

13 June 2024

[REDACTED]  
Stuff  
[REDACTED]

REF: OIA-15406

Dear [REDACTED]

### Request made under the Official Information Act 1982

Thank you for your email of 16 May 2024 requesting the following information under the Official Information Act 1982 (the Act). I will respond to each of your questions in turn.

1. **Does the NZTA have data (WITHIN THE LAST FIVE YEARS) on the upper, low and average weighted BCRs (including any including WEBs such as agglomeration efficiencies) that it has calculated for roading projects that have been approved in the recent past (I would need to know the time scale) – I am asking this as I am trying to get a sense of where ‘the bar has sat’ on pushing the button projects up to now.**

We have extracted from our records the benefit cost ratio (BCR) relating to funding approvals for state highway and local road improvements made during the 2021-24 period (from 1 July 2021 to 21 May 2024). These BCRs exclude wider economic benefits (WEBs), as per instructions to those entering the information into our system. WEBs are usually only calculated for transformational projects, and they are provided in detailed calculations that sit alongside the reported BCR. In order to provide you with information in accordance with the timeframes set out in the Act, a quick analysis of the range and weighted average has been undertaken. The following results were produced for the 2021-24 period:

- The lowest BCR recorded was 0.
- The highest BCR recorded was 14.
- The weighted average was 1.2.

For the purpose of this analysis, the BCRs were weighted according to the cost of a project. Predominantly, recorded BCRs were higher than 1. A BCR of zero can arise either where a BCR was not assessed, or where the BCR has been incorrectly recorded as zero.

2. **The manual indicates NZTA may need to consider the waterbed effect (it calls it ‘additionality’ I think) when considering incremental impacts of investments on international tourism, but it does not appear to do the same with regard to most of the wider economic benefits that can be included in its BCRs – is that correct? (I am asking this in part because I’m aware on some international literature suggesting expected benefits of developments obtained by CBAs may not translate into macroeconomic gains for whole economies).**

We understand your reference to the waterbed effect for tourism is the diversion of tourists to the investment study area from other attractions. NZ Transport Agency Waka Kotahi (NZTA)'s Monetised Benefits & Cost Manual provides clear guidance to ensure that the tourism benefits claimed only cover the additional new tourists coming into New Zealand, not existing tourists that are transferring from one place to another within New Zealand. This is not necessarily the case for other WEBs like agglomeration. Agglomeration benefits are primarily about businesses being more efficient and successful because they are clustered in close proximity to one another. Innovation or improved outputs can arise where suitably qualified people can work and easily collaborate, plus there are economies of scale in producing outputs because there are suppliers to large numbers of businesses. Unlike tourism, agglomeration does not transfer exogenous variables.

**3. Does NZTA factor in the possible and/or changed likely impacts of natural disasters (changed for example due to climate change) when assessing the lifetime costs of roading developments for the purposes of its BCR calculation? (I am asking this as there have of course been recent major costs remediating roads and I wasn't sure whether the risks recurring in future would be fully factored into BCRs conducted today).**

The lifetime costs only reflect regular maintenance and operations, not an allowance for emergency work. The Monetised Benefits & Cost Manual does enable resilience benefits to be calculated, for projects that will be resilient to a range of future weather events. It is also possible to include in a BCR the potential disbenefit arising from risk of natural disaster whether from climate change, earthquake or other events. In many cases, the level of disbenefit is small, taking into account the risk of a natural disaster occurring and affecting the project. A business case for a roading project is expected to identify future risks and ways to avoid or mitigate those risks. This risk analysis is a key factor in NZTA's decision making in relation to investment in a project, its location and its design.

**4. Has the Transport Agency calculated BCRs for the 15 roads of national significance identified by Simeon Brown on April 12 and/or the two roads of national significance and 10 roads of regional significance he identified on May 13, as of the date of responding to this request. If so what are they?**

NZTA has calculated BCRs for the projects that were part of the former New Zealand Upgrade (NZUP) programme, which make up the projects identified on 13 May 2024. I am refusing your request for these BCRs under section 18(d) of the Act, as the information requested is publicly available, and can be found on page 229 on the NZTA Annual Review responses available at:

[https://www.parliament.nz/resource/en-NZ/54SCTIN\\_EVI\\_9e4bd7b7-5ccb-4d77-8c4b-08dc117448e5\\_TIN214/1157d2ec860593ea088cacd3746f3a47092f63dd](https://www.parliament.nz/resource/en-NZ/54SCTIN_EVI_9e4bd7b7-5ccb-4d77-8c4b-08dc117448e5_TIN214/1157d2ec860593ea088cacd3746f3a47092f63dd).

NZTA has previously calculated BCRs for some of the Roads of National Significance projects which can also be found at the link above. It is important to note that these BCRs were calculated a number of years ago and do not represent the project as they are currently anticipated to be scoped. NZTA has not calculated updated BCRs for these projects as announced on 12 April 2024. I am therefore refusing your request for this information under section 18(e) of the Act as the document alleged to contain the information does not exist, or despite reasonable efforts to locate it, cannot be found.

All projects will go through the standard development process which include detailed investigations and business case development before being presented to the NZTA Board to consider for funding

through the National Land Transport Fund (NLTF). The investment case/BCR will be updated as part of this process.

Under section 28 of the Act, you have the right to ask the Ombudsman to review my decision to partially refuse this request. The contact details for the Ombudsman can be located at [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz).

In line with NZTA policy, this response will soon be published on our website, with personal information removed.

If you would like to discuss this reply with NZTA please contact Andy Knackstedt, Senior Manager Media, by email to [andrew.knackstedt@nzta.govt.nz](mailto:andrew.knackstedt@nzta.govt.nz).

Yours sincerely

A handwritten signature in black ink, appearing to read 'H. Cattermole', with a stylized flourish at the end.

**Howard Cattermole**  
Chief Financial Officer