

# Planning and Investing for Outcomes: Update for Regional Transport Committee Conveners – NZTA Central Region

May 2012

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## Government Policy Statement 2012

### GPS Engagement

The Ministry of Transport (MoT) has engaged with key stakeholders, on behalf of the Minister of Transport, on the direction of the next Government Policy Statement (GPS). Views were sought from Local Government New Zealand and representative groups of land transport users and providers. The engagement period ended on 27 May 2011.

The Land Transport Management Act (LTMA) does not require the Minister to consult stakeholders (other than the NZ Transport Agency) when preparing the GPS, therefore this was a feedback rather than formal consultation process. The feedback will be analysed and the Minister provided with a summary of issues. GPS 2012 will then be prepared and considered by Cabinet before publication. GPS 2012 is expected to be issued by the Minister of Transport in early August this year.

### What is the direction planned for GPS 2012?

In GPS 2012, the Minister of Transport proposes to broadly continue the overall direction set by GPS 2009. To continue this direction and better support future economic growth, some changes to GPS 2012 are planned.

Three key priorities will be emphasised in GPS 2012, these are:

#### **A strong and continuing focus on economic growth and productivity.**

The government's investment in land transport should support increased economic growth and productivity in New Zealand. This includes providing any ongoing support necessary to repair the land transport system in Canterbury over the next 3 years alongside continuing to improve the State Highway network, particularly through the RoNS (Roads of National Significance) programme.

#### **Value-for-money.**

As with other areas of public spending, land transport services should be delivered better and smarter. Asset management will be improved to boost the performance of roading infrastructure. Although value-for-money is stressed in GPS 2009, its focus is on the initial selection of projects and activities. GPS 2012 will make it clear that getting more out of what is spent is an expectation.

## **Road safety.**

Road safety is a transport priority for the government, This will be reflected in the GPS so that the direction outlined in Safer Journeys, the government's road safety strategy, will be supported through the next National Land Transport Programme (NLTP).

## **Summary of proposed funding allocations**

Two activity classes would increase:

- New and improved Infrastructure for State highways
- Public transport services

The funding ranges for six activity classes would allow expenditure to be broadly maintained at the same nominal level as for 2011/12. These activity classes are:

- Renewal of State highways
- Maintenance and operation of State highways
- New and improved infrastructure for local roads
- Renewal of local roads
- Maintenance and operation of local roads
- Road policing

For four activity classes the ranges would reduce expenditure from 2011/12 levels.

- Sector training and research
- Transport Planning
- Management of the funding allocation system
- Road user Safety

No change for the Walking and Cycling activity class.

# **NZTA Investment and Revenue Strategy**

The purpose of the Investment and Revenue Strategy (IRS) is to ensure that the NZTA gives effect to the GPS and the requirements of the Land Transport Management Act 2003 in the allocation of funds for the National Land Transport Fund (NLTF). The IRS sets out the prioritisation frameworks used in the development and on-going management of the NLTP. NZTA has revised the existing prioritisation framework to take account of the activity class reviews carried out to date.

In summary, the key recent changes made to the IRS are:

Prioritising investment towards:

- the Safer Journeys road safety strategy (including adopting a "safe system" approach) and reducing deaths and serious injuries
- Relieving severe congestion in major urban areas and improving journey time reliability
- Optimisation of the network and services
- Key tourism and freight routes, including those for High Productivity Motor Vehicles
- Prioritising transport planning, research and training investment towards that spend that makes the greatest contribution to priorities in other activity classes and those above
- Encouraging integrated planning approaches (consistent with the NZTA Integrated Planning Strategy).

The IRS will be comprehensively reviewed to give effect to the 2012 Government Policy Statement on Land Transport Funding. The outcome of this review will be reported back to the NZTA Board at its August 2011 meeting and will be published thereafter.

## Discretionary funding

### Pre-GPS

There is limited discretionary funding available for the next NLTP period; that is after providing for the core programme activities of road operations and maintenance and passenger transport services. The key messages around this are:

- Any discretionary funding needs to be targeted to high priority activities that will deliver the outcomes we seek and achieve best value for money.
- Re-tendering of contracts should provide an opportunity to align with the priorities for the maintenance, renewal and operations activity classes.

It is difficult to provide exact figures for the next NLTP, particularly on a regional basis for the amount of discretionary funding available because this is dependent on:

- The revenue availability for the next NLTP (Please note that the 2012-15 NLTP will be based on the March 2012 revenue forecast).
- The NZTA's debt position
- The amount of emergency works undertaken
- Cost scope adjustments

### Post - GPS

After the GPS has been released the NZTA will release its IRS. This will be embedded in the Knowledge Base assessment framework and give Approved Organisations more clarity on investment expectations.

An early release of the GPS will allow more informed analysis around budget expectations to be developed. We will also provide performance information for each region, matched against forecast investment and benefits, to assist with the negotiations.

## Assessment Framework

The NZTA's assessment framework will assist AOs and the NZTA to assess and prioritise strategies, packages, programmes, projects and other activities. The framework and priorities will be used by the NZTA in developing the NLTP and to make subsequent investment decisions. Assessment using the Assessment Framework involves rating strategies, programmes, packages, projects or other activities across three factors:

- strategic fit of the problem, issue or opportunity that is being addressed
- effectiveness of the proposed solution
- economic efficiency of the proposed solution (not required for assessment of strategies).

The NZTA encourages Approved Organisations and Regional Transport Committees (RTCs) to use the NZTA's Assessment Framework to assess activities and combinations of activities proposed for inclusion in their

transport programmes and Regional Land Transport Programmes (RLTPs). If Approved Organisations and RTCs use the same Assessment Framework to assess activities for inclusion in the RLTP, there is more likelihood that these activities will be aligned with NZTA's strategic objectives and, therefore, it will be easier to determine if they meet the criteria for inclusion in the NLTP.

The NZTA's eight Statement of Intent impacts are prioritised within the IRS and subsequently in the Assessment Framework (assessment factors of Strategic Fit and Effectiveness). Therefore the Assessment Framework is what strategies, packages, programmes, projects and other activities should be assessed against. To ensure we invest in outcomes it will be important that we monitor and report against how our investment contributes to both the eight SOI. We are looking to invest in activities and combinations of activities that trend towards achieving all eight SOI impacts.

It is the role of Regional Transport Committees on behalf of Regional Councils to develop RLTPs. Our role is to provide advice around how investment will be prioritised and also help shape what is included in RLTPs. It is not our role to dictate what is included and what is excluded.

The Planning and Investment Knowledge Base will go live June 2012, Detailed process maps, guidance and timelines will be provided on AO Land Transport Programmes, RLTP and NLTP development. There will be a staged introduction of the Knowledge base with certain sections, such as integrated planning, going live in June.

## Planning and Investing for Outcomes

Planning and Investing for Outcomes aims to achieve the best investment return for transport system users. It is about influencing planning early so that we get robust well integrated investment proposals. A key consideration is the relationship between our investment and the transport outcomes that are realised. These outcomes are identified as impacts within our Statement of Intent.

### **NZTA SOI impacts (aligned with the GPS impact areas)**

- Better use of existing transport capacity
- More efficient freight supply chains
- A resilient and secure transport network
- Easing of severe urban congestion
- More efficient vehicle fleets
- Reductions in deaths and serious injuries from road crashes
- More transport mode choices
- Reductions in adverse environmental effects from land transport

## How do we invest in outcomes?

