

Emergency Works Investment Policies Review: frequently asked questions (FAQs) update

17 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 webpage](#).

Background to the Review

What are emergency works investment policies?

NZ Transport Agency Waka Kotahi (NZTA) has established emergency work categories and funding assistance rates that enable emergency works in relation to sudden events that damage transport infrastructure.

Current emergency works investment policies comprise:

- [work category 141: emergency works](#)
- [work category 140: minor works](#)
- [Funding Assistance Rates Policy](#)
- [Uneconomic Transport Infrastructure Policy](#)

The Emergency Works Investment Policies Review proposes changes to these policies.

What is an emergency event?

The current definition of an emergency event is set out in work category 141 as follows:

‘a defined, major, short-duration natural event (a qualifying event) that has reduced or will reduce customer levels of transport service significantly below those that existed prior to the event and results in unforeseen, significant expenditure’.

Why was a review of emergency works investment policies needed?

The key triggers for the Emergency Works Investment Policies Review were:

- the significant increase in scale, intensity, and remediation cost of these sudden events
- the need to address significant cost escalation and identify a sustainable funding model for emergency works that considers both the perspectives of NZTA and approved organisations (AOs) and retains a level of ongoing certainty for AOs.

NZTA needs to manage the National Land Transport Fund (NLTF) so that it can sustainably fund these emergency works in 2024–27.

What was the purpose of the Emergency Works Investment Policies Review?

The purpose 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.

What was the scope of the Review?

In scope

The scope of phase 1 of the Review up to April 2024 included:

- assessment of current and future potential funding sources and parameters including FARs, criteria for a qualifying emergency event, and consideration of insurance
- review of investment operational policies, including work categories 141 and 140, definitions, alignment with the Land Transport Management Act 2003 (LTMA), process changes, implications for planning
- review of the Uneconomic Transport Infrastructure Policy.

Phase 2 of the Review, commencing June 2024, will include:

- working with the Government on potential for increasing borrowing facilities and/or Government support
- developing principles to guide the use of different funding sources and their appropriateness for funding emergency works
- providing training or information to assist the sector in applying changes resulting from the Review.

Out of scope

The scope of the Review excluded:

- heavy rail infrastructure and operations (addressed via the Rail Network Investment Programme (RNIP) with separate funding arrangements)
- development of an investment policy on managed retreat (the Review will inform development of guidance relating to options for responding to significant damage to transport networks, which could subsequently inform an investment policy)
- funding and investment decisions: the project did not include decision making on specific investments and funding of activities
- design of application, reconciliation audit or other operational procedures
- changes to the LTMA (although the project may recommend changes to LTMA for consideration).

What do the current emergency works investment policies fund?

NZTA's emergency works investment policies are contained in [work category 141](#) (events \$100,000 and over) and [work category 140](#) (events under \$100,000).

The policies enable funding from the NLTF at different funding assistance rates for emergency works relating to damaged transport infrastructure.

These emergency works comprise:

- an immediate response for public safety or to provide vital access

- reinstatement of customer levels of transport service.

What are the current emergency works funding assistance rates?

Funding assistance rates (FARs) are the contribution, in percentage terms, that NZTA makes from the NLTF to AOs for emergency works.

Local share is the percentage of the funding for an activity that is provided by an AO to balance funding by NZTA.

Currently the emergency works FARs that apply to emergency works in each financial year are:

- the AO's normal FAR, which covers the cumulative claims for total costs of emergency works that are less than or equal to 10% of the AO's total cost of its maintenance programme for the year (as approved when the National Land Transport Programme (NLTP) was adopted)

or

- the AO's normal FAR + 20% to a maximum of 95% for that part of the cumulative claims of total costs of emergency works that exceeds 10% of the AO's total cost of its approved maintenance programme for that year

or

- the AO's special purpose roads maintenance FAR for emergency works on special purpose roads

or

- 100% of the NZTA state highway costs.

Any request for a FAR exceeding the enhanced FAR of normal + 20% requires NZTA Board approval.

Note: normal FAR applies for related improvements (for example increased resilience or higher service levels) and rebuild (for example a new road alignment).

Where can I find a summary of the proposed changes arising from the Review?

The consultation document on the Review [webpage](#) summarises the proposed changes to emergency works investment policies. It also provides links to the detailed changes.

What activity classes cover emergency works in 2024–27?

The draft Government Policy Statement on land transport (GPS) 2024 proposes that funding from the NLTF for emergency works is available to the following activity classes in 2024-27:

- local road operations
- walking and cycling
- public transport infrastructure
- state highway operations
- rail network.

Funding assistance rates and threshold changes

What FARs were considered, what changes are proposed and why?

We considered a range of potential changes to the FARs and related thresholds. These are outlined in the table below. Proposed changes are highlighted in blue.

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	1-in-10-year events are now more frequent. Smaller events should be managed by AOs at normal FAR.	Normal FAR applies to more routine events. Increased financial burden on AOs to provide local share. Reduced burden on the NLTF.
	Change threshold to 1-in-20-year event ¹	\$20–25m saving	Better aligns to original principle that enhanced FAR is available to support 'severe' events.	Could incentivise more proactive maintenance and resilience focus from AOs.
	Change threshold to 1-in-50-year event	\$35–45m saving	Helps manage sustainability of the NLTF.	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	Retaining the threshold because savings are achieved with the other changes. Retaining the threshold avoids rushing delivery to maximise FAR.	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	Constrains cost escalation with greater local share. Helps manage sustainability of the NLTF in providing the enhanced FAR.	Greater local share contribution by AOs to response and recovery works. Could incentivise shift to more proactive asset maintenance and resilience focus from AOs.
	Enhanced FAR reduced to normal FAR + 10%	\$15–20m saving		Reduced financial burden on NLTF.
	No enhanced FAR	\$30–45m saving		
Bespoke FAR Restrict policy provision for bespoke FAR (that is, above	Only applies if matched by Crown top-up to NLTF	\$35–50 million saving for a severe event over a 3-year recovery	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	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.
	Remove provision for	As above		

enhanced FAR) ¹	bespoke FAR entirely		Crown funding enables a higher FAR).	AOs may choose to engage directly with the Government to seek Crown funding for extremely large events. Reduced financial burden on NLTF.
	Specify a financial hardship trigger to clarify eligibility			

Why did you decide to propose these FAR particular changes?

The changes proposed seek to achieve a balance between reducing the burden on the NLTF while providing certainty for AOs.

The changes also ensure that the policy provisions remain in alignment with the policy intent, which is to provide support for immediate response and recovery for out of the ordinary events. The changes also support the shift to a more proactive approach (a priority expressed by the Government in the draft GPS 2024) to maintenance and resilience.

How do you expect approved organisations (AOs) to come up with a greater local share for emergency works?

We expect AOs to consider whether their funding and financing sources are sufficient to meet their local share requirements for future emergency works. This may involve adjusting provisions in annual plans or long-term plans and considering the sufficiency of overdraft and borrowing facilities or available funds to draw from. It is up to each AO to plan ahead and determine how it would adapt to an emergency event.

What additional planning is expected to cover future unexpected emergency events?

We expect AOs to update their activity management plans to consider, in advance of any 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. This is particularly relevant for parts of the network that may be repeatedly damaged by emergency events and are uneconomic to restore the previous level of service after an emergency event.

We expect AOs to weigh up the costs of maintaining transport networks and increasing their resilience to the costs that may arise from future emergency events. We expect activity management plans to reduce the costs arising from emergency events through maintenance programmes (including readiness for an emergency event) and resilience programmes.

What process did you undertake to determine the proposed FAR changes and their impacts?

We identified a problem statement and assessed both current state and future state. A long list of options was identified and refined into a short-list for analysis.

We checked in with a representative from local government and other government agencies to understand different perspectives.

¹ Currently the NZTA Board may consider a bespoke FAR where there is evidence that an extreme event results in emergency works expenditure beyond an AOs ability to raise local share and continue to provide appropriate levels of service over the next 3 years.

We also reviewed past emergency works expenditure data from the NZTA Transport Investment Online (TIO) system. This data included event type, FAR types, claimed amounts, related time frames and activities funded.

A model was also developed based on past NLTP allocations, additional Crown funding provided, events, claimed expenditure, payments data, GNS and NIWA events data.

Potential future scenarios were modelled, and these provided indications of the amount of potential savings and impacts on the NLTF if current policy settings are left unchanged.

To inform wider policy changes NZTA considered:

- feedback and information from our review working and steering groups
- findings from a legal assessment of our emergency works policy implementation
- findings and recommendations from our internal audit processes
- relevant processes against the findings of the [Office of the Auditor General Report: 'Managing public funding in an emergency response or recovery – Observations from our work'](#)

Why is NZTA proposing lowering the enhanced FAR from normal FAR + 20% to normal FAR+ 10%?

In recent years, the frequency, scale and intensity of sudden weather-related events has increased significantly. For example, the annual cost to the NLTF for emergency works has risen in nominal terms from \$148 million in 2013/2014 to \$666 million in 2023/2024 (including the 2023 North Island Weather Events (NIWE)).

NLTF spend on emergency works has exceeded the provision made in the adopted NLTP in 7 of the past 10 years. In parallel, the number of activities for which enhanced and bespoke FAR funding has been applied has approximately doubled.

Even if we exclude the costs of emergency works for nationally significant events (NIWE and earthquakes) over the past 3 years, it has not been possible to remain within the NLTF funding provision made for emergency work under current FARs.

The proposed change to the enhanced FAR seeks to ensure sustainability of NLTF funding for immediate response and recovery and provide certainty of funding for AOs to cover these costs.

Why is NZTA proposing changing the eligibility for a qualifying event from a 1-in-10-year event to a 1-in-20-year event?

The 2014 FAR Review consultation on the current emergency works policies originally proposed a 1-in-20-year event threshold. Many considered this too high, and the 1-in-10-year event threshold was adopted. The 1-in-10-year event threshold is triggering too many emergency works claims including claims for enhanced FAR for events that occur relatively routinely.

The intent of funding emergency works with an enhanced FAR is to support immediate response and recovery from large and unusual events not relatively frequent routine events.

This proposed change retains alignment with the intent of the policy, which is to utilise the enhanced FAR for large and unusual events and ensures sustainability of the NLTF.

Do the proposed changes for a qualifying event to trigger emergency works funding (from a 1-in-10-year to a 1-in-20-year event) apply to state highways?

Yes. The proposed threshold change applies to all Road Controlling Authorities (RCAs) it is the first 'test' as to whether an event triggers potential funding under WC 141.

Is any change proposed to the threshold for the enhanced FAR?

No. There is no change proposed to the current threshold for the enhanced FAR that may be provided. Enhanced FAR would remain limited to that part of the cumulative claims for the total costs of emergency works that exceeds 10% of the AO's total cost of its approved maintenance programme for the year. Feedback is sought on this during the consultation, particularly if there are difficulties in determining the annual maintenance budget now that it is split up into different activity classes.

Is there any change to which work category the enhanced FAR applies to?

No. Work category 141 enables an enhanced FAR.

What will be the process for determining if a weather event meets the increased threshold for enhanced FAR?

We will continue the current process for determining if a weather event qualifies for an enhanced FAR. The event date, measurement information and photos etc need to be attached to emergency works funding applications. These are reviewed for funding approval and may be further reviewed in any subsequent audit.

Determining event return period (average time estimated between events) may rely on:

- rain gauges where available
- data from private forecasters
- NIWA's High Intensity Rainfall Design System (HIRDS) (where rain gauges are not available), which can be used to estimate return periods after an event.

For some events and locations an element of judgement is required. This includes where:

- localised storm events are not measured
- there is variation in the magnitude of predicted return period storm events within a region or district
- cumulative impacts of multiple events trigger serious damage post an event lower than the qualifying threshold.

What is the process for determining whether other types of events meet the threshold for enhanced FAR? (e.g. earthquakes or tornadoes)

As with weather events we will consider measures of the event magnitude alongside the impacts on the network and costs of response and recovery. We would expect an AO to draw from regional or local measures such as those produced by NIWA and Geonet - including historical data that can show trends in event magnitude over time. We require event date, measurement information and

photos etc to be attached to emergency works funding applications. We will provide some guidance over the next year.

How will NZTA determine whether a fire meets the threshold for an enhanced FAR?

We will consider consultation feedback on the proposed change to the policy to include fires as a qualifying event. If the proposed change to include fire is adopted, we will develop guidance for how this will be determined and verified.

Why are you removing the reference to the bespoke arrangements for enhanced FAR in the policy unless Crown funding is provided?

Removing reference to the bespoke arrangements in the policies acknowledges that the ability to provide a higher FAR is dependent on NZTA's capacity to obtain additional Crown funding. This means NZTA cannot commit to bespoke FAR arrangements until such time as Crown funding is approved. Therefore, approved organisations should not presume that NZTA can consider bespoke funding assistance for emergency response and recovery from the NLTF for emergency events.

The Government may still choose to make Crown funding available to support provision of bespoke enhanced FARs in the event of extremely significant events and the additional funding is earmarked to cover some local share.

Why doesn't NZTA seek additional Crown funding, or reprioritise other funding to emergency works rather than making changes to the emergency works FAR policy?

NZTA has in the past sought additional Government funding for extreme high intensity national weather events as it did for the 2023 cyclones and the wet weather events that occurred in the North Island.

NZTA intends to discuss with Treasury the triggers for applying for Crown funding and the circumstances in which Crown funding could become available.

During the development of the 2024–27 NLTP, NZTA is considering the funding allocations for local road maintenance programmes and the provision for emergency works and any Crown funding for recovery.

Are any changes proposed to how major events, that may take multiple years to recover from, are funded?

No. All emergency works will continue to be assessed and funded under the emergency works work categories irrespective of how many years it takes to carry out response and recovery work. This is a clarification we are providing for 2024-27.

Are any changes proposed to which activity classes emergency work policies and FAR apply to, given the introduction of new activity classes in the draft GPS 2024 (e.g. State Highway Pothole Prevention and Local Road Pothole Prevention activity classes)

Yes. Emergency works are required by the draft GPS 2024 to be accounted for in multiple activity classes: Local Road Pothole Prevention, State Highway Pothole Prevention, Public Transport Infrastructure and Walking and Cycling.

In response to the change to the activity class structure as signalled in draft GPS 2024 we set out in the [12 March 2024 NLTP bulletin](#) that WCs 141 (emergency works) and 140 (Minor events) would be grouped for NLTF funding under the Operations activity class for Local Roads and State Highways respectively.

How does the One Network Framework (ONF) apply in decision making relating to response and reinstatement?

The ONF is a consideration for the desirable level of service. Recovery work to restore or reduce level of service is covered by emergency works work categories, but improvements to level of service is covered by an improvement work category.

When will FAR changes apply if they are adopted?

Any FAR changes approved by the NZTA Board will take effect from 1 July 2025. This is to allow AOs time to reflect the impacts of any changes to the FAR in their planning and budget processes.

How will I find out which FAR changes (if any) have been adopted?

We will provide a letter to AOs' chief executives that informs them formally of any changes following endorsement by the NZTA Board. We will use wider channels to publish any changes.

Will a change in FAR apply to funding approved prior to 1 July 2025?

We will need to work this through with the NZTA Board. Generally, funding policy changes don't affect past funding approvals. A change in FAR could affect funding decisions made after 30 June 2025 in relation to an emergency event that occurred prior to 1 July 2025.

What support will be provided to approved organisations (AOs) on how to understand any FAR changes if adopted?

We will work with our Investment Advisors and Learning team to develop guidance materials, webinar and worked examples that can help AOs and our own staff understand and respond to any changes that are adopted for application from 1 July 2025 onwards.

Other emergency works investment policy and process changes

What other policy and process changes are proposed?

Other proposed changes include wording and clarifications that seek to ensure the policies remain fit for purpose and AOs can respond effectively to events as they occur.

The proposed changes are as follows:

- An updated definition of 'like for like' to clarify the distinction between costs of recovery and costs of improvement.
- Updates to definitions of response, recovery, resilience, readiness.
- Updates to work categories 140 and 141 to apply in the 2024–27 period (note that any changes to the emergency works FAR that would apply from 1 July 2025 will be determined by the NZTA Board post this consultation in September 2024). These updates include adding fire to the list of qualifying events, removing drought from the list of qualifying events, clarifying an event versus a series of events, clarifying that emergency works sit in multiple activity classes, including local road operations, walking, and cycling, and public transport infrastructure.
- 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 that a variation to an RLTP is not required should an unexpected event occur.
- Update of the Uneconomic Transport Infrastructure Policy.

Why are you proposing that drought is removed as a qualifying event?

Through the Review we considered whether drought should be a qualifying event in the Policy. Unlike many events that bring about sudden and dramatic results – such as rainfall events, earthquakes, or fires – the onset of drought is gradual, and it can take months or years for the impacts to be apparent. Drought therefore does not match to the intent of the policy which is to respond to a short-duration event.

Will you update funding application forms and templates to reflect these changes?

Yes. We intend to make available the amended funding application forms and templates by 1 July 2024.

What are the key changes you're proposing to the Uneconomic Transport Infrastructure Policy and why are you proposing them?

The [Uneconomic Transport Infrastructure Policy](#) is applied to all NLTF investment decisions about the response and recovery of transport infrastructure. If transport infrastructure is determined to be uneconomic under the policy, we 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 approved organisations. The proposed changes to the policy include:

- better consideration of 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 (NPV)
- a requirement that alternative funding sources are explored (for example Regional Infrastructure Fund, insurance, Tourism Infrastructure Fund, etc)
- consideration of options for access or a different level of service.
- consideration of community-led retreat proposals, where relevant, in line with wider Government policy
- consideration of iwi/Māori access to ancestral lands, marae, papakāinga and other sites of significance.

How will wider outcomes as part of proposed changes to the Uneconomic Transport Infrastructure Policy? (e.g., social and cultural impacts) be measured?

We expect these to be identified however, it isn't necessary to try and quantify those impacts. It is a matter of judgement in determining whether they contribute to the efficiency and effectiveness of the proposed investment. Advice may need to be sought from local iwi or hapu to consider iwi/Māori access to ancestral lands, marae, papakāinga and other sites of significance.

Our Investment Advisors can advise how information about social and cultural impacts can be provided to support a funding application and the different options that can be considered including different form of access, a lower level of service or managed retreat.

Social and cultural impacts are also relevant for an organisation's activity management planning and any consideration of managed retreat so the same or a similar approach may be used to identify the social and cultural impacts that support decisions on uneconomic infrastructure.

How are you considering the views of iwi/Māori?

Iwi/Māori views will help inform decision making on changes proposed as part of the Review. In particular, we believe iwi/Māori may wish to give input to proposed changes to the Uneconomic Transport Infrastructure Policy. This policy could have an impact on access to ancestral land, papakāinga or other sites of significance.

Our Directors of Regional Relationships and staff from Te Waka Kotuia | Engagement and Partnerships will be key contacts for making iwi/Māori aware of the proposed changes and wishing to provide feedback.

Could the proposed changes restrict our ability to find efficiencies by not rebuilding something that is no longer adequate?

The proposed changes allow for efficiencies in any recovery work, including incorporating any improvements into the rebuild. These can be part of the same funding application.

The level of FAR should not be a deterrent to finding efficiencies or determining whether to rebuild in a different manner or to a different level of service.

Is the claims process still event specific and can multiple funding applications still be submitted for one event that has affected different sites?

The emergency works policies remain event specific – the impact of which can be on a single large site or many small sites. It is critical that that an AO establishes that the event meets the threshold for a qualifying event. For very large events often there may be a number of phases related to the total costs of responding to the event e.g., immediate response costs as a phase and the stages of reinstatement recovery.

While we can consider each phase separately, in order to make NLTF funds available as early as possible we expect AOs to provide as complete a picture of the total costs related to an event as early as possible. This is needed so we can account of those costs and how they impact the available NLTF funds in each fiscal year. There is no change proposed to the claims process in this regard – the claim relates to the approved activity. If there are multiple phases, then the claims should be against the relevant phase.

What is the timeline for these other policy, planning and process changes?

Any changes to definitions, processes and operational investment policies if approved following consultation take effect from 1 July 2024

Any changes to the eligibility criteria and FAR, if confirmed, will take effect from 1 July 2025.

Will you provide any training or guidance materials to help approved organisations (AOs) respond to any policy changes that are adopted?

Yes, we will work with our Investment Advisors to develop guidance, and resources, including webinars and worked examples to support all stakeholders throughout the change process.