

Coastal Shipping

Industry Guidance
February 2022





About this guide

1. Introduction

The Government Policy Statement on land transport 2021 (GPS 2021) includes a new activity class for coastal shipping. \$30 million of funding has been made available for coastal shipping projects in the 2021-24 period. This guide describes how organisations can apply for funding from the Waka Kotahi coastal shipping programme.

Potential applicants should ensure they familiarise themselves with this document and contact Waka Kotahi before submitting a formal application for funding with any queries. Contact details can be found in this guide.

This guide tells you:

- An overview of the national land transport programme, fund and activity classes.
- The types of projects that are likely to be eligible.
- Research to inform the development of the coastal shipping programme.
- Who can, and how to apply for funding.
- The assessment and assessment process.
- How funding will be allocated and payments made
- Where to find further information.

This guide and any manuals or guidelines mentioned in this document can be found on the Waka Kotahi website: www.nzta.govt.nz. Please check the website regularly as any updates or clarifications will be posted on it.

Funding Framework and Programme Focus

2. National Land Transport Programme (NLTP) and Fund (NLTF) Overview

The 2021-24 National Land Transport Programme (NLTP) is a three-year programme that sets out how Waka Kotahi will work with partners to deliver transport activities that make it safer, easier and more sustainable for people and products to move around New Zealand.

It sets out the activities that can be funded from the National Land Transport Fund (NLTF) under the Land Transport Management Act 2003 to give effect to the Government Policy Statement on land transport 2021 (GPS 2021).

The Government's transport priorities are focused on creating a transport system that is sustainable, offers choice in the way people move around to better manage urban growth, reduces harm both to people and the environment, and uses technology to manage travel demand and help people make good travel choices.

You can read the Government Policy Statement on land transport 2021 (GPS 2021) on the Ministry of Transport website

www.transport.govt.nz/area-of-interest/strategy-and-direction/government-policy-statement-on-land-transport-2021/

You can read the 2021-24 National Land Transport Programme (NLTP) on the Waka Kotahi website:

www.nzta.govt.nz/planning-and-investment/national-land-transport-programme/2021-24-nltp/introducing-the-2021-24-nltp/



3. Activity Classes

The GPS sets out how investment from the NLTF will be allocated to eleven activity classes. In identifying these activity classes and setting the funding range for each activity class, the Government has applied the underpinning principle of mode neutrality and considered what will best deliver the four strategic priorities in the GPS.

Coastal shipping is one of the eleven activity classes.

For each activity class, a funding range is given with an upper and lower limit for expenditure from the NLTF. Waka Kotahi is responsible for allocating funding within these ranges to specific activities, while staying within the overall expenditure target.

In the case of coastal shipping, the range is between \$30 and \$45 million, and the Waka Kotahi Board have targeted a level of expenditure of \$30 million.

An overview of each activity class, and its objectives can be found in the GPS.

4. Sector Research to inform the programme

In November 2020, the Minister of Transport requested that Waka Kotahi seek an independent perspective on coastal shipping investment. Waka Kotahi engaged independent consultants Mark Oxley and Mick Payze from Pacific Marine Management Ltd, who have a deep knowledge of the coastal shipping sector, to deliver this work.

The consultants were asked to provide Waka Kotahi with an up-to-date view of the shape of the coastal shipping sector, identify key challenges and opportunities, develop an investment framework for prioritising investments, and identify a range of potential investments and interventions which would support a more resilient, sustainable, and competitive domestic coastal shipping sector. They carried out

their work between April and July 2021. To inform their work, the consultants undertook a targeted stakeholder engagement process with 14 stakeholders, including domestic and international shipping companies, freight sector commentators, KiwiRail, Maritime New Zealand, and the maritime unions.

The consultants delivered three reports to Waka Kotahi – a “state of play” report, a summary of the stakeholder consultation process, and a final report. We have committed to publishing the final report alongside the issuance of the Request for Proposal (RFP) to the sector in early 2022. You can read the consultants’ state of play report on the Waka Kotahi website:

www.nzta.govt.nz/assets/resources/coastal-shipping-research/nzta-coastal-shipping-state-of-play-report.pdf

5. What types of projects will, and will not be funded?

Ultimately, the Government’s expectation for investment in coastal shipping is to embed mode neutrality and choice for freight transporters, to allow New Zealand flagged coastal shipping to operate on a level playing field with other freight operators, and to enhance the sustainability and competitiveness of the domestic sector. It also reflects the Government’s interest in partnering with industry to understand the challenges facing coastal shipping, and working with it to address them

Waka Kotahi have developed an investment decision making framework to reflect the objectives of the activity class and the need to account for assessing deliverability and feasibility of proposals. As such, focus areas for investment are likely to be:

- **New or enhanced domestic services** – applications could include new container services and new bulk services or increased frequencies and additional ships for existing container and bulk services;

- **Reducing sector emissions** – applications could include testing emerging technologies for decarbonising domestic shipping;
- **New or enhanced inter-modal links** – applications could include new inter-modal links or improvements to existing inter-modal links, such as track works or road access improvements; and
- **New or enhanced maritime infrastructure** – applications could include shore power connections at ports, new (small) regional ports, and expansion of existing ports.

Applications must clearly align to the objectives of the activity class and must demonstrate their alignment.

Applications that may be better funded through other sources (such as the EECA’s Low Emission Transport Fund) or other activity classes (such as state highway or local road improvements) will not be considered for investment and referred back to the applicant.

6. Who can apply for the funding?

Standard NLTP investment processes require that ‘approved organisations’ (e.g. local authorities or Waka Kotahi for state highways) submit applications for investment through Regional Land Transport Plans.

Because the coastal shipping sector is inter-regional/national in nature, the broader benefits associated with the activity class objectives are more likely to be achieved if applications can also be received from a broader range of organisations, such as shipping companies or freight industry participants.

As such, the Minister of Transport has provided direction (under s112 of the Crown Entities Act) for Waka Kotahi to receive applications directly from industry participants without the requirement for the activities to be included in Regional Land Transport Plans.

As such, applications can be received from either approved organisations or other suppliers. All applications will be evaluated on the same basis.

Applications will be considered from single entities or from consortiums of organisations.

7. What do you mean by co-investment?

Waka Kotahi are looking to leverage the investment through the activity class as much as possible.

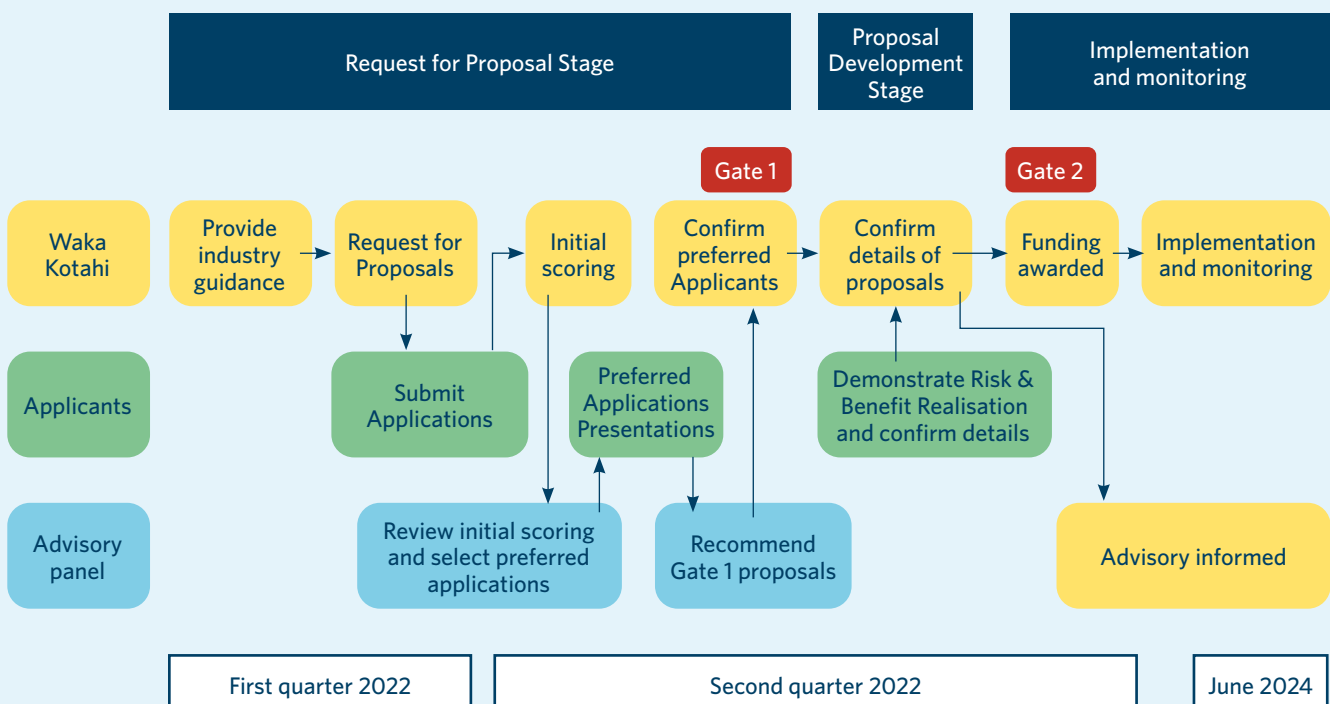
We are looking for this investment to complement and build on other existing investments and we are expecting applications to include an element of co-investment applicants.

Unlocking larger opportunities for the coastal shipping sector through this investment would be considered a great success.

Application process

8. What is the application process?

The application process is outlined below:





9. How will individual applications be assessed?

Initially, the evaluation team will assess the applications against the minimum requirements. Any proposals that are deemed not to meet the minimum requirements will be deemed non-conforming and not be assessed any further.

Applications will then be assessed and scored against the weighted attributes outlined in the request for proposal document. The evaluation team will score each application individually, and then develop a group score for each application. Price will then also be considered (but not scored) and a preferred applicant list will be developed.

The results of the initial scoring and preferred applicant list will be presented to an Advisory Panel for testing and agreement.

The preferred applicants will be invited to present their proposals to the evaluation team and Advisory Panel.

It is important to note that the selection of the preferred applicants will be not necessarily be the highest scoring application(s). This will be developed to give best effect to the overall activity class outcomes, and programme value for money and may include a range of applications that provide this outcome.

When selecting the preferred applicant list consideration will be given to:

- non-price evaluation scores,
- price (individual and collective, and which will include the total value of the investment(s) and leveraged funding),
- national benefits (value delivered to 'New Zealand Inc.')
- addressed known challenges in coastal shipping.

Following presentations, the final preferred applicant list will be confirmed, and taken through the proposal development stage. We expect applicants that progress to this stage will be successful.

10. What is the maximum amount I can apply for?

Allowing for other costs that fall within the activity class, the maximum available for proposals is around \$27 million.

While you are free to apply for any amount up to \$27 million, to give best effect to the activity class objectives Waka Kotahi may choose to invest in a number of lower cost projects rather than a single high cost project.

11. When will my project need to be delivered?

Your project needs to be complete, or at least substantially completed by June 2024.

12. What is the role of the Advisory Panel?

An Advisory Panel will be created to support the delivery of the programme. It will be made up of participants from Government and the wider coastal shipping sector to provide a diversity of views. The role of the Advisory Panel is to:

- Advocate for the coasting shipping industry.
- Provide feedback to the coastal shipping industry to provide them with confidence in our process and intentions.
- Provide advice and make recommendations to Waka Kotahi on the proposed shortlist and programme.
- Provide advice that the proposed programme will make a meaningful change to the sector and solve identified and agreed problems and support the efficiency and resilience of the coastal shipping sector.



Funding

13. If successful, when will the assigned budget be available to use?

Budget will be allocated following completion of the proposal development stage.

14. How will funding be distributed?

Successful applicants will be asked to sign a Funding Agreement with Waka Kotahi, which will include details of payment terms. Once it is signed, applicants will be able to send invoices to Waka Kotahi in accordance with these terms, quoting their reference number.

15. Will ongoing maintenance costs be covered by the fund?

No. Applicants must confirm their ability to cover all ongoing operational and maintenance costs.

16. Can funding be used for research and studies?

Yes, but note we are predominantly looking for projects that will make tangible improvements to the coastal shipping sector.

Support

17. What type of support will Waka Kotahi provide throughout the application and delivery process?

Waka Kotahi wants to support the planning and implementation of your project.

Our intention is to run a collaborative tender process resulting in a transparently evaluated shortlist of applicants. Waka Kotahi will then help you through the process, particularly in confirming the details of your proposal through development stage.



More information

18. If I have questions about the programme, who should I ask?

Please submit your question to: freight@nzta.govt.nz, the team will get back to you within two working days.