

stepping forward

NEWSLETTER



July 2009

NLTP update: interim funding approved



Because there is no National Land Transport Programme (NLTP) in place after 30 June 2009 until the adoption of the 2009/12 NLTP two months later, the NZ Transport Agency (NZTA) Board has just approved interim funding for activities over July and August. The purpose of this interim approval is to enable approved organisations (AOs) and the NZTA, for both state highway and nationally delivered activities, to continue to operate their networks and make a start on high priority new initiatives.

How much has been approved?

The interim approval is approximately 20 percent of the 2008/09 allocation for road maintenance and renewals, minor works and passenger transport operations, and an allowance for new projects (including group projects) and for community programmes based on 2009/10 requests.

Generic project groupings changed

As part of the changes brought about by the new GPS, there has been a requirement to adjust the generic project groupings. These have been condensed to three groups:

- Strategic network group.
- Improve, expand or replace network group.
- User benefits improvement group.

The NZTA will implement these changes in the LTP online system. There is no work required by AOs.

What is covered by the approval?

This allocation has been made to cover key expenses only and allow core programmes to continue for the two months before the NLTP is published. A letter has been sent to each organisation describing the details of interim funding approvals for their activities. AOs should note that there is no direct relationship between the level of interim funding approved for each AO and the likely level of funding for them in the final NLTP.

What is the impact on commitment of resources?

Where applicable, for example in the case of community programmes, no contract roll-overs or new staff appointments should be made until after the NLTP is published. Any long-term commitments made during this interim funding period are at the risk of the AO involved. Similarly for road improvement activities, we expect the AOs to commence only the high priority activities in their programmes.

Can other high priority activities still be included?

Through July and August the NZTA will continue to consider funding applications for other high priority improvement activities, but any funding approval will be conditional on them being included in the NLTP when adopted in August. We expect that this conditional approval will be a sufficient signal for organisations to commence the procurement process for new works.

Progress with development of first three-year NLTP

The NZTA has received the regional land transport programmes lodged with the regional councils by regional land transport committees and adopted by the 30 June due date.

The 2009/12 NLTP will be developed during July and August, for adoption by 31 August 2009 – taking into account the regional programmes – to give effect to the *Government policy statement on land transport funding (GPS)*, as required by legislation.

Will there be enough money to go around?

Early indications are that, as in past NLTPs, there are more projects listed in RLTPs than will likely proceed at the proposed time, and more projects listed than can be funded either by local government or from the National Land Transport Fund (NLTF). This means that while funds available from the NLTF and supporting local share funding are tight there is expected to be enough money to fund all the higher priority activities in RLTPs.

Questions and answers on NLTP updated

The NZTA's questions and answers on the NLTP have been updated in accordance with the new GPS and are available at:

- <http://www.landtransport.govt.nz/funding/nltp/post-amended-gps.html>



Investment direction for the NLTP

The NZ Transport Agency (NZTA) Board has recently adopted its Investment and Revenue Strategy for the delivery of the National Land Transport Programme (NLTP). It is designed to ensure that the NLTP gives effect to the *Government policy statement on land transport funding* (GPS) as required under section 19 of the Land Transport Management Act (LTMA).

The strategy documents the NZTA Board's strategic intent for investment. It is a high level direction setting and prioritisation tool. The strategy assists the NZTA to balance competing priorities and select the optimal mix of activities for funding, in order to make the greatest contribution to the purpose and objectives of the LTMA and the GPS impacts.

In the short-term the strategy aims to ensure that activities included in the NLTP give effect to the GPS. In the longer term, the strategy ensures that NZTA investment decisions and business priorities are aligned with the outcomes and impacts envisaged in the LTMA, the GPS and the NZTA's strategic priorities.

What the NZTA will invest in

The Investment and Revenue Strategy documents the NZTA's priorities for funding within each activity class, and across all the activity classes.

For the 2009/12 NLTP the NZTA has determined, in order to give effect to the GPS, that it will prioritise those activities making the greatest contribution to economic growth and productivity in the first instance. This means increased priority for activities that make the most significant contribution towards one or more of the following:

- Roads of national significance (RoNS) and local roads critical to RoNS.
- Key freight and tourism routes.
- Key urban arterials.
- Public transport making significant contributions to easing severe congestion.
- Model urban walking and cycling communities to reduce urban congestion.
- Making better use of existing transport infrastructure.
- Optimising existing capacity and levels of service on highly trafficked roads.

The priority given to RoNS, key freight and tourism routes, key urban arterials and model urban walking and cycling communities is new for the NZTA. Programmes are being developed for each of these areas and they are due to be finalised by December 2009.

These programmes will provide the NZTA and those seeking NLTP funding approval with clear guidance on what will be prioritised and why. In the meantime interim guidelines are in place until these programmes are finalised.

The NZTA will maintain its investment focus on activities that make a significant contribution towards improving one or more of the following:

- Safety.
- Severe urban congestion.
- Journey time reliability and/or capacity constraints on key routes.
- Network security availability and resilience.
- Completing links on key walking and cycling networks to reduce congestion.
- Transport choice in major urban areas.
- Network and interchange capacity constraints in major urban areas.
- Environmental impacts of land transport.
- Public health.
- Long-term, integrated and coordinated planning.



Questions and answers on the NZTA's investment direction

Questions and answers on the NLTP investment direction are available at:

- <http://www.landtransport.govt.nz/funding/nltp/investment-revenue-strategy-q-a.html>

A closer look at assessment criteria

When approving funding for particular transport activities, projects or groups of projects, the NZTA must ensure that the proposed activity:

- takes account of any relevant strategies or policies (eg the *Government policy statement on land transport funding* (GPS) and regional land transport strategies)
- contributes to the Land Transport Management Act (LTMA) objectives
- has been assessed against other options and alternatives
- complies with any consultation requirements under the LTMA.

These requirements are encapsulated into the NZTA assessment framework and criteria to determine how to prioritise a transport activity and whether or not it will be approved within the NLTP. The evaluation criteria are:

- strategic fit
- effectiveness
- economic efficiency.

Each of these factors is given a rating of high, medium, or low.

Some of these evaluation criteria are new and have been developed as part of the Investment and Revenue Strategy in response to the new GPS that was published in May 2009. In particular, the strategic fit criteria have replaced the seriousness and urgency criteria.

Strategic fit

Assessment of strategic fit considers how well the transport activity aligns with the NZTA's strategic direction as set out in the Investment and Revenue Strategy.

Strategic fit ensures that the activities approved by the NZTA for funding address significant opportunities and issues from a national perspective.

Effectiveness

The effectiveness rating is about the contribution the proposed investment will make towards achieving a particular strategic outcome. Higher ratings are provided for those proposals that provide long term, integrated and enduring solutions.

Economic efficiency

The GPS signals a greater emphasis on economic efficiency as a key factor in obtaining value for money. The Investment and Revenue Strategy accordingly places a greater emphasis on assessing economic efficiency, particularly but not exclusively, through the benefit cost ratio (BCR). Economic efficiency assessment captures how efficiently resources are used and how enduring the benefits are.

Prioritisation

The prioritisation process has been revised and places the greatest weight to strategic fit, followed by economic efficiency and then effectiveness.



New Procurement manual holds good news

Value for money, reduced compliance costs, improved customer service and flexibility are some of the advantages for approved organisations (AOs) when they start using the NZ Transport Agency's new *Procurement manual for activities funded through the National Land Transport Programme* (Procurement manual). This manual will be presented to the NZTA Board during July.

Subject to the Board's approval of the procurement procedures and rules contained in the manual, it will then be made available on the NZTA's website. While some AOs are already using the new procurement procedures as participants in the pilot, other AOs could also start using it from October.

The new Procurement manual is a hands-on user manual – not a high level policy document, and will be easy to use.

Sufficient time available

It is envisaged that all AOs will have a strategy in place by October 2010, which means AOs still have more than a year to come to a mutual agreement with the NZTA to develop their procurement strategy.

The analysis and strategic thinking required to develop a long term procurement strategy, combined with the greater flexibility offered by the new manual, is expected to result in the better application of the procurement procedures. Reduced compliance costs in the medium term and better value for money in the long term can also be expected.

Some AOs already keen to start

The NZTA has received a number of requests from approved organisations keen to start developing their procurement strategies. They can use the guidance provided in the Procurement manual to begin developing their strategies. However, the NZTA is currently developing a programme to roll out the manual with appropriate training to help approved organisations familiarise themselves with its requirements. More information on the format for this will be provided during July.

Some AOs have begun the process of preparing their procurement strategies because they have contracts coming up for renewal, and they wish to have access to the provisions of the manual as soon as it is released. Other AOs are reviewing their current business-wide procurement policies as part of a continuous improvement exercise and have identified the best practice benefits of using the NZTA's Procurement manual.

What happens next?

All people who have registered to receive email updates will be notified of the status of the Procurement manual following the Board meeting in July.

Further updates on the roll-out and training initiatives will be provided as soon as possible. Please contact your NZTA regional programmes and funding staff if you have any questions.

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The newsletter is also here: <http://www.landtransport.govt.nz/funding/stepping-forward/index.html>

The information in this newsletter was accurate at the time of printing.



For more information

Visit the NZ Transport Agency website: at www.nzta.govt.nz
or call our contact centre on 0800 699 000.