

## MINISTERIAL BRIEFING NOTE

<b>Subject</b>	The National Land Transport Programme process
<b>Date</b>	10 June 2024
<b>Briefing number</b>	BRI-3057

Contact(s) for telephone discussion (if required)				
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### Action taken by Office of the Minister

- Noted
- Seen by Minister
- Agreed
- Feedback provided
- Forwarded to
- Needs change [please specify]
- Withdrawn
- Overtaken by events

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10 June 2024

**Hon Simeon Brown – Minister of Transport**

## THE NATIONAL LAND TRANSPORT PROGRAMME PROCESS

### Purpose

1. This briefing is to provide you with information on the National Land Transport Programme (NLTP) process. It emphasises the actions NZ Transport Agency Waka Kotahi (NZTA) takes after proposals for inclusion in the NLTP have been received.

### Background

2. The NLTP is a three-year programme of prioritised transport activities with a 10-year forecast of revenue and expenditure. It is prepared by NZTA to give effect to the Government Policy Statement on Land Transport (GPS) and is a partnership between NZTA, which invests funding from the National Land Transport Fund (NLTF) on behalf of the Crown, and local government, which invests local funding on behalf of ratepayers.
3. Activities included in the NLTP are drawn from Regional Land Transport Plans (RLTPs) which set the direction for transport in each region for the next 10-30 years. The RLTPs identify regional priorities and include the investments the region is seeking to make in maintenance, operations and renewals, public transport services and capital improvements. RLTPs are required to be consistent with the GPS.
4. All activities submitted for inclusion in the NLTP are assessed and prioritised to identify the best mix of activities within the funding available. The extent to which NZTA will fund activities is determined by their alignment with the GPS and whether the activity can be funded within the investment target for each activity class. Investment targets are set by the Board and direct the amount of funding, within the GPS funding ranges, to be allocated from each activity class during the NLTP period.
5. The work that NZTA undertakes following receipt of funding bids varies for continuous programmes and capital improvements. They proceed to different schedules. Continuous programmes are assessed and prioritised ahead of improvement programmes to provide councils with an earlier indication of funding for the major component of their transport funding. This allows them to finalise their Long-Term Plans by their statutory due date of 30 June in the first year of each cycle.
6. Continuous programmes have already been assessed and prioritised. Recommendations for indicative allocations have been made and communicated. The assessment and prioritisation of capital improvements continues.

## Assessment and prioritisation of continuous programmes

7. The assessment of continuous programmes is done using the Investment Prioritisation Method<sup>1</sup> (IPM). The IPM is a tool used by NZTA to assess and prioritise activities. The assessment of each continuous programme involves reviewing:
  - how well the proposed programme identifies, prioritises, and proposes an optimised suite of activities to sustain the current level of service
  - the quality of the plans overarching the proposed programme
  - how well the programme identifies and plans to address any deficiencies in levels of service that align with and contribute to GPS strategic priorities
  - performance of the programme over the previous NLTP period
  - efficiency based on benchmarking across Approved Organisations in terms of the cost to deliver outcomes
  - right-sizing the programme to fit within funding available in the activity class.
8. Assessment of continuous programmes utilises models built by NZTA to provide an NZTA view on the appropriate level of funding needed to maintain the network and public transport services.
9. This modelling provides a figure we can compare individual bids against. This allows us to focus our questioning on those bids that significantly differed from our model results.
10. Submitted bids are then assessed by our regional staff who understand each proposal and its wider context through their regular engagements with partners, as they develop their regional programmes. The assessment tests whether the bids are robust, reasonable and eligible for funding. Where necessary, evidence additional to the bids is sought directly from submitters. Additional evidence commonly relates to:
  - whether all of the funding request is eligible
  - whether inflation has been appropriately considered
  - the alignment of bids with expected levels of service
  - the extent to which data and modelling supported the bids
  - ensuring the work proposed will achieve targets expected
  - benchmarking bids against those from other submitters and against national averages

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<sup>1</sup> A draft Investment Prioritisation Method 2024-27 is available on the NZTA website here: [www.nzta.govt.nz/planning-and-investment/national-landtransport-programme/202427-nltp-development/draft-investment-prioritisation-method-2024-27/](http://www.nzta.govt.nz/planning-and-investment/national-landtransport-programme/202427-nltp-development/draft-investment-prioritisation-method-2024-27/).

- the extent to which recommendations from previous technical audits<sup>2</sup> were addressed.
11. At the conclusion of this stage, we have a view of the appropriate size of each individual bid.
  12. Bids are then moderated for consistency and appropriateness. Moderation involves a wide group of NZTA subject matter experts alongside representatives from Ministry of Transport (MoT) and Transport Special Interest Group (TSIG). TSIG comprises representatives from regional councils who are responsible for the development of RLTPs. Their role is to consider the consistency and appropriateness of our approach to arriving at funding recommendations.
  13. Once all continuous programme bids are moderated, the overall funding demand is compared against the investment target of the relevant activity class. Recently, this highlighted that further funding reductions were required to the moderated bids in the Local Road Operations, Local Road Pothole Prevention and Public Transport Services activity classes.
  14. Accordingly, the continuous programme bids were adjusted by reducing them by a consistent rate across all bids to arrive at a recommended funding allocation.

#### **Assessment and prioritisation of capital improvement programmes**

15. Improvement activities proposed for inclusion in the NLTP are also assessed using the IPM. The assessment of improvements involves assessing the activity against three criteria:
  - **GPS alignment** which assesses the extent to which a proposed activity will contribute towards addressing the GPS strategic priorities.
  - **Scheduling** which assesses the extent to which it is critical to progress the activity during the 2024–27 NLTP period or whether it can be deferred to a subsequent NLTP period.
  - **Efficiency** which assesses the extent of the activities contribution to priority benefits compared with the costs of the activity.
16. Each activity is given an assessment profile consisting of a rating based on its contribution to each of the three assessment criteria. The rating may be very high (VH), high (H), medium (M), low (L) or very low (VL). The profile is represented by the relevant combination of letters e.g., VH/H/H.
17. The regional assessments are then moderated to ensure that they have been done consistently and appropriately.
18. Once activities are moderated, they are grouped according to the activity class they are eligible for funding from. They are then assigned a priority order based on their assessment profile. This priority order indicates their priority for funding from the activity class. Examples of priority orders are below:

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<sup>2</sup> Technical audits provide assurance that councils have effective plans in place; use data appropriately to assess network quality; and have in place effective network management and value for money practices.

<b>Assessment profile (GPS alignment/Scheduling/Efficiency)</b>	<b>Priority order</b>	<b>Comment</b>
VH/H/H	1	Highest priority for funding
M/M/L	6	
VL/L/VL	12	Lowest priority for funding

19. Priority orders will be reviewed in workshops that will also be attended by representatives from MoT and TSIG. Their role will again be to consider the consistency and appropriateness of our approach to arriving at priority order changes.
20. Priority orders can be adjusted for various reasons. Examples include:
- The expected overall impacts of the 2024–27 NLTP on GPS 2024 (including strategic priorities and Ministerial expectations).
  - Ensuring the whole NLTP, and not just the individual activities are delivering value for money.
  - The timing and availability of any Crown and third-party funding contributions.
  - The extent to which the 2024-27 NLTP meets the land transport needs of different users.
  - The right-size of an activity or programme in the 2024–27 period and the timing of cashflows in the 2024-27 period.
  - Readiness to deliver and the ability of the organisation and the sector to undertake the proposed activity efficiently.
  - The application of the intervention hierarchy.<sup>3</sup>
  - The extent to which RLTP priorities for activities and their rankings are reflected in the NLTP.<sup>4</sup>
  - Meeting statutory obligations.
21. Any adjustments to priority order using the criteria listed above are done by exception. Any changes made are brought to the attention of the Board before the NLTP is recommended for adoption.
22. Once all activities are assigned a final priority order, the investment targets agreed previously by the Board will be used to indicate funding threshold for each activity class. The threshold will

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<sup>3</sup> The intervention hierarchy is used to help drive value for money by promoting low-cost investment ahead of more costly physical infrastructure and technological investment. It promotes integrated planning, demand management and best use of the existing system ahead of new infrastructure solutions.

<sup>4</sup> Due to delays in publishing the GPS, we have delayed the submission date for RLTPs to 1 August 2024 to give councils time to ensure they reflect the final GPS. We will therefore be considering the appropriateness of our priority orders against the regional priorities outlined in RLTPs as a standalone task.

differ depending on the activity classes e.g., activity classes with more discretionary funding available will be able to fund more of the proposed activities than activity classes where there is more limited discretionary funding.

**Adopting the NLTP**

23. Our assessment and prioritisation processes will allow us to make justifiable recommendations on those activities that should be included in the 2024-27 NLTP.

24. In July 2024, the Board will be asked to provide feedback on a draft NLTP. Key information that will be included for their consideration will be set out by activity class and will include:

- the Board endorsed investment targets
- what funding is already committed
- what discretionary funding is available
- which activities are recommended for inclusion and at what priority order
- which activities are not recommended for inclusion and why
- which activities have an adjusted priority order and the reason(s) why.

25. The Board’s feedback will then be incorporated into the final NLTP to be recommended for adoption in August 2024. Please see the appended NLTP indicative timeline.

**It is recommended that you:**

1. **Note** the contents of this briefing.



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**Sara Lindsay**  
 Group General Manager – Commercial & Corporate

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**Hon Simeon Brown, Minister of Transport**  
 Date: 2024

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## Appendix - NLTP 2024-27 Indicative Timeline

This indicative timeline outlines the key dates, milestones and deadlines for the development of the 2024-27 NLTP.

This timeline remains indicative as there may be times when NLTP's development is delayed, for example, due to late release of the Government Policy Statement on land transport (GPS), and we may adjust the timeframes for regional land transport plans (RLTPs) as a result.

Indicative dates for the 2024-27 NLTP development	
March 2024	Draft GPS issued.
2 April 2024	Draft Investment Prioritisation Method (IPM) released for consultation.
5 April 2024	NZTA and approved organisations modify their bids for continuous programmes in Transport Investment Online (TIO) following draft GPS and IPM.
23 April 2024	NZTA and approved organisations submit final improvement activities.
13 May 2024	Consultation closes on draft IPM.
27 May 2024	NZTA releases indicative allocations for continuous programmes: maintenance, operations and renewals for local roads and state highways; public transport services and infrastructure (maintenance and operations); and road safety promotion.
May-June 2024	Final GPS and final IPM published.
1 August 2024	RLTPs approved by regional councils and submitted to NZTA.
31 August 2024	NLTP is adopted.
Early September 2024	NLTP and RLTPs are published.