

2021-24 NLTP MODERATION PROCESS

PURPOSE

Provide an overview of, and outline key milestones for, the moderation and optimisation of the National Land Transport Programme for Approved Organisations (AOs) and Waka Kotahi.

BACKGROUND

Waka Kotahi NZ Transport Agency is responsible under the Land Transport Management Act 2003 for setting dates for developing the National Land Transport Programme (NLTP) every three years. Under the Act, the NLTP can be adopted any time until 31 August 2021.

Investment Advisors at Waka Kotahi collaborate with Approved Organisations (AOs), and Waka Kotahi as applicant, to support them in developing their continuous programmes, Low Cost Low Risk improvement (LCLR) programme and any other improvement activities, programmes or packages that are seeking inclusion for the 2021-24 NLTP. It's important for Investment Advisors and applicants to keep in touch with each other throughout the development of the NLTP and adopt a no-surprises approach.

THE MODERATION PROCESS

During the NLTP moderation process activities will go through the following stages.

Prioritisation

Investment prioritisation is the basis for including an activity or combination of activities in the NLTP. The Waka Kotahi Board sets the investment threshold based on the funds available for the activity class and the value and priority order of all proposed activities. Depending on the amount of funding available for an activity class, activities with a priority order above an investment threshold in that activity class are included in the NLTP.

The priority order for activities is reconsidered when a request for funding approval is made. The review confirms information about costs and benefits as well as the other factors that impact on investment prioritisation.

Continuous programmes are effectively funded first, as funding decisions for continuous programmes are made for the three years of the NLTP at the time the NLTP is adopted. This provides the sector and Waka Kotahi investment partners with certainty of funding continuity for the NLTP period. Waka Kotahi expects to provide funding to all continuous programmes, and, on this basis, Waka Kotahi expects to assign priority orders to continuous programmes.

Assessment

The assessment of investment proposals and the resulting priority order will assist Waka Kotahi in determining the merits of investing to different levels in the various programmes and activities submitted.

Moderation

Moderation is an internal Waka Kotahi business process that ensures a consistent approach is used to assess all funding requests. Typically, moderation takes place in stages, focusing initially on the strategic drivers and qualitative assessment of high-level business case material. This ensures the most appropriate activities are progressed to subsequent stages with confidence. Moderation also includes agreeing conditions of funding, for example resolving outstanding issues from previous audits, which will be recommended to the board when they consider each approval.

Optimisation

In developing the NLTP, Waka Kotahi is required to optimise (that is, make the best or most effective use of) investment allocations across all activity classes to give effect to the GPS priorities and outcomes sought. While indicative allocations for continuous programmes are made ahead of the final NLTP, they are only confirmed as approved when the NLTP is published.

PROGRAMMES AND ACTIVITIES

Continuous programmes

A continuous programme is a group of activities, relating to existing assets and services, delivered on an ongoing basis from one NLTP to the next to maintain an adequate customer level of service. Activities include road maintenance, public transport and road safety partnership.

Continuous programmes may not always require stand-alone business cases. The key factor in assessing the supporting information for a continuous programme is checking that Business Case Approach (BCA) principles have been appropriately applied. Supporting information could include an activity management plan (AMP) or public transport equivalent. The programme should also be balanced against the plans and programmes of other AOs working within the same networks and systems, for example, passenger transport services (usually delivered by a regional council) alongside road network management (delivered by an AO or Waka Kotahi for state highways).

Low cost low risk programme

LCLR is a programme of improvement activities that has a three-year funding allocation across the NLTP period. Waka Kotahi expects AMPs, or the equivalent for public transport activities, to provide the overall business case for an applicant's LCLR programmes. This includes setting out its approach to addressing gaps in the existing customer level of service and optimising the programme. LCLR activities may also arise from other programme business cases, such as the Safe Network Programme.

A LCLR activity for the 2021-24 National Land Transport Programme has been defined as:

‘Any activity within an identified activity class that has a total implementation cost within the \$2 million Low Cost Low Risk threshold’

Improvement activities

Improvements are activities that increase levels of service to address an identified or significant gap in customer levels of service (CLoS) or improve the efficiency of the land transport system in delivering existing CLoS. Improvement activities can be either an individual improvement project, or a package or programme of improvement activities.

For more information on what is a programme or package of activities read this [Programmes and Packages Technical Paper](#).

FUNDING ALLOCATION BIDS AND DEADLINES

Prioritisation of programmes and activities is subject to the Waka Kotahi Board making a final decision when it adopts the NLTP. Activities are assessed for inclusion in the NLTP through a series of bid stages. Initial, firm and final bid stages have fixed deadlines to ensure that applicants get a reasonable amount of certainty, or signals, about:

- the quality of their supporting information
- how Waka Kotahi will subsequently determine the funding allocation in the NLTP.

This staged assessment and prioritisation process enables applicants to plan with greater certainty, respond to assessment feedback and adjust their evidence and/or planned programmes before the NLTP is adopted by the Waka Kotahi Board. While it is uncommon to have any material changes between the initial and final allocations, there is room for review and adjustment between these deadlines. All bids should provide evidence-based proposals that demonstrate the BCA principles.

| What | Timeline | Description |
|---|-----------------------------------|--|
| Self Assessment - initial bids | 21 Sept 2020 | Applicants should complete a self assessment of their continuous programme bids against the appropriate investment quality assurance questions. |
| Initial bids – Continuous Programmes | 21 Sept 2020 | Critical in providing Waka Kotahi and regional transport committees (RTCs) a first look at funding proposals. Initial bids are expected to be a robust, realistic signal of the investment proposal. |
| Initial submissions – new improvement activities | 21 September until the 30 October | By the end of October 2020, we will require applicants submit their improvement activities which includes their Low Cost Low Risk programme and new activities being included the NLTP. For each new improvement activity an Investment Prioritisation Method (IPM) profile should be provided. For Low Cost Low Risk activities, the IPM profile is set at a programme level. During this step, applicants will confirm their improvement activity submissions. For continuous programmes an IPM profile is not required to be provided as a default profile is used for these programmes. Note: It is more advantageous to submit your activities and programmes early to facilitate discussions with your investment advisors, however, the hard date for submission of these activities and programmes is 30 October. |
| Feedback preliminary prioritisation and moderation - Continuous Programmes | 9 Nov 2020 | Feedback from assessors to applicants on the outcome of the preliminary prioritisation and moderation workshop in relation to their initial continuous programme bids. |
| Self Assessment – final bids | Mid Dec 2020 | Approved Organisations and Waka Kotahi should complete a self assessment of their continuous programme bids against the appropriate investment quality assurance questions. |
| Final bids – Continuous Programmes | 11 Dec 2020 | Determined through negotiations between Waka Kotahi and the applicants following submission of initial bids. For continuous programmes, funding is effective immediately at the start of the NLTP period, so all information required for Waka Kotahi assessment needs to be provided with final bids. There should be no outstanding issues. Final bids should have: |

RELEASED UNDER THE OFFICIAL INFORMATION ACT 1982

| | | |
|--|---------------|--|
| | | <ul style="list-style-type: none"> - More detail than the initial bid and be supported by more robustly developed evidence. - Local governance support for inclusion in the NLTP. - Applied the BCA in developing information and supporting evidence. - Self-evaluated that evidence using assessment of the business case models. |
| Feedback preliminary prioritisation and moderation - improvement activities | March 2021 | Feedback from assessors to applicants on the outcome of the preliminary prioritisation and moderation workshop in relation to improvement activity submission. |
| Feedback final prioritisation and moderation - Continuous programme | March 2021 | Feedback from assessors to applicants on the outcome of the final prioritisation and moderation workshop in relation to their final submissions. |
| Indicative allocations for continuous programmes | 22 April 2021 | Waka Kotahi Board agrees the indicative allocations for the continuous and Low Cost Low Risk programmes. |
| Final submissions – improvements activities | 21 May 2021 | <p>Low Cost Low Risk improvement activities</p> <p>Funding is allocated to an AO or Waka Kotahi at the start of the NLTP period. AOs or Waka Kotahi will need to have completed their three-year detailed Low Cost Low Risk programme in order to draw down their allocated funding.</p> <p>Improvement Activities</p> <p>Funding is only prioritised against new activities at the start of the NLTP period. AOs or Waka Kotahi should discuss next steps with their investment advisor.</p> <p>Note: Some business cases may have progressed sufficiently to be recommended for funding approval when the Board adopts the NLTP. Where possible Waka Kotahi should align funding approval with NLTP adoption to provide greater certainty that the NLTP represents the three-year investment programme of Waka Kotahi.</p> |
| Feedback final prioritisation and moderation - improvement activities | June 2021 | Feedback from assessors to applicants on the outcome of the final prioritisation and moderation workshop in relation to their final bids. |
| Interim funding arrangement from 1 July until 31 August 2021 | 24 June 2021 | Put in place interim funding arrangement from 1 July until 31 August 2021 for: <ul style="list-style-type: none"> • Continuous programmes • New activities (incl. low cost low risk) |

RELEASED UNDER THE OFFICIAL INFORMATION ACT 1982

| | | |
|--|------------------|---|
| | | <ul style="list-style-type: none"> Committed activities. |
| Regional Land Transport Plans (RLTP) | End of June 2021 | Receive the final RLTPs from Regional Councils which have been endorsed by Regional Transport Committees. |
| Approved NLTP | 31 Aug 2021 | Waka Kotahi Board approves the National Land Transport Plan. |
| Notify of date to publish final RLTPs | September 2021 | To appoint dates for when an approved regional land transport plans must be sent to Waka Kotahi (and other authorities) and be made publicly available. |
| Finalise the NLTP | September 2021 | Finalising messaging and facilitating the launch of the NLTP and communications. Allocation of funding within TIO against each AO and Waka Kotahi. Update status of new improvement activities. |

MODERATION AND OPTIMISATION

In developing the NLTP, Waka Kotahi is required to optimise (that is, make the best or most effective use of) investment allocations across all activity classes to give effect to the GPS priorities and outcomes sought.

Moderation is an internal Waka Kotahi business process that ensures a consistent approach is used to assess all funding requests. Typically, moderation takes place in stages, focusing initially on the strategic drivers and qualitative assessment of high-level business case material. This ensures the most appropriate activities are progressed to subsequent stages with confidence.

External observers from groups such as the Transport Special Interest Group, which is drawn from regional councils, are permitted to attend each of the workshops.

Moderation Timeline

| Stage | Timeline | Description |
|--|-----------------|--|
| Setting the scene | 6 October | Setting the scene is about obtaining a view of the upcoming NLTP from a strategic lens and provides an initial view of the pressures within the system. The workshop analyses AO and Waka Kotahi bids and submissions to provide a view across the activity classes on the committed and available funding. |
| Continuous programmes - preliminary prioritisation and moderation | 9 November 2020 | Preliminary prioritisation and moderation is to challenge the continuous programme bids including a focus on the quality of the supporting information. An initial moderation of the continuous programmes is undertaken. |

| | | |
|---|------------------|--|
| Resetting the scene | 16 November 2020 | Resetting the scene is about updating our view of the NLTP from a strategic lens. The workshop analyses AO and Waka Kotahi bids and submissions to provide a view across the activity classes on the committed and available funding. |
| Improvement activities - preliminary prioritisation and moderation | 16 February 2021 | Preliminary prioritisation and moderation involves challenging Low Cost Low Risk programmes and new improvement activities. An initial moderation of these activities is undertaken. |
| Continuous programmes - final prioritisation and moderation | 25 February 2021 | Final prioritisation and moderation is a further challenge of continuous programme bids, while looking to resolve outstanding issues and confirm the programme. During the session there is also a focus on the results from a review of finalised programmes and includes comparisons (benchmarking) between similar proposed programmes and their pairs. |
| Resetting the scene | 4 March 2021 | Resetting the scene is about updating our view of the NLTP from a strategic lens. The workshop analyses AO and Waka Kotahi bids and submissions to provide a view across the activity classes on the committed and available funding. |
| Improvement activities - final prioritisation and moderation | 10 June 2021 | Final prioritisation and moderation is a further challenge Low Cost Low Risk programmes and new improvement activities, while looking to resolve outstanding issues and confirm programmes and submissions. The session includes a final moderation of activities or programmes which involves ensuring critical parts of dependent projects are above the cut-off and confirming prioritisation ratings for activities. Suggested allocations across activity classes and scenario planning is also undertaken. |
| Resetting the scene | 17 June 2021 | Resetting the scene is about updating our view of the NLTP from a strategic lens. The workshop analyses AO and Waka Kotahi bids and submissions to provide a view across the activity classes on the committed and available funding. |

After each moderation session (workshop) feedback is provided within Waka Kotahi and to AOs ensuring they can firm up their investment bids. For example, the focus of the Investment Advisor when progressing from initial to final bids for a road maintenance programme is to improve the quality of the AMP as a business case.

Moderation and optimisation (for each activity class and the NLTP as a whole) involves several related tasks:

RELEASED UNDER THE OFFICIAL INFORMATION ACT 1982

- An investment assessment working group reviews and agrees the assessment profiles and prioritises activities nationally, considering the priority ranking provided by the Waka Kotahi Investment Advisors, as well as accounting for regional and Crown funding.
- In prioritising activities, the working group will identify any emerging trends to ensure a balanced, optimal mix of activities. They consider local, regional and national outcomes, as well as programmes across activity classes and any resulting impacts; for example, how public transport interventions affect transport network performance and planned roading requirements.
- The working group develops recommendations for inclusion and/or funding allocations for the Waka Kotahi Board's final approval.

Moderation also includes agreeing conditions of funding, for example resolving outstanding issues from previous audits, which will be recommended to the board when they consider each approval.

WAKA KOTAHI DECISIONS

Waka Kotahi needs to weigh up and prioritise competing programmes of activities because the funding pool is limited. All the work leading up to and at moderation informs these decisions. Waka Kotahi provides advice on the NLTP allocation in three stages:

- Indicative allocations: AOs and Waka Kotahi as applicant are advised an indicative continuous programme allocation prior to the adoption of the NLTP to help them finalise their long-term plans. Waka Kotahi will endeavour to provide this advice by the end of April 2021.
- Approved allocation: AOs and Waka Kotahi as applicant receive confirmation and advice of the approved allocation when the NLTP is published.
- Communicate activities that were not included in the NLTP or those activities that were included but at a different priority order.

RELEASED UNDER THE OFFICIAL INFORMATION ACT 1982