

Investment Prioritisation Method for the 2021-24 NLTP – Summary of Feedback

Waka Kotahi consulted on the draft Investment Prioritisation Method (IPM) over a six-week period, closing 2 November 2020. We received feedback from councils, transport and sector groups (including Local Government New Zealand, Transport Sector Interest Group, and Northern Transport Alliance) and Waka Kotahi staff.

Feedback was constructive and while the overall approach of the IPM is unchanged, it has resulted in clarification of several matters and changes in parts of the document.

The table below summarises the feedback resulting in changes to the IPM:

| Feedback | Response |
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| <p>Assessment of multi-benefit investment proposals</p> <ul style="list-style-type: none"> Clarity was sought on how to assess an investment proposal with multiple outcomes | <p>It has been clarified that the GPS alignment factor is based on the highest expected contribution to a single GPS strategic priority.</p> |
| <p>Assessment of other benefits or priorities</p> <ul style="list-style-type: none"> It was requested that an explanation be given for how priorities not in the GPS are to be considered in the IPM. e.g. resilience, local government or regional priorities | <p>It has been clarified that the IPM assesses projects against the GPS priorities for the GPS alignment. If the project has other outcomes, then these can be assessed through the business case approach.</p> <p>Retain: 'The RLTP priority order will be considered in distinguishing between activities with the same priority order in the 2021–24 NLTP when such activities are at the investment threshold for the activity class'.</p> |
| <p>Assessment of GPS alignment</p> <ul style="list-style-type: none"> Guidance was requested on how to interpret the measures Views were expressed that these measures could unfairly advantage big projects Views were expressed that these measures could unfairly advantage small projects | <p>Clarity has been provided how to interpret the measures in Appendix 2, with further definitions, references to data and the Benefits Framework.</p> <p>Considering feedback has been given that the measures can both favour small and large projects, we have not adjusted the measures. Most measures have underpinning centralised data, and measures were included to reflect low data availability particularly common to smaller councils.</p> |
| <p>Measures used in GPS alignment</p> <ul style="list-style-type: none"> Feedback was given that the shift to quantitative measures of GPS alignment may be difficult if Approved Organisations do not have the data readily available Concerns with lack of clarity on different measures and how they were to be applied Concerns about use of Communities at Risk Register Concerns that Safety criteria favoured infrastructure investment over speed management Concerns about level of greenhouse gas emissions criteria being too high | <p>The measures align to both the Non-monetised benefits manual and StoryMaps (an open data portal), this allows every Approved Organisation access to baseline data for the measures.</p> <p>Further clarification of measure metrics and definitions.</p> <p>The Communities at Risk Register is being updated (to be released in January 2021). The use of the register allows smaller councils with limited data to prioritise their important safety activities. The categories were modified based on advice from the Waka Kotahi Safety, Health & Environment team.</p> <p>A new criterion for the GPS priority of Safety has been added which provides a High or Very High rating for activities reducing speed limits.</p> |

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| | An adjustment was made to greenhouse gas emissions measures to reflect available data sources and the reduced limits for each rating. |
| Concern about the basis for measurement of the GPS Alignment factor. | Explanation added that the spatial or geographical boundaries of the activity/combination of activities is the basis for measurement of the GPS Alignment factor. |
| <p>New IER tool and the removal of L*</p> <ul style="list-style-type: none"> • Positive feedback about the usability of the IER tool • More guidance was requested on how to use the IER tool | Additional guidance has been developed to explain the IER tool and how to apply it. |
| <p>New Scheduling factor</p> <ul style="list-style-type: none"> • Guidance on how to interpret the measures for scheduling was requested • Concerns about the treatment of standalone activities, particularly of getting prioritised with a low rating | <p>The scheduling factors have been refined to be more intuitive and further guidance is provided.</p> <p>An activity with a low scheduling rating can get a priority of 2-4 if it has a very high GPS alignment.</p> |
| <p>Trade-off between GPS priorities</p> <ul style="list-style-type: none"> • There was feedback that it appeared that some GPS priorities particularly safety were being traded off against each other | It has been clarified that GPS priorities are not traded off against each other in the IPM. |
| <p>Government Commitments</p> <ul style="list-style-type: none"> • Feedback was given that it was unclear how the Government Commitments are to be accounted for, e.g. ATAP and LGWM | It has been clarified that 'Any activity/combination of activities submitted for inclusion in the 2021 NLTP will be prioritised using the Investment Prioritisation Method, before consideration of Government Commitments expenditure.' |
| Concerns about applying IPM to specific projects, e.g. school zones, 50Max bridge strengthening, travel demand management and "lead" investments. | <p>Criteria have been clarified.</p> <p>Lead investment activities are assessed in the usual way, with Scheduling factor relevant in determining timing and the Efficiency factor relevant in determine the efficiency of a lead investment.</p> |
| Concerns that adverse impacts of differing priorities not considered in IPM. | A note has been added that the IPM is one part of the overall investment decision making process, wherein adverse impacts (including induced demand) are fully considered in the business case and its assessment and reported to decisionmakers via the Appraisal Summary Table. |
| Concern that the draft IPM did not recognise the policy set in 2018 to allow inclusion of activities that are highly effective in achieving GPS priorities but have a BCR< 1 into a programme, provided the overall programme demonstrates delivery of net positive benefits that exceed whole of life costs. | This oversight has been remedied in the IPM. A BCR for an endorsed programme may be used instead of the BCR for an activity that is part of that programme. |

The following feedback was received which did not result in changes to the IPM document:

| Feedback | Response |
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| <p>Concerns about extra information required for Low cost, low risk activities.</p> <p>Suggestion that LCLR activities be exempt from any consideration of prioritisation.</p> | <p>The requirement for additional information was signalled in the consultation as part of the Investment Decision Making Framework review.</p> <p>The extra information required is a reasonable trade-off for increasing the threshold for LCLR and is necessary in order for Waka Kotahi to demonstrate both effective and efficient investment in the land transport system and giving effect to the GPS.</p> |
| <p>Request to add affordability to the Scheduling factor.</p> | <p>Waka Kotahi considers affordability from the National Land Transport Fund by setting the investment threshold and target level of funding in each activity class. Affordability is also considered by an Approved Organisation when an activity is included in the RLTP and then again when it is put forward for inclusion in the NLTP.</p> |
| <p>Concern that safety is being traded off against changes in travel time and/or that a Safe System approach is not embedded in investment decision making.</p> | <p>Waka Kotahi is required to make investments that contribute to a safe, effective and efficient land transport system in the public interest. All activities funded by Waka Kotahi must consider safety, as evidenced by references to the need for this in the development of business cases (particularly optioneering), requirements for safety audits, and the summarising of all impacts in an Appraisal Summary Table.</p> <p>Activities where the primary benefit is safety (DSI reduction) are now in the Road to Zero activity class and these safety activities will be prioritised within the activity class.</p> <p>Specific guidance is provided in the Monetised Benefits and Costs Manual on the treatment of the do minimum for safety projects, sensitivity testing of the Benefit Cost Ratio for the impact of travel time changes and induced travel demand.</p> |
| <p>Concern that the GPS Alignment factor for safety focuses on historic crashes rather than a proactive approach to safety investment.</p> | <p>GPS 2021 requires investment to initially focus on 'infrastructure safety treatments on roads across New Zealand where data show the highest concentrations of deaths and serious injuries'. In subsequent NLTP periods this focus may change.</p> |
| <p>Concerns about the use and complexity of Excel workbooks.</p> | <p>This concern is acknowledged. The workbooks enable early submission of activities for the NLTP. Waka Kotahi apologises for the extra work and confusion this has caused.</p> |
| <p>Request for "worked examples".</p> | <p>These will be available in January 2021.</p> |