

**Subject**                    **Changes to the Transport Planning Activity Class**

**Circulation**              All Approved Organisations  
Office of the Auditor General  
Local Government New Zealand  
Highways and Network Operations (NZTA)

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**Date**                        28 June 2013

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### Purpose

To notify approved organisations and other stakeholders of changes to the Transport Planning Activity Class required to implement a Business Case Approach to transport planning and activity development.

This particularly affects those Approved Organisations with significant transport planning activities or capital projects.

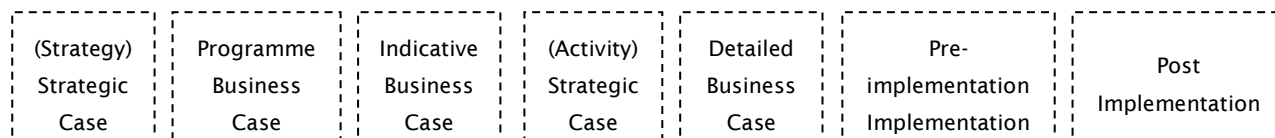
### Background – A Business Case Approach

From 1 July 2013, the NZTA will begin the transition to a Business Case Approach for transport planning and activity development. It is expected that all transport planning activities and significant new investment proposals in the 2015-18 NLTP will use the Business Case Approach for investment from the transport planning activity class.

As there are a number of different transport planning activities and projects at various stages of development, the NZTA will continue to support the existing process in the interim. Existing activities will continue as planned but any new, or particularly large activities should be discussed with your regional NZTA office.

The Business Case Approach ensures early collaboration between stakeholders and progressive development of a robust, evidence based investment case. It progressively builds an investment case by:

- identifying the core problem
- identifying the consequences of not addressing it
- identifying the benefits to be gained by investing in its solution.



The Business Case Approach is principles-based: While the NZTA has outlined an approach considered ‘best practice’ on the Knowledge Base (and we encourage its use), the principles-based approach emphasises developing a shared view of problems and benefits early in the transport planning process without requiring the work to be done in a particular way. Key decision-makers and stakeholders can work together, in a way that suits both parties, to ensure key questions can be answered at investment gateways (eg. Are there problems and clear benefits worth investing in? Have a sufficient range of alternative solutions been considered?).

This is an evolution of our current approach to supporting strategies and endorsing packages. We have taken on board feedback from the sector about how well our current approach has worked in practice, and expect that the Business Case Approach will simplify transport planning and project development in future. We will seek ongoing feedback to further test and refine the approach moving forward.

Adoption of the Business Case Approach also helps us align with best practice internationally, and with the expectations of the public sector in NZ. It ensures we are able to respond to what many of our partners are already doing as they adopt aspects of Treasury's Better Business Case approach for various projects and programmes.

### **Amendments to the NZTA Knowledge Base**

The [Planning and Programme Development](#) section of the Knowledge Base has been updated to provide detailed best practice guidelines on the Business Case Approach. In addition minor changes to existing content required to embed the Business Case Approach have been made.

### **Changes to the Transport Planning Activity Class**

The NZTA is making a number of amendments to the [Transport Planning Activity Class](#) to give effect to the implementation of a Business Case approach.

#### **a. Changes to Transport Planning Activity Class work categories**

The Transport Planning work categories will be changed to:

[001 – Regional Land Transport Management](#)

[002 – Transport Model Development \(including strategies and studies until 2015\)](#)

[003 – Activity Management Planning](#)

004 – Programme Business Case Development

These changes are required because:

- The NZTA is transitioning investment away from traditional form “strategies and packages”, shifting to the Business Case Approach. Development of the Programme Business Case phase will be funded from the Transport Planning Activity Class.
- The Strategy Strategic Case, which also acts like a terms of reference for the Programme Business Case, includes a strategic assessment which will replace the need for other strategy documents. This phase is brief in nature and ensures that transport planning work is only undertaken where a problem or opportunity has been clearly identified from the outset. The costs of developing the strategic case should be minimal and will need to be met by the Approved Organisation.
- The Programme Business Case Development work category will include the collection of data and evidence as required to undertake this phase. What has traditionally been termed ‘studies’ (which seek to inform future transport needs) will no longer be funded as a standalone activity.

#### **b. Changes to work category definitions**

There are two significant changes within the activity class reflecting changes to the definition of Work Category 002, and the addition of Work Category 004:

- Work category 002 has been renamed “Transport Model Development”, removing strategies and studies from the previous Studies, Strategies and Models [work category]. This change includes a transition period until the 2015-18 NLTP during which strategies and studies can still be funded from Work Category 002.

- The new Work Category 004: Programme Business Case Development has been created and provides for preparation of a Programme Business Case, including the collection of data and evidence as required.

The NZTA expects that proposals for funding assistance for a Programme Business Case will be justified using a fit for purpose “Strategy Strategic Case” which, eliminates the Terms of Reference, and:

- outlines the case for change and the need for the potential investment
- identifies the strategic context and fit of the proposed investment
- provides stakeholders with a high degree of confidence that the investment aligns with strategic priorities.

The Strategy Strategic Case should include:

- strategic assessment of the problem or opportunity
- strategic context
- an outline of the work required to complete a programme business case
- funding application to proceed

Full work category definitions for the Transport Planning Activity Class will be updated in the Planning and Investment Knowledge Base ([www.PIKB.co.nz](http://www.PIKB.co.nz)), live from 1 July 2013.

Changes to the Work Category definitions will take effect immediately. A further update in July 2015 will remove the eligibility of new strategies and studies from work category 002.

#### **Further information**

We appreciate that this may raise a number of questions and issues on transition to a Business Case Approach for many Approved Organisations. To discuss this, please contact your NZTA regional office. Alternatively you can contact: [coral.aldridge@nzta.govt.nz](mailto:coral.aldridge@nzta.govt.nz) (04) 894 6165

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