

BOARD PAPER

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Prepared by:	Brandon Mainwaring (National Manager Accountability and Performance) Bob Alkema (National Manager Investment)
Recommended by:	Jenny Chetwynd, Group Manager (Strategy, Communication and Performance) Dave Brash, Group Manager (Planning & Investment)
Board function:	Setting sector and organisational direction
Subject:	Finalising the Investment Assessment Framework



PURPOSE

1. To seek approval to operationalise the Investment Assessment Framework (IAF).



RECOMMENDATION

2. That the New Zealand Transport Agency Board:
 - a) **Receives** assurance that the Investment Assessment Framework is fit for purpose and will position the Agency to give effect to the GPS through the National Land Transport Programme
 - b) **Approves** the Transport Agency's Investment Assessment Framework.



SUMMARY

3. The IAF is the main mechanism we use to give effect to the Government Policy Statement for 2015/16 to 2024/25 on land transport (GPS) when delivering the NLTP.
4. The Cabinet Economic Growth and Infrastructure Committee (EGI) considered the GPS on 3 December and requested minor changes to the Investment Management Activity Class relating to Benefit Cost Analysis reporting. Cabinet has subsequently approved the GPS with no substantive alterations that would impact our IAF.
5. We are confident that the IAF will position the Agency to give effect to the GPS when developing and delivering the NLTP.

6. Communication and engagement activities are being coordinated between the Ministers Office, Ministry of Transport and Transport Agency. Activities will commence following the announcement by the Minister's Office and include: a media statement, general circular, updated website materials, advisory letters to Approved Organisations (AO) / Road Controlling Authorities (RCAs) and Mayors and plus Chief Executives of Regional Councils, and liaison directly with Local Government New Zealand (LGNZ) to extend our communication reach through their publication channels.



BACKGROUND

7. The Transport Agency has the statutorily independent roles to develop an assessment system for activities to be incorporated in the NLTP and their subsequent funding. The IAF is the main mechanism we use to ensure that we give effect to the GPS when developing and delivering the NLTP.
8. In August 2014 the Board agreed to the release of the draft IAF, which was aligned to the draft GPS, to enable our investment partners to have clear investment signals when preparing the Regional Land Transport plans.



GPS FINALISATION

9. The Cabinet Economic Growth and Infrastructure Committee (EGI) approved the Government Policy Statement on Land Transport for 2015/16 to 2024/25 (GPS) on 3 December subject to changes to the reporting metrics for Investment Management Activity Class relating to Benefit Cost Analysis. The specific changes were:

- a) reporting on benefit cost appraisal (BCR) by project within improvement activity classes rather than in aggregate; and annual assessment of outturn costs by reporting line
 - b) clarification that the Minister expects the Agency will continue to monitor, report and publish, among other things, on:
 - i. significant and emerging demand and system performance trends
 - ii. progress against GPS reporting line results in a consistent way over the life of GPS 2015
 - iii. the relative effectiveness and efficiency of investment in each reporting line identified in GPS 2015 and of any significant new or revised standards or operational practices, including using benefit cost analysis for all improvement activity class projects.
10. Following public submissions on the GPS, most of them cycling related, a short to medium term result in the GPS for walking and cycling was added to improve linkages to the NZ cycle trails. As a result we have made a small adjustment to the improvements section of the Strategic fit assessment criteria table in the IAF to reflect this.
11. The GPS, including EGI changes, have been considered by Cabinet. The release of a final GPS is expected to be on 10th December 2014.



ASSURANCE

12. We have prepared the IAF in accordance with the principles agreed with the Board (Board paper 14/08/0854), aligned it with the GPS, applied the lessons learn for an assessment of

oversea practice and made the necessary changes to internal process and tools, in particular improving clarity and transparency around benefit cost appraisal.

13. We are therefore confident that the IAF is fit for purpose and will position the Agency to give effect to the GPS.
14. The Final Investment Assessment Frameworks is available in the Resource Centre on Boardbooks.



RISKS

15. The risk that the draft IAF would require substantial rework once the GPS was finalised has been fully mitigated and closed out.



FINANCIAL IMPLICATIONS

16. There are no financial implications to this paper.



COMMUNICATION AND ENGAGEMENT

17. Communication and engagement activities are being coordinated between the Ministers office, Ministry of Transport and Transport Agency. Following the Ministry's release of the final GPS the we will:

- a) prepare a media statement responding to the Minister's statement
- b) issue a general circular and updated the Planning and Investment Knowledge Base
- c) internal staff communications about finalising the GPS and IAF
- d) provide collateral information for stakeholders including advisory letters to AOs/RCA's and mayors - plus CEs of regional councils
- e) liaise with LGNZ, to extend our communication reach through their publication channels.



ATTACHMENTS

- 18. There are no attachments to this paper.
- 19. The full IAF document is available in the Board Resource Centre for reference.