



NZ TRANSPORT AGENCY
WAKA KOTAHI

Operational Policy Developments - What's on the horizon

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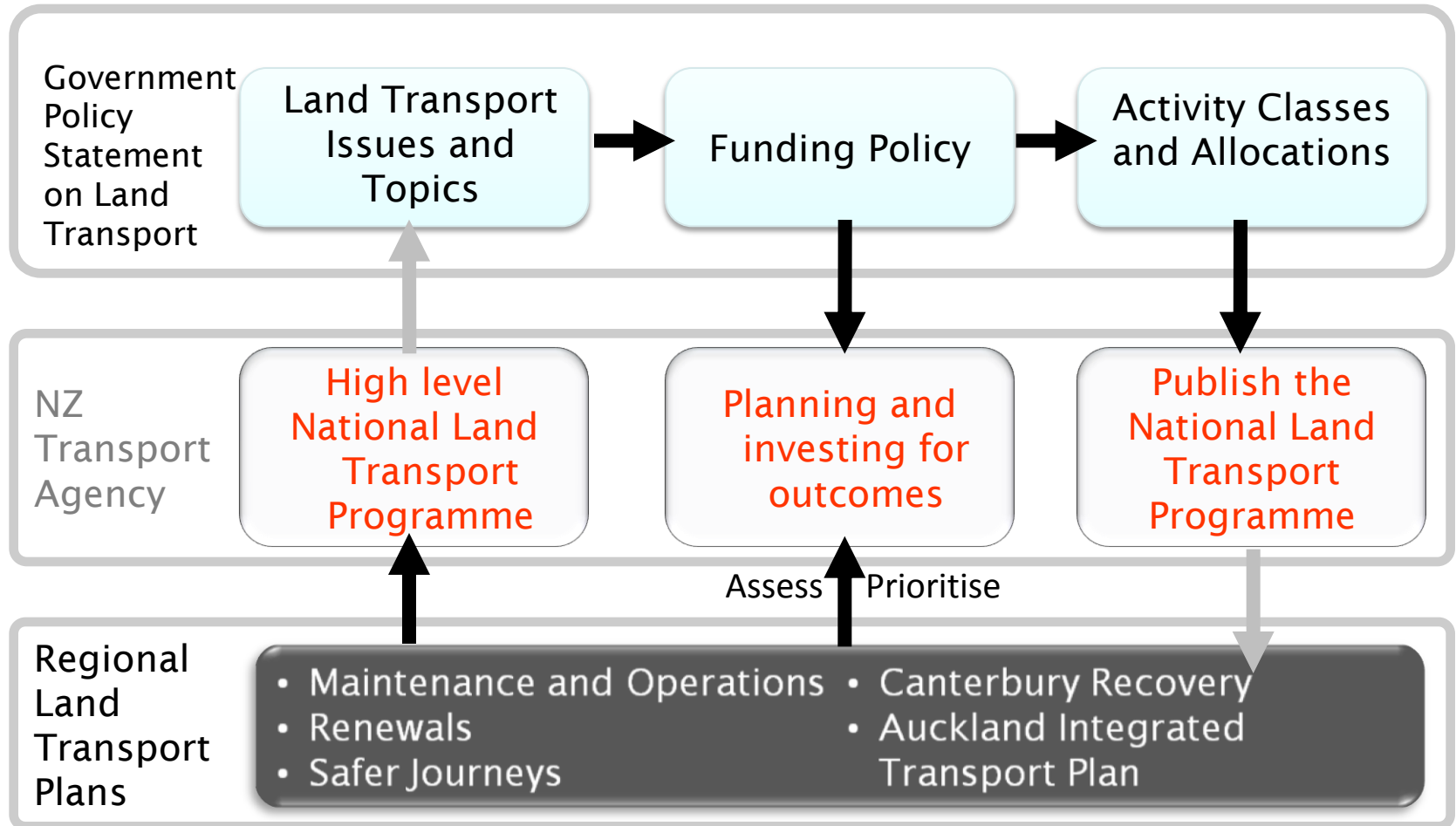
Friday 6 September 2013

New Zealand Government

What I'm going to cover

- Development of the 2015-18 NLTP
- Adoption of a Business Case approach
- Changes to the Economic Evaluation Model
- Funding Assistance Rates (FAR) Review
- Roading Efficiency Group

Government Policy Statement



NLTP Development

GPS is the main driver

Key government policies and programmes expected to continue:

- Economic growth and productivity
- Freight initiatives
- RoNS
- Safer Journeys
- Growing Canterbury

Other influencers:

- Auckland initiatives
- Revenue issues
- Transport Agency's own Strategy
- Network resilience

2015-18 NLTP Key Milestones

NLTP TIMELINE	SEP 13	.....	JUN 14	JUL 14	.....	SEP 14	.....	DEC 14	.....	FEB 15	.....	APR 15	MAY 15	JUN 15	JUL 15
	GPS	—————													
Indicative activity Class Levels	—————														
Funding Assistance Rates	—————														
Board Approve Investment & Revenue Assessment Framework	—————														
Develop Transport Plans				—————											
Develop and Consult Draft RLTP						—————									
Develop and Approve RLTP										—————					
RLTP Published															---
Board Adopt NLTP															---
Launch NLTP															—

What is the Business Case Approach?

Transport Agency reviews of transport planning and project development in 2012 recommended adoption of a Business Case approach aligned to Treasury's Better Business Case.

It is:

- A structured way of, step-by-step, building up an investment story
- A way of working together
- A process, not just the product



"C'mon, put some muscle into it...we're not getting anywhere!"



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When Does It Apply?

Approved Organizations (including Transport Agency):

- Encouraged to begin to transition from July 2013
- Applies to improvements programmes
- Can inform better asset management (linking with the REG)

National Land Transport Programme

- Expectation that programmes/projects forming the 15/18 NLTP will mostly be in the BBC form
- Already significant interest from organisations to use as good practice approach

More information on the Business Case approach?

Contact your local Transport Agency Planning and Investment representative to discuss how it might relate to your programme

Planning and Investment Knowledge Base: www.pikb.co.nz

Key changes to the Economic Evaluation Model (EEM)

Key changes (policy and structure) include:

- Discount rate reduced (8% - 6%)
- Evaluation Period extended (40 years)
- No default traffic growth
- Value-of-time equity between models (PT v Cars)
- More WEBs (Now agglomeration: adding imperfect competition, increased labour supply)

Other EEM changes

- o More consistent approach (across procedures)
- o Sensitivity testing (better application)
- o Modeling expectations

EEM workshops

Industry wide workshops before the end of the year

Subjects covered:

- o EEM changes
- o Better practices expected for economic evaluation

Synergy with the adoption of the Business Case Approach in advance of the next NLTP (2015-2015)

Funding Assistance Rates (FAR) Review

- Provisional framework has been set developed
- Align the FAR system to our planning and investing for outcomes approach
- The next stage developing an understanding of how provisional framework might work in practice



Overall co-investment rate

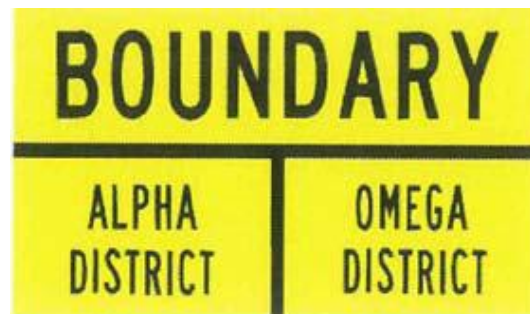
A set overall NLTF co-investment rate



Different FARs for some AOs

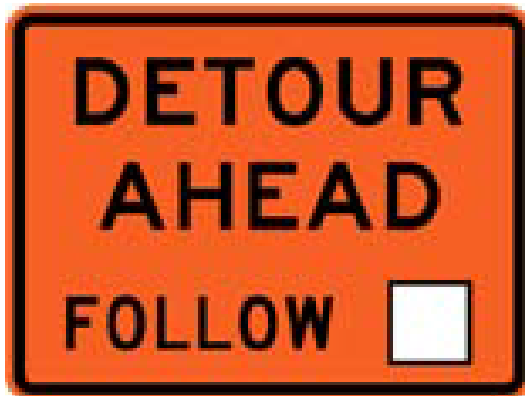
Some AOs (approved organisations) would receive a funding assistance rate that was above this overall co-investment rate to take into account factors that materially affect their ability to deliver land transport outcomes

Consequently, other approved organisations would receive a funding assistance rate that was below the overall co-investment rate



Targeted, enhanced rates

Ability to use targeted enhanced funding assistance rates for time limited periods



Fit for purpose standards



National Land Transport Fund revenue only used towards achieving fit for purpose standards



Discussions with stakeholders

We will be having a range of discussions with stakeholders across the country between now and next February.

The focus of discussions over September and October will be at the technical level to help shape up options.

Last quarter of 2013 and first quarter of 2014 –

- formal consultation on an Options document
- will contain information on the impacts of the different options on individual AOs



<http://www.nzta.govt.nz/consultation/far-review/docs/far-glance.pdf>



Focussing on Efficiency

Roading Efficiency Group – managing and maintaining the road network more cost effectively and efficiently



Thank you for your time!

Questions?