



Emergency works investment policies consultation

Consultation document on proposed changes to emergency works
investment policies

1 May 2024

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More information

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Introduction

The National Land Transport Fund (NLTF) is applied at different funding assistance rates (FAR) to assist approved organisations (AOs) to undertake emergency works in relation to sudden events that damage transport infrastructure.

NZTA's current emergency works investment policies are set out on our website:

- work categories: [WC 141: Emergency works](#), [WC 140: Minor works](#) which set out eligibility criteria for emergency works funding, FAR and processes
- [general FAR policy](#) which provides for enhanced FARs for emergency works
- [uneconomic transport infrastructure policy](#).

In recent years, the scale and intensity of weather-related events have increased significantly, and this trend is expected to continue. The NLTF allocation to respond to these events is not sufficient to fund all response and recovery work for those events that qualify for funding. Substantial additional Crown funding has been required to fund the more severe nationally significant weather events, such as the 2023 North Island Weather Events (NIWE).

We undertook a review of our existing emergency works investment policies because of uncertainty about the availability of the NLTF to cover all emergency events and a lack of clarity about the FAR that applies to recovery vs rebuild.

The aim of the review was to ensure the policies are fit for purpose, within the context of the likelihood of a continued increase in frequency and intensity of emergency events, and to support sustainability of funding assistance via the NLTF, local share and Crown funding sources for response, recovery and rebuild phases.

Feedback on the proposed changes is sought from AOs, iwi and Māori and stakeholders in the transport sector.

This feedback will help finalise proposals relating to the FAR for the NZTA Board approval and managerial endorsement of any other policy changes for implementation as follows:

- **1 July 2024** – changes to definitions, processes and operational policies take effect
- **1 July 2025** – Any confirmed changes to FAR in relation to emergency works take effect.

Further information about the review is available on the NZTA [website](#) including:

- scope of the review
- summary of existing state
- summary of desired future state
- review process and case for change
- analysis of options relating to the FAR (including historic and projected impacts of different FAR)
- detail of proposed changes to definitions, processes, and operational policies.

Proposed changes to emergency works investment policies

A summary of the proposed changes for feedback is below.

Changes to enhanced FAR

- Change the qualifying trigger for an emergency event attracting an enhanced FAR to a minimum frequency 1 in 20-year event from the current 1 in 10-year event.
- Reduce the enhanced FAR from normal FAR +20% to normal FAR +10%.
- Retain the current trigger for enhanced FAR as costs exceeding 10% of annual maintenance spend.
- Restrict provision of a bespoke FAR (i.e., greater than an enhanced FAR) to only those extreme events for which Crown funding is made available.
- Clarify that the enhanced FAR applies to response and recovery costs and is conditional upon the following:
 - The AO's activity management plan has considered, in advance of an emergency event, which parts of the network are prioritised to restore levels of service and which parts of the network may require consideration of a different level of service or alternatives to recovery; and
 - After an emergency event, genuine discussions with funders and affected communities occur for those parts of the network where consideration of a different level of service or alternatives to recovery is appropriate.

When planning to return a road to a previous level of service after an emergency event, consideration must be given to how it functions from a movement perspective, as well as how it supports land use and, community outcomes. It is expected that updated activity management plans articulate the value and levels of service expected for all roads in the AO's network and identify which parts of the network would require consideration of a different level of service or alternatives to recovery if the road is damaged from an emergency event. This is particularly relevant for roads that are vulnerable to repeated damage and/or serve a small number of landowners or users. NZTA's uneconomic transport infrastructure policy is relevant to this consideration.

Table 1 – Options and proposed changes to emergency works FAR

This table shows options considered in the review. The recommended option is highlighted, with the reason for change and impact of the recommended change.

Lever	Options considered	Approx. annual \$m impacts (NLTF share average 10-year forecast)	Reason for change	Impact of change
Qualifying event threshold Limit enhanced FAR to larger events (current threshold is 1 in 10-year event)	Retain threshold at 1 in 10-year event	Nil	<ul style="list-style-type: none"> • 1 in 10-year events are now more frequent. • Smaller events should be managed by AOs at normal FAR. • Better aligns to original principle that enhanced 	<ul style="list-style-type: none"> • Normal FAR applies to more routine events. • Increased financial burden on AOs to provide local share. • Reduced burden on the NLTF. • Could incentivise more proactive maintenance and resilience focus from AOs.
	Change threshold to 1 in 20-year event ¹	\$20-25m saving		

Lever	Options considered	Approx. annual \$m impacts (NLTF share average 10-year forecast)	Reason for change	Impact of change
	Change threshold to 1 in 50-year event	\$35-45m saving	<p>FAR is available to support 'severe' events.</p> <ul style="list-style-type: none"> Helps manage sustainability of the NLTF. 	<ul style="list-style-type: none"> More guidance is required to verify event magnitude.
Maintenance threshold Increase cost threshold to qualify for enhanced FAR (current threshold is costs exceed 10% of annual maintenance budget)	Increase qualifying cost threshold to 20% of annual maintenance budget	\$2-4m saving	<ul style="list-style-type: none"> Retaining the threshold because savings are achieved with the other changes Retaining the threshold avoids rushing delivery to maximise FAR. 	<ul style="list-style-type: none"> No change proposed.
	Retain current threshold	Nil		
Enhanced FAR Reduce level of FAR enhancement (currently Normal FAR +20% as a default)	Enhanced FAR retained at normal FAR + 20%	Nil	<ul style="list-style-type: none"> Constrains cost escalation with greater local share. Helps manage sustainability of the NLTF in providing the enhanced FAR. 	<ul style="list-style-type: none"> Greater local share contribution by AOs to response and recovery works. Could incentivise shift to more proactive asset maintenance and resilience focus from AOs. Reduced financial burden on NLTF.
	Enhanced FAR reduced to normal FAR + 10%	\$15-20m saving		
	No enhanced FAR	\$30-45m saving		
Bespoke FAR Restrict policy provision for bespoke FAR (i.e., above enhanced FAR) ¹	Only applies if matched by Crown top-up to NLTF	\$35-50 million saving for a severe event over a 3-year recovery	<ul style="list-style-type: none"> Removes NZTA's role as a funder of local share when an AO cannot afford its local share Limits expectations and applications to consider for bespoke FAR (except if Crown funding enables a higher FAR) 	<ul style="list-style-type: none"> Removes/limits expectation of very high FAR for EW if an AO cannot afford its local share. Does not preclude the Government from funding a higher level of support if it determines. AOs may choose to engage directly with the Government to seek Crown funding for extremely large events. Reduced financial burden on NLTF.
	Remove provision for bespoke FAR entirely	As above		
	Specify a financial hardship trigger to clarify eligibility			

¹ Currently the Board may consider a bespoke FAR where there is evidence that an extreme event results in EW expenditure beyond an AOs ability to raise local share and continue to provide appropriate levels of service over the next three years.

Changes to definitions, processes, and operational policies

A summary of other changes to definitions, processes and operational policies is listed below.

- Updates to work categories 140 and 141 to apply in the 2024-27 period. This includes adding fire to the list of qualifying events and removing drought.
- Use of updated definitions of response, recovery, rebuild, resilience, readiness.
- Link to definition of 'like for like' to clarify the distinction between costs of recovery and costs of improvement.
- Clarification of processes and planning including making it easier to apply for resilience improvements after an emergency event.
- Encouraging councils to include provision for emergency response and recovery in Regional Land Transport Plans to ensure they are ready if events occur.
- Update of the Uneconomic Transport Infrastructure Policy (see below).

Uneconomic Transport Infrastructure Policy

The Uneconomic Transport Infrastructure Policy is applied to transport infrastructure that is determined to be uneconomic under the policy. NZTA may decide not to co-invest, in part or at all.

Updates to this policy are proposed so that a wider range of levels of service and solutions can be considered including community led retreat, while ensuring that information requirements do not add disproportionate time and resourcing burden to AOs. We are proposing changes to the policy that:

- better consider value for money alongside wider outcomes, including considering non-monetised benefits (for example social and cultural impacts) alongside a benefit cost ratio or Net Present Value in a funding decision
- include a requirement that alternative funding sources are explored (for example Regional Infrastructure Fund, insurance, Tourism Infrastructure Fund, etc.)
- consider a different level of service (lower level of service or improving resilience) or different options for access
- consider community led retreat proposals, where relevant, in line with wider government policy
- consider iwi/Māori access to ancestral lands, marae, pakakāinga and other sites of significance.

Feedback sought

We are seeking feedback on the proposed changes and in particular the questions set out below:

Regarding proposed FAR and qualifying event changes

1. How would the proposed changes impact your organisation? For example, your ability to provide local share, the likely impacts for your organisation.
2. Please tell us if you support the proposed changes or recommend different ways to ensure that NZTA has sufficient NLTF available to cover emergency works.
3. What will the proposed FAR changes mean for your organisation's planning for and/or investment in maintenance and resilience? For example, would your organisation invest more in resilience and if not, what incentives would you need to improve the resilience of your transport infrastructure?

- Are there any transitional issues that NZTA needs to consider in relation to emergency works that occur prior to 1 July 2025?

Regarding proposed changes to definitions, processes, and operational policies

- Are there any issues in applying these proposed changes? For example, what further guidance is required? What other changes are required?
- Are there any proposed changes that your organisation does not support? Please tell us why?
- Are there other policy, planning or process changes that you think are needed? Please tell us what and why?

Uneconomic Transport Infrastructure Policy

- Are there any other issues with this policy that you think need to be addressed?
- Are there any other forms of access you think the NLTF should fund that are currently ineligible? For example, cable pulley systems to transport goods across rivers where bridges have been washed out.

Consultation timeline

Timeline	
Consultation opens	1 May 2024
Webinar to outline proposed changes	9 May 2024
Consultation closes	5pm 19 June 2024
Consultation feedback summary available	28 June 2024
Policy and process changes take effect - updated on NZTA's website in the Planning and Investment Knowledge Base	1 July 2024
NZTA Board decision on changes to emergency works FAR	During 2024/25 (tbc)
Any confirmed changes to emergency works FAR take effect	1 July 2025

How to provide feedback

As part of the consultation process, NZTA will:

- advise chief executives of AOs of the proposed changes and seek their organisation's feedback.
- Provide a webinar to give an overview of the proposed changes and the opportunity for participants to ask questions. Please register [here](#)
- make the webinar available for viewing [here](#)

Please send your feedback to EmergencyWorksReview@NZTA.govt.nz by 5pm Wednesday 19 June.

Our next steps

- Once consultation closes, we'll review your feedback and consider the changes we need to make.

- We'll publish a summary of the feedback we've received from the consultation.
- Proposed changes to definitions, processes and operational policies will be published and become operative from 1 July 2024.
- Our Board will consider any changes to FARs to come into effect from 1 July 2025.
- We'll provide a webinar and other information to assist the sector in applying emergency works investment policies and processes.
- We'll continue discussions with Treasury about Crown funding and NZTA borrowing facilities.

Acknowledgement

NZTA would like to thank you for your feedback on the proposed policy changes.

For more information

- Please visit: www.nzta.govt.nz/planning-and-investment/emergency-works-policies-review-and-consultation
- Please email: EmergencyWorksReview@NZTA.govt.nz