

30 April 2020

Hon Phil Twyford
Minister of Transport
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Ref: NZT-4860

Dear Minister,

Thank you for the meeting on 24 April 2020. As you are aware, Waka Kotahi NZ Transport Agency is facing significant reductions in revenue into the National Land Transport Fund (NLTF) as the Government's response to manage the COVID-19 virus impacts travel behaviours. The substantial reduction in movement under Alert Level 4 is already observable and the patterns are expected to persist somewhat under lower Alert Levels.

The Ministry of Transport has recently provided you with a briefing on this matter, including the concurrent impact on Waka Kotahi's regulatory income ("COVID-19 Impacts for the National Land Transport Fund and Waka Kotahi NZ Transport Agency"). The briefing indicates a possible 13-15 percent (\$1,640-\$1,880 million) reduction in land transport revenue into the NLTF through to 30 June 2021. A negative net cash position of up to \$500 million is forecast by 30 June 2020. While there is much uncertainty in these forecasts, the general outlook is clear.

While you consider the information and recommendations presented by the Ministry, it is Waka Kotahi's intention to continue with the funding and delivery of the planned and approved activities in the 2018-21 National Land Transport Programme (NLTP). This includes continuing to meet our contracted commitments, including state highway maintenance, and meeting our funding commitments to Approved Organisations. We also intend to fund new (i.e. yet to start) activities in the NLTP, after first confirming that these will continue to deliver "value for money" in a post COVID-19 world. By way of illustration, average monthly outflows from the NLTF are around \$350 million, of which 95 percent is comprised of funding for construction, maintenance, public transport services and road policing.

I would appreciate if you can confirm that this funding approach is consistent with your expectations and that the Crown will provide additional support to offset the ongoing reduction in NLTF revenue. I would also ask that you do this as soon as is practical, in order that we can provide certainty to our investment partners, as well as for our own planning and investment activities.

Yours sincerely



Sir Brian Roche
Board Chair