

Emergency works policies review: overview of review process and case for change

1 May 2024

This document is part of our consultation about our proposed changes to the emergency works investment policies. Further information about this consultation is available on the consultation [web page](#).

How proposed policy changes were developed

NZ Transport Agency Waka Kotahi (NZTA) staff, including an iwi/Māori representative, local government representatives, and key staff from the Ministry of Transport oversaw the review. Feedback and guidance has been provided at various stages of the review. The work was carried out by NZTA staff.

The key steps in phase 1 of the review included:

- defining the purpose of the review
- agreeing the scope of the review
- assessing the current state and preferred future state
- identifying problems with the current state, including collection of funding data
- identifying a long list of options
- refining to a short list of options to analyse
- analysing the short-listed options to understand their impacts, including modelling future funding scenarios to understand the impact on the National Land Transport Fund (NLTF)
- recommending changes for consultation.

Phase 2 of the review is to:

- consult with approved organisations and stakeholders on the recommended changes
- make changes to work categories (except funding assistance rates (FAR)), Uneconomic Transport Infrastructure Policy and processes (to take effect on 1 July 2024)
- provide training and information to assist the sector with these changes
- explore with government increasing overdraft facilities and discuss the circumstances in which government support will be available for nationally significant emergency events that overwhelm the NLTF
- allow the NZTA Board to consider any changes to FAR (to take effect on 1 July 2025)
- provide a webinar and other information to assist the sector in applying emergency works investment policies and processes.

Three main problems were addressed in the review of NZTA's emergency works policies:

1. The extreme pressure frequent large-scale weather events are putting on local government funding, the NLTF and Crown funding for emergency works responses at current FARs.
2. Different interpretations of NZTA's emergency works policies are creating uncertainty for investment in repair, recovery and rebuild phases.
3. Current policy settings don't consider options around managed retreat, different levels of service responses and resilience improvements and how to incorporate social and cultural impacts.

Current state

Funding continues to be available from the NLTF to address the impact of sudden and unexpected 'natural' events.

Emergency works investment policies enable funding from the NLTF for repairs that: 'are in the urgent interests of public safety; or are necessary to effect immediate or temporary repair of damage caused by a sudden and unexpected event'¹.

The policies currently allow approved organisations to seek a higher-than-normal or enhanced FAR (normal FAR + 20%) for response and recovery costs and normal FAR for related improvements (for example increased resilience or higher service levels) and rebuild (for example a new road alignment).

The policies highlight that the NZTA Board may approve a bespoke FAR in cases of financial hardship for locally or nationally significant events (up to 100% for some past events).

The case for change

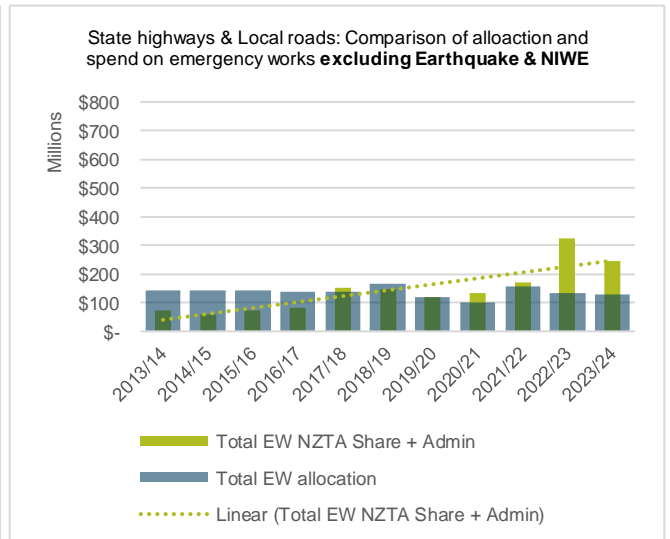
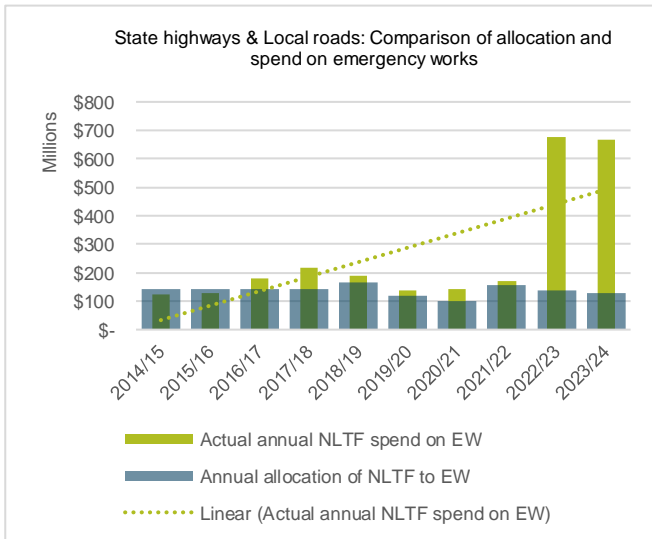
Current FAR settings are unsustainable in the context of more frequent and more intense 'natural' events.

Every National Land Transport Programme (NLTP) needs to be financially sustainable and balanced, with sufficient capacity to deliver right-sized maintenance and renewal programmes.

In recent years, the scale and intensity of weather-related events have increased significantly. These events are becoming larger and more frequent, and 1-in-10-year events are no longer out of the ordinary.

Under current FARs emergency works have increased the demand on councils' local share, and the NLTF, and have required additional Crown funding and top-ups. More vulnerable infrastructure and higher costs of response and recovery works have added to cost increases.

The annual cost to the NLTF for emergency works has risen in nominal terms from \$148 million in 2013/2014 to \$666m in 2023/2024 (including the 2023 North Island weather events NIWE).

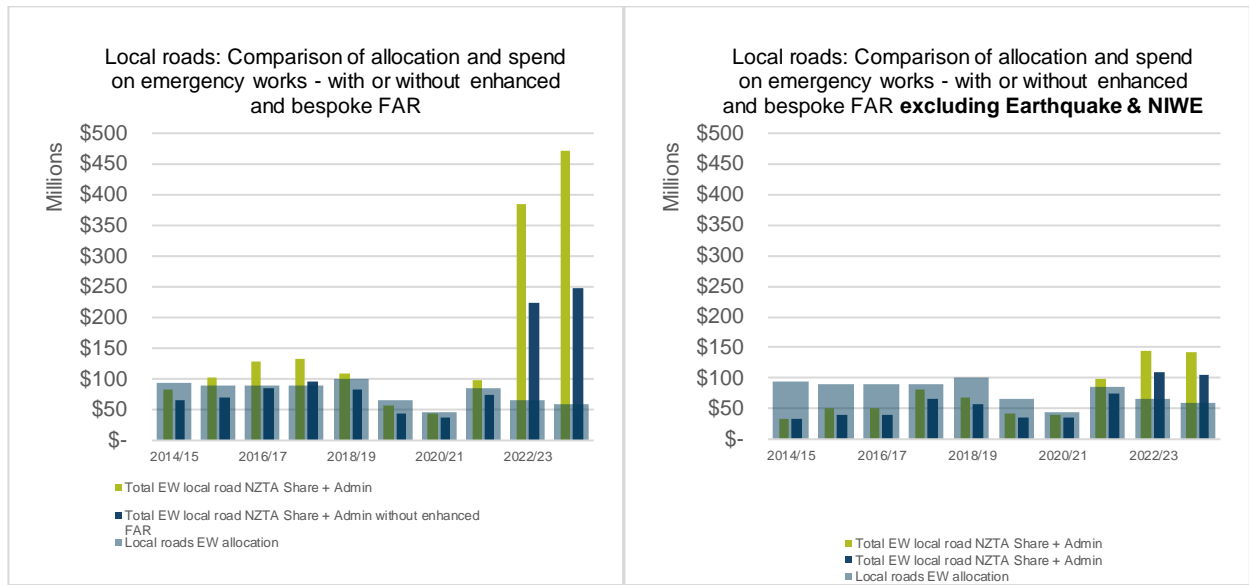


Source: Transport Investment Online (TIO), data extracted 28 November 2023 from NLTP extract module for all organisations all years from 2013/14–2023/24 (state highways and local roads)

NLTF expenditure on emergency works has exceeded the allocated provision in 8 of the past 10 years. Removing earthquake and NIWE expenditure, NLTF expenditure on emergency works would have exceeded the allocated provision in only 5 of the past 10 years. The spike in overspending over the last 2 fiscal years is due to the NIWE response.

¹ S(20) (4)(a)(b), Land Transport Management Act 2003

Over the same period the number of events to which enhanced and bespoke FARs funding have been applied has approximately doubled. Enhanced and bespoke FAR funding levels for the last financial year are up 715% and 461% respectively when compared to 2013/14 with normal FAR funding up 389%.



Source: Transport Investment Online (TIO), data extracted 28 November 2023 from NTLF extract module for all organisations all years from 2013/14–2023/24 (local roads)

Local roads emergency works costs exceeded NLTF allocations for 7 of the past 10 years.

Had normal FAR (rather than enhanced and bespoke FARs) been applied to qualifying events during this period, this would have reduced NLTF expenditure on emergency works by \$278 million. The allocation for emergency works would therefore have been exceeded significantly only twice over the same time frame.

If an enhanced FAR (normal FAR + 10%) had been applied to maintenance, operations and renewals (MOR) for local roads over the same time frame (enabling increased funding support for proactive maintenance) the cost to the NLTP would have been \$535 million.

Proposed changes

We propose making FAR changes to ensure longer term funding sustainability while providing certainty of funding for approved organisations.

We propose removing reference to the provision of a bespoke FAR in the policy as this level of additional funding support is dependent on Crown funding. This does not preclude the Crown from making additional funding available for a bespoke FAR if it chooses.

[The government wants value for money and a more proactive approach to maintenance and resilience.](#)

The draft Government Policy Statement on land transport (GPS) 2024 requires a more proactive approach that can improve maintenance and resilience to sudden events, and investment that delivers value for money.

Over recent years approved organisations (AOs) have continued to increase their asset management maturity, including their ability to plan for and mitigate the impact of emergency events. However, more can be done to improve planning and readiness, including taking a risk-based approach to ensure more prudent asset management and undertaking maintenance, renewals, and resilience improvements. We encourage AOs to update their activity management plans to consider, 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 different level of service or alternatives to recovery.

All levers that enable improved readiness, resilience, response, and recovery need to be used to withstand future shocks and enable appropriate levels of service.

Emergency works policies, related policies, guidance and processes need to more effectively consider and enable different levels of response and recovery. They need to support the required level of service on a network, consider levels of risk and the needs of communities and increase the ability to withstand future shocks as appropriate.

This may mean that some networks that are particularly vulnerable to repeated emergency events and have low use need to be rebuilt to a lower but safe standard, whereas others may be rebuilt to a higher standard to better ensure their longer-term resilience.

Changes are proposed to require consideration of different levels of recovery in investment decisions, and to require consideration of a wider range of decision-making factors with regard to uneconomic transport infrastructure.

The emergency works investment policies need to be clearer and better align with legislative requirements.

The policies and key definitions need to be easier to interpret and apply, and should reflect current best practice, including the 4Rs of emergency management (readiness, response, recovery and resilience). The definitions of response and recovery are incorporated into the revised work category 141 emergency works.

Section 20 of the Land Transport Management Act 2003 provides an exemption from some requirements for immediate work or work required for safety. Response work fits neatly within that exemption. Proposed changes to process ensure that recovery work meets the requirements of section 20, irrespective of how long the recovery work takes. For example, it is necessary to consider options relating to the recovery work, which is done in practice.

These changes will be incorporated into an update of the funding application forms. We have also proposed that regional land transport plans proactively include emergency works that may arise over the period of the plan. The activities and events to which the policies apply also have been made more explicit such as the addition of fires. The activity classes in which emergency works are classified have been updated to include local road operations, public transport infrastructure, walking and cycling.