

In confidence

NLTP 2024-27 adoption

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Whāinga | Purpose: For decision

This paper seeks adoption of the 2024-27 National Land Transport Programme (NLTP).

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Final investment targets

We have proposed one further change to investment targets for the final NLTP (compared to the draft provided in July) i.e. to increase the target for local road improvements by \$100 million to accommodate additional low value road improvements by Approved Organisations (AOs). The previous very limited allocation for low-cost low risk (LCLR) activities represented a risk to the programme by leaving the majority of councils with no National Land Transport Fund (NLTF) support to carry-out low-cost improvements that support GPS priorities. To address this risk with the limited funding available, we recommended establishing a \$100 million provision for low value improvements that target increased resilience, economic growth and productivity or value for money (reduced whole of life costs)¹. The new fund would be available for low-cost projects that deliver on these priorities and are assessed by NZTA as having a high GPS alignment or high positive net present value. This approach provides opportunity for any council to seek funding - subject to meeting these eligibility criteria.

Demand for this funding will likely exceed availability. A review of the original funding bids for LCLR indicates that bids citing resilience as the primary benefit were \$146 million (of the total LCLR bid of \$614 million). Funding approvals will therefore likely need to be limited to urgent or shovel ready projects. There will be complexity and some risk in administering this funding without undermining

¹ There is also a Crown appropriation (ca. \$80million over the NLTP period) to support resilience improvements in local roads. Hence, we have proposed the fund have a broader scope across the GPS priorities.

the streamlined nature of LCLR approvals. However, on balance, we feel this approach is preferable to other options considered such as: “do nothing”; including all medium GPS alignment LCLR activities in the NLTP as probables; or providing a small LCLR “allowance” to every AO.

The increased target can be met from the NLTF opening balance of \$339 million². Final targets are summarised in Attachments 1 and 2 (updated for this change from the versions provided in July). The updated LCLR allocation is summarised in Attachment 3.

No further changes to investment targets are proposed. As noted in July, other activity classes with little or no headroom (for example to accommodate price level adjustments on existing projects) are: walking and cycling; and public transport infrastructure. Safety is also “fully programmed”. Increases to some of these investment targets may be required during the course of the NLTP subject to revenue availability and identifying offsetting reductions in targets in other activity classes.

Final allocations for continuous programmes

There are a few minor updates to continuous programme allocations – i.e. from the indicative allocations previously approved and those to be included in the final NLTP. These are set out in Attachment 5 with the accompanying explanations.

Consideration of Regional Land Transport Plans (RLTPs)

The Agency must take into account RLTPs in preparing the NLTP. We have reviewed the regional priorities in each RLTP (final submission deadline 1 August) to consider opportunities for adjusting the NLTP to better align with regional priorities. The review must balance the opportunity to better reflect regional priorities without compromising the requirement for the NLTP to give effect to the GPS. While RLTPs must also be consistent with the GPS, Regional Transport Committees use a variety of prioritisation approaches meaning regional priorities can differ from those identified in the NLTP. We have limited our review and adjustments as follows:

- reviewing the top priorities for each region and testing whether each had been appropriately categorised using the taxonomy set out in the July Board paper;
- adjusting the activities included in the NLTP to “promote” an activity that is a regional priority over activities that have a similar priority order (under the investment prioritisation method).

This review identified six projects of high regional priority either on the cusp of inclusion or where there is high uncertainty regarding the information submitted, which affected prioritisation (refer Attachment 4). Noting the limited funding capacity, these projects are recommended to be included in the NLTP as “possibles”. Subject to confirmation of funding priority, this would allow these activities to come forward for funding approval should NLTF become available (e.g. due to cost-savings or delays in other activities).

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² Final balance - includes a final FED wash-up from Customs NZ confirmed in early August.

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Update on committed activities

Work is continuing to identify existing, committed council and NZTA projects that are misaligned with the GPS. NZTA staff including Directors of Regional Relationships are working with councils to stop projects allowing unused funds to be returned to the NLTF. The list of misaligned NZTA projects is also being acted upon.

In addition, we have been asked by the Minister to provide details of all activities (in the NLTP) that were committed or approved under previous GPSs that do not align with the direction and expectations set in GPS 2024.

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Ngā tūraru matua | Key risks and how we will manage them

Key risk	Management
Initial funding targets are misaligned with eventual demand and/or sector capacity and investment is sub-optimal as a result	Regular monitoring of spend and delivery vs. targets especially for: state highway improvements including RONS and PT infrastructure. Programme and target adjustment during the NLTP as required.

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Attachment 1

NLTP inflows and outflows¹

Activity Class (NLTF, \$m)	Updated Investment targets ²	Indicative allocation or committed spend	Remaining
State Highway Pothole Prevention	2,072	2,072	-
State Highway Operations	2,303	2,303	-
Local Road Pothole Prevention	1,900	1,900	-
Local Road Operations	1,330	1,330	-
Public Transport Services	1,955	1,902	53
Investment Management	265	166	99
Safety	1,680	1,680	-
Public Transport Infrastructure	1,600	1,548	52
State Highway Improvements	4,100	2,023	2,077
Local Road Improvements	610	294	316
Walking and Cycling	310	310	-
Rail	60	60	-
Total investment target	18,185	15,588	2,597
Estimated debt repayment	1,900	1,900	-
Regulatory top slice	150	150	-
Forecast outflows	20,235	17,638	2,597
Opening Balance ³	235		
GPS Revenue (FED/RUC/MVR)	13,800		
Crown capital grant	3,100		
Crown loan	3,100		
Forecast inflows	20,235		
Tagged contingency	1,000		

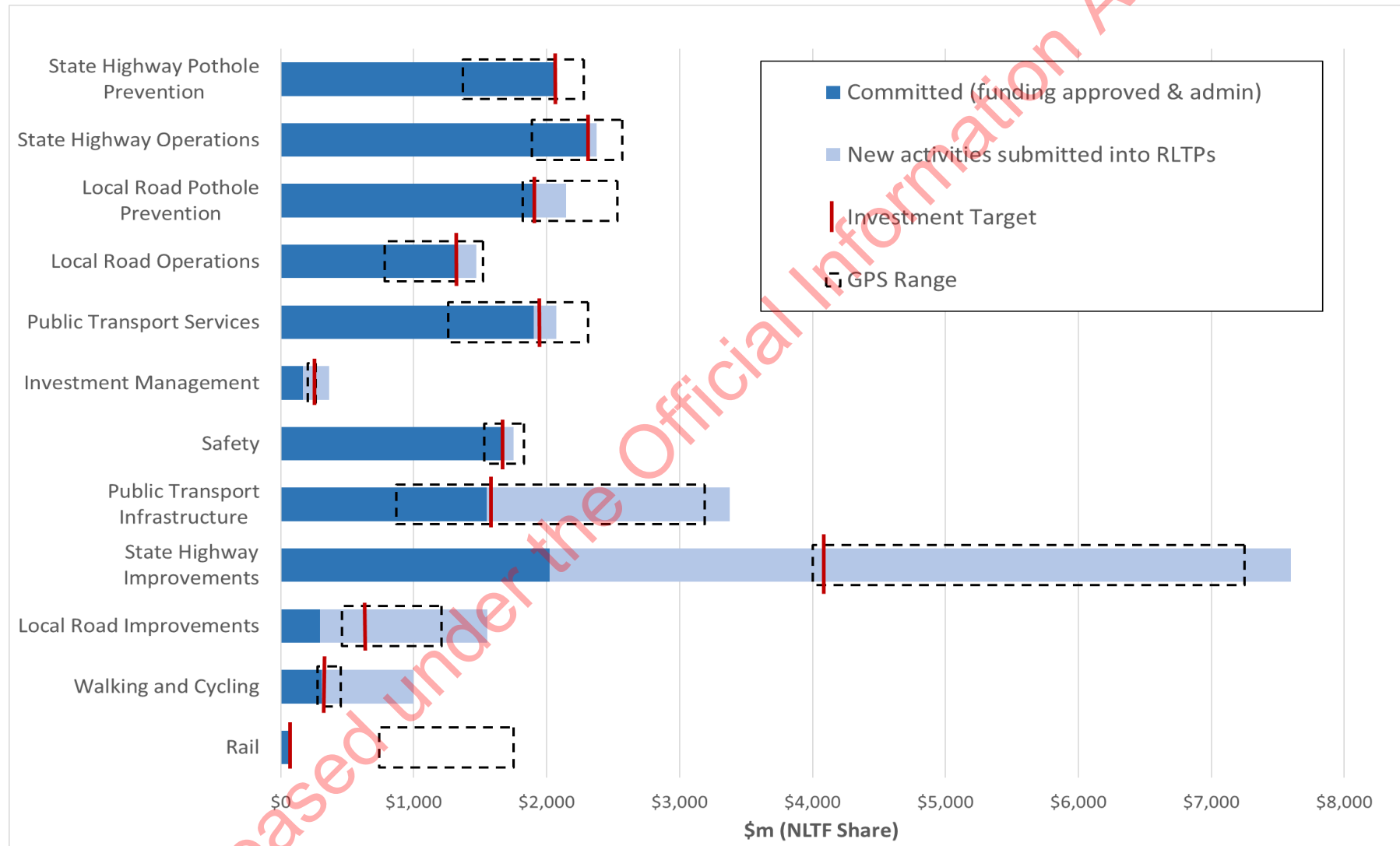
¹ Excludes NIWE Crown funding for Local Road Operations, State Highway Operations and Rail Network

² Target for local road improvements has been increased by \$100m from the target indicated in July.

³ Final opening balance is \$339m i.e. ca. \$100m unallocated on day one

Attachment 2

NLTP investment summary



Attachment 3

Recommended Low-Cost Low Risk programme: local road improvements

Approved funding: high alignment activities

Approved organisation	Funding requested (\$m, NLTF)	Recommended funding (\$m, NLTF)
Auckland Transport	104.4	13.4
Carterton District Council	1.9	0.1
Christchurch City Council	35.8	1.0
DOC (West Coast)	1.3	1.3
Far North District Council	32.0	5.6
Hamilton City Council	21.3	2.1
Hutt City Council	15.0	0.8
Tauranga City Council	31.8	0.3
Timaru District Council	13.8	0.6
Waikato District Council	30.2	0.1
Waimakariri District Council	7.8	0.4
Waipa District Council	7.4	0.3
Whakatane District Council	8.9	2.0
Whangarei District Council	18.3	1.2
Total (incl. rounding)	614.4	29.0

Regional allocations for fund reserved for resilience and other GPS priorities

Region	Indicative allocation (\$m, NLTF)
Auckland	12
Bay of Plenty	8
Canterbury	11
Gisborne	3
Hawkes Bay	8
Manawatu/Whanganui	6
Marlborough	1
Nelson	1
Northland	11
Otago	3
Southland	2
Taranaki	2
Tasman	2
Waikato	13
Wellington	10
West Coast	7
Total	100

Attachment 4

Review of high priority activities from RLTPs

Activity Class	Region	Activity	Phase	RLTP Priority	NLTF 24-27 cost \$m	Total NZTA cost all years \$m
PT Services	Auckland	Public Transport Ferry Service Improvements	Imp.	1	2.2	1.4 p.a.*
PT Infrastructure	Auckland	Bus Transit programme (dynamic lanes)	SSBC	4	0.5	0.5
LR Improvement	Canterbury	Pages Road Bridge Renewal	Imp.	2	1.0	9.2
LR Improvement	Manawatu/ Whanganui	Palmerston North Rural Freight Road	IBC	1	0.5	0.7
SH Improvements	Northland	Far North Slip and Flood Management	SSBC	1	10.9	10.9
SH Improvements	Bay of Plenty/ Hawkes Bay	SH 5 Napier to Taupo	Pre-imp	1	32.7	38.1

Notes:

New Walking & Cycling improvement activities also formed part of the review. However, due to affordability constraints within the activity class, any additional funding will likely need to be prioritised to price level adjustments for existing projects and/or footpath renewals and maintenance.

* AKL - Public Transport Ferry Service Improvements -future year costs are based on the average annualised operational expenditure, (excluding inflation and indexation). On-going expenditure is anticipated to form part of AT's public transport continuous programme.

Attachment 5

Changes to approved indicative allocations

The following minor adjustments to indicative allocations are proposed.

Approved Organisation NLTF Share (\$m)	LR Pothole Prevention		LR Operations		LRI - Bridges and Structures Renewals		Net Funding Impact	Comment
	Indicative Allocation	Final Allocation	Indicative Allocation	Final Allocation	Indicative Allocation	Final Allocation		
Hurunui DC	10.7	10.8					0.1	Correction
Waitaki DC					4.3	5.3	1.1	The indicative allocation did not match the engineer's estimate for the single bridge replacement
Buller DC			6.9	6.6			-0.3	Transferred of allocation to special purpose roads when the bridge location was confirmed.
Buller DC - SPR	5.5	1.9	0.0	2.7	0.0	1.3	0.4	Split of SPR funding across LRPP, LRO and LRI for more accurate allocation.
Westland DC - SPR	4.5	1.9	0.0	2.6	0.0	0.0	0.0	Split of SPR funding across LRPP, LRO and LRI for more accurate allocation of costs.
Whakatane DC - SPR	5.0	2.7	0.0	2.2	0.0	0.2	0.0	
Wairoa DC - SPR	1.8	1.3	0.0	0.5	0.0	0.0	0.0	
South Wairarapa - SPR	2.0	0.8	0.0	1.2	0.0	0.0	0.0	
TOTAL NET FUNDING IMPACT							1.3	

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