



Draft Investment Prioritisation Method (IPM) 2024-27

NZ Transport Agency Waka Kotahi has created the draft Investment Prioritisation Method for the 2024–27 National Land Transport Programme. It aims to give effect to the Government Policy Statement on land transport (GPS) 2024.

Disclaimer: This version is based on the Draft GPS 2024 issued by the Minister of Transport on 4 March 2024. This document does not represent the policy of the Government or NZ Transport Agency Waka Kotahi.

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Overview of Investment Prioritisation Method

NZ Transport Agency Waka Kotahi (NZTA) is responsible for developing a 3-year National Land Transport Programme (NLTP) 2024–2027.

The NZTA Investment Prioritisation Method (IPM) is used to support NZTA to give effect to the Government Policy Statement (GPS) on land transport 2024 (GPS 2024) by prioritising activities into activity classes in the 2024–27 NLTP, and to confirm priority at the time a National Land Transport Fund (NLTF) investment decision is made.

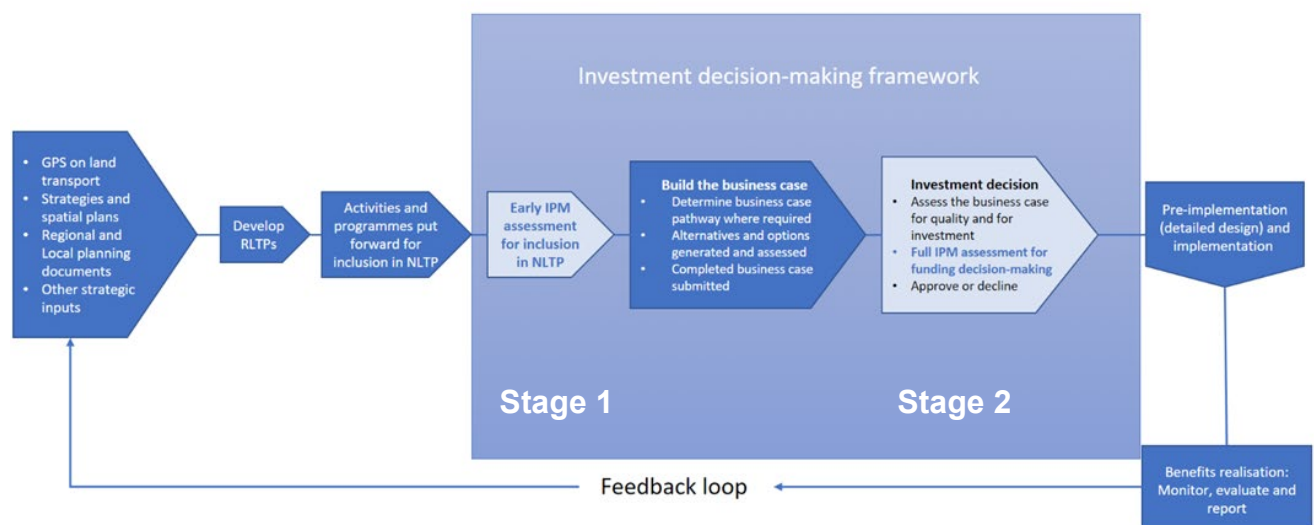
The IPM is applied at 2 stages in the investment decision-making process:

- **stage 1: NLTP inclusion decision:** when NZTA decides whether to include an activity or phase of an activity in the NLTP.
- **stage 2: NLTF investment decision:** when NZTA decides whether to approve NLTF funding in an activity or phase of an activity.

The priority order for an activity is re-assessed at stage 2 based on the information put forward in the application to ensure that the activity's priority order remains above the investment threshold. The NZTA Board sets the investment threshold based on the funding available in each activity class and the priority order of all activities proposed. The reassessment confirms information about costs and benefits as well as the other factors that will have an impact on investment approval.

The investment decision-making framework diagram below highlights the 2 stages when the IPM is applied.

Diagram 1 application of the IPM in the investment decision-making framework



Requirements for prioritisation of the NLTP

Core requirements for the NLTP

Section 19B of the Land Transport Management Act 2003 (LTMA) sets out the 'Core Requirements' for NZTA in preparing the NLTP. NZTA must ensure the NLTP:

- gives effect to the GPS.
- contributes to the purpose of the LTMA and
- takes into account any Regional Land Transport Plan (RLTP) as well as any National Energy Efficiency and Conservation Strategy (NEECS), relevant National Policy Statement (NPS), relevant Regional Policy Statement (RPS) or plans in force under the Resource Management Act 1991 (RMA).

The implications of these requirements, in relation to prioritisation of the NLTP, are outlined below.

Giving effect to the GPS

A key role of the IPM is to support NZTA to assess and prioritise phases of activities - firstly for inclusion in the NLTP to ensure the NLTP gives effect to the GPS and secondly to ensure only activities that are consistent with the GPS are approved for NLTF funding. The IPM achieves this by providing a methodology and criteria to enable a nationally consistent approach to assessing and comparing all proposed activities to determine the best mix of activities for inclusion in the NLTP so that the NLTP reflects the GPS direction and expectations for NLTF funding. NZTA expects that all proposed activities and programmes of activities are optimised to deliver best value for money including by appropriately considering options across the full spectrum of the [intervention hierarchy](#).

Contributing to the purpose of the LTMA

The purpose of the LTMA is 'to contribute to an effective, efficient, and safe land transport system in the public interest.' Both the GPS and the NLTP are required to contribute to the purpose. To approve NLTF funding for an activity or a combination of activities (stage 2), the LTMA stipulates that NZTA must be satisfied that specified criteria are met, including that the proposal:¹

- is included in the NLTP and is consistent with the GPS (as outlined above)
- is efficient and effective
- has been assessed (to the extent practicable) against other land transport options and alternatives, and
- has complied with relevant consultation requirements under the LTMA 2003.

Taking into account RLTPs, NEECS and relevant RMA policy documents

Activities in RLTPs are taken into account in the IPM as follows:

- Every activity (including state highway activities) in the 2024–27 NLTP must be part of an approved RLTP except for nationally delivered activities and programmes of activities².
- The LTMA requires an RLTP to identify the order of priority of significant activities for the first 6 years of the RLTP. The IPM will be used to assess phases of activities put forward in those RLTPs for the 3 years of the 2024–27 NLTP.
- The RLTP priority order will be considered when determining an activity's priority ranking and in distinguishing between activities with the same priority order in the 2024–27 NLTP when such activities are at the investment threshold for the activity class.
- When considering the prioritised 2024–27 NLTP, the NZTA Board may consider the extent to which activities and their priority, as determined in the relevant RLTPs, have been reflected in the IPM priority and whether an adjustment in the NLTP ranking is merited. The Board may also consider whether any activities that are not included in the NLTP are appropriate to recommend to the Minister of Transport for Crown funding.

The NEECS and RMA policy documents are also taken into account in RLTPs, on adoption of the NLTP and through the investment approval process.

Inclusion of activities from previous NLTPs in the 2024–27 NLTP

Any activity phase already 'funding approved' prior to 1 July 2024 and being actively progressed will be treated as 'committed', i.e., the phase will not be required to be reviewed under the IPM for the 2024–27 NLTP and will be automatically included in the 2024–27 NLTP. A more than minor increase in cost or scope of a committed activity in the 2024-27 period will require a reassessment against IPM 2024 to fit within available funding and priorities.

¹ Or otherwise qualifies under s 20(4) if the activity is in the urgent interests of public safety or is necessary to effect immediate or temporary repair of damage caused by a sudden and unexpected event.

² NZTA develops programmes of activities that are delivered on a national basis rather than regionally through regional land transport plans. Examples of nationally delivered programmes include: the sector Research Programme, Innovation Fund and National Ticketing System (NTS).

However, where an activity phase has approved funding prior to 1 July 2024 (denoted as 'committed' in Transport Investment Online) and is not actively being progressed at the time NZTA is compiling the 2024–27 NLTP for Board adoption, NZTA may request the project owner to reassess the activity phase using the IPM for the 2024–27 NLTP. NZTA may consider revising the funding approval and the commitment status if there hasn't been progress on that phase and should the activity's priority likely rank below the investment threshold for the 2024–27 NLTP.

Activity phases included in previous NLTPs (for example denoted as 'probable or possible' in NLTP 2021–24 in Transport Investment Online) but which do not have funding approval, must be assessed based on the IPM for the 2024–27 NLTP to be considered for inclusion in the 2024–27 NLTP.

Activity phases put forward for the first time for inclusion in the 2024–27 NLTP must be assessed based on the IPM for the 2024–27 NLTP to be considered for inclusion in the 2024–27 NLTP.

Activities required to meet statutory obligations

Activities required to comply with statutory obligations may be included in the 2024–27 NLTP without undertaking an assessment in accordance with this IPM. An assessment is required that the costs are unavoidable, reasonable in scope and amount, and must be incurred in the 2024–27 period. This applies to the statutorily required component of a phase of an activity and doesn't prevent the rest of the phase being assessed in accordance with this IPM. At the investment decision stage, funding may be approved if there is a statutory requirement for the activity or it is considered value for money taking into account expected benefits and costs as a whole.

GPS 2024

NZTA must be satisfied that the NLTP will give effect to the GPS 2024 and, in approving a proposed activity or combination of activities for funding, be satisfied that the activity or combination of activities is "consistent with" the GPS 2024.

The GPS 2024 does not determine the individual activities that will be funded from the NLTF, or how much funding any activity will receive. The draft GPS 2024 identifies nationally strategic corridors, including the Roads of National Significance, that are important in their contribution to economic growth and productivity. The role of NZTA is to give effect to the GPS including the activity class funding ranges, alongside its other LTMA obligations. NZTA achieves this by using the IPM to determine which proposals have a higher priority to receive NLTF funding within each activity class in accordance with the funding targets the GPS sets for each activity class.³

The draft GPS 2024 has four strategic priorities:

- Economic growth and productivity
- Increased maintenance and resilience
- Safety
- Value for money

The draft GPS 2024 also sets out specific expectations for investment in different types of activities and programmes. The draft GPS 2024 identifies projects that will be funded partly through NLTF, direct Crown funding and other funding sources. The IPM will be applied to all activities being considered for funding from the NLTF and may be used to assist the Board provide advice to the Minister on activities to be funded outside the NLTF.

³ The GPS provides a funding range for each activity class. It also provides a maximum and a minimum level of expenditure for the NLTP for each year (subject to the ability to carry forward funds from the closing balance of the NLTF for a financial year to a future financial year), as well as an expenditure target for the NLTP for each year NZTA must manage NLTF expenditure across the activity classes and within the funding ranges. This does not enable all activity classes to be funded to the upper limit. The NZTA Board sets investment targets for each activity class to guide the management of the NLTP within the NLTP target ranges.

Factors for investment prioritisation

The draft Investment Prioritisation Method for 2024–27 NLTP has 3 factors, namely:

- GPS alignment
- Scheduling
- Efficiency

Each of the factors is outlined below, with more detail in the Appendices.

GPS alignment

GPS alignment indicates the alignment of a proposed activity with addressing the GPS strategic priorities and, at stage 2 (funding approval), how the activity contributes to achieving the GPS strategic priorities.

To assist NZTA to decide whether to include an activity in the NLTP, stage 1 sets out criteria to determine a rating based on how an activity aligns to the strategic priorities. The criteria are based on the qualitative information available at this stage of the process about alignment with the strategic priorities.

To assist NZTA in investment decisions, stage 2 sets out the criteria to determine a rating based on how an activity contributes to the strategic priorities. It is based on quantitative information in a business case or other evidence about contribution to strategic priorities and transport outcomes.

Scheduling

Scheduling indicates whether the phase of a proposed activity should be included in the 2024–27 NLTP or a subsequent NLTP period.

The main criteria for scheduling are:

- a critical need to undertake the phase of the activity in the 2024–27 period.
- timing of the phase in the 2024–27 period is required because of an interdependency of this activity with another committed activity or other elements of a package or programme.

Efficiency

Efficiency indicates the extent of the contribution to outcomes relative to costs. Efficiency is determined by considering the whole of life costs and benefits primarily through cost-benefit analysis, present value analysis and cost performance benchmarking.

The efficiency factor looks at monetised impacts, generally using the Benefit-Cost Ratio (BCR), the Indicative Efficiency Rating (IER), and various benchmarked cost effectiveness metrics. If non-monetised impacts are known at the stage 1 of prioritisation for inclusion in the NLTP, and those non-monetised impacts could be significant to affect the rating, then those non-monetised impacts may be considered alongside the BCR. At stage 2, the investment approval, both monetised and non-monetised impacts are expected to be assessed through the business case approach.

Programmes and packages

If a programme of activities is proposed as one item for inclusion in the NLTP, the programme is assessed as a whole. The components within the programme are not required to have an individual priority assessment.

The assessment of the programme may identify components that, if assessed separately, might have a low or very low rating under any of the 3 factors. That may not affect the rating of the programme but may be considered by NZTA in determining the rightsizing of the programme and the right mix of activities in the programme for inclusion in the NLTP or for investment approval.

A package of activities is assessed as a whole because they are inter-dependent, and all activities and components of an activity are assigned the priority rating for the package.

Determining the priority ranking

Investment prioritisation assigns a priority ranking to a phase of an activity which is used to determine the priority order in an activity class. A phase of an activity is assigned a priority ranking based on the combination of the above 3 prioritisation factors as set out in the investment prioritisation matrix (refer to Figure 3 below).

At stage 1 (NLTP inclusion), based on the amount of funding available for an activity class, activities with a priority ranking at or above the investment threshold in that activity class are included in the NLTP. The NZTA Board sets the investment threshold based on the funds available for each activity class, for the NLTP as a whole and the priority order of all proposed activities in each activity class.

At stage 2 (NLTF investment decision), the priority rating for activities is re-assessed based on the information put forward in the funding application to ensure that the activity's priority ranking remains above the investment threshold. The reassessment confirms information about costs and benefits as well as the other factors that impact on investment approval.

Figure 3: Investment Prioritisation Matrix

Proposed 2024–27 NLTP Priority Ranking					
GPS alignment	Scheduling	Efficiency			
		VL* (BCR<1)	L (BCR 1 - <3)	M (BCR 3 - <6)	H (BCR 6+) or (PV of Costs for end-of-life replacement)
VH	H	7	2	1	1
VH	M	8	3	2	1
H	H	9	3	3	2
H	M	9	4	4	3
M	H	10	5	4	3
M	M	10	6	5	4
VH	L	11	8	7	6
H	L	11	8	7	6
M	L	11	9	8	7
L	H/M/L	12	11	10	9
VL	H/M/L	12	12	12	12

*Proposals that have a Very Low (BCR<1) Efficiency rating may be included in the 2024–27 NLTP with a Low Efficiency rating where there is uncertainty about the calculation or there are other benefits not included in the calculation. Such decisions would be made by exception at the appropriate level of delegation, usually the NZTA Board.

Prioritisation of continuous programmes

Activities prioritised as continuous programmes are the:

- public transport continuous programme including:
 - existing public transport services (which forms part of public transport services activity class and includes total mobility), and
 - maintenance (including renewals) of public transport facilities and infrastructure (which forms part of the public transport infrastructure activity class)
- local road maintenance programme (comprising operation of the road network and pothole prevention)
- state highways maintenance programme (comprising operation of the road network and pothole prevention))
- maintenance and renewal of walking and cycling networks
- Road Safety Partnership Programme (includes road policing)
- road safety promotion programme
- the following components of the investment management activity class:
 - sector research programme
 - management of the funding allocation system and
 - RLTP planning and management.

Continuous programmes are approved for NLTF funding for the 3 years of the NLTP as part of the NLTP adoption. This provides the sector and NZTA investment partners with certainty of funding continuity for the NLTP period.

NZTA expects to invest in all continuous programmes, but each needs to be right sized to fit within available funding in the relevant activity classes and provide value for money. The continuous programme priority needs to be considered in relation to any other activities within those activity classes. On this basis, this IPM assigns each type of continuous programme with a priority ranking (as set out below) as the 'starting point' for determining the rating for prioritisation reflecting the importance of such programmes to maintaining levels of service. The size of each programme may be adjusted to fit within activity class funding availability by removing or deferring activities that don't align well with the strategic priorities or are better scheduled for a subsequent NLTP or are considered not to be value for money. Improvements in level of service are assessed outside of a continuous programme, as an improvement activity.

Continuous programmes are developed through application of continuous improvement practices, and ideally involve regular engagement with and feedback from NZTA on the merits of the supporting business case (usually the Activity Management Plan and/or Regional Public Transport Plan). These programmes are expected to achieve a high GPS alignment rating because of their contributions to economic growth and productivity, safety and/or increased maintenance. Programmes that do not achieve a high GPS alignment rating, or contain elements that are not efficient or effective, will be the subject of additional scrutiny as part of the NLTP decision making and may have additional conditions of investment applied to the approved programme.

Public transport programme

A priority rating profile of HHM, priority ranking order 3, is the starting point for maintaining public transport services.

Improvements in public transport services that lift levels of service are assessed as an improvement activity.

The assessment and rating of each continuous programme will be determined by accounting for:

- how well the proposed programme identifies, prioritises and proposes an optimised public transport services programme.
- the quality of the Regional Public Transport Plan or activity management plan supporting the programme.
- how well the programme identifies and plans to address any deficiencies in levels of service that align with and contribute to GPS strategic priorities.

- performance of the programme over the previous NLTP period including restoring patronage to pre-COVID levels and desirably lifting patronage further, and contribution to reduction in travel times, congestion, and emissions
- efficiency based on benchmarking across Approved Organisations in terms of the costs, including farebox contribution, to deliver those outcomes.
- right-sizing the programme to fit within available funding in the activity class and provide value for money [see right-sizing guidance <https://nzta.govt.nz/resources/right-sizing-a-programme/>].

The rating profile and ranking will inform the scope and size of the programme for the investment decision.

Maintenance programme

A priority rating profile of HHM, priority ranking order 3, is the starting point for maintaining levels of service through road maintenance, operations, and renewals or walking and cycling facilities maintenance, operation, and renewals.

The assessment and rating of each continuous programme will be determined by accounting for:

- how well the proposed programme identifies, prioritises, and proposes an optimised suite of activities to sustain the current level of service.
- the quality of the activity management plan supporting the programme.
- how well the programme identifies and plans to address any deficiencies in levels of service that align with and contribute to GPS strategic priorities.
- performance of the programme over the previous NLTP period.
- efficiency based on benchmarking across Approved Organisations in terms of the cost to deliver outcomes.
- right-sizing the programme to fit within funding available in the activity class [see right-sizing guidance <https://nzta.govt.nz/resources/right-sizing-a-programme/>].

Improvements to level of service through delivery of enhanced maintenance activity are at a lesser priority order for investment in accordance with the criteria in Appendix 1. The rating profile and ranking will inform the scope and size of the programme for the investment decision.

Road safety promotion

A priority rating profile of HHM, priority ranking order 3, is the starting point for the road safety promotion programme in the Safety activity class.

Many road safety promotion activities are low cost, low risk activities, that is below \$2 million, and therefore these are assessed as a low cost, low risk programme.

Road safety promotion programmes with activities above \$2 million are assessed and prioritised as a programme using the safety criteria.

Road Safety Partnership Programme (RSPP)

The RSPP is included in the Safety activity class, pursuant to a process set out in section 18I to 18L of the LTMA.

The RSPP is made up of a base programme for the continuing road safety related police operations, and an improvements programme. The 2024–27 programme is developed in collaboration with Police and the Ministry of Transport and is assessed on its contribution to GPS safety outcomes prior to the NZTA Board recommending the programme and its funding to the Minister of Transport for approval.

Investment management

For investment prioritisation, the investment management activity class is considered under its component parts (transport planning, sector research and investment and funding allocation system – IFAS), with each assessed and prioritised separately.

A priority rating profile of HHM priority ranking order 3 is the starting point for the continuous programme activities (management of the funding allocation system, sector research and RLTP planning and management) in this activity class. Step change and new initiatives, i.e. other than funding of continuous programme activities (for example transport modelling, activity management planning improvements,

programme business case development), are assessed using the prioritisation factors for an improvement activity, as relevant. For those activities that focus on system foundations and improvements to efficiency (where there may not be a direct connection with GPS priorities but do contribute to value for money or to the Government's revenue collection functions), the assessment of priority may be based only on the scheduling and efficiency factors.

Prioritisation of low-cost, low-risk improvement programmes

Low-cost, low-risk improvement (LCLR) programmes apply to local road improvements, state highway improvements, public transport services and infrastructure, and walking and cycling. The priority rating profile of HHM, priority order 3 is the starting point for the LCLR programme in each activity class. Each LCLR programme is assessed following similar guidance for continuous programmes:

- Assessment of the priority rating is made at the programme level, not at the individual activity level.
- Performance of the organisation in delivering the equivalent LCLR programme over the previous NLTP period.
- Efficiency based on benchmarking across Approved Organisations in terms of the cost to contribute to outcomes.
- Quality of the activity management plan, regional public passenger transport plan (and any supporting plans for safety, cycling, walking, etc) supporting the programme.
- In relation to scheduling requirements, any interdependencies and capacity/capability to deliver.
- Right-sizing based on value for money and funding available in the relevant activity class and the relative priority of an LCLR programme with other programmes and activities, which may involve removing or deferring activities that don't align well with the GPS 2024 or are better scheduled for a subsequent NLTP or are considered not to be value for money, and to ensure the approved programme is affordable for the NLTF.

NZTA may adjust prioritised programme

Before adopting the 2024–27 NLTP, NZTA may consider adjusting the prioritised programme that arises from the application of the IPM, to ensure that the NLTP (as a whole) meets the LTMA requirements, including that it gives effect to the GPS 2024 and contributes to the purpose of the LTMA. The following may inform that consideration:

- The expected overall impacts of the 2024–27 NLTP on the GPS 2024 (including strategic priorities and Ministerial expectations).
- Value for money of the whole NLTP, including the inclusion of activities that are assigned a very low efficiency rating and/or are likely to contribute to wider economic benefits.
- Input from Māori on prioritisation of activities for inclusion in the NLTP.
- The timing and availability of Crown funding and third-party funding (including in relation to strategic corridors identified in the GPS 2024) and any impact on the Government's wider programme.
- The extent to which the 2024-27 NLTP meets the land transport needs of different users.
- The right-size of an activity or programme in the 2024–27 period and the timing of cashflows in the 2024-27 period.
- Readiness to deliver and the capacity and capability of the organisation and the sector to undertake an activity or programme of activities in an efficient manner and the distribution of activities in and across regions.
- The application of the intervention hierarchy in terms of the balance of the NLTP in planning, managing demand, making best use of existing system and new infrastructure and digital and data solutions⁴.
- The extent to which digital solutions and a prioritised digital programme are reflected in the NLTP.
- The extent to which RLTP priorities for activities and their rankings are reflected in the NLTP.
- Meeting statutory obligations.

⁴ See draft GPS pages 9,16, 29

Definitions

Appendix 2 contains definitions of terms used in the IPM.

Appendix 1: Detailed guidance on the 3 factors

GPS alignment rating

The investment prioritisation table for the GPS alignment factor below helps to determine the degree to which proposals align with or contribute to the strategic priorities in the draft GPS 2024.

The draft GPS 2024 has 4 strategic priorities, with economic growth and productivity identified as the top priority.

During stage 1 of the NLTP development, an assessment of the GPS alignment rating for inclusion in the NLTP involves determining a rating of alignment with each strategic priority that is relevant to the activity using the stage 1 table. Then an overall GPS alignment rating is determined for the activity, which may involve some judgement, considering the following:

- economic growth and productivity as the top priority
- the rating for the strategic priority (or priorities) that the activity aligns with
- the potential cumulative alignment across multiple strategic priorities and
- if there is a very low rating for any strategic priority.

For stage 2 funding approval, an assessment of the GPS alignment rating involves determining a rating of quantitative contributions to each strategic priority that is relevant to the activity using the stage 2 table.

Where quantitative information is unavailable to show the expected contributions to strategic priorities, the stage 1 (qualitative) table may be used to describe the degree of alignment with the strategic priorities.

GPS alignment Stage 1 (qualitative): for activities seeking NLTP inclusion

N.B. a very high rating is only available for the economic growth and productivity strategic priority.

Draft GPS strategic priority	VERY LOW	LOW	MEDIUM	HIGH	VERY HIGH
	A very low GPS alignment may be given if the activity addresses one or more of the following criteria:	A low GPS alignment may be given if the activity addresses one or more of the following criteria:	A medium GPS alignment may be given if the activity addresses one or more of the following criteria:	A high GPS alignment may be given if the activity addresses one or more of the following criteria:	A very high GPS alignment may be given if the activity addresses one or more of the following criteria:
Economic growth and productivity	Impedes economic growth or reduces productivity.	Addresses a moderate gap in service level for freight in a local freight route.	Addresses a moderate or significant gap in service level for freight, in subregional intermodal connections, or affecting a regionally significant freight route.	Addresses a moderate gap in service level (travel time and reliability) for freight in a nationally significant freight route.	Addresses a significant gap in service level for freight (travel time and reliability) in a nationally significant freight route.
	Is inconsistent with the National Freight and Supply Chain Strategy .	Rail improvements that boost productivity of freight movement outside of the Auckland, Tauranga, and Waikato rail networks.	Rail improvements that maintain productivity of freight movement across the rail networks.	Rail improvements that boost productivity of freight movement in or across the Auckland, Tauranga, and Waikato rail networks.	
	Reduces transport network efficiency.	Addresses a moderate network constraint in terms of	Addresses a moderate network constraint in terms of network efficiency or wider economic productivity	Addresses a moderate network constraint or opportunity in terms of network efficiency or wider	Addresses a significant network constraint or opportunity in terms of network efficiency or wider

Draft GPS strategic priority	VERY LOW	LOW	MEDIUM	HIGH	VERY HIGH
		network efficiency on a road	on a regionally significant corridor	economic productivity on a nationally significant corridor	economic productivity on a nationally significant corridor
	Activity restricts housing development	Addresses required access for housing development	Addresses required access for a regionally significant housing development.	Addresses required access for housing development in a nationally significant housing area	Addresses required state highway access to a significant number of houses in a nationally significant housing area
		Walking and cycling improvements only where there is either clear benefit for increasing economic growth or clear benefit for improving safety and demonstrated volumes of pedestrians and cyclists already exist.	Improvements in public transport services enabling access to employment and other economic opportunities. Walking and cycling improvements that are a necessary element of a prioritised roading project	Operation of public transport services enabling access to employment and other economic opportunities Addresses a need to provide digital and data systems support for the public transport system	Is part of an agreed rapid transit system that supports urban development and housing growth and a demonstrated need for higher capacity public transport
Increased maintenance and resilience					
Maintenance focus	Exceeds appropriate level of service	Addresses opportunities to improve the efficiency and productivity of maintenance, operations, and renewals activities (for example,	Addresses the need to improve the efficiency and productivity of maintenance, operations, and renewals activities (for example, addressing gaps in data, use of digital solutions, method of contracting/operation)	Addresses the immediate response and reinstatement of levels of service as a result of damage from natural events. Maintains the level of service (for example the condition of the existing transport system across	

Draft GPS strategic priority	VERY LOW	LOW	MEDIUM	HIGH	VERY HIGH
		bringing forward maintenance or renewals works or achieving a different level of service)		modes), including meeting current design standards. ⁵ Renewal of end-of-life structures	
Resilience focus	Activity is unlikely to address resilience risks in that location	Activity will address a moderate resilience risk.	Activity will address a major resilience risk.	Activity will address an extreme resilience risk.	
Safety					
Infrastructure	Doesn't adequately address safety requirements in the Safe System Approach. DSI reduction per \$100m < 5. More than minor adverse effect on productivity in the corridor. ⁶	Addresses safety issues in medium collective risk corridors or intersections and doesn't adversely affect productivity in the corridor.	Addresses safety issues in medium-high collective risk corridors or intersections and doesn't adversely affect productivity in the corridor.	Addresses safety issues in high collective risk corridors or intersections and contributes to productivity in the corridor.	
Non infrastructure	Blanket speed limit reductions Activity is not cost effective, e.g.,	Speed limit reductions that are focused on medium-risk areas.	Supports safer drivers or safer vehicles in a way that is demonstrated to be cost effective.	Delivery of road safety partnership programme and automated enforcement.	

⁵ for example safety, universal access for people with a disability, digital and data solutions

⁶ For activities focused on safety as a primary objective the above ratings must only be given if the activity does not result in a reduction in network efficiency and travel time reliability.

Draft GPS strategic priority	VERY LOW	LOW	MEDIUM	HIGH	VERY HIGH
	untargeted advertising		<p>Improvement activities that enable the Police to meet performance expectations [or something that enables improvements at the next level of priority.</p> <p>Speed limit reduction in high-risk areas and are demonstrated to be cost effective.</p> <p>Speed limit increase in areas supported by safe infrastructure</p>		
Value for money	Activity is not value for money	Neutral alignment with a specific value for money direction in draft GPS	Aligns to an extent with value for money direction in draft GPS	Aligns strongly with a specific value for money direction in draft GPS	

Notes:

This stage moderates the initial assessment of activities with limited information of their potential contribution to GPS strategic priorities by a qualitative assessment of the degree of alignment with those priorities. Activities that have quantitative information should be provided to assist with the assessment. If investment approval is sought, then the stage 2 table should be applied.

Significant gaps in service level:

Significant gaps in service level are considered from a national level of service perspective, that is the gap in service level is or will severely impact on the desired performance of the New Zealand transport system (for the relevant mode). NZTA Land Transport Benefits Framework sets out for economic prosperity measures under 5.1 and 5.2 system reliability and network productivity and utilisation.

Regionally significant areas:

These are regionally agreed high priority locations to accommodate substantial housing and economic growth opportunities (as set out in the relevant RLTP and land use planning documents and growth strategies) that are

necessary to address to achieve the GPS strategic priorities through supporting the regionally agreed integrated land-use (spatial plan) and multi-modal transport plan implementation.

Maintenance and resilience GPS priority:

– maintenance focus

The two threads of GPS alignment criteria reflect the ability for resilience to be improved either through enhanced preventive maintenance as reflected in the draft GPS LR and SH pothole prevention ACs or as standalone resilience improvements involving step change activities funded through the relevant improvement activity class.

- resilience focus:

Resilience may be considered for NLTP inclusion and investment either as an uplift in maintenance, operations, and renewals deliverables or as a stand-alone activity. For state highways, this is determined using the methodology set out in <https://www.nzta.govt.nz/assets/Highways-Information-Portal/Technical-disciplines/Resilience/nrpbcb/Appendix-G-of-the-National-Resilience-Programme-Business-Case.pdf> Table 3.5 is the source of the resulting resilience risk rating. Until such time as this table is updated to reflect the ONF classification, proponents should interpret the table from ONRC to the ONF prior to assessing the risk rating.

Safety Risk assessment:

Collective safety risk rating is informed by outputs from Mega Maps and/or application of the High-Risk Rural Road and Intersection guides and validated by the NZTA Speed and Infrastructure team.

Stage 2 (quantitative): for activities seeking investment approval ALL TBD after stage 1 agreed. This table focuses on the quantitative contribution to a strategic priority

Draft GPS strategic priorities	Benefit (BMF benefit cluster)	VERY LOW	LOW	MEDIUM	HIGH	VERY HIGH
Economic growth and productivity	Journey times and Travel time reliability	More than minor decrease in travel time or travel time reliability for freight	<ul style="list-style-type: none"> >5% improvement in travel time reliability and/or trip time for freight on a road >5% improvement in travel time reliability and/or trip time for rail freight in other parts of the rail network 	<ul style="list-style-type: none"> > 10% improvement in travel time reliability and/or trip time for freight on a regionally significant route Maintaining travel time reliability and/or trip time for rail freight in or across the rail networks 	<ul style="list-style-type: none"> >10% improvement in travel time reliability and or trip time for freight on a nationally significant route > 5% improvement in travel time reliability and/or trip time for rail freight in or across the Auckland, Tauranga and Waikato rail networks 	<ul style="list-style-type: none"> > 20% improvement in travel time reliability and or trip time for freight on a nationally significant route
	Access to key destinations that contribute to economic growth	Reduces transport network efficiency	Contributes to transport network efficient access to / from locally important economic growth locations [metric tbd eg > 1 minute travel time saving]	Contributes to transport network efficient access to / from regionally important economic growth locations [metric tbd eg >1 minute travel time saving]	Contributes to transport network efficient access to / from nationally important economic growth locations [metric tbd eg 3-5 minute travel time saving]	Contributes to transport network efficient access to/from nationally important economic growth locations [metric tbd eg > 5 minute travel time saving]
	Access to new housing	Restricts housing development	Enables required access to a housing development [metric tbd]	Enables required access to a regionally significant housing	Enables required access to a housing development [< 5,000 houses metric tbc] in a	Enables state highway or rapid transit access to a significant number of houses [>

Draft GPS strategic priorities	Benefit (BMF benefit cluster)	VERY LOW	LOW	MEDIUM	HIGH	VERY HIGH
				development [> 1,000 houses metric tbc]	nationally significant housing area	5,000 metric tbc] in a nationally significant housing area
	Public transport patronage	Reduces patronage, except to achieve value for money	Public transport infrastructure or services [criterion tbd]	Public transport infrastructure or services increases value for money [metrics tbd] or improves access to employment and other economic opportunities [metric tbd]	Operation of public transport services maintains or improves value for money [metrics ⁷ tbc] Digital and data systems demonstrate efficiencies in the operation of public transport services [metric tbd]	30%increase in patronage in agreed rapid transit corridor
	Walking and cycling usage	Reduces usage, except to achieve value for money	Walking and cycling improvement increases economic growth or improves safety and demonstrates the level of demand appropriate for the improvement [metrics tbd]	Walking and cycling improvements are a necessary element of a prioritised roading project ⁸		
Increased maintenance and resilience	Impact on access to opportunities	Exceeds appropriate level of service	Improves the condition of the transport road network to an appropriate standard [metric tbd]	Improves the condition of the transport road networks to an appropriate standard	Activity maintains the condition of the existing transport networks at current levels, including	

7 Metrics include public transport patronage and fare box recovery.

8 For example, requirement of a consent.

Draft GPS strategic priorities	Benefit (BMF benefit cluster)	VERY LOW	LOW	MEDIUM	HIGH	VERY HIGH
				Improves digital and data systems required to support maintenance and operations [metric tbd]	meeting current design standards Activity provides the immediate response and reinstatement of levels of service as a result of damage from a natural emergency event	
Increased resilience	Resilience ⁹	No resilience risk reduction or measurable improvement in resilience	Negligible resilience risk reduction	Will reduce resilience risk from moderate to minor	Will reduce resilience risk from extreme or major to moderate	
Safety	Impact on social cost 1.1 and incidences of crashes 1.2	Activity could result in an increase in death and serious injuries and adversely affects productivity in the corridor	DSI reduction per \$100m > 5 in a medium collective risk corridor and/or intersection and doesn't adversely affect productivity in the corridor.	DSI reduction per \$100m > 5 in a medium-high collective risk corridor or intersection and doesn't adversely affect productivity in the corridor.	DSI reduction per \$100m > 5 in a high collective risk corridor or intersection, and contributes to productivity in the corridor [in terms of travel time reliability or travel time saving]	

⁹ Measure of resilience in land transport benefits framework is system vulnerabilities and redundancies. Refer to NZTA's transport resilience framework and the [Risk assessment methodology](#) for more information on measures and metrics regarding resilience.

Draft GPS strategic priorities	Benefit (BMF benefit cluster)	VERY LOW	LOW	MEDIUM	HIGH	VERY HIGH
Value for money¹⁰		Contributes to increase in [NZTA head office expenditure] and overall target is not met.	Contributes to increase in [NZTA head office expenditure] but enables overall target to be met.	Contributes to up to 7.5% reduction in [NZTA head office expenditure].	Contributes to >7.5% reduction in [NZTA head office expenditure].	
		Decrease in PT fare box recovery or third-party revenue (compared to 2021-24).	PT fare box recovery or third-party revenue is same as in 2021-24.	Up to 5% increase in PT fare box recovery or third-party revenue (compared to 2021-24).	>5% increase in PT fare box recovery or third-party revenue (compared to 2021-24).	
		Increase in expenditure on temporary traffic management (compared to costs/practices in 2021-24).	Expenditure on temporary traffic management is same as in 2021/24, while maintaining safety of workers and drivers.	Up to 10% reduction in expenditure on temporary traffic management, while maintaining safety of workers and drivers.	> 10% reduction in expenditure on temporary traffic management, while maintaining safety of workers and drivers.	
		Reduction in LoS and increase in total cost of maintenance programme.	Improvement in LoS from maintenance programme albeit at a greater total cost.	Up to 10% improvement in LoS from maintenance programme [adjusted for change in total cost].	> 10% improvement in LoS from maintenance programme [adjusted for change in total cost].	
		Increase in average travel time and/or reduction in travel time reliability.	Maintain average travel time and travel time reliability.	Up to 5% reduction in average travel time and/or up to 5% improvement in travel time reliability.	> 5% reduction in average travel time and/or >5% improvement in travel time reliability.	

¹⁰ Criteria reference to NZTA are specific to NZTA, they do not apply to approved organisations

Draft GPS strategic priorities	Benefit (BMF benefit cluster)	VERY LOW	LOW	MEDIUM	HIGH	VERY HIGH
		Use of existing digital infrastructure and information systems makes no measurable impact on the metrics relating to the 4 strategic priorities or costs exceed benefits or inconsistent with a prioritised digital programme.	Use of existing digital infrastructure and information systems has a low contribution to strategic priorities or benefits exceed costs by up to 10%.	Use of existing digital infrastructure and information systems has a medium contribution to strategic priorities or benefits exceed costs by 10-30%.	Use of existing digital infrastructure and information systems has a high contribution to strategic priorities or benefits exceed costs by more than 30%.	

*Safety related % changes are to be assessed as the impact on achieving the % DSI reduction aspirations of the Road Safety objectives document (under development by the Ministry of Transport) on a 3-yearly basis for the network under consideration.

The spatial or geographical boundaries of the activity/combination of activities as set out in the business case is the basis for measurement of all metrics.

Scheduling rating

The following table sets out the criteria for the scheduling rating for a phase of an activity.

SCHEDULING				
	VERY LOW	LOW	MEDIUM	HIGH
Criticality	<ul style="list-style-type: none"> Timing of phase is in a subsequent NLTP period. Low Consequence 	<ul style="list-style-type: none"> Minor adverse consequences would arise in terms of outcomes (measured using benefits framework) or financial impact if the phase of the activity is not undertaken during the 2024-27 period. 	<ul style="list-style-type: none"> Moderate adverse consequences would arise in terms of outcomes (measured using benefits framework) or financial impact if the phase of the activity is not undertaken during the 2024-27 NLTP. 	<ul style="list-style-type: none"> Significant adverse consequences would arise in terms of outcomes (measured using benefits framework) or financial impact if the phase of the activity is not undertaken during the 2024-27 period.

SCHEDULING				
	VERY LOW	LOW	MEDIUM	HIGH
				<ul style="list-style-type: none"> There is a legal requirement to undertake the phase during the 2024-27 period.
Interdependency ¹¹	<ul style="list-style-type: none"> Dependency is with an activity that is phased to occur in a subsequent NLTP period; or Another activity or non-transport investment (for example connecting transport infrastructure or service) is dependent on this phase of the activity being undertaken in the 2024-27 NLTP period and non-delivery of that phase in the 2024-27 NLTP period would have a negligible impact on realising the benefits of the interdependent activity. 	<ul style="list-style-type: none"> Another activity or non-transport investment (for example connecting transport infrastructure or service) is dependent on this phase of the activity being undertaken in the 2024-27 NLTP period and non-delivery of that phase in the 2024-27 NLTP period would have a moderate impact on realising the benefits of the interdependent activity. 	<ul style="list-style-type: none"> Another activity or non-transport investment (for example connecting transport infrastructure or service) is dependent on this phase of the activity being undertaken in the 2024-27 NLTP period and non-delivery of that phase in the 2024-27 NLTP period would have a significant impact on realising the benefits of the interdependent activity. 	<ul style="list-style-type: none"> Another significant activity or non-transport investment (for example housing development) is dependent on this phase of the activity being undertaken in the 2024-27 NLTP period and non-delivery of that phase in the 2024-27 NLTP period would have a significant impact on realising the benefits of the interdependent activity

The scheduling rating is determined by the criticality and interdependency criteria.

Criticality indicates the level of consequences that would arise if the phase of the activity isn't undertaken in the 2024–27 period. This is a measure of the significance of the activity as part of the transport system and the need for the phase(s) to be addressed, and the degree of impact to users, particularly due to availability (or not) of alternatives should the phase and the activity as a whole not be undertaken within the stated time periods. For example, a high resilience risk would result and/or a legal obligation would not be met.

Interdependency indicates that another activity depends on this phase of an activity. This is a measure of the degree to which the activity is necessary to unlock the benefits of another related or integrated investment in the most effective and cost-efficient manner. The other investment may be part of the same transport programme or package, or a major housing or industrial development or international event.

An independent activity would have no rating in relation to interdependency.

¹¹ Interdependency rating would not apply to an independent activity.

The criticality ranking for network interruptions is informed by the methodology set out in <https://www.nzta.govt.nz/assets/Highways-Information-Portal/Technical-disciplines/Resilience/nrpbcr/Appendix-G-of-the-National-Resilience-Programme-Business-Case.pdf>; tables 3.3 to 3.5. and should be moderated by knowledge of frequency of actual events and their impacts.

High schedule rating for legal reasons is for those activities that approved organisations and NZTA (for its own activities) have a statutory obligation to respond to in the 24-27 NLTP; they are either a rule, statute or regulation. A package of activities is assessed as a whole because they are inter-dependent. If a package is proposed with components across multiple activity classes, each component is assigned the priority rating of the package. Therefore, it isn't necessary to assess the interdependency rating of each component of a package.

Efficiency rating

The ratings for efficiency are as follows:

- High (BCR > 6.0) / PV of Costs (where an asset is at end of life and is being replaced with like-for-like)
- Medium (BCR 3 – < 6.0)
- Low (BCR 1.0 – < 3.0)
- Very Low (BCR < 1)

Efficiency rating for continuous programmes

For road maintenance and public transport services programmes, efficiency is assessed based on benchmarked performance against an organisation's peer group.

For maintenance operations and renewals continuous programmes, the Medium efficiency rating may be adjusted through benchmarking cost effectiveness (sourced from the Te Ringa Maimoa Insights tool) as follows:

Low: costs are > than 10% above the average cost efficiency for peer group
Medium: costs are within 10% of the average cost efficiency for peer group
High: costs are > than 10% below the average cost efficiency for peer group or PV

Efficiency rating for all other activities

To ensure consistency across activities, wider economic benefits (WEBs) should not be applied as part of the BCR for prioritisation in the NLTP. The NZTA Board may consider WEBs in any adjustments to the prioritised NLTP.

If non-monetised impacts are known at stage 1 - the prioritisation for inclusion in the NLTP and those impacts could be significant to affect the rating, then they may be considered alongside the BCR. At the funding stage, both monetised and non-monetised impacts are expected to be assessed through the Business Case Approach.

At stage 1 for the prioritisation during the NLTP development when 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 a road improvement activity. The IER tool provides a high-level estimate of monetised costs and benefits for infrastructure activities.

The IER tool provides a consistent, simple method for calculating an indicative efficiency rating that can be applied across all modes and incorporates a range of typical benefits by outcome sought and by mode. Sufficient evidence must be provided to support the rating. Where it isn't possible to apply the IER tool, for example if there is a lack of information about the activity, and a BCR cannot be considered, a Low Efficiency rating should be applied as a placeholder for stage 1 consideration.

The BCR for standard safety interventions (SSI) in the SSI toolkit may be used if a BCR has not been calculated for the SSI.

An activity that has a Very Low (BCR<1) Efficiency rating may be included in a programme if it is a necessary part of that programme and the programme has an overall BCR above 1. An activity that has a Very Low (BCR<1) Efficiency rating may be included in the 2024–27 NLTP with a Low Efficiency rating, where there is uncertainty about the calculation or there are other benefits not included in the calculation. Such decisions would be made by exception at the appropriate level of delegation, usually the NZTA Board.

For some activities, for example to replace a facility or a digital solution at the end of its life, the Present Value (PV) of Costs (previously called PV End of Life) method may be used instead of a BCR. The PV of Costs applies where an asset is at end of life and the analysis demonstrates a positive PV for the replacement on a like-for-like basis.

Appendix 2: Definitions

Several words are used in this document that have specific meaning in the context of the Investment Prioritisation Method and the three factors GPS Alignment, Scheduling, and Efficiency. We provide here an overview of key definitions, and you can find a comprehensive list of definitions on our Planning and Investment Knowledge Base.

GPS alignment criteria

Where feasible, Measures are drawn from the benefits framework, particularly those with centralised data available. The [Land Transport Benefits Framework Manual](#) provides a definition of the benefit, its measure(s), and identifies what data is available through story maps or mega maps.

GPS Priority	Name	Benefit measure #	Description	Comment on data availability
Safety	Collective risk (crash density)	1.1.1	Average annual fatal and serious injury crashes per kilometre of road section.	Collective risk identified for corridors and intersections throughout NZ
	Deaths and serious injuries	1.1.3	From geospatial point 'a' to geospatial point 'b', the number of deaths and serious injuries resulting from land transport-related crashes in the last year.	Identified for corridors and intersections throughout NZ
	Communities at Risk		See below	
Integrated freight system	Impact on network productivity and utilisation	5.2.1 5.2.2 5.2.3	Spatial Coverage – freight Freight mode share – value Freight mode share weight	

Communities at Risk

The [Communities at Risk Register 2023](#) has been developed by NZTA to identify communities of road users that are over-represented in terms of road safety risk. The register highlights personal risk to road users by ranking communities by local authority area based on the areas of concern.

The ratings are to be drawn from the 'All deaths and serious casualties' table in the most recent version of the Communities at Risk register. The definition of the levels of concerns is as follows:

- **High concern** is assigned to communities with personal risk profiles greater than one standard deviation from the mean (1 STDEV).
- **Medium concern** is assigned to communities with personal risk profiles greater than half a standard deviation from the mean and below one standard deviation (0.5 STDEV).
- **Low concern** is assigned to communities with personal risk profiles not captured above.

Standard deviation is a descriptive statistic that is used to understand the distribution of a dataset. It is often reported in combination with the mean (or average), giving context to that statistic. Specifically, a standard deviation refers to how much scores in a dataset tend to spread-out from the mean. If the

distribution is normal then 68% of TAs, in this case, will lie within 1 STDEV of the mean. Knowing this assists with identifying where there is a concern.

Digital solutions

Digital solutions refers to digital solutions that meet New Zealand security and compliance requirements. Digital solutions have these attributes to be efficient and effective:

- improve customer experience/satisfaction of the land transport system.
- reduce effort, e.g., reducing manual work, take head count out, take cost out, rationalisation of a system or service.
- maximise the value of the digital environment by building on an existing platform, contribute to an All of Government capability, or consolidate systems and platforms.
- increase the integration and interoperability between systems and land transport infrastructure.

Programme

A “programme” means a defined group of land transport activities.

This is intended as a broad definition as it is recognised that there are many ways that activities can be grouped by:

- location (for example local authority boundary, region, national)
- theme (for example public transport, optimisation)
- activity class (for example state highway pothole prevention)
- outcome (for example safety, resilience)
- a logical connection (for example a group of activities in a programme business case).

Examples of a programme include:

- safe infrastructure programme
- optimisation programme
- Resilience improvements programme.

A programme may be delivered by multiple organisations, may extend across multiple activity classes, and span across different start dates.

Package

A “package” means a group of activities that are inter-dependent activities.

“Inter-dependent” means that it is necessary for all the activities to be delivered to optimise the expected outcomes that is if an activity within the package is not delivered, then it would reduce the effectiveness of the remaining activities within the package.