

# Emergency Works Investment Policies Review

Consultation update and policy  
changes – 11 July 2024

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# Agenda

- Policy review recap
- Consultation results
- Changes effective 1 July 2024:
  - Work categories 140 and 141
    - Practical application
  - Guidance changes – process and templates
- Next steps and timeline

# Background and context

- The emergency works investment policies (WCs 140 and 141) set out the eligibility criteria and funding assistance rates applying to National Land Transport Funding (NLTF) to assist approved organisations to respond to emergency events.
- More frequent and intense weather-related events are putting increasing pressure on the funding available for emergency works response and recovery.
- Emergency works funding has significantly exceeded allocated NLTF in 8 of the last 10 years and substantial Crown funding has been required for severe nationally significant events.
- NZTA has reviewed its current emergency works policies and funding assistance rates (FARs) to make sure they remain sustainable into the future and provide improved certainty of funding for councils.

# Recap

## Areas of improvement considered in the policy review

- **Extreme pressure on local share, NLTF and Crown funding at current FARs** due to the increase in scale and frequency of weather-related events
- **Different interpretations of policies** are creating uncertainty for investment in repair, recovery and rebuild phases
- **Current policy settings don't consider options around** managed retreat, different level of service responses, and resilience improvements and how to incorporate social and cultural impacts.
- **Aligning to GPS 2024** taking a more proactive approach to maintenance and resilience
- **A financially sustainable NLTP FAR rate**
- **Appropriate incentives** for repair, reinstatement, rebuild and adaptability of the network

# Consultation

Consultation held from 1 May – 19 June 2024

- Positive support for policy, planning, process and definitional changes
- Concerns about proposed changes to FARs and qualifying event – no decisions have been made yet prior to NZTA Board decision-making in late 2024.

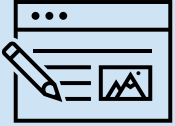
# Consultation – Policy, planning, and processes

Feedback themes	Detail
Updated definitions of like for like, resilience and response.	Feedback was generally supportive. General acknowledgement it could assist with interpretation.
Amendments to Work categories 140 and 141 to add fire as a qualifying event and remove drought.	Adding fire as a qualifying event was supported, whilst removing drought was not.
Inclusion of conditions tying in a requirement that you must consider how you will plan for future events in your Asset Management Plan.	This was not supported by councils with many citing difficulties of changing AMPs at this time and potential resourcing / costs e.g., additional staff hours or if a consultant is required.
Clarification of processes and planning, including making it easier to apply for resilience improvements after an emergency event.	Generally supported. Some general concerns about lack of dedicated funding for resilience. Guidance requested.
Encourage councils to include provision for emergency response and recovery in RLTPs to ensure they are ready if events occur.	Few submissions on this issue.
Uneconomic Transport Infrastructure Policy: changes proposed to enable better consideration of non-monetised benefits (including social and cultural impacts) alongside a benefit cost ratio, alternative modes of access, different levels of service, access to sites of significance for iwi/Māori.	Generally supported. Request for guidance / exemplars and some concerns about potential for lower levels of service for some parts of the network.



# Consultation – FAR

Feedback themes	Detail
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.	Almost universally against. Feedback highlighted budget pressures for councils, measurement challenges and impacts on wider projects and programmes/impacts on social and economic outcomes.
Reduce the enhanced FAR from normal FAR +20% to normal FAR +10%.	Almost universally against. Main issue is affordability and timing (AOs would prefer that the policy change is either not adopted or if adopted that the timeframe when it becomes operative is deferred e.g., till the start of the next NLTP period.
Retain the current trigger for enhanced FAR as costs exceeding 10% of annual maintenance spend.	Generally supported.
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.	High number of submissions against this proposal due to potential for lower financial support for events.
Inclusion of conditions tying in a requirement that you must consider how you will plan for future events in your Activity Management Plan.	Requested more time to amend activity management plans.



# Policy changes

Policy Publication	Timing
<p><a href="#">Work Category 140</a>: minor works</p> <p><a href="#">Work Category 141</a>: emergency works</p> <p>Major works including use of emergency language, response/recovery and definition for “like for like”</p> <p><a href="#">Uneconomic Transport Infrastructure Policy</a>: general updates</p> <p><a href="#">Work Category 151</a>: network and asset management to refer to readiness for imminent events</p> <p><a href="#">NLTF Investment Claims and Obligations Policy</a> – retrospective funding exclusion limited to response works only</p>	Published July 2024
<p><b><i>FAR changes</i></b></p> <p>Still to be considered by Board taking account of consultation feedback</p>	<b>Proposed to be operative</b> 1 July 2025 if endorsed by NZTA Board



# EWIP changes: overview

## Changes to definitions, processes and operational policies effective 1 July 2024

- Updated and/or added definitions of `like for like`, response, recovery, resilience, and readiness
- Work categories 140 and 141 amendments: adding fire as a qualifying event, removing drought
- Clarification of processes and planning, including making it easier to apply for resilience improvements after an emergency event
- Encourage councils to include provision for emergency response and recovery in RLTPs to ensure they are ready if events occur. Added in inclusion of conditions tying in a requirement that councils must consider how they will plan for future events in their respective Asset Management Plans (AMPs) and extended date for compliance to 1 July 2027
- Changes to the NLTF Claims and Obligations Policy to allow retrospective response costs (but not retrospective recovery costs)
- *Uneconomic Transport Infrastructure Policy*: changes proposed to enable better consideration of non-monetised benefits (including social and cultural impacts) alongside a benefit cost ratio, alternative modes of access, different levels of service, access to sites of significance for iwi/Māori

# Definition changes

Updated '**like for like**' definition to clarify the distinction between costs of recovery and costs of improvement.

## Like for like

The modern equivalent of the transport infrastructure, not necessarily of the same material type or structural form, that meets current design standards to restore level of service.

'Current design standards' may include the following:

- meeting non-avoidable engineering design requirements
- meeting building consent and resource consent requirements of the relevant local and regional authority, such as meeting engineering resistance design standards for an earthquake
- meeting engineering requirements to manage the risk and consequence of hazards impacting the design life for the structure and the transport network it services
- improvements of a minor nature to restore level of service may be undertaken, such as altering the alignment of the infrastructure in a minor way.\*

Excludes improvements, like an additional cycleway where there wasn't one previously or an improvement in resilience.

It is acknowledged that restoration of level of service on a 'like for like' basis may result in the infrastructure having a longer useful life than previously, due to the provision of new materials or a new structure.

# Definition changes

Updated definitions of **response**, **recovery**, resilience, and readiness

## Response

The initial work necessary to ensure public safety, to reopen a road or other transport facility, where practicable, for safe use, albeit at a basic level of service, or to minimise risk of further damage. This includes:

- site inspections and establishment of the emergency response team
- debris clearance, temporary route management and reinstatement, emergency bridging installation (such as Bailey bridges etc), restoration of drainage, temporary site protection measures, and temporary site traffic management
- minor or non-complex recovery that can be carried out in the short term at low cost and is necessary for safety or temporary access, irrespective of future decisions on recovery
- geotechnical and structural investigations, scoping, costing, and planning for recovery.

## Recovery

The work to restore levels of service on a 'like for like' basis, or a reduced level of service.

# Definition changes

Updated definitions of response, recovery, **resilience**, and **readiness**

Resilience	Readiness
<p>Non-routine work to eliminate or reduce the risk of damage to transport infrastructure or interruptions to level of service from natural phenomena, such as an emergency event.</p> <p>This includes taking steps to eliminate these risks, if practicable, and, if not, reducing the magnitude of their impact and the likelihood of their occurring.</p> <p>Resilience is eligible for funding in work category 357 out of an improvement activity class at normal FAR.</p>	<p>The work carried out prior to an event. This may include:</p> <ul style="list-style-type: none"><li>• developing operational systems and capabilities before an emergency event happens</li><li>• activity management planning and emergency response planning, including identifying the steps to take leading up to a significant weather event, consideration of 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</li><li>• response planning ahead of an emergency event, including ensuring appropriate provisions are made in the network operations and management delivery contracts to respond to emergency events, self-help and response programmes for the general public, and specific programmes for emergency services, lifeline abilities and other agencies.</li></ul> <p>Readiness is eligible for funding out of the state highway and local road operations activity class at the normal funding assistance rate (FAR).</p>

# Work category 140: minor works changes

- clarifies emergency event
- applies to response and recovery works less than \$100K
- applies to multiple activity classes
- A comparison of changes will be made available on our [website](#).

# Work category 141: emergency works changes

General updates	New updates
Clarification of emergency event	Major short-duration sudden event
Update to definitions	Response, recovery, like for like
Update on the availability for activity classes	SH operations, LR operations, Walking & Cycling, Public Transport Services & Infrastructure
Funding assistance rate	Clarification of 10% of annual maintenance programme
Updated funding conditions	Extension of deadline to 30 June 2027 for updating activity management plan
Process	Reference to updated guidance on funding applications

- A comparison of changes will be made available on our [website](#).



# Other work category changes:

Work category 151: network and asset management

- reference to readiness as an example of an eligible activity.

# Example of recovery and improvements

Renewal of a culvert damaged beyond repair by an event

- currently 1.2m diameter; when installed it met the required design standard flood protection (say 1 in 20-year event without over-topping).
  - a) The modern default design standard may be a 60-year return period without overtopping => a 1.8m diameter culvert is now required.
    - This is ‘like for like modern standard’ therefore eligible as EW recovery
  - b) There may be a local flood management plan to upgrade the related stormwater catchment to accommodate for long term land use change and current impacts of projected climate change and design to a higher return period 1 in 100-year => a 2.0m diameter culvert is now required.

The incremental cost between (a) and (b) is a resilience improvement (WC 357)

- Improvement is considered for funding as LCLR (<\$2M), or SH / LR Imp >\$2M.

# Uneconomic Transport Infrastructure Policy updates

Updates to improve clarity:

- The definition of “uneconomic” means:
  - a proposed investment with a ‘very low’ efficiency rating (benefit-cost ratio (BCR)  $< 1$ , or net present value (NPV)  $< 0$ ).

*NEW: in this context only means the monetised benefits do not exceed the monetised costs; this does not necessarily mean the proposed investment is not worthwhile or good value for money once non-monetised and/or social benefits are considered*

- How to consider non-monetised benefits (including social and cultural impacts)
- Clarifies the process steps:
  - Determine eligibility, consider alternative forms of funding, consider a range of options, community engagement, determine decision
- Development of further guidance, including exemplars, to come.

# Example of managing recovery and improvements

Reconstruction of a road made unusable by an underslip and overslip (no known issues pre-event)

- a) Option on same alignment is stabilise both slips and reconstruct pavement to same or lesser width:
  - i. Requires decision on level of protection provided at site to manage level of service risk and whole of life costs
- b) Alternatives include
  - i. abandon
  - ii. reduce level of service
  - iii. potential to realign road section (benefits/costs and risk reduction etc)

b(i) and b(ii) => EW recovery.

b(iii) may be EW recovery in full if the most cost effective or EW but the incremental cost of the additional benefits is a resilience improvement (WC 357)

- Improvement is considered for funding in LCLR (<\$2M), or SH / LR Imp >\$2M.

# EWIP FAR changes: overview

## Changes effective 1 July 2024

**Note: Funding rules in place at the time of the funding approval will prevail. This means that past funding approvals and any made between now and 30 June 2025, will use the existing FAR rules for emergency works**

- The current trigger for enhanced FAR – costs exceeding 10% of annual maintenance spend - is retained
- We are no longer accepting applications for bespoke FAR unless additional Crown funding becomes available that enables NZTA to provide additional funding assistance to an AO
- Adjusted conditions of funding approval enable an extension of time for amending activity management plans to 30 June 2027:

The approved organisation's activity management plan is updated no later than 30 June 2027 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 a different level of service or alternatives to recovery.

After an emergency event, discussions with funders and affected communities occur for those parts of the network that are uneconomic where consideration of a different level of service or alternatives to recovery is appropriate.

# EWIP FAR changes: overview

## Changes proposed to come into effect 1 July 2025

**Note:** These changes are **not** in effect and will be determined through NZTA Board decision-making in late 2024.

- 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%.



# Expectations of AOs

## How AOs are expected to handle the changes

1 July 2024 – 1 July 2025



Start reviewing AMPs:

- review borrowing facilities and Long Term Plan funding
- consider how borrowing facilities or programme spend will be prioritised in the event of an emergency

Those AOs that have yet to cost NIWE recovery works should submit bids by end of 2024.

Late 2024



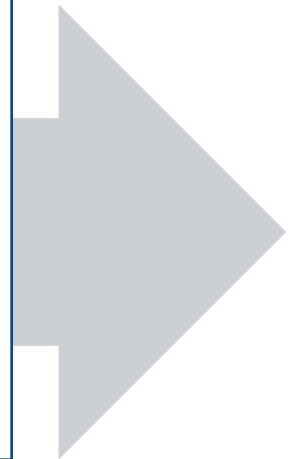
NZTA Board decision on FAR

1 July 2025 - onwards



Revise AMPs:

- identifying parts of the network that are low volume and prone to frequent and intense, repeated weather events
- develop a programme that increases maintenance and resilience so the network is more resilient to the impacts of weather events and other natural disasters.





# Guidance on process

Systems / operational and learning changes implemented	Timing
<ul style="list-style-type: none"><li>• <a href="#">Emergency Works Funding Guide for Approved Organisations</a><ul style="list-style-type: none"><li>✓ Contemporary process updates, new links, added detail, new emergency works language</li></ul></li></ul>	July 2024
<ul style="list-style-type: none"><li>• Webinar – Overview of policy and operational changes<ul style="list-style-type: none"><li>✓ External</li></ul></li></ul>	11 July 2024
<ul style="list-style-type: none"><li>• Capability needs identified and learning/guidance materials developed as appropriate</li></ul>	September 2024

# Funding Guide for AOs

Northland funding guide updated to become a shared emergency works guide for AOs. Includes:

- updated emergency works definitions (response, recovery, resilience, like for like)
- reference to updated work categories
- reference to updated Uneconomic Transport Infrastructure Policy (and requirement to use this policy for projects with BCR of 1 or below)
- detailed process overview for AOs, highlighting that:
  - ✓ within six weeks, apply for funding for response
  - ✓ an AO may apply for a PLA/CSA if there are changes that are discovered after the first application
  - ✓ we accept retrospective costs for response, not for recovery
  - ✓ there is no deadline for applications for recovery, but an AO must not incur costs relating to recovery prior to obtaining funding approval for recovery
- updated templates.

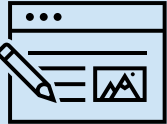

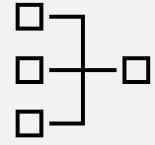

# Process details

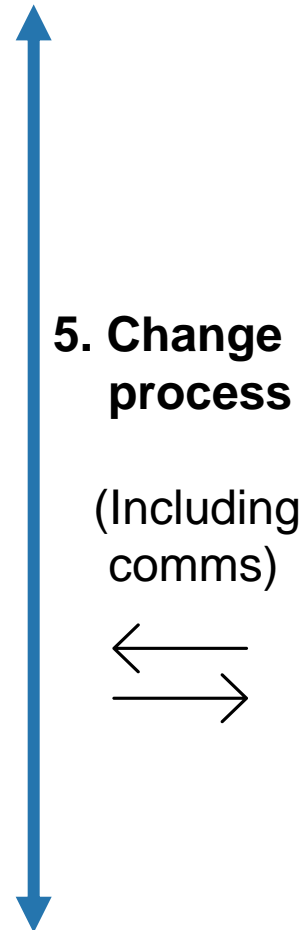
Process/system	Change
<b>TIO changes</b>	<ul style="list-style-type: none"><li>• Enable capture of event information, phase (response/recovery), use of naming convention, funding source, improving automation for better record keeping and conditions of approval</li></ul>
<b>Application for funding approval templates</b>	<ul style="list-style-type: none"><li>• References/aligns to updated policies and definitions</li><li>• Includes ensuring early focus on response as a priority within four weeks</li></ul>
<b>Funding approval process change</b>	<ul style="list-style-type: none"><li>• Process enables consideration of recovery works and improvements in relation to an emergency event</li></ul>
<b>Embed better data monitoring and reporting</b>	<ul style="list-style-type: none"><li>• Identification of key metrics</li><li>• Insight module developed to enable improved visibility of expenditure and better understand value for money.</li></ul>

# Transitional matters

- Current FAR rules in place apply as published 1 July 2024
- Changes to FAR rules, if endorsed by the NZTA Board, would only come into effect from 1 July 2025
- Review team will continue to work with Treasury and Ministry of Transport on long-term funding decisions regarding NIWE and future catastrophic events that overwhelm the NLTF
- We anticipate making a further budget bid for Crown funding to cover remaining NIWE recovery work.

# Overview: Implementation work programme

Review implementation workstreams 2024/25		
	<b>1. Policy change</b>	<p><b>1.1) Policy changes published – 1 July 2024</b></p> <p><b>1.2) FAR changes if endorsed by Board – 1 July 2025</b></p>
	<b>2. Guidance and capability</b>	<ul style="list-style-type: none"> <li>• Guides, templates, webpages, networks</li> <li>• Learning</li> </ul>
	<b>3. Tools, Systems and processes</b>	<ul style="list-style-type: none"> <li>• Application &amp; approvals processes (and templates)</li> <li>• TIO or other system changes</li> <li>• Board, funding approval process and delegations</li> <li>• Procurement processes</li> <li>• Financial data and forecasting</li> </ul>
	<b>4. Continuous improvement: Monitoring and reporting</b>	<ul style="list-style-type: none"> <li>• Audit /Assurance processes</li> <li>• Data collection, monitoring and reporting</li> <li>• Benchmarking</li> <li>• Continuous improvement cycle.</li> </ul>





# Timeline and next steps

Next steps	Timing
Consultation feedback summary available	July 2024
Communication of changes and webinars (internal and external)	July 2024
Council call	25 July 2024
Continued discussions with Treasury and Ministry of Transport	July to November 2024
NZTA Board decision on proposed changes to emergency works FAR and eligibility	December 2024
Ongoing implementation to support any FAR and eligibility changes	2025

# Questions

Email us with any questions:

[emergencyworksreview@nzta.govt.nz](mailto:emergencyworksreview@nzta.govt.nz)