

National Land Transport Programme 2009-12

National overview



How we are performing against the National Land Transport Programme

The 2009-12 National Land Transport Programme (NLTP) is the first three-year NLTP we have experienced. The end of December 2010 is the midway point in the NLTP term and it is a good opportunity to report progress across the NLTP and to forecast likely performance to the end of the NLTP.

Key issues:

- We're on track to deliver the roads of national significance (RoNS), which are a priority for the NLTP.
- We have already allocated our approved state highway funding for 2010/11, largely due to the RoNS, but also because we have advanced multi-year funding to stimulate work for contractors during the recent recession.
- Cash is tight, and a result of the advancement of work is that lower national priority state highway projects now need to be deferred to keep the NLTP within budget. This is a cash-flow matter, not a cut in funding.
- The change in R fund policy means we have allocated R funds to the highest priority improvement projects in each region.

It has been an eventful NLTP so far, initially revising processes to develop regional land transport programmes and then the NLTP

and responding in quick time to the release of the amended *Government policy statement on land transport funding* (GPS) by revising the NZTA's assessment framework to match the impacts required by the government. The announcement of the seven RoNS in the GPS has required a large amount of effort from the NZTA and affected approved organisations to develop the RoNS as well as the associated network plans that identify local road and other activities required for the efficient operation of the RoNS.

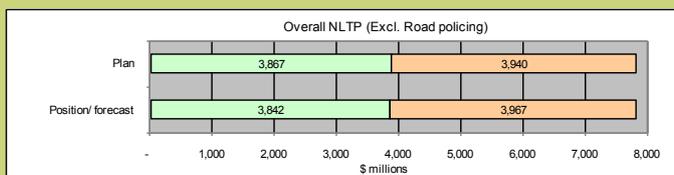
We have reviewed the Community Programmes (the bulk of which is now in the new Road User Safety activity class) and Transport Planning activity classes to ensure we are targeting our investment better to achieve value for money and the GPS impacts. A review of the Road Policing activity class is currently underway with the same aims.

Added to this are the investments in local road and state highway improvements throughout the country, some of which are

urgent and need to be constructed in time for the influx of overseas visitors to the Rugby World Cup next year. As we are all aware, there is pressure on NLTP funding and, with the improved focus provided by the revised assessment framework, this has required a closer look at maintenance and public transport programmes. And then to top it all off, the Canterbury earthquake has created a need for emergency works funding to reinstate damaged local road and state highway infrastructure.

So how have we performed so far? The performance has been good by and large, based on expenditure against the NLTP plan shown in the overall graph below. We are around 100 percent of plan and are expecting to deliver the NLTP well within the three-year GPS range. The activity class graphs are shown on following pages.

While this update provides the national overview, there is an information sheet for each region that reports regional progress, issues and impacts.



The graph shows two halves of the NLTP:

- the green bars show the planned expenditure and actual position at 31 December 2010
- the orange bars show the planned and forecast expenditure from the mid-point to the end of the NLTP.

We are about \$25 million behind plan at the mid-point and are forecasting to be slightly ahead at the end point.

In summary:

- Midway position \$3842m – \$25m (100%) vs plan
- End NLTP forecast \$7809m + \$2m (100%) vs plan

Key achievements so far

- Endorsement of the Greater Christchurch Urban Development Strategy Partner's Northern Access Package (partners are Christchurch City Council, Environment Canterbury, the NZTA, Selwyn District Council and Waimakariri District Council).
- Endorsement of the Auckland Manukau Eastern Transport Initiative (AMETI) Package 1 (Auckland Transport).
- Support for Access Hamilton integrated transport strategy (Hamilton City Council).
- Construction funding approved for Kamo Bypass Stage 2 and Spedding Road Link (the NZTA and Whangarei District Council).
- Commenced construction of Victoria Park Tunnel RoNS in Auckland (the NZTA).
- Construction funding approved for Western Ring Route Completion RoNS in Auckland, the Tauranga Eastern Link RoNS in Bay of Plenty and for sections of the Waikato Expressway RoNS and Christchurch Motorway RoNS (the NZTA).
- Completion of the East Taupo Arterial ahead of plan (Taupo District Council).
- Construction commenced on the SH88 realignment project (Dunedin City Council).
- Funding for the inaugural Model Communities programme (Hastings and New Plymouth).
- Funding approved for construction of further sections of the Hamilton Ring Road (Hamilton City Council).
- Funding grant approved for the Christchurch Transport Interchange (Christchurch City Council).



Waikato Expressway, north of Ohinewai, looking north



Christchurch RoNS



Construction work on the now completed East Taupo Arterial

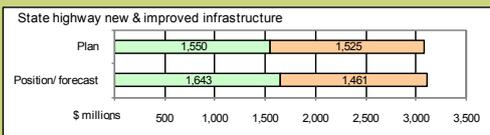


Construction work on the new SH88 realignment



Westhaven retaining wall, Victoria Park Tunnel

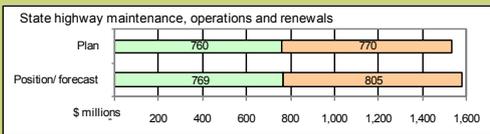
NLTP performance by activity class



State highway improvements are performing 6 percent above plan, partly due to strong delivery of projects and to bringing forward funding to provide work for contractors during the recession. The forecast is to end the NLTP a little above plan, which will result in deferral of some projects.

- In summary:**
- Midway position \$1643m + \$93m (106%) vs plan
 - End NLTP forecast \$3104m + \$29m (100%) vs plan

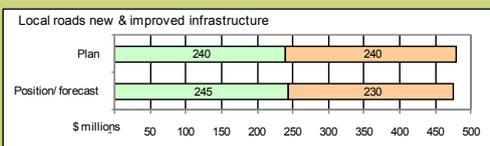
- GPS range:**
- Lower \$2475m
 - Upper \$3450m
- End NLTP within range



The state highway maintenance programme is running close to plan. We expect that the end NLTP position will be a little above plan, mainly due to a transfer of emergency works funding to rectify an imbalance with local roads.

- In summary:**
- Midway position \$769m + \$9m (101%) vs plan
 - End NLTP forecast \$1574m + \$44m (103%) vs plan

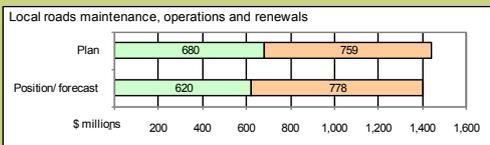
- GPS range:**
- Lower \$1410m
 - Upper \$1725m
- End NLTP within range



Local road improvements are running a little above plan, partly due to the early completion of the East Taupo Arterial. The forecast, based on information from approved organisations, has an end NLTP position very close to plan.

- In summary:**
- Midway position \$245m + \$5m (102%) vs plan
 - End NLTP forecast \$475m - \$5m (99%) vs plan

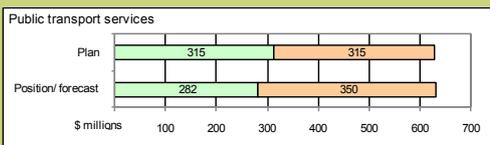
- GPS range:**
- Lower \$450m
 - Upper \$750m
- End NLTP within range



Local road maintenance programmes are 9 percent below budget due to costs being lower than expected but are on plan for delivery. We are forecasting the final spend, including Canterbury emergency works, to be close to plan. A transfer out of emergency works funding to state highways has addressed an imbalance issue recognised earlier.

- In summary:**
- Midway position \$620m - \$60 (91%) vs plan
 - End NLTP forecast \$1398m - \$44m (97%) vs plan

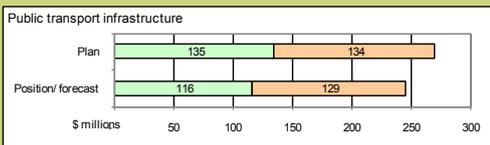
- GPS range:**
- Lower \$1270m
 - Upper \$1585m
- End NLTP within range



Public transport services are 10 percent down on plan due to lower than planned costs. The end NLTP position is expected to be close to plan as additional track access charges kick in.

- In summary:**
- Midway position \$282m - \$33 (90%) vs plan
 - End NLTP forecast \$632m + \$2m (100%) vs plan

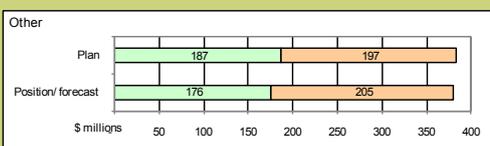
- GPS range:**
- Lower \$585m
 - Upper \$675m
- End NLTP within range



Public transport infrastructure is down 14 percent on plan and is expected to finish about \$24 million under allocation. The main cause is delay to the Christchurch Transport Exchange and councils' decisions to defer projects.

- In summary:**
- Midway position \$118m - \$19m (86%) vs plan
 - End NLTP forecast \$245m - \$24m (91%) vs plan

- GPS range:**
- Lower \$585m
 - Upper \$675m
- End NLTP within range



'Other' incorporates the remainder of small activity classes (except Road Policing). Apart from Transport Planning, these are performing close to plan. We expect that Transport Planning will pick up in the second half of the NLTP and finish close to plan.

- In summary:**
- Midway position \$176m - \$11m (94%) vs plan
 - End NLTP forecast \$381m - \$3m (99%) vs plan

Looking forward in this NLTP

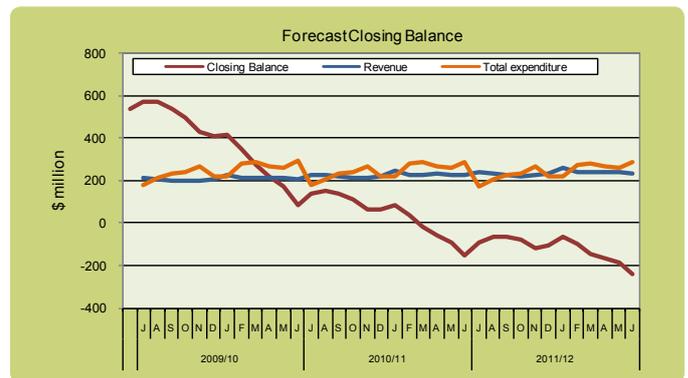
We have the balance of the current NLTP to deliver. With the NLTP so finely balanced, it is critical that our forecasts are accurate and realistic. The quarterly forecasts are an important part of managing NLTP cash flows and we rely on all approved organisations to play their role in making these as right as possible. With the deferral of state highway projects required to manage NLTP cash flows, it would be disappointing to come to the end of the NLTP with substantial amounts of approved allocations remaining that could have been invested elsewhere in the system to generate value.

Our latest cash flow projections are shown in the graph to the right.

As you can see, we expect to be in deficit by the end of the NLTP. This will be the first NLTP where we have a short-term debt facility to help us manage our cash flows. The debt facility helps to accommodate seasonal and unexpected fluctuations and means that we should be able to maintain delivery at programmed level.

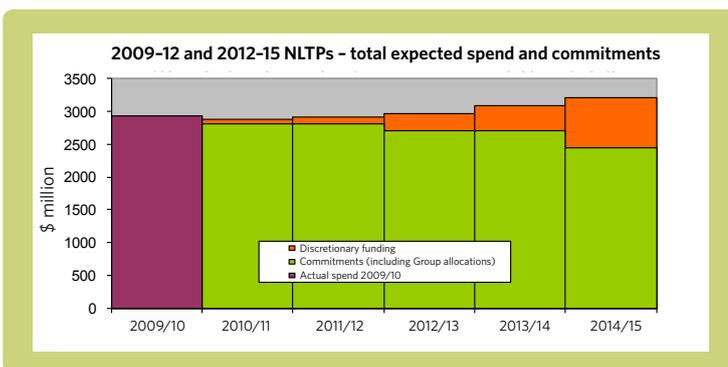
Previously, we had no ability to manage below a zero NLTP balance, which meant we always had to maintain a surplus and, on occasion, had to cut back programmes to avoid going into deficit.

Even so, there is a limit on the level of debt we can apply to the NLTP and there are conditions on its use. It is not a long-term panacea to increase funding.



Looking forward to the next NLTP

The pressure on funding will not be easing as we head toward the next NLTP. Once the Board approves the 2012-15 NLTP, we expect that the commitments for maintenance programmes, public transport programmes, state highway and local road improvements, and all the other activities that the NZTA invests in will be similar to, if not higher than, the situation at the start of the 2009-12 NLTP. Most of the available funding for the first year of the NLTP will already be committed when the NLTP is approved. There will be limited discretionary funding available throughout the three years, as can be seen in the graph below.



All this emphasises that any discretionary funding needs to be targeted to high-priority activities that will deliver the outcomes we seek and achieve best value for money. Inevitably, there will be lower priority state highway, local road and public transport activities, seen as regionally important, that will miss out on funding. As part of the streamlining process, we will work with our investment partners to ensure we have alignment on the outcomes to be delivered by the programme and to achieve best value for money.



For more information

For more information, go to www.nzta.govt.nz/planning/what-funding or email NLTPFrameworkProgramme@nzta.govt.nz.