
RtZ	Safe infrastructure management and planning	24	Probable	
RtZ	Road to zero system management	15	Probable	
IM	Planning & investment evidence base	7	Probable	
SHM, LRM	Asset management data standard	20	Probable	
W&C	Nationally delivered cycling programme	6	Probable, Possible	Only part funding (\$2.4m) included as probable
PTS	National mode shift campaign	15	Possible	
PTI	National ticketing system	189	Possible	

Attachment 11

Summary of Low-Cost, Low-Risk

Local Road Improvements	Prioritisation	Investment (\$m)
Approved	Commitments plus VH GPS aligned activities and SPRs	33
Possible	High GPS aligned activities	72
Excluded	Low to medium GPS aligned activities	175
Total bid submitted		280
State Highway Improvements	Prioritisation	Investment (\$m)
Approved	Committed activities only	1
Possible		0
Excluded	All non-committed activities	115
Total bid submitted		116
Walking and Cycling	Prioritisation	Investment (\$m)
Approved	Commitments plus some ATAP VH GPS aligned activities	5
Possible – Approved Organisations	Very high GPS aligned activities	49
Possible – Waka Kotahi	Very high GPS aligned activities	10
Excluded – all Approved Organisations	Low to high GPS aligned activities	160
Total bid submitted		224
Road to Zero	Prioritisation	Investment (\$m)
Approved – Approved Organisations	Commitments plus medium to very high GPS alignment	128
Approved – Waka Kotahi	Commitments plus medium to very high GPS alignment	145
Possible		0
Excluded – Approved Organisations	Low GPS alignment	42
Excluded – Waka Kotahi	Low GPS alignment	61
Total bid submitted		376
Public Transport Services	Prioritisation	Investment (\$m)
Approved	Commitments plus very high & high GPS alignment	23
Possible		0
Excluded	Low to medium GPS alignment	14
Total bid submitted		37
Public Transport Infrastructure	Prioritisation	Investment (\$m)
Approved	Commitments plus very high & high GPS alignment	78
Possible		0
Excluded	Low to medium GPS alignment	19
Total bid submitted		97
Total	Prioritisation	Investment (\$m)
Approved		413
Possible		59
Excluded		586
Total bid submitted		1,058
Total AO only (excl. Waka Kotahi)	Prioritisation	Investment (\$m)
Approved		268
Possible		121
Excluded		525
Total bid submitted		914

Attachment 12

Forecast Expenditure (NLTF share) on Government Commitments

The breakdown below shows how the target expenditure for each of the commitments is built up across the activity classes.

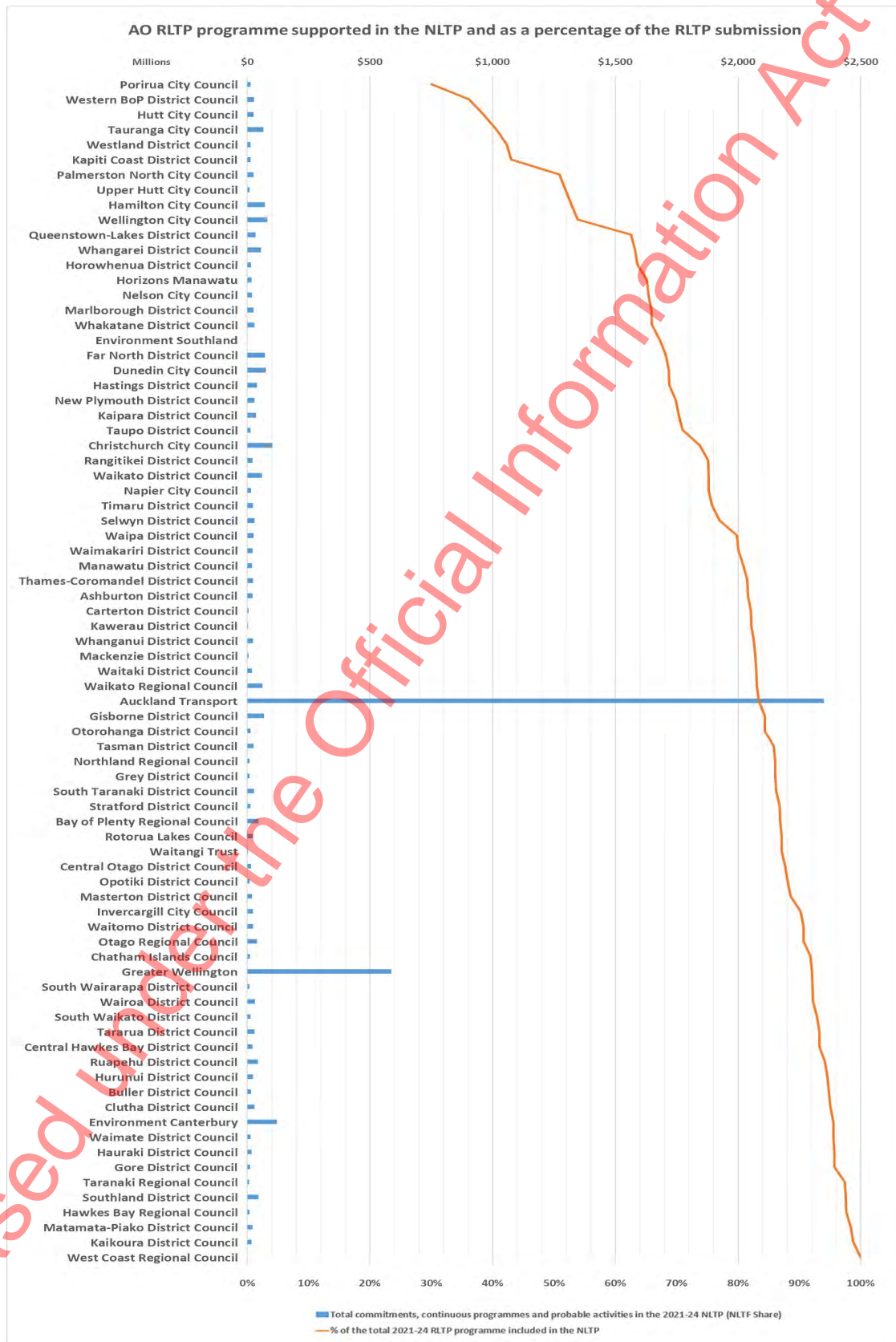
These are included for information only and not sub-targets for publication (i.e. only the aggregate target for each government commitment will be published).

\$m, NLTF share		IM	LRM	LRI	PTS	RtZ	PTI	Rail	W&C	SHI	SHM	Aggregate Target
Road to Zero						2,530						2,530
New Zealand Rail Plan					2		508	1,200				1,711
Let's Get Wellington Moving							49		17			70
Auckland Transport Alignment Project	KiwiRail						124					124
	AT	6	442	191	714	114	665		14			2,139
	Waka Kotahi	7				48	68		25	670	482	1,311
	ATAP Total	13	442	191	714	161	858		39	670	482	3,574

Note: Figures may not add due to rounding

Attachment 13

Support for Approved Organisation bids in the 2021-24 NLTP: NLTF share and as % of RLTP submission



Attachment 14

Enhanced FAR Approved for 2021-24 NLTP

The Board has previously approved enhanced FAR for activities that will apply to existing phases in the 2021-24 NLTP, as follows:

Activity	Enhanced FAR	Comments
Safe Network Programme	Mid-point between normal FAR and 100%	For existing activities that were substantially complete by 30 June 2021, the enhanced FAR applies to the remaining spend
Innovating streets programme	90%	Approved by the Board in May 2021 (subject to funding availability)
Capital connection service	75.5% and 100%	For Greater Wellington Regional Council and Horizons Regional Council components
Te Huia train service	75.5% and 100%	For Hamilton City Council and Waikato Regional Council components
Special purpose roads	various	Transition plans to move from an enhanced FAR to normal FAR by 1 July 2024

Attachment 15

NLTP Launch Communications and Engagement Plan

The 2021-24 National Land Transport Programme (NLTP) will be adopted by 31 August 2021. This plan covers the key communications and engagement activities that will occur between now and when the we release of the NLTP publication, with associated timings, as known at this stage. The plan focuses on:

- our engagement with our co-investment partners
- our internal communications plan to ensure our staff are aware of our funding decisions to shape conversations
- our communications with other key stakeholders and partners during this process
- our plan to publicly launch the 2021-24 NLTP

Communication objectives

The communication objectives are:

- to ensure we are open and transparent in our communications with our co-investment partners, taking time to explain our decision-making
- to ensure identify early and prioritise direct conversations with the most affected RTCs, councils and sectors to ensure they understand how we have made decisions and the next steps with their projects
- where feasible, we hold face-to-face meetings promptly, helping our co-investment partners to better understand the outcomes and look to future opportunities
- we commit to fronting up with honesty and empathy with a focus on the future
- to ensure the right people in our organisation have the right conversations with our co-investment partners
- to ensure our staff are equipped with the right messaging and tools to have the right conversations around the release of the 2021-24 NLTP
- to ensure we respond to questions/issues quickly and consistently
- to ensure our other key stakeholders and partners are provided with an early heads-up about the release of the 2021-24 NLTP and key messages/fact sheets to assist with member/media inquiries
- to ensure media are provided with a comprehensive briefing and information pack to better understand the NLTP process and next steps.

Key messages

Below are some of the high-level key messages that will used at the time of the launch – these will continue to be updated as decisions are made, and information becomes available during the development of the 2021-24 NLTP. The key funding constraints and trade-off messages will be developed post the Board meeting when final allocations are known.

- Through the 2021-24 National Land Transport Programme, we're investing \$xxxx billion to make our roads safer, to better connect communities, get goods to market and protect our environment.
- The 2021-24 NLTP is part of a significant \$22 billion investment in Aotearoa's land transport system during the next three years through the National Land Transport Fund and other Crown funding.
- With our co-investment partners local government, we're creating a transport system for all New Zealanders that is not only safe but more accessible and easier to use.
- Projects included in the 2021-24 National Land Transport Programme are those that will ensure Waka Kotahi and its co-investment partners local government deliver the government's priorities for the land transport system.
- Our priority for funding has been ensuring the land transport system is safe, that people have better options for how they move around, that there are improved freight connections to get goods to market and that we are working to reduce the impact of the transport system on the environment.
- Throughout the country, with local government we're investing \$xxx million in xx safety projects during the next three years which will save xxx lives and serious injuries.
- We're spending \$xxx million on public transport across New Zealand, making it more reliable as a way to move around.
- With our partners, we're building xxx new cycleways and investing \$xxx million in cycling and walking.

NLTP development facts:

- Publication of the 2021-24 NLTP today is a snapshot in time; the programme of activities and projects will continue to change throughout the next three years.
- Each NLTP period we always identify a greater number of projects for delivery than available funding. This is because projects don't always proceed for a number of reasons, including programme changes, work delays and lack of funding.
- Even when a project is identified in the NLTP for potential funding that does not guarantee that it will be funded and proceed. The project is still subject to a successful Business Case and there needs to be available funding at the time it is requested.
- All projects in the NLTP are prioritised on a national basis; there are always more bids for funding than there is available funding. For the 2021-24 NLTP we received \$xxxx billion of bids from a total forecast income of \$13.55 billion.

Tactics and action plan

- The Board is expected to adopt the 2021-24 NLTP on Thursday 19 August
- Any changes will be made to the document from Friday 20 to noon Monday 23 August when the document will go to print.
- High-level messages will be developed post-Board meeting and made available to stakeholder relationship owners/sponsors, ELT and Board members for their conversations
- There will be a CE live call with local government on Monday 23 August to set the scene - high-level overview of outcomes (no specific details)
- A series of staff and key external stakeholder briefings will be held throughout week 23 August to provide them with the same high-level overview
- Road Transport Forum, Heavy Haulage Association, Automobile Association, Civil Contractors Association, and LGNZ - CE and Chair are the among the key stakeholders we will brief before the launch.
- DRRs will be provided with a briefing pack on week 23 August to enable them to set-up meetings with significantly affected councils from 30 August
- Information packs will be sent to staff working directly with councils on Monday 30 August to help with their conversations
- 2021-24 NLTP will be launched morning of Monday 30 August - at this stage it is proposed to be in Wellington - the event hosted by Waka Kotahi Board Chair and CE and Minister (this will be a media event)
- Media will be provided with a full briefing pack - including a 101 of how the NLTP is developed, FAQs, fact sheets; national, regional and thematic media releases, etc - and suitable opinion pieces
- Simultaneously, emails with funding outcomes will be sent from our CE to Regional Transport Committee Chairs and to individual council CEs and Mayors/Chairs
- The document and funding tables will go up online - www.nzta.govt.nz/nltp
- Information will be provided to all staff on OnRamp - including key messages, FAQs, fact sheets, etc
- On Monday 30 August, an email will be sent from CE will be sent to stakeholders - and a separate email to staff
- Opinion pieces will be provided to key industry publications, such as Contractor, NZ Construction, LGNZ, AA Directions and NZ Trucking, that tell the story of the development of the 2021-24 NLTP and our investment in New Zealand's land transport system

Attachment 16

DRAFT Assurance Letter from Ernst & Young

Reliance Restricted

Howard Cattermole
Chief Financial Officer
Waka Kotahi NZ Transport Agency
50 Victoria Street
WELLINGTON, 6141

10th August 2021

Dear Howard,

*National Land Transport Programme – Compliance Assessment - **WORKING DRAFT***

Background

Waka Kotahi NZ Transport Agency (Waka Kotahi) is required to produce the National Land Transport Programme (NLTP) every three years. The next NLTP is due to be adopted by Waka Kotahi before 1st September 2021.

Waka Kotahi require Ernst and Young Ltd (EY) to complete a compliance review as part of their assurance processes on the NLTP. This review will assess the following.

1. **NLTP Compliance Assessment:** A review of the NLTP against the following legislative requirements in the Land Transport Management Act (LTMA), 2003.
 - a. **Section 19A:** Responsibility for preparing and adopting the NLTP
 - b. **Section 19B:** Core requirements for the NLTP
 - c. **Section 19C:** Content of the NLTP
 - d. **Section 19D:** Notification about decision not to include activities in the NLTP
 - e. **Section 18H:** Māori contribution to decision making.

EY reviewed against these criteria to outline evidence on how the NLTP is compliant with legislation. This process was also used to highlight any areas that require additional work or evidence.

2. **NLTP Data Assessment:** This assessment reviewed data across a number of Waka Kotahi-provided sources and highlighted issues or discrepancies between the Transport Investment Online (TIO) source data, Activity Class Summary Worksheets within the Master Spreadsheet, NLTP document, Board Paper and [Letters to Approved Organisations (AOs)].

The outcome of this assessment checks consistency across Waka Kotahi documentation, provides evidence that the listed legislative processes were followed, and highlights any comments surrounding discrepancies in the provided data, or actions related to legislative compliance in the relevant sections of the LTMA.

Actions and findings

Compliance Assessment:

As part of the Compliance Assessment, EY reviewed a series of relevant documents provided by Waka Kotahi and completed four one-hour interviews with key individuals related to the NLTP process within Waka Kotahi. The interview process was used to gain further insight into the robustness of the process, and to request any further supporting evidence. Any relevant comments from the interviewees related to this assessment have been integrated into the findings.

The outputs of the assessment process have been summarised in Table 1, which includes actions to be completed to meet the compliance requirements of the legislative criteria.

Table 1: Assessment Summary

Legislative Criteria	Compliance Assessment	Actions to be completed
19A	○	Waka Kotahi is 'On Track' to deliver against these legislative criteria. However, this cannot be classified as compliant until after the NLTP is adopted – i.e. after completion of this review.
19B	✓	Waka Kotahi have provided sufficient evidence to show they have met the core requirements of the NLTP
19C	✓○	TBC
19D	○	Waka Kotahi is 'On Track' to deliver against these legislative criteria. However, this cannot be classified as compliant until after the letters to AOs are sent – i.e. after completion of this review. This will align with the adoption of the NLTP (See 19A).
18H	○	Waka Kotahi is 'On Track' to deliver against these legislative criteria. They have recognised the shortcomings from the outcomes of the previous review in 2018, and they have put in place actions – e.g. Māori Engagement Review – to work towards these legislative criteria. This process is currently in the early stages and will continue to develop over the next few iterations of the NLTP.
Key	PROCESS AND APPROACH RATING Evidence of appropriate processes and approaches towards NLTP compliance	
✓	COMPLIANT: Appropriate level of compliance/analysis for this stage. No concerns identified.	
○	ON TRACK: Appropriate level of compliance/analysis for this stage. Minor issues/risks identified, and/or actions yet to be completed.	
✗	INSUFFICIENT EVIDENCE: Weaknesses in the level of compliance/analysis for this stage. Moderate issues/risks identified, and/or lack of supporting evidence.	

Findings from the compliance assessment are differentiated into [compliance, actions yet to be completed, and where further evidence is required]. [For the two latter types of findings, Waka Kotahi should endeavour to make appropriate changes to the NLTP or NLTP documentation, or provide explanations on when the actions would take place and/or why they think further evidence is not required or relevant to support the associated legislative requirements]. These will be assessed by EY to determine if the response is appropriate. EY have also included general recommendations for future NLTP processes in the final report. [On review of these outputs, Waka Kotahi should seek advice if they believe there is a risk of judicial review].

Data Assessment:

- EY undertook a review of the Activity Class Summary Worksheets within the Master Spreadsheet against the underlying source (TIO extract) to check for any translation errors. The Master Spreadsheet contains the data used to populate the NLTP board paper, the NLTP document and the AO letters.
- EY undertook a review of Waka Kotahi's draft Board paper, NLTP and [letters to AOs], specifically any 2021-24 NLTP funding allocation figures included relating to the activity classes. These were assessed against the Master Spreadsheet to check consistency.

Findings from the data assessment are differentiated into those matters resolved and those acknowledged. For the latter, Waka Kotahi provided explanations on why these matters do not impact or were immaterial to the process. [At the date of [xx] there are no matters which have not been resolved or acknowledged as not impacting or immaterial to the process.]

Limitations

Please note that the following items have been highlighted as limitations in EY's approach. This also includes all out of scope items that were set out in the agreed Consultancy Services Order (CSO).

This review has the following limitations:

- ▶ The modelling process followed by Waka Kotahi requires various inputs and calculations. Our review only covers a technical review of the spreadsheets provided, as instructed by Waka Kotahi. EY only highlighted material and minor logic errors in the spreadsheets provided specifically for these works.
- ▶ This document should not be used or relied on for any purpose other than that set out in the related CSO. No responsibility is accepted to any party other than the parties to the CSO (except where there is a written agreement to accept a duty of care to others in respect of their use of this document).
- ▶ Any hardcoded values identified in the assessment process will be highlighted. However, EY do not take responsibility for any impacted outputs. Waka Kotahi have the responsibility to satisfy themselves that these values are appropriate and/or consistent with source documentation.
- ▶ Waka Kotahi may deem some findings immaterial for the purposes of this review. Waka Kotahi are to respond to the comments for inclusion in the final output report. Any model redesign is out of scope in this instance. However, we will inform Waka Kotahi of any issues that may impact the outputs of this work.
- ▶ Some items cannot be proven to be compliant until post implementation of the NLTP. Therefore, at this stage, we can only state that Waka Kotahi is 'On Track' to meet the requirements based on available information at the time of release of this document.

Yours sincerely,

Ernst & Young Strategy & Transactions Limited

[unsigned]

Chris Money
Partner

Attachment 17

How the NLTP gives effect to the GPS

- 1 Waka Kotahi must, in preparing the NLTP, ensure that it gives effect to the GPS on land transport.¹² An assessment of how the NLTP complies with the requirement of s 19B of the Act is included in the draft NLTP.¹³
- 2 Waka Kotahi has reviewed the NLTP against the strategic priorities, primary outcomes and guidance on delivering those outcomes in the GPS in the context of the activity class framework included in the GPS that is intended to give effect to those priorities and results. Waka Kotahi has also reviewed the NLTP against the principles for investing, the government commitments and the statement of ministerial expectations.
- 3 A significant feature of the NLTP 2021-2024 is that there is limited funding for new investment to advance the strategic priorities and associated outcomes. This reflects:
 - 3.1 that the lower range of the activity classes in GPS2021 are set close to the forecast inflows into the NLTF. That means that once the minimum spend for each activity class is met there are only limited funds left to invest above those lower ranges across the entire programme; and
 - 3.2 within activity classes a substantial proportion of forecast inflows to the NLTF must be spent on existing commitments, being spending on activities that were approved prior to development of this NLTP (and which must be included in the NLTP).¹⁴
- 4 Within those constraints, the NLTP gives effect to the GPS as follows:
 - 4.1 in accordance with the GPS, the NLTP anticipates investment in each activity class to at least the minimum of the expenditure range identified in the GPS. Spending to the minimum of each expenditure range is consistent with achieving the priorities and results in the GPS because funding is divided into activity classes as a means of achieving the results specified in GPS 2021;¹⁵
 - 4.2 within activity classes, new activities for which it is anticipated funding will be provided have been initially prioritised for inclusion in the NLTP in accordance with the Waka Kotahi Investment Prioritisation Method (IPM). The IPM includes as a factor in its prioritisation alignment with GPS priorities and the extent of contribution to a GPS priority;
 - 4.3 a moderation process has been applied to the results of the IPM to ensure the mix of activities for new investment achieves the best balance between GPS priorities and results, in particular taking into account the government commitments (ATAP, LGWM, Road to Zero) as well as government targets for GHG emissions reductions;
 - 4.4 to the extent there is funding available to fund activity classes beyond minimum activity class ranges the NLTP will fund continuous programmes for Public Transport Services, State Highway Maintenance, Local Road Maintenance and Investment Management. These have a high priority for funding because of their importance to maintain existing service levels. The funding allocated to these programmes provides a balanced approach to meeting GPS objectives;

¹² LTMA, s 19B(a)(iii).

¹³ As required by s 19C(b).

¹⁴ Section 19C(d).

¹⁵ GPS 2021 at [113].

- 4.5 it contributes to the government commitments toward meeting the long-term investment targets set out in GPS2021;
- 5 Where choices have had to be made either within activity classes, or when investing above minimum activity class levels, Waka Kotahi has exercised its discretion to achieve what it considers is the appropriate balance between different GPS priorities and results in the context of the purpose of the LTMA to contribute to an effective, efficient, and safe land transport system in the public interest.
- 6 An analysis of the programme was undertaken using the Climate Assessment Tool for Investment (CATI) which at a high level applies 3 different labels to activities – potential to reduce emissions, potential to maintain emissions, and potential to increase emissions.
- 7 In relation to the climate change strategic priority and results, our assessment indicates that the NLTP will contribute to emissions reduction to the extent possible within the relevant constraints, being:
- 7.1 the GPS result of reduced greenhouse gas emissions being a result required over a ten-year time-frame (by 2031);
- 7.2 the transport component of the Government's Emissions Reduction Plan (with which all investment decisions will need to be consistent) is still under development;
- 7.3 achieving emissions reduction in the transport system (and in particular any reductions required by the forthcoming Emissions Reduction Plan) will require significantly increased funding;
- 7.4 the transition to a low carbon transport system will require a combined effort from government, businesses, and communities, as acknowledged in the GPS;¹⁶
- 7.5 as noted above, there is limited anticipated revenue available above the bottom of GPS activity class ranges; and
- 7.6 as noted above, a substantial proportion of the NLTF must be spent on existing commitments and maintaining existing service levels.
- 8 Viewed in light of these factors, the NLTP gives effect to the climate change priority, within the context of GPS 2021 as a whole, through
- 8.1 its investment in activities with the potential to decrease emissions (23 per cent of anticipated spending);
- 8.2 its investment in activity classes that have climate co-benefits (including public transport services, public transport infrastructure, and walking and cycling improvements); and
- 8.3 its investment in public transport services above the bottom of the activity class range.

Redacted - Legal privilege, s 9(2)(h)

Released under the Official Information Act 1982

Redacted - Legal privilege, s 9(2)(h)

Released under the Official Information Act 1982

Redacted - Legal privilege, s 9(2)(h)

Released under the Official Information Act 1982

Redacted - Legal privilege, s 9(2)(h)

Released under the Official Information Act 1982

Redacted - Legal privilege, s 9(2)(h)

Released under the Official Information Act 1982

Redacted - Legal privilege, s 9(2)(h)

Released under the Official Information Act 1982