



Draft Investment Prioritisation Method 2024 - 27

Worked examples

8 November 2023

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Overview

The purpose of providing worked examples of applying the draft Investment Prioritisation Method (IPM) for the 2024-27 National Land Transport Programme¹ is to assist Approved Organisations with:

- understanding the draft IPM; and
- applying the draft IPM to continuous programmes and improvement activities.

Worked examples include activities that were approved in 2023/24. These are listed below:

	AO	Project ID	Phase ID	Project Name
1	New Plymouth District Council	131085	266984/5	Walkway Extension – Waitara to Mangati
2	Auckland Transport	127019	277640	AKL – Public Transport Service Improvement
3	Wellington Regional Council	133396	270302	Rail Programme Business Case
4	Hypothetical Approved Organisation			Low-cost, low-risk improvements

For each worked example, we:

- clarify whether the application of the draft IPM is at the NLTP inclusion stage or the investment decision stage
- present our assessment
- explain how we made that assessment.

The assessment is specific to the activity phase and is based on the information available. Assessment requires the exercise of judgement. Care is required in applying these worked examples to other activities or programmes. It is recommended that you seek clarity from your local Waka Kotahi investment advisor as required.

1: Walkway Extension – Waitara to Mangati

Project overview

Currently people travelling between Waitara and Bell Block do so via State Highway 3 (SH3). This road has been identified as a high-risk corridor for active mode users.

A Single Stage Business Case (SSBC) was prepared to support an alternative access corridor - outlining a case for the investment in a walkway extension between Waitara and Mangati. This project would support the community and the local economy through a safe, integrated, and attractive walking and cycling route.

A Programme Business Case (PBC) was approved by Waka Kotahi in 2016, aimed at improving the safety for vehicles travelling along the corridor, but it doesn't address the safety of those walking and cycling. The SSBC proposes a safe alternative to SH3 between Bell Block and Waitara by providing better travel options and improving safety for pedestrians and cyclists.

This project has a 2021-24 IPM rating of 3 being VH/M/L.

Applying the draft IPM 2024-27

The draft 2024-27 IPM was applied to the pre-implementation and implementation phases of this project which is a **stage 2** IPM investment decision.

¹ The draft IPM that was released for consultation on 4 October 2023.

The early stage 2 assessment indicates that this project is eligible for consideration from the National Land Transport Programme's (NLTP) **Walking and Cycling Improvement** activity class.

GPS alignment

For this illustrative example each of the 6 GPS strategic priorities have been assessed to determine the degree to which this project aligns with the strategic priorities in the draft GPS 2024.

- **Maintaining and operating the system:** not applicable. The project is not looking to address a level of service gap in the network through a maintenance-based intervention.
- **Increasing resilience:** not applicable. While there may be some freight resilience benefits, these do not address climate change outcomes.
- **Reducing emissions:** not applicable. The SSBC notes that the preferred option will support a reduction in vehicle kilometres travelled (VKT) by promoting the use of active modes, but it is unclear what the quantitative reduction is likely to be.
- **Safety (infrastructure):** high. The project is targeting intersections that rank in New Zealand's top 100 high risk intersections, with 2 intersections also included in the top 10 most dangerous intersections. SH3 is a high collective risk corridor. The projected deaths and serious injuries (DSI) reduction is 50% over the next 10 years.
- **Sustainable urban and regional development:** not applicable. While this activity supports New Plymouth's long-term vision to be a 'Sustainable Lifestyle Capital' and supports Bell Block residential development there is not a clear-cut quantitative assessment of this.
- **Integrated freight system:** not applicable.

Draft GPS alignment rating for this project has been assessed as **HIGH**.

While strictly speaking the quantitative DSI reductions are not delivered over a 5-year period, given that the project is delivering safety outcomes that target a high collective risk corridor, a high GPS alignment appears a reasonable assumption in this stage 2 assessment.

Scheduling

Given that the project is addressing a safety risk in a region where the personal risk is of medium concern at rural and urban intersections it may be surmised that the criticality of not addressing the issues will have a moderate adverse effect in terms of outcomes.

Achieving the full safety and freight outcomes along SH3 is dependent on this offline active mode corridor being delivered in 24-27.

Thus, in considering both criticality and interdependency, the assessed scheduling rating is assessed as **MEDIUM**.

Efficiency

With a BCR of 1.6, the efficiency rating for this proposal is **Low**.

Overall ranking

Applying the prioritisation matrix: with H for GPS alignment, M for Scheduling, L for Efficiency, this proposal gets a priority ranking of 3.

2: Auckland Public Transport Service Improvements - Ferries

Project overview

While this is a multi-faceted public transport services programme to improve public transport on buses and ferries this example has focused on the phase delivering extra ferry services from Hobsonville and Half Moon Bay in Auckland supporting better interpeak ferry access. In this instance, the example is in line with

the policy that any *improvements in public transport services that are a step change to lift levels of service are assessed as an improvement activity using the prioritisation factors.*

For the purposes of this learning example, the project was assessed from a stage 1 assessment – that is, to assist Waka Kotahi to decide whether to include an activity in the NLTP in the first instance.

Note for the funding application, the Waka Kotahi IPM rating was assessed as a 5/HHL.

Applying the draft IPM 2024-27

A stage 1 assessment of this project considers the qualitative information available to support its alignment to the strategic priorities.

This project is eligible for consideration from the NLTP's **Public Transport Services** activity class.

GPS alignment

Looking at the GPS alignment strategic priorities, we consider this project best fits in the below GPS alignment criteria:

- **Maintaining and operating the system:** not applicable. The project is not looking to address a level of service gap in the network through a maintenance-based intervention.
- **Increasing resilience:** not applicable in this instance.
- **Reducing emissions:** high. From a qualitative perspective, the improved ferry services encourage urban form (in Hobsonville for example) that would reduce the need to travel by car to Auckland city – especially in the interpeak period.
- **Safety:** not applicable. But it is likely that there may be some transport safety benefits from increasing public transport services because of an implied reduction in VKT.
- **Sustainable urban and regional development:** high. This project addresses high priority access focused issues required to achieve agreed integrated land use and multi-modal plans. The emphasis is on reducing reliance on private cars and providing better travel options via ferry.
- **Integrated freight system** – not applicable.

Further consideration of this project at stage 1 of the NLTP development included consideration of whether it is inconsistent with the Emissions Reduction Plan (ERP). In this instance it is not as it is in line with ERP transport target 1 - to reduce total kilometres travelled by the light fleet by 20% by 2035 through improved urban form and providing better travel options, particularly in our largest cities.

It is important to assess the impacts on greenhouse gas emissions and light vehicle kilometres travelled is required at both stages – here there appears to be a reduction in both through increased ferry services at a qualitative level. Through the moderation process there may be a need to be able to quantify some of these assumptions – say from a regional long term plan perspective potentially.

The draft GPS alignment rating for this project has been assessed as **HIGH** at stage 1 for inclusion in the NLTP because the service improvement has a high rating for reducing emissions and sustainable urban and regional development.

Scheduling

This activity is part of the overall Auckland Transport Alignment Programme and non-delivery in the 2024-27 NLTP would significantly impact the realisation of estimated benefits of the other parts of the programme. We assess this as a **HIGH** scheduling rating for both criticality and interdependency. This is because the timing to deliver these activities and their importance to realising the benefits of the integrated package require immediate and sustained effort to deliver the component part, so the programme as a whole can be delivered at the pace required.

Efficiency

Typically, at a stage 1 assessment, during the NLTP development, a proposed activity does not yet have a calculated BCR. The indicative efficiency rating (IER) tool can be used to calculate an indicative efficiency rating for the activity. However, where a project may be part of a larger programme, it may be possible to

use the programme's BCR if one does not exist. Please ensure that use of the programme BCR is a reasonable thing that can be supported.

In this instance, the team used the BCR of the wider Bus Services SSBC and Ferries PBC which includes this project for an efficiency rating. This BCR for the PBC is in the range of 1.0-2.9, rating the project a **Low** for efficiency.

Overall ranking

Applying the prioritisation matrix: with H for GPS alignment, H for Scheduling, L for Efficiency, this proposal gets an IPM priority order of 2 for inclusion in the NLTP.

3: Wellington Rail Programme Business Case

Project overview

The Wellington Rail Programme Business Case (PBC) outlines a 30-year programme of maintenance, renewals, infrastructure, and public transport service improvements for Wellington's rail network. Currently, the rail network is a core part of the public transport system providing critical links to Wellington city centre. It also enables the wider role of rail for freight and inter-regional public transport to the Manawatu and the Wairarapa, and long-distance trains.

There is no immediate investment decision arising from this PBC. Further investigation of elements of the PBC will be undertaken in subsequent phases, that will be prioritised through future NLTPs.

The outcomes from this PBC are to maintain and improve resilient access for public transport and freight, and to reduce emissions by encouraging mode shift from private vehicle trips along the rail corridors, where future population growth is forecast.

This programme has a 2021-24 IPM priority ranking of 7 being VH/H/VL.

Applying the draft IPM 2024-27

This assessment was based on the stage 2 approach. This assessment applied a quantitative lens per the stage 2 descriptors in the Draft IPM for the 2024-27 National Land Transport Programme document.

An initial assessment indicates that this programme aligns with Waka Kotahi policy and is eligible for NLTF funding from the **Public Transport Services** and **Infrastructure** activity classes.

GPS alignment

Assessing the strategic alignment of this PBC against the 6 GPS strategic priorities:

- **Maintaining and operating the system:** high. The key outcome from the PBC is to maintain the condition of the existing transport system at current levels, including meeting current design standards such as use by people with a disability, technology requirements, safety requirements, etc. The PBC supports maintenance of the current rail network into the future.
- **Increasing resilience:** high. The PBC identifies that further investigation is required on some extreme risk sections of the rail corridors that could impact the efficient running of train services in the region.
- **Reducing emissions:** high. The proposal estimates that it should achieve a greater than 4% reduction in light VKT. Forecast impact on VKT is in line with the forecast mode shift to rail of 14-21%. The IPM measure relates to the reduction of the regional 2035 VKT target. *It would have been beneficial to have visibility on the regional targets in assessing this priority, as this may have resulted in a lower rating.*
- **Safety:** Not assessed in this instance. One would expect that generally there are safety benefits from reduced VKT as people transition due to mode shift from car to public transport. There are added safety outcomes from improvements around level crossings.

- **Sustainable urban and regional development:** high. The PBC proposes a greater than 6% reduction in the mode share of private passenger vehicle (or vehicle driver) trips resulting from diversions to other modes. Evidence provided was estimates in VKT reduction and in public transport mode share change. Forecast 14-21 % mode shift to rail.
- **Integrated freight system:** Not assessed. Rail freight will be improved through this programme, however translating the benefits to IPM criteria, is not straightforward nor provided (level of service or travel time reliability).

GPS alignment rating for this programme has been assessed as **HIGH**.

Based on the assessment above, this PBC presents a range of quantitative outcomes that would make a measurable difference in VKT, emissions reductions and the like that are rated high satisfying a high GPS alignment rating.

Scheduling

The proposal notes that there is a need for significant investment in the 24-27 NLTP period such as enabling works and further investigations given the long lead times in delivering several of the proposed activities. “Significant adverse consequences” were determined on the impact in the near term by looking at the estimated costs (around 10% of total), the proposed interventions (e.g., public transport service improvements), the long lead-in times for some interventions, and the resultant benefits.

While overall there isn’t a particular clear list of interdependent activities, there are some long-term activities that will be impacted by the delivery of programme – namely those specific to improving urban form and integrated transport outcomes.

We have assessed this as a **HIGH** scheduling rating with a view that the independency rating may not apply here if considering the independent nature of the PBC.

Efficiency

The programme has an estimated BCR<1.0 for transport benefits, or a BCR of 1.1-1.5 including wider economic and land use benefits. This was undertaken using the outputs from the Wellington region transport model, and monetised benefits and costs appraisal as outlined in the Monetised Benefits and Cost Manual.

The efficiency rating is **Very Low** as the BCR is <1.0. (Noting that the BCR of projects are assessed excluding WEBS)

Overall ranking

Applying the IPM prioritisation matrix: H for GPS alignment, H for Scheduling, VL for Efficiency, this proposal has a priority order of 7.

4: Low-cost, low risk programme

Applying the draft IPM 24-27

- Each low-cost, low-risk (LCLR) programme is assessed following similar guidance for continuous programmes: The starting rating for an LCLR programme in each activity class is HHM, priority order 1.
- The assessment is made at the programme level, not at the individual activity level.
- The LCLR programme will be assessed for its alignment with the 6 strategic priorities in the draft GPS. As a result, the rating may be adjusted following the assessment and moderation process and Waka Kotahi may prioritise an LCLR programme allocation that excludes those activities that are not well aligned with the 6 strategic priorities.

- For continuous programmes, insight on the quality, scheduling requirements (interdependencies, opportunity costs/delivery efficiency e.g., associated improvements/build back better opportunities) and value proposition of these programmes and activities is provided by a strong linkage to good quality activity management planning documents (e.g., Activity Management Plans, Regional Public Transport Plans). Scheduling considers impacts of not carrying out the LCLR programme, which may highlight some activities that don't need to be done in the 24-27 NLTP period and the rest that does need to be done in the same period.
- Each LCLR programme needs to be right sized based on funding available in the activity class and the relative priority of an LCLR programme with other programmes and activities. This may involve removing activities within a proposed LCLR programme that are considered to have low alignment, scheduling, or efficiency, or exceed capacity to deliver, and to ensure the approved programme is affordable for the National Land Transport Fund (NLTF) and local share.

Project overview 21-24

LCLR programmes in the 2021– 24 NLTP were all prioritised based on the generic rating of HHM priority order 4 under the 21-24 IPM.

The draft IPM 24-27 LCLR testing has been undertaken at a high level only in relation to a hypothetical LCLR programme.

As a result, the testing has determined a rating for the LCLR programme as follows:

AO	Project Name	21-24 IPM	24-27 IPM
Approved Organisation	Low-cost, low-risk improvements 21-24	HHM priority order 4	HHM priority order 1

The ranking applies to the programme as a whole. The assessment would consider the right-size of the programme in accordance with the guidance on right-sizing a programme to fit within available funding in the activity class.