

stepping forward

NEWSLETTER



NZ TRANSPORT AGENCY
WAKA KOTAHI

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Managing activities to programme and budget



The NZ Transport Agency (NZTA) has announced its record \$8.7 billion investment in land transport over the next three years and approved organisations are already hard at work, analysing the impacts and scope of funding allocations to their regions, cities and towns, and planning the implementation of their approved programmes and projects.

Brian Roche, Chair of the NZTA Board, said at the launch, 'We are committed to getting the best possible return for New Zealand on our investment of public money. We've therefore prioritised activities across and within activity classes that will help achieve the impacts set out by the Government Policy Statement on Land Transport Funding.'

'In determining whether a transport activity should be approved for funding and to prioritise the activities we fund, we have used three key criteria: strategic fit, effectiveness and economic efficiency. During the prioritisation process, the NZTA placed the greatest weight on strategic fit, followed by economic efficiency and then effectiveness.'

The fact that the 2009-2012 National Land Transport Programme (NLTP) represents a 17 percent increase from the previous three-year period has been widely welcomed as it provides a significant boost to the goal of delivering benefits for New Zealand, such as economic growth and productivity.

To achieve these outcomes, the NZTA has allocated funds to be spent on high-priority activities over three years. These allocations set the expected expenditure and reflect the funding available.

Controlling price movements while managing activities

Dave Brash, the NZTA's Group Manager Regional Partnerships and Planning, says approved organisations have a challenging task ahead when they will be working towards managing their activities to programme and budget, while also controlling price movements over the three-year period.

'We have fully allocated funds from the National Land Transport Fund to the activity classes through this ambitious NLTP. In addition, the cost of the activities submitted for the NLTP exceeds the funds available, so naturally we need to pursue the maximum transport benefit for the funds available. To this end, it makes sense to ensure the funding is allocated to the highest priority category 2 activities as they are brought forward for funding approval.'

'It is important that we understand the expected progress on funding approved and on future activities. Therefore, it would be appropriate to manage and control the revenue and expenditure risks well,' Dave says.

Low inflation – more value for money

Dave reminds programme managers that the budgets have not been index adjusted and do not include a reserve for inflation.

'The reality is that we are currently experiencing reduced input prices through lower inflation as reflected by the NZTA's cost adjustment factors, which were lower in June than a year ago. Lower tender prices are also being received due to increased competition. What this potentially could mean is that organisations can purchase more works for the same amount of money than they could in June 2008.'

The NLTP is a dynamic programme and will be varied during the three-year period.

'The NZTA is expecting to receive and consider programme variations and funding applications, and we will also review the NLTP in light of any changes arising from councils' annual plans. During this time, the status of the activity classes and activities in the NLTP will be reported on the NZTA website.

'Looking ahead, the new three-year timeframe for this NLTP allows for investments with a longer-term view, and it allows local government and the wider land transport sector to plan ahead with increased confidence,' says Dave.

New reporting tool makes it a bit easier

Do you need to display 2009–2012 NLTP data per activity class, region or other subcategory? Or how about viewing project funding information for the next three years?

It is now much easier to do so with the NZTA's new [NLTP Activities Reporting Tool](#), and in the near future approved organisations will also be able to view the changing status of some projects in the NLTP as these activities are submitted and considered for funding approval.

Considering that this NLTP represents 17 regional programmes, made up of maintenance, renewal and public transport programmes from about 90 approved organisations and the NZTA for state highway activities, as well as hundreds of improvement projects, an interactive tool was clearly required to use the documents to the highest effect.

The [NLTP Activities Reporting Tool](#) makes it possible to:

- look at project funding information for the next three years
- look at LTP data per activity class, region or other sub-category
- generate documents (Word or Excel) with tables for use in a report
- monitor progress after each NZTA review (under development).

The Progress Report function of this tool is still under development. Over the coming months, this function will allow users to view the funding status of some projects in the NLTP.



National and regional NLTP documents

The NLTP 2009–2012's primary focus is a series of targeted investments that will help to address the important challenges New Zealand faces with land transport – in particular, improving the efficiency of key transport routes, easing severe congestion in key urban areas, upgrading important freight and tourism routes, and improving safety and access to markets, employment and areas that contribute to economic growth.

The NLTP and the 17 regional NLTP documents are downloadable from a [new location on the NZTA website](#).

[Questions and answers](#) on the NLTP are also available on this webpage. These Q&As will be updated shortly.

Getting value for money through procurement

The NZTA has recently revised its policies and processes for procurement, and is promoting a new approach that will help the sector obtain added value for money from long-term strategic thinking in regard to procurement.

The NZTA has developed a new *Procurement manual* that provides guidance on the new procurement processes. It also contains step-by-step guidance for approved organisations to develop procurement strategies, which in turn will help to create a new procurement environment.

Given the prevailing economic climate, there is an awareness that the 2009–2012 NLTP is under substantial fiscal pressure. By embracing the new procurement environment as early as possible, approved organisations and the Highways and Network Operations Group of the NZTA could – through prudent procurement management – add value to their land transport programmes.



What should councils do?

Approved organisations can use the *Procurement manual* now to start developing procurement strategies.

By the end of October 2009, the NZTA will have engaged with each approved organisation that does not have an NZTA-endorsed strategy to agree on a timeframe for developing a procurement strategy.

After having their procurement strategies endorsed by the NZTA, approved organisations can use the approved procurement procedures in the manual. (The new procedures are already being used by approved organisations who have been participating in the pilot.)

Approved organisations can use the new procedures before they have an endorsed strategy in place during the transition period to 1 October 2010, providing they:

- document the strategic, value for money context of each procurement activity, and
- make a written commitment to the NZTA to produce a procurement strategy by 1 October 2010.

Approved organisations that would like to use the new procurement procedures before their procurement strategy has been endorsed should contact their local NZTA office.

It is envisaged that all approved organisations will have their strategies endorsed by October 2010, when the competitive pricing procedures will be withdrawn.

For more information: visit www.landtransport.govt.nz/funding/procurement/index.html or email procurement@nzta.govt.nz or contact your NZTA regional office.

Regional procurement workshops well received

Almost 200 people attended six regional NZTA workshops recently to learn more about the new procurement environment. These were held in Christchurch, Dunedin, Wellington, Hamilton, Auckland and Palmerston North.

Feedback from the workshops was overwhelmingly positive. Key feedback was that respondents found the day's discussion useful, especially being able to speak with other approved organisations and NZTA staff.

Many signalled that their follow-up action was to start reading the new *Procurement manual* and to start consulting with others over the writing of their procurement strategy.



Ian Hunter, Principal Advisor Procurement at the NZTA, said, 'It was great to see so many participants getting right in behind the purpose of the day, including a good level of participation from NZTA Highways and Network Operations staff'.

Procurement webpage updated

The NZTA's [webpage](#) on the new procurement environment has been updated.

This webpage provides background information, new [questions and answers](#) and a link to the new *Procurement manual*.

Review of efficiency of the SuperGold card



The SuperGold card's provision of free public transport began a year ago, and the NZTA is undertaking a review to ensure it is as effective as possible.

The scheme's popularity has remained steady, and SuperGold card holders are expected to have made up to 8,000,000 off-peak trips by bus, train and ferry since the scheme began. Almost 540,000 New Zealanders hold SuperGold cards, which is around 96 percent of New Zealand's population over 65. The scheme also extends to those under 65 receiving superannuation or a veteran's benefit.

The government has committed to funding the scheme for the next three years.

The NZTA is reviewing a number of its operational elements in order to ensure the scheme continues to operate efficiently and affordably. The Ministry of Transport, Ministry of Social Development and Treasury, as well as regional authorities, public transport operators and other stakeholders, will provide input to the review.

The review is expected to be completed in early 2010.

For information on the SuperGold card review, please contact the NZTA's [Dave Watson](#), Principal Transport Advisor.

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The newsletter is also available at www.landtransport.govt.nz/funding/stepping-forward/index.html.

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



For more information

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