Requirements for an addendum to a programme business case that is seeking funding approval for a programme

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This document outlines the information requirements for an addendum (to a previously endorsed programme business case (PBC)[1]) that is seeking funding approval for a 3-year programme of standard activities. The information in the endorsed PBC and the programme funding approach (PFA) addendum must meet the requirements set out in [Requirements of a business case that supports funding approval of a programme of activities](#).

Please discuss with a NZ Transport Agency (NZTA) investment advisor if the endorsed PBC is no longer current and needs to be revised.

Requirements for an addendum

An addendum does not need to include information or elements that have been addressed in the endorsed PBC.

The following PBC elements are likely to be covered in sufficient detail in the endorsed PBC:

- strategic case
- economic case for the broad programme
- financial case of the broad programme
- commercial case of the broad programme.

The addendum must include the following information:

- A 3-year programme, which needs to have a definitive list of activities. There needs to be a start date and end date for the delivery of the 3-year programme. A schedule of the 3-year programme needs to show for each activity the name, description, cost, activity class, work category, responsible organisation, start and end dates, deliverable and benefits. The 3-year programme should include any incomplete activity or activities from the previous 3-year programme. The 3-year programme needs to be definitive to support funding approval. A 3-year programme can comprise activities under $2m (with a clear explanation if they are to be funded under a low-cost low-risk (LCLR) programme or as part of the 3-year programme), activities above the LCLR threshold, and a business case for any complex activity that will seek funding separately.
- Information about right-sizing the 3-year programme. A rationale should be provided in terms of right size, right mix and right timing in respect of the 3-year programme. This rationale explains the selection of activities out of the broad programme and the outcomes sought from this 3-year programme.
- A statement about whether the 3-year programme is likely to be at, above or below the broad programme's benefit–cost ratio (BCR) midpoint. There is no requirement to re-do the economics of the broad programme. If existing information about a type of standard activity within the programme indicates the BCR is normally less than 1, then the following must be provided about that activity: the activity's alignment to Government Policy Statement on land transport (GPS) priorities and an explanation why the activity is needed to be part of the programme.

[1] A PBC may be used as the basis for an application for funding a programme of activities through the programme funding approach. Other endorsed business case phases, such as an indicative business case (IBC), may also be used.

- An update of the management case, including any updates regarding governance arrangements, programme management or risk management and benefits monitoring[2] in relation to the 3-year programme.
- Any updates to the commercial case relating to 3-year programme.
- Robust financial information relating to 3-year programme. This should include robust costings for activities in the 3-year programme, cashflows for each year of the 3-year programme, clear funding arrangements between the partners and a process to manage issues (such as cost changes within the programme). The basis of cost estimates should be explained. Particulars about programme management costs, administrative costs and any programme contingency costs needs to be provided for the 3-year programme. It should be noted that the budget for the 3-year programme will be limited to the dollar amount approved when the programme is included in the National Land Transport Programme (NLTP). While there can be cost–scope adjustment downwards to release funds back into the National Land Transport Fund (NLTF), increases will not be permitted. Contingency can only be allocated for normal cost variations (usually limited to a maximum of 10 percent of the total costs (refer to the NZTA Cost estimation manual (SM014)) and not to cover additional uncertainty, which is a programme management issue. The cost schedule for the 3-year programme should enable the allocation of costs to work categories and activity classes. The financial case for a programme of activities will be subject to the Investment Prioritisation Method (IPM) prioritisation process for activities in each activity class.

NLTP inclusion and NLTF funding

NZTA will use the PFA addendum (if required) to consider a proposed 3-year programme of standard activities for NLTF funding. The programme of activities included in the PFA must also be included in the relevant Regional Land Transport Plan to be considered for inclusion and funding in the National Land Transport Programme, unless it is a nationally delivered activity.

Transport investment requirements and Transport Investment Online

The transport investment requirements apply to the 3-year programme. Details of the 3-year programme should be saved in supporting information in Transport Investment Online (TIO) as for improvement activities.

Seek advice from your NZTA investment advisor to ensure the information requirements in TIO are met.

Further information

For further information on the PFA talk to your NZTA investment advisor.

Relevant links

- Programme funding approach page on our website
- Programme funding approach – overview
- Requirements of a business case that supports funding approval of a programme of activities
- Programme business case phase
- Transport investment requirements

[2] A benefits monitoring plan must be provided for the 3-year programme. The benefits are to be monitored at a programme level, based on achievement of outcomes (refer to our benefits management guidance).