

Subject	New NZTA Economic Evaluation Policies
Circulation	All registered holders of the Economic evaluation manual – Volume 1 All registered holders of the Economic evaluation manual – Volume 2 Local Authorities Local Government New Zealand
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Purpose

To announce release of the NZ Transport Agency's updated Economic Evaluation Manual.

Features of the updated EEM

The updated EEM document is available via the Transport Agency website and has the following changes (which were notified in a separate General Circular in July):

- **Policy changes:**
 - A revised discount rate of 6%, along with the evaluation period extended up to 40 years.
 - The inclusion of additional wider economic benefits.
 - A greater emphasis on a multi-modal approach to evaluation, including:
 - public transport evaluation periods made consistent with other modes;
 - equal values of travel time across modes for monetising the total value of travel time benefits;
 - discontinuing the use of default traffic growth rates, where evidence will be required to support any traffic growth assumptions; and
 - the strategic fit criteria now recognises predicted crash risk in transport safety assessments, i.e. predicted crash risk will be taken into account when prioritising proposals for investment.
- Details of these policy changes were notified in a previous General Circular (Funding: No 13/06) dated 17 July 2013.
- **Structure change** - the previous two-volume EEM has been merged into a single document with four key sections:
 - Concepts
 - Simplified procedures
 - Full procedures
 - Appendices
- **New format;** it's only available online in PDF - no hard copies will be printed. You can find the manual on our [website](#). Having an online document means it can be easily updated.

How to apply the updated EEM

The EEM must be used by approved organisations evaluating the economics of a transport proposal to provide an efficiency assessment as part of preparing a funding application to the Transport Agency.

There are now two EEMs in place. If a project phase was approved for funding under the previous EEM, continue to use the former economic evaluation method.

The updated EEM should be used for all new phases of projects and must be applied to all proposals for the 2015-18 NLTP and beyond.

Whatever version of EEM is used it should be applied in total to that phase of a project – do not mix and match parts from both versions.

New Activity Phase (yet to be approved)	2012-15 NLTP	2015-18 NLTP
Investigation/ design	NEW procedures	NEW procedures
Construction/ implementation	OLD procedures *	NEW procedures

* For 2012/15 NLTP funding applications, old procedures can be used where there is a prior funding approval, particularly where there would be considerable rework to change to the new procedures.

Worksheet changes & access to software

- **Online worksheets** - Links for these are available on the EEM page of the NZTA website.
 - The updated EEM links to a set of Excel worksheets for any application using **simplified procedures**.
 - For applications requiring **full procedure assessment**, worksheets are currently available in word format. Migration of these to Excel format will occur in advance of the development of the 2015-18 NLTP.
 - A **summary worksheet** for both full and simplified procedures will allow for seamless input into the Transport Agency's Transport Investment Online system (TIO).
- **Spreadsheet adoption** – For all funding applications applying simplified procedures moving forward, we expect the application will be accompanied by worksheets in Excel. Specifically:
 - Any new funding application submitted to our TIO system using the new simplified procedures must be accompanied by Excel versions of the new worksheets.
 - Where old procedures are used for a phase that is seeking funding approval in the existing NLTP and there would be considerable rework required to adopt the new procedures, we would expect applications to be accompanied by copies of any existing Excel spreadsheets being used.

Please ensure this approach is adopted

- Following feedback regarding usage, EEM software previously available through our website has now been discontinued. Release of revised software to incorporate updated procedures and values is not envisaged at this state.

Engagement on the Updated EEM

For further information and communication on the EEM release:

- A series of workshops is being run, timed to coincide with the EEM release to highlight the changes and how they apply to real world examples. Workshops targeted at the wider transport sector will be initiated in late November/ early December. We'll invite local partners when dates are confirmed.
- You can ask your local Transport Agency Planning and Investment representative.
- Or alternatively, you can send questions, or feedback about the review directly to the EEM review project team using the feedback [form](#) on our website, or email the review team at eem@nzta.govt.nz

Enquiries

For more information on changes to the EEM, you can refer to our [frequently asked questions](#). You can also find more detailed information on the EEM Review, the policy changes and our upcoming engagement process on the Investment section of [our website](#).

Please contact your Planning and Investment representative for further information or assistance in implementing these changes into your programme.



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