

2021–24 NATIONAL LAND TRANSPORT PROGRAMME (NLTP)

INVESTMENT SIGNALS – JULY 2021

Moderation of improvement activities

- In June we held final moderation workshops on the low cost low risk programmes and improvement activities that were submitted for inclusion in the 2021–24 National Land Transport Programme (NLTP).
- Thank you for providing us with quality information and well-evidenced submissions to support the moderation process. We acknowledge the significant work that went into preparing these bids and ensuring your programmes were realistic and maintained levels of service.

Investment signals

- The National Land Transport Fund (NLTF) revenue forecast is \$13.5 billion. Of this, \$6.2 billion NLTF funding has already been allocated to road maintenance and public transport service programmes. This is in line with the Waka Kotahi Board's focus to maintain existing levels of services ahead of investing in new activities.
- A significant portion of forecast revenue is also set aside for projects that are already approved or under construction. This will use much of the remaining available funding.
- Across all six improvement activity classes, there is only about \$1.1 billion NLTF funding available for new projects. We have received bids worth \$4 billion for this NLTF share.
- With every NLTP there are always more bids for funding than there is available NLTF funding. However, this year the funding is more constrained than ever and we'll have to make some difficult funding decisions.

Activity class overviews

- There is limited funding available for new projects in the state highway and local road improvements activity classes. In state highway improvements funding is largely committed to existing projects and debt funding.
- The walking and cycling activity class has very limited funding available for low cost low risk or improvement activities. However, we will continue to progress key business cases so that we have projects ready for implementation should funds allow.
- Within the public transport infrastructure activity class, there is a high number of large projects seeking funding and we will not be able to fund many of these. Some of these projects are included in the new Rail Network Investment Programme (RNIP), which was recently agreed by Ministers. RNIP projects will have the first call on funding from this activity class, and there will be limited funding available for other new public transport projects.

- The Road to Zero activity class has more discretionary funding available than most of the improvement activity classes but our spend will only be at the bottom of the Government Policy Statement for land transport 2021 (GPS) range over the 2021–24 period.
- There are challenges to deliver on all the outcomes being sought through the GPS. We must invest to at least the bottom limit of each activity class. Our constrained funding situation and the expanded range of activities that the NLTF now funds, means we can only target the bottom of each activity class for the 2021–24 NLTP.
- Another important consideration is how we meet 10-year investment expectations for the four Government commitments in the GPS. This will be particularly important in deciding how best to phase delivery of the Auckland Transport Alignment Project (ATAP), Let's Get Wellington Moving (LGWM) and the Road to Zero investment programmes, as funding becomes available over time.
- Remember that the NLTP is a snapshot in time. Project spending can vary and revenue can change, so the NLTP will continue to change to reflect differences in expected cashflows.
- Some projects that are not included in the 2021–24 NLTP may be able to be approved later in this three-year NLTP period. Conversely, if revenue decreases and project spend is higher than expected, there may not be the funding for all projects to proceed.

The moderation process

- During moderation we evaluated and challenged how activities were assessed to ensure a nationally consistent and fair approach was taken across all funding proposals. Ministry of Transport officials and local government representatives attended the moderation workshops as observers.
- Decision-making also considered the prioritisation projects were given in final Regional Land Transport Plans and how activities aligned with the GPS.

Next steps

- We are now developing draft recommendations for the improvement activity classes and for low cost low risk programmes. We will take these recommendations to our Board who will then make the final decisions when they adopt the NLTP in late August.