

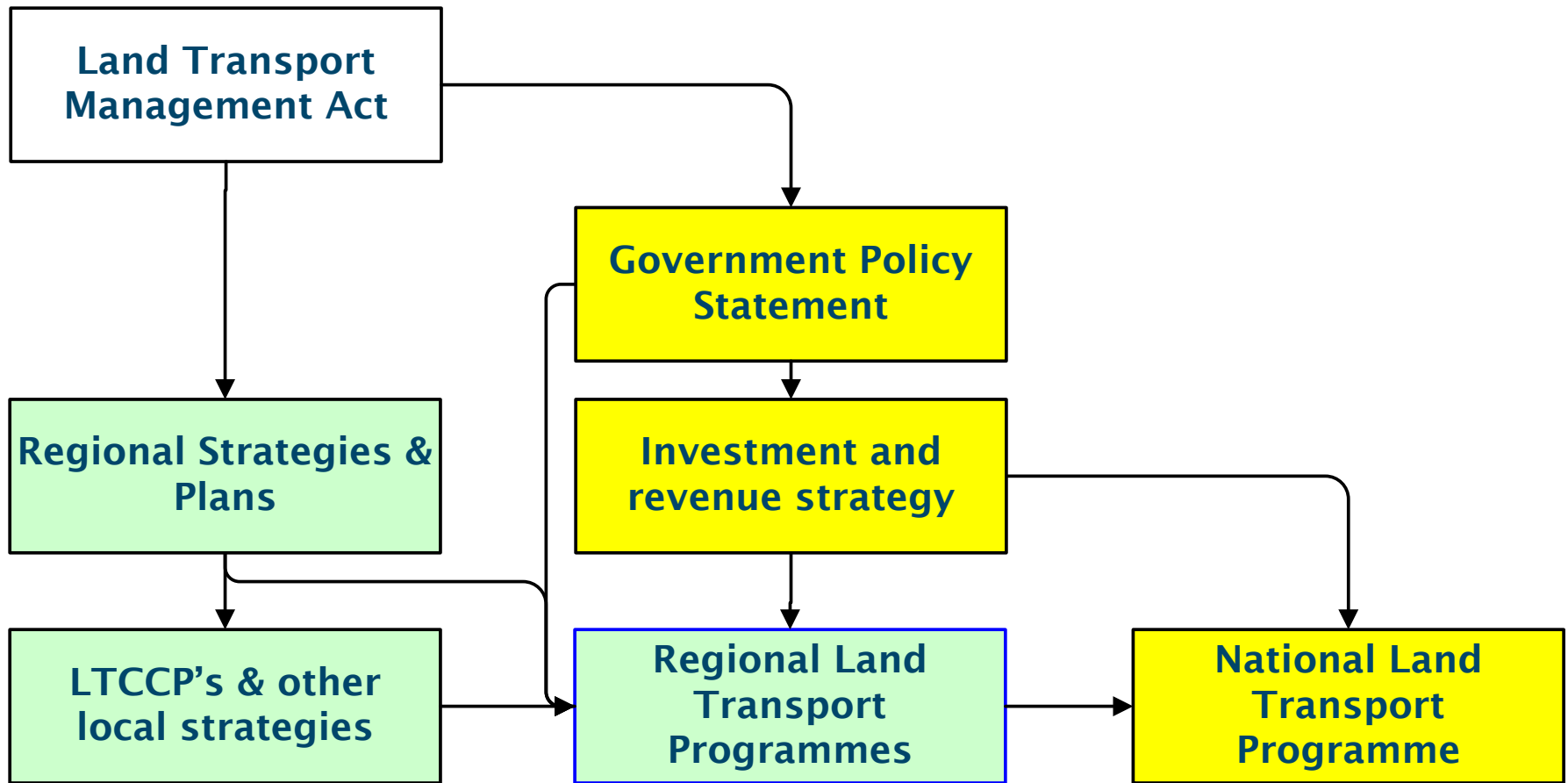


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THE STRATEGIC DIRECTION

**The journey from the LTMA to the
GPS to IRS to NLTP**

NLTP Context



Government Policy Statement

Economic growth and productivity increases through:

- improvements in journey time reliability
- easing of severe congestion
- more efficient freight supply chains
- better use of existing transport capacity
- better access to markets, employment and areas that contribute to economic growth
- a secure and resilient transport network

Government Policy Statement

OTHER IMPACTS

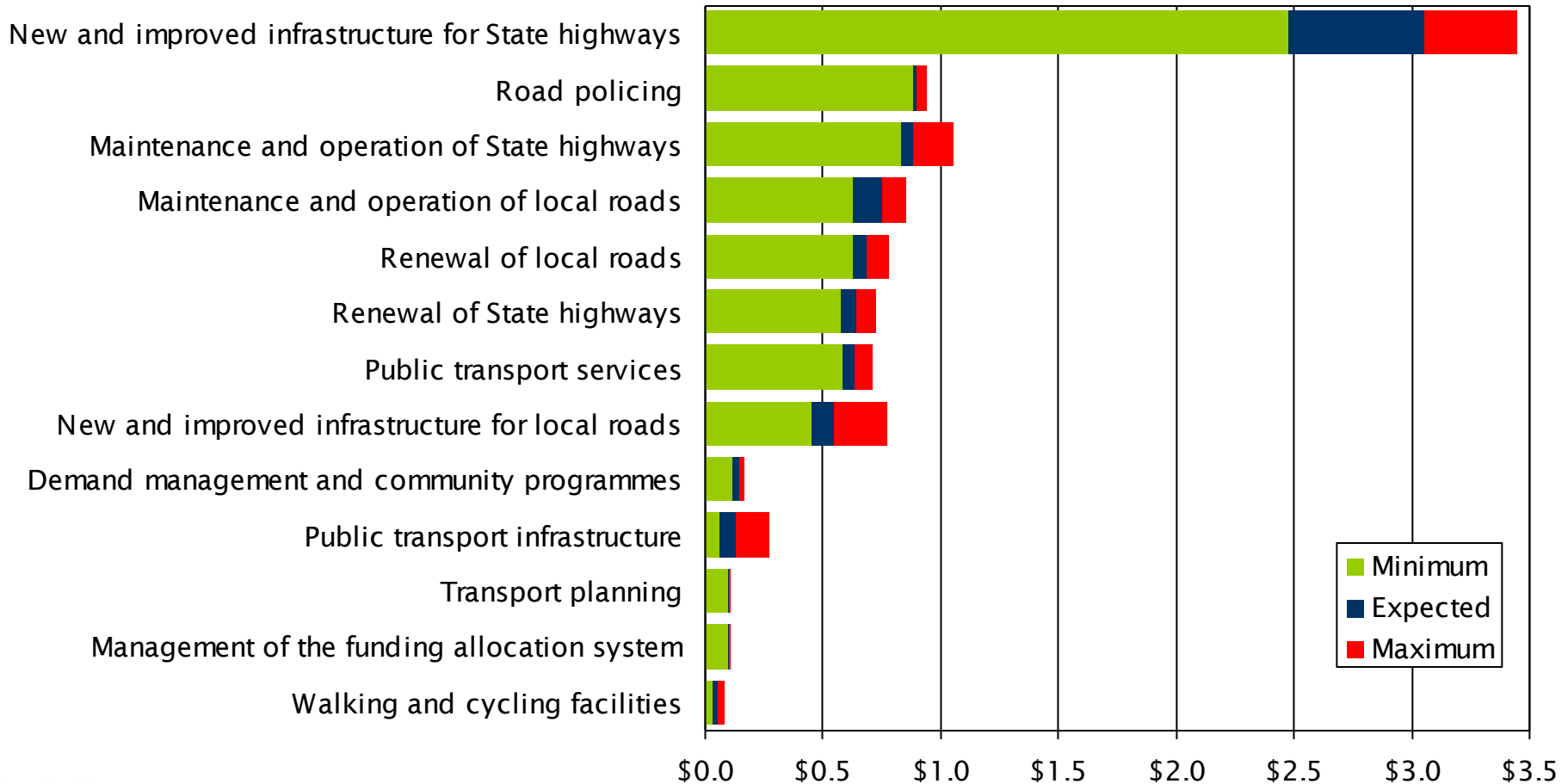
- Reductions in deaths and serious injuries as a result of road crashes
- More transport choices, particularly for those with limited access to a car where appropriate
- Reductions in adverse environmental effects from land transport
- Contributions to positive health outcomes

Government Policy Statement

WHAT IT DOES

- Identifies RoNS
- Expenditure ranges
- Expectations of what NZTA will take into account
 - Supporting economic growth and productivity
 - Considering networks from a national perspective
 - Achieving value for money
 - Integrated planning
 - Best use of existing networks and infrastructure
 - A co-ordinated approach
 - Considering the impact of volatile fuel prices

2009/10 to 2011/12 expenditure ranges



Investment and Revenue Strategy

- Documents strategic investment intent of Board
 - Direction setting and prioritisation tool
 - Helps Board balance competing priorities
- Short term
 - Ensures the 2009/12 NLTP gives effect to GPS
- Long term
 - Ensures investment, revenue and business priorities aligned with LTMA, GPS and NZTA priorities
 - Broader focus than NLTP and GPS



Summary of new strategic direction

- **Economic growth and productivity are prioritised**
 - Across and within activity classes
 - Unambiguous strategic fit assessment
- **Greater weight given to economic efficiency**
- **Rigorous effectiveness assessment**
 - Investing in activities that make the most difference





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WHAT HAS BEEN ACHIEVED

In our view, the 2009/12 NLTP...

- Will *contribute* to the aims and objectives of the **LTMA**
- Has *taken account* of **relevant documents** and **views**
- Has *applied* the required level of ‘**scrutiny**’
- Will *give effect* to the **GPS** through consistent achievement across and within activity classes of:
 - Strategic alignment
 - Efficiency
 - Effectiveness
 - In a manner to exhibits and applies value for money, transparency and social and environmental responsibility.

Achievement issues

- Some tension between the LTMA and GPS
- National versus regional investment perspective
- Information and understanding not sufficient for all activities:
 - Further assessment required for many activities – conditional approval only (Category 2)
 - Strategic alignment to be tested further - one-year funding only for some activity classes
 - Activities that are progressively developed – ongoing programme management and testing

Activity status

- Category 1 – approval (conditions of funding)
- Category 2 – assessment not yet complete
- Year one approval
 - Sector training and research
 - Road policing
 - Demand management and community programmes
- GPS alignment through programme management
 - New and improved infrastructure – block
 - Maintenance, operations and renewals
 - Transport planning - studies, strategies and plans



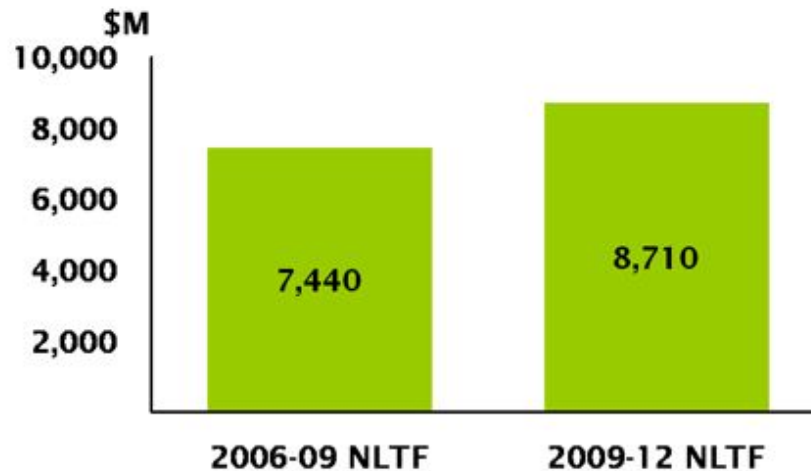


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AND HERE IT IS! THE NLTP...

Record investment in land transport

- GPS directive to support economy in prevailing economic climate
- Record investment
 - Activities prioritised to increase productivity and stimulate economy
- \$8.7 billion over 3 years – largest land transport investment in NZ history



Land Transport Expenditure – 2009/12

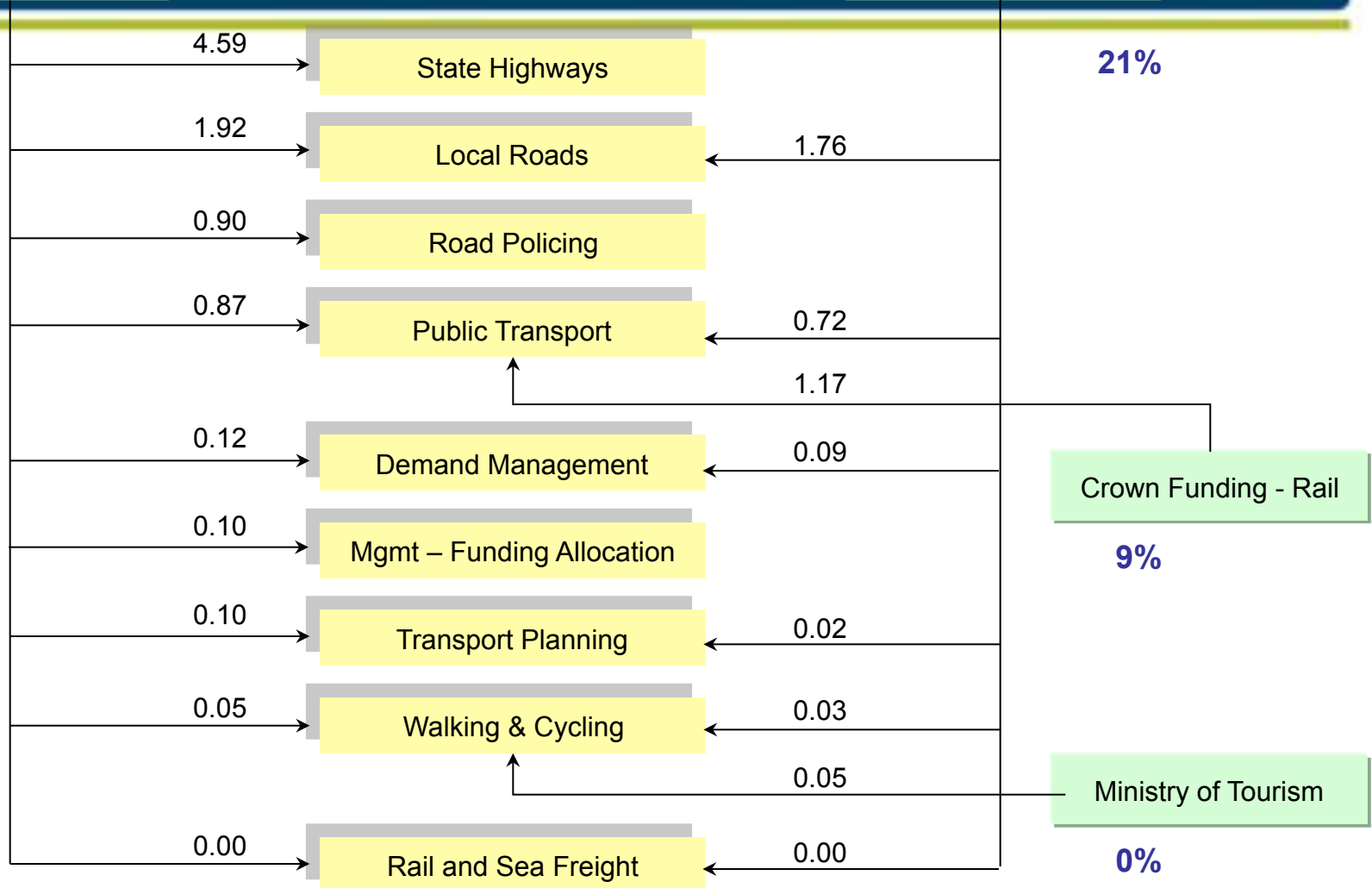
National Land Transport Fund

Total: NZ\$ 12.4bn

Local Government Funding

69%

21%



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New Zealand Government

Note: Excludes unsubsidised expenditure by territorial local authorities

Supporting economic activity

By delivering

- Funding increased across most types of activities, including:
 - 19% increase for NZ's state highway network (\$4,605M)
 - 14% increase for local roads (\$1,919M)
 - 21% increase for public transport (\$899M)
- A mix of large and small projects across regions
- A minimum funding level for improvement activities in each region



Targeted transport investment



Improving journey time reliability on key national and urban routes

Easing severe congestion

Making NZ more competitive through improvements to key freight and tourism routes

Improving access to markets, employment and areas that contribute to economic growth

Maximising value for money and a long term focus

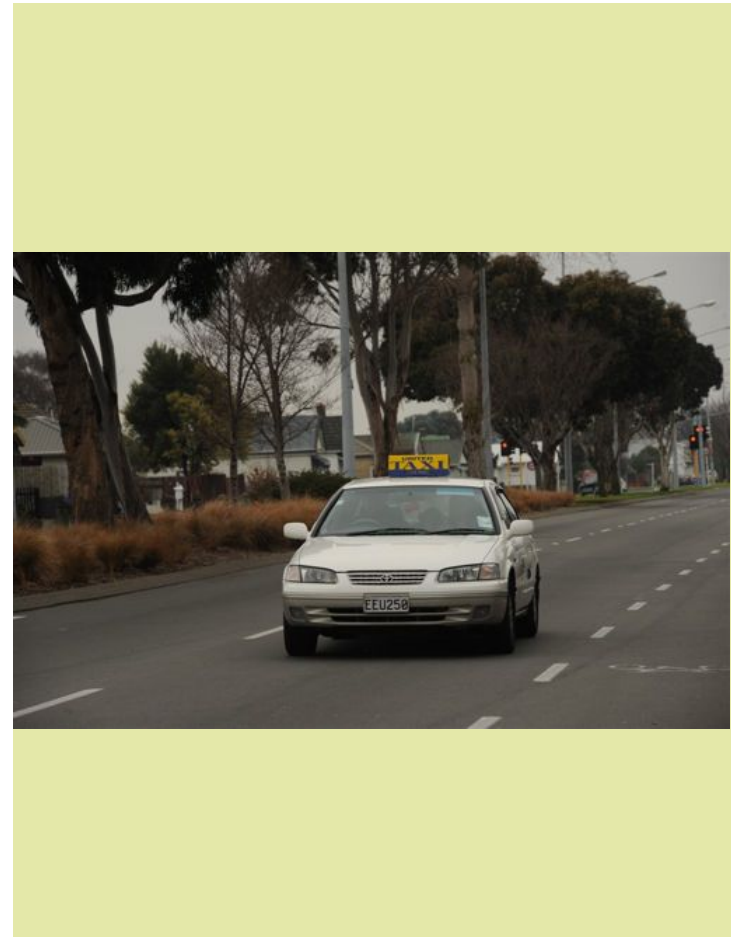
- Maximise value for money
 - Selecting the highest priority activities to develop
 - Prioritising funding to the highest priority activities
- Primary (long term) focus for state highways on RoNS
- Two challenges for the future:
 - To improve effectiveness of PT services to deliver value for money
 - Ensuring transport studies deliver implementation plans focused on key priorities



Getting the best ROI for public money

Three criteria help us determine the funding priority for projects:

- Strategic fit
- Effectiveness
- Economic efficiency



Getting the best ROI: Changes to R funding

In the past – R funding funded lower priority projects

- Not good value for money

Use of R funding changed to ensure good value from public money invested in land transport

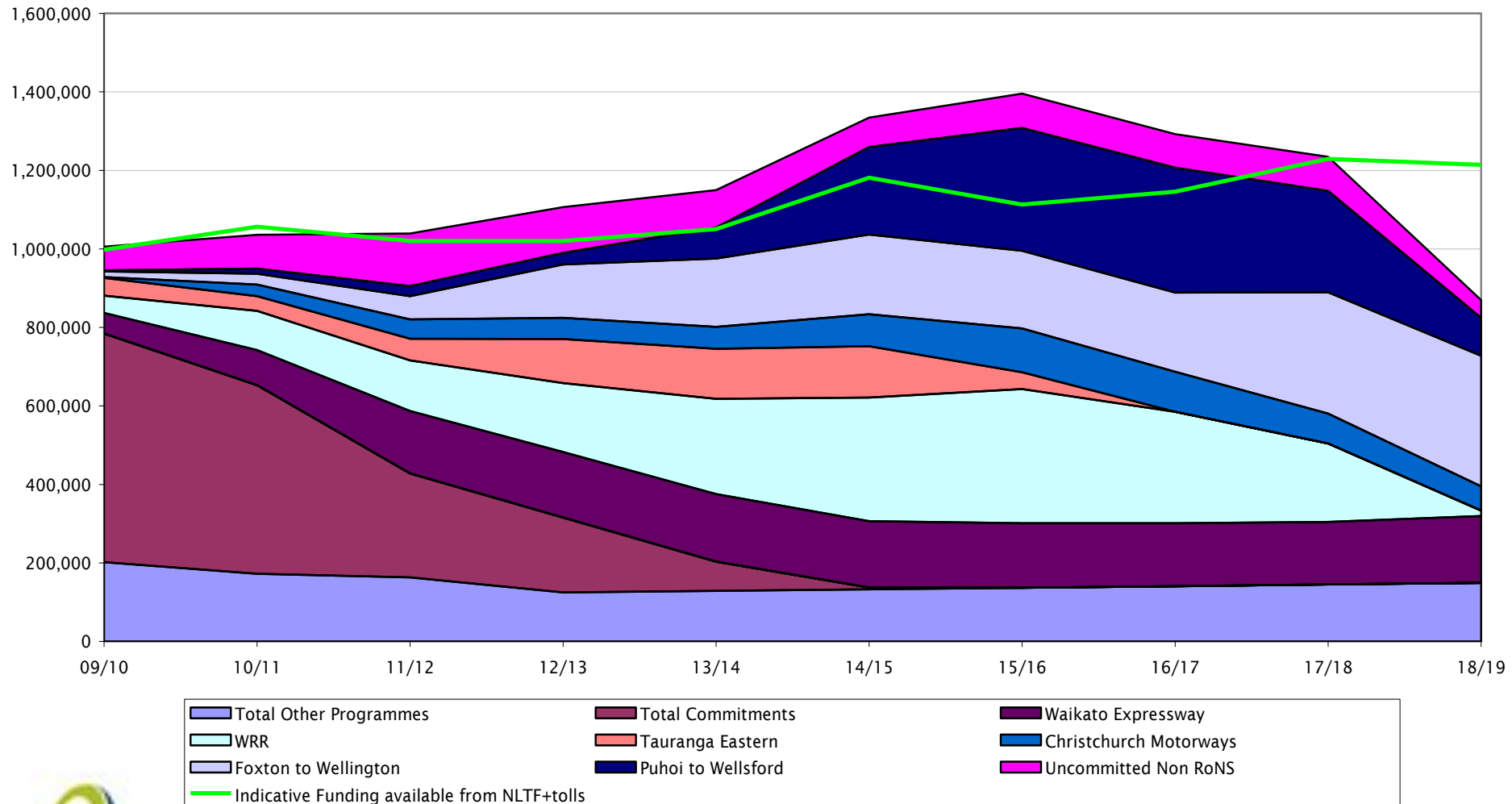
- Guaranteed minimum level in each region
- Used for highest priority improvement projects
- N funding added for road maintenance and renewals

Roads of National Significance (RoNS)

- RoNS – step change in approach to transport planning
 - RoNS are lead infrastructure that encourage growth
 - Good infrastructure planning encourages growth
 - Step up in first 3-year period – further step up in the next 3-year period
- Prioritising RoNS will grow economy and productivity in largest cities
 - Journey times, congestion, freight and tourism to benefit from more efficient and safer key routes
- RoNS complemented by improvements to key arterial roads and urban PT networks
- We aim to substantially complete current RoNS in 10 years



RONs over ten years



Active programme management required

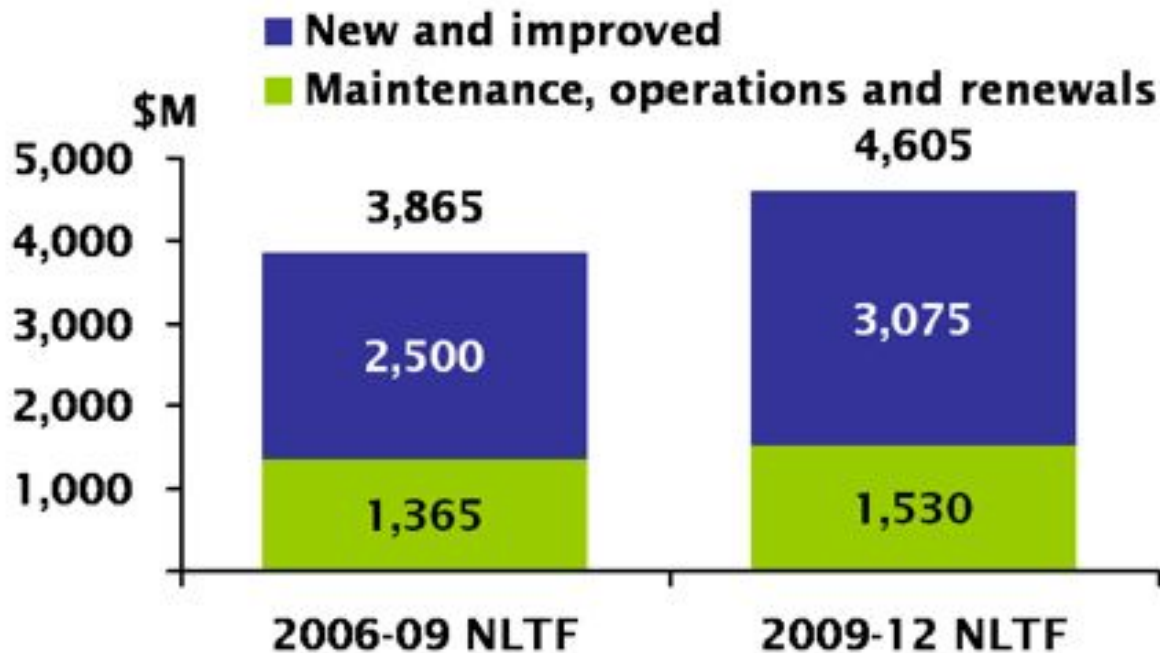
- Ambitious programme: NZTA and ‘approved organisations’ to
 - Actively manage programmes to stay on target
 - Ensure activities give effect to GPS
 - Improved programme management of transport planning and block allocations to ensure value for money decisions
- Step up in funding for Operations and Maintenance (local roads)
 - 2% - then flat line
- Step up in funding for public transport
 - 3% - then flat line

Regional priorities important building block

- Regional priorities helped shape national priorities
- Prioritisation of activities in RLTPs are essential building blocks for NLTP
 - Many regional priorities aligned with NLTP
- Greater investment in some areas where key expectations met
- RTCs will continue to play vital role
- NZTA support will continue

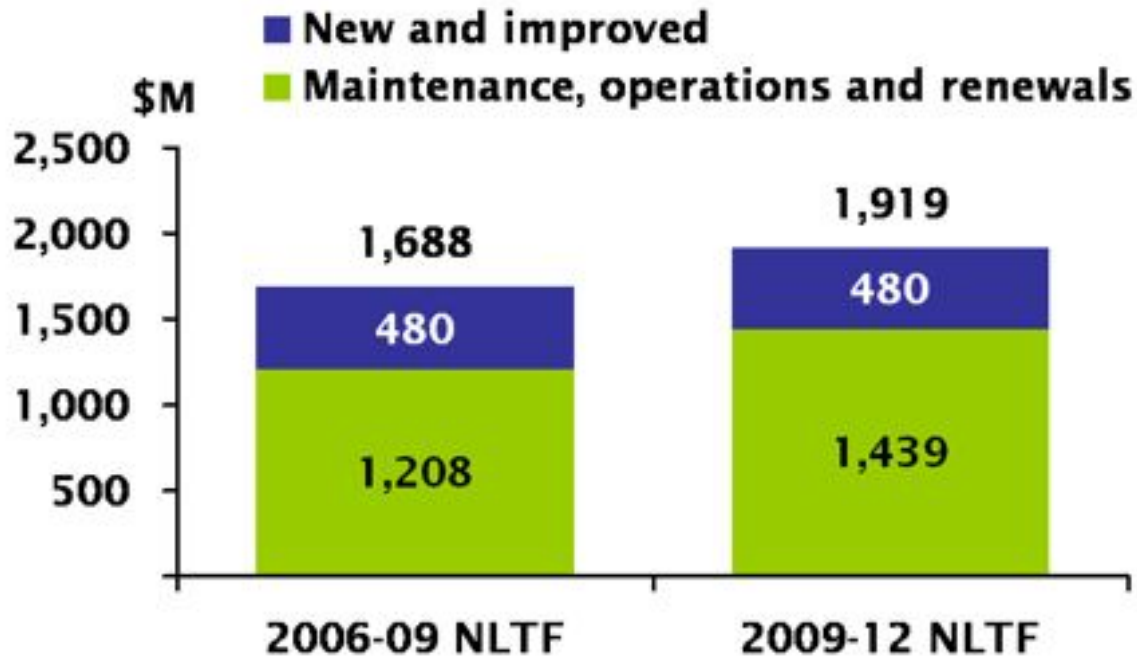
Expenditure by activity class

State highways



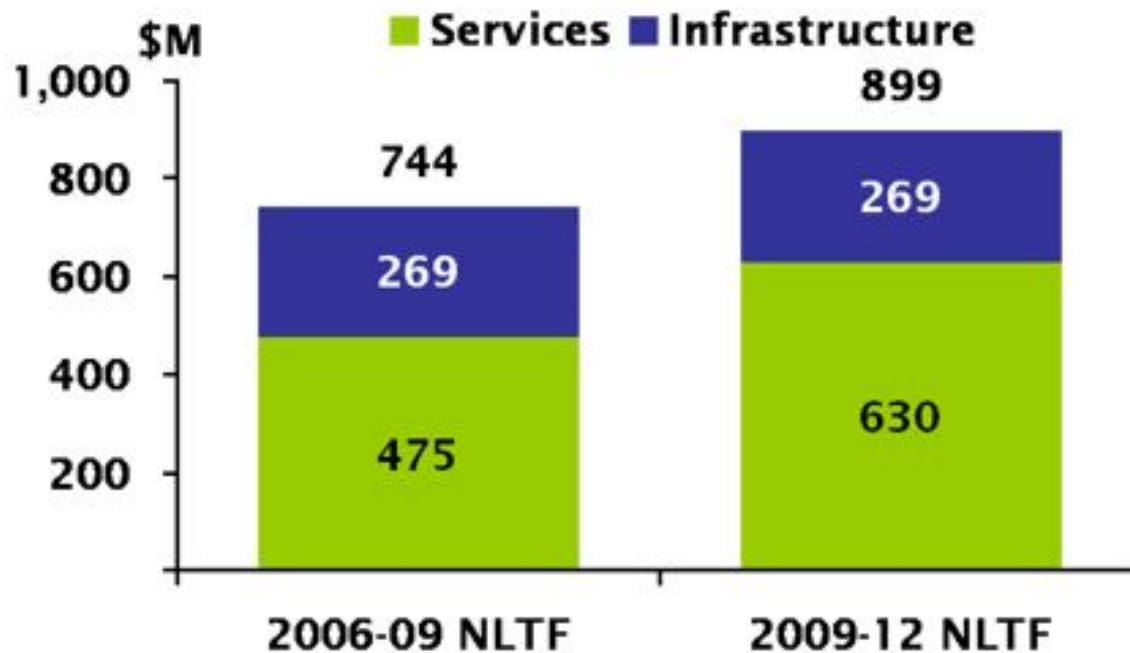
Expenditure by activity class

Local roads



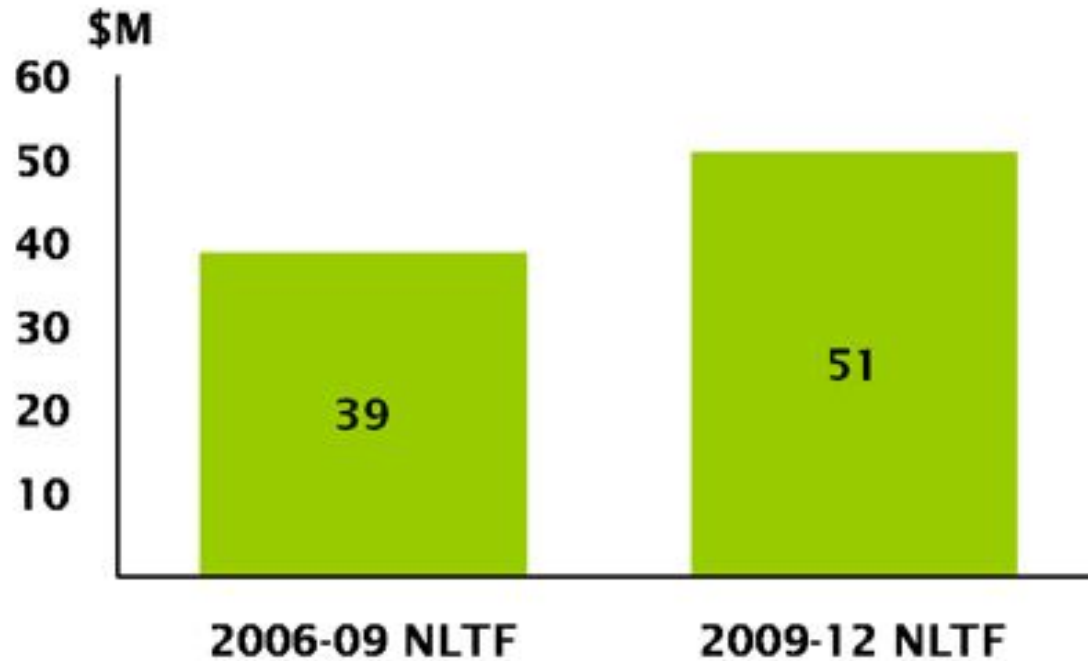
Expenditure by class

Public transport



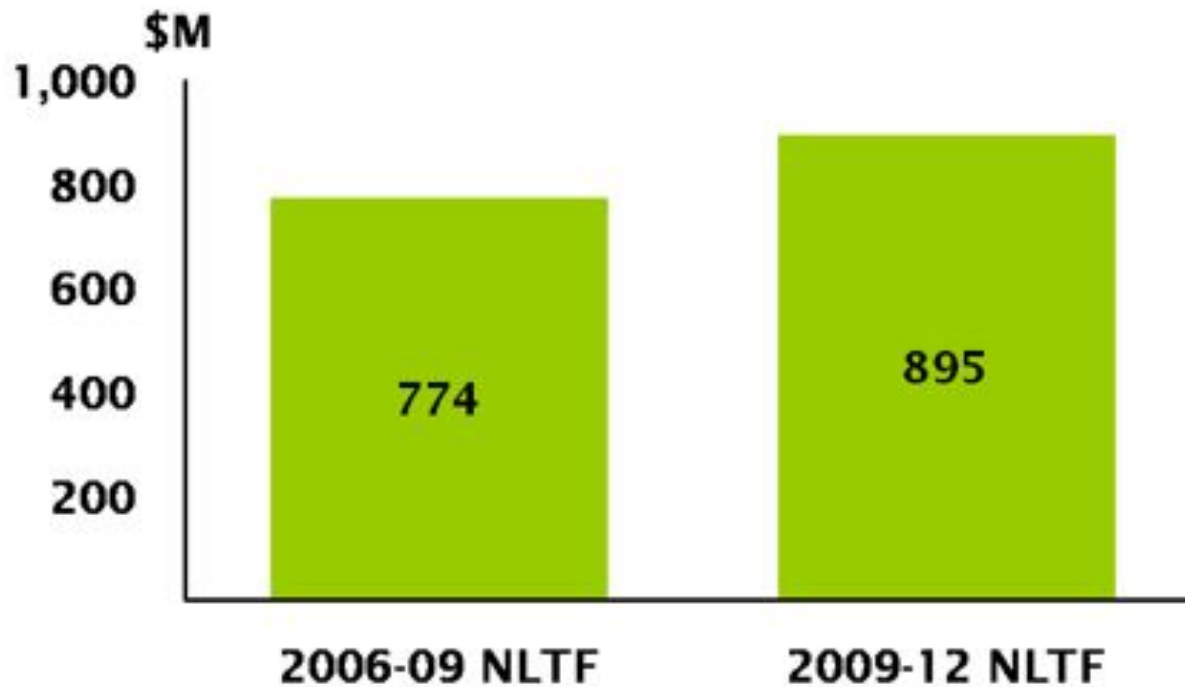
Expenditure by activity class

Walking and cycling



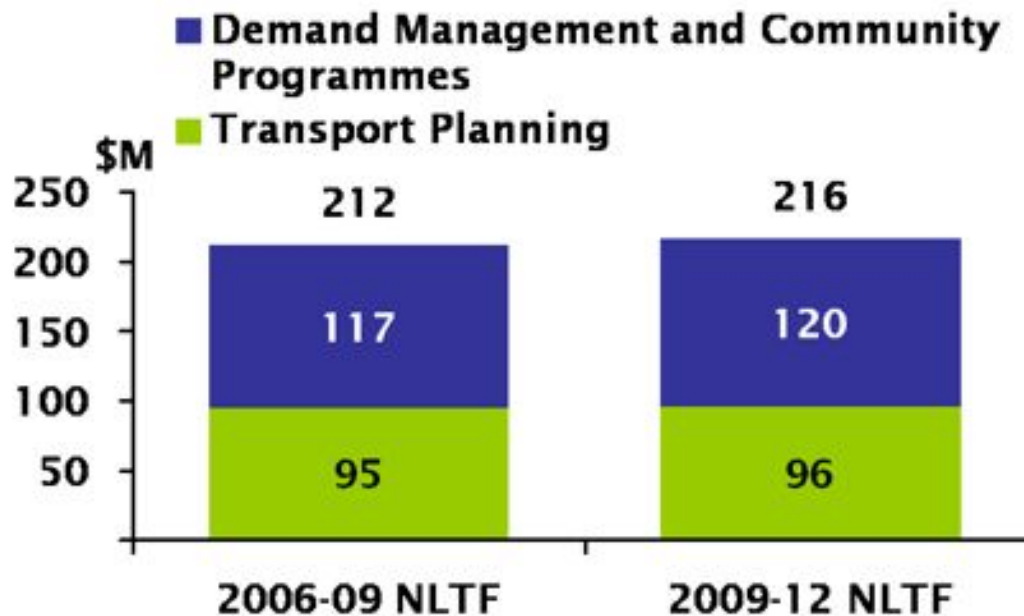
Expenditure by activity class

Road policing



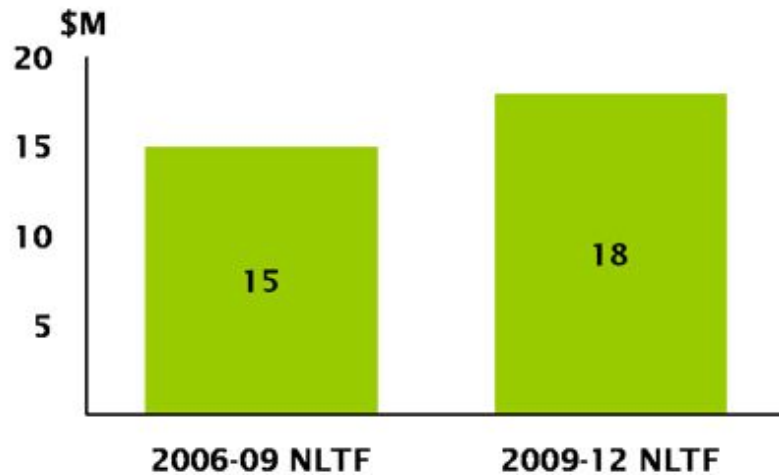
Expenditure by activity class

Demand management - Community programmes - Transport planning

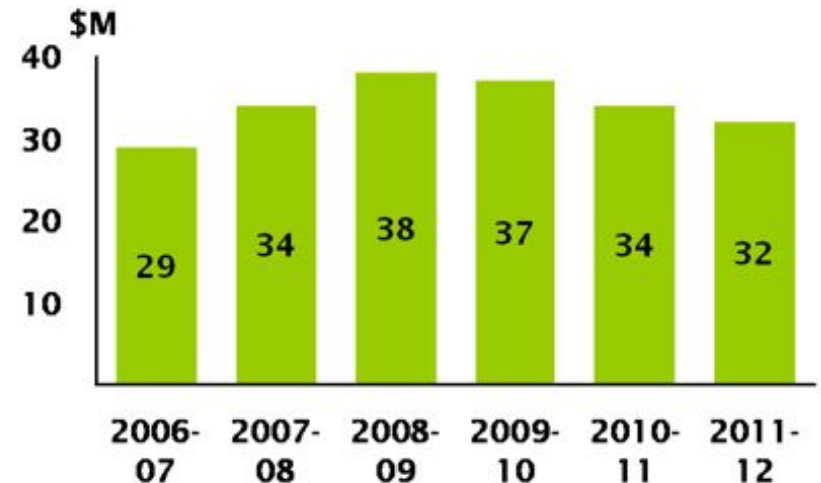


Expenditure by activity class

Sector training and research



Management the NLTP



Moving forwards

Allocating R&N funds

Three-year fixed budgets

Programme management

Programme variations

Allocating R & N funds

NZTA expects to fund the highest priority activities first to maximise value for money

- R funds allocated first
 - to the highest priority activities
 - In national priority order
- N funds then allocated
 - to the next highest activities in each activity class
 - until the activity class allocation is fully allocated
 - Considering the probability of cat 2 activities proceeding, and uncertainties in profile



R funding

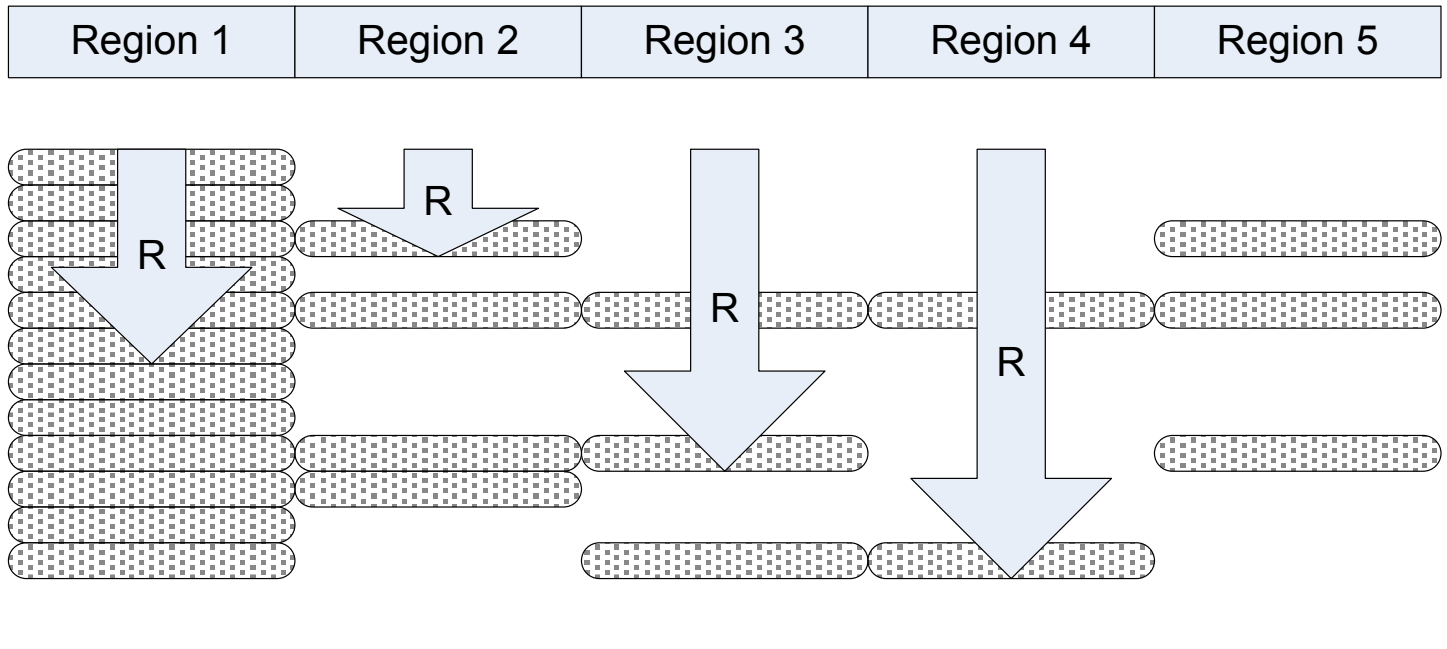
Step 1: List activities in priority order

Region 1	Region 2	Region 3	Region 4	Region 5
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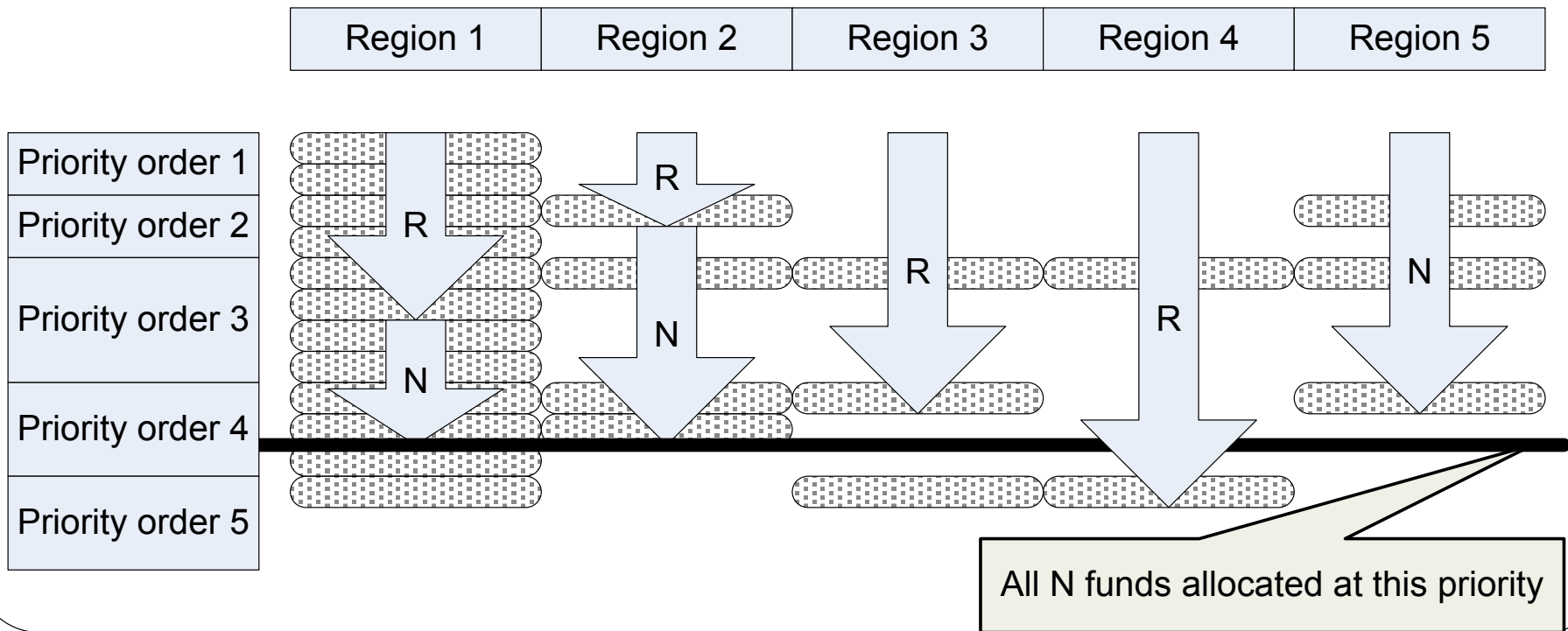
Priority order 1	[Activity]				
Priority order 2	[Activity]	[Activity]	[Activity]	[Activity]	[Activity]
Priority order 3	[Activity]	[Activity]	[Activity]	[Activity]	[Activity]
Priority order 4	[Activity]	[Activity]	[Activity]	[Activity]	[Activity]
Priority order 5	[Activity]	[Activity]	[Activity]	[Activity]	[Activity]

Activity [Activity]

Step 2: Allocate R funds available to the highest priority activities in each region



Step 3: Allocate N funds to the next highest priority activities in all regions



Step 4: Assign indicative funding sources to activities in each region

	Region 1	Region 2	Region 3	Region 4	Region 5
Priority order 1	R				
Priority order 2	R	R			N
	R				
Priority order 3	R/N	N	R	R	N
	R/N				
	R/N				
Priority order 4	N	N	R		N
	N				
Priority order 5	N			R	

Practical limit for N funding when not all category 2 projects proceed

Funding groups

Group budgets provide funding for three years

- NZTA has allocated funds to be spent on high priority activities over three years
- Annual cashflow sets budget limit
 - Can be varied
 - Should be delivered
- Funds allocated to the highest priority activities in the group
- Funding approval is a matter between the Council and NZTA regional office



Three year fixed budgets

Three year budgets are for fixed amounts

- The budgets set the expected expenditure
- They reflect the funding available
 - They are not index adjusted
 - There is no inflation reserve
- Context
 - Reduced input price pressures
 - Reduced tender prices
- Programme managers expected to manage
 - Works to programme and budget
 - Normal levels of price movements



Programme management

We need to deliver activities to programme

We want the maximum transport benefit for the funds available

- All available funding should be expended on high priority activities
- We need to understand the expected progress on funding approved and future activities

We need to manage revenue and expenditure risk

- We have over allocated NLTF funds
- We need to control expenditure risk

We will review and report progress to programme

Programme management

The NLTP will be managed over three years

- The NLTP is dynamic
 - It will be varied
 - Its status will be reported on the NZTA website
- Most transactions will be managed between a Council and the NZTA's regional office
- We expect to
 - Receive and consider programme variations
 - Receive and consider funding applications
 - Review the NLTP in light of Councils annual plans





Any questions?