

INVESTMENT DECISION-MAKING FRAMEWORK REVIEW

Draft Design Report

WAKA KOTAHI NZ TRANSPORT AGENCY

10 DECEMBER 2019

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More information

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INTRODUCTION & OVERVIEW

Waka Kotahi NZ Transport Agency (the Transport Agency) and the Ministry of Transport (MoT) are working together to review the Transport Agency's Investment Decision-Making Framework (IDMF) which includes the Investment Assessment Framework (IAF) and Economic Evaluation Manual (EEM).

The review will ensure that the investment strategy within the Government Policy Statement on Land Transport (GPS) is being delivered. The work that the Transport Agency and the Ministry of Transport are doing, with the support of Local Government New Zealand (LGNZ), will:

- Support a transport system-based and outcomes-focused approach.
- Take a mode neutral approach to assessing transport interventions.
- Give due weight to social, economic, environmental and other outcomes that cannot be readily monetised.
- Ensure there is a framework that is robust, adaptable, transparent and easy to understand in its application, and support a greater level of monitoring and evaluation.

The Transport Agency is using a three-stage approach to carry out this review:

- **Investigation** – gathering information from the sector and transport users to assess the current processes
- **Design** – using findings from the investigation stage to inform co-design of new investment decision-making processes (and other related functions)
- **Implementation** – taking the new design and embedding it into the Transport Agency and identifying where it can be embedded in co-investment partners' systems, processes and capability needs.

The purpose of this report is to articulate the outcome of the design stage - a proposed new design for the IDMF. It details the key, substantive changes being proposed, and a broader range of changes that, together, will ensure the efficient, effective, and transparent prioritisation of the National Land Transport Fund (NLTF).

A diagram summarising these changes can be found at Appendix A.

BACKGROUND

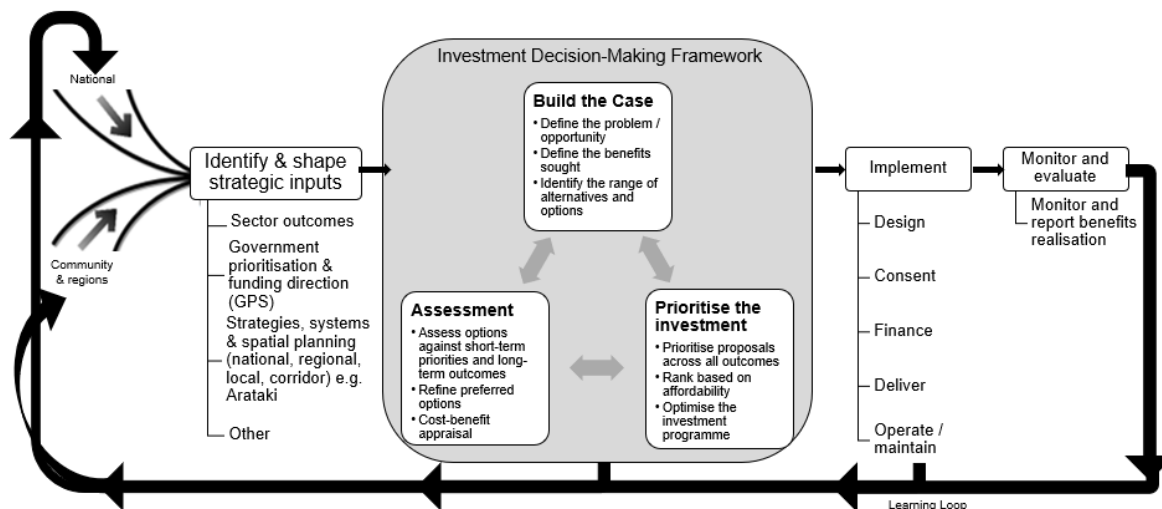


Fig. 1 The New Zealand transport planning and investment system

The land transport investment decisions made by central and local government affect the lives and wellbeing of all New Zealanders, so it is vital these decisions consider the right information, at the right time and in the right way.

The Transport Agency uses the IDMF to guide its investment decisions; to develop, assess and prioritise funding in the land transport system. As it does this, it is required to give effect to the GPS, which sets out the government’s priorities for expenditure from the NLTF over a 10-year period. A review of the IDMF was initiated in response to changes to the GPS on Land Transport (GPS) 2018, and to a review of the system carried out late in 2018.

Specifically, the Transport Agency was directed to ensure consideration of all land transport modes and alternatives in its planning and investment decisions, and to ensure the IDMF reflects government expectations around social, economic, cultural and environmental outcomes in transport planning.

In 2018 the Transport Agency began this review, working in partnership with the Ministry of Transport and supported by LGNZ, with the aim of:

- Creating a **clear and unambiguous framework** for the assessment and prioritisation of investment proposals for the National Land Transport Programme;
- Ensuring that investment decision making supports a **system-based approach**, including integration of land use and transport planning, and a focus on outcomes rather than outputs;
- Encouraging and supporting a **mode-neutral approach** to identifying and assessing transport solutions;
- Supporting the delivery of **positive social, economic and environmental outcomes**, including wider benefits capture and placing due weight on benefits that cannot be monetised;
- Moving to a more **customer-centric framework** that is transparent, and easy to access and understand.

The Transport Agency has also used this review as an opportunity to better understand and address sector concerns about the investment framework; particularly making it easier to navigate the framework and to understand how the Transport Agency makes its investment decisions. To do this, the Transport Agency has actively involved and worked closely with local government (and the broader transport sector) during each stage of the review.

The Transport Agency understands that the ongoing stability of the system and consistency in its processes are important for those it works with, so it is also focused on ensuring the new framework is both enduring and adaptable for the future.

Over time, it is expected that the proposed new framework will ensure better and more transparent decision making, so that it is clear how investments in the transport system support liveable, safe and connected communities, and contribute to a productive economy that delivers more jobs, higher incomes, and higher living standards for all New Zealanders.

SCOPE OF REVIEW

The IDMF review focuses on five key aspects of the framework:

Area of focus	Purpose
<p>Investment Principles and Policies focuses on the Transport Agency’s existing investment principles and policies.</p>	<ul style="list-style-type: none"> • recommend principles and policies for the future framework, and provide a clear distinction about the relationship between them, and; • understand key policy gaps and make recommendations to address these.
<p>Building the Case focuses on the IDMF business case approach and links across the workstreams.</p>	<ul style="list-style-type: none"> • develop tools and processes that allow agile development of proposals; • ensure the right level of effort is applied according to scale, risk, and complexity, and provide clarity on pathways for building the case for investment; • recognise and use existing strategic documents; and • bring all the requirements for business cases and their assessment together.
<p>Investment Assessment focuses on how investment proposals perform and compare.</p>	<ul style="list-style-type: none"> • ensure assessment approaches are consistent with whole of government, informed by research and international best practice, and enable a wider view of costs and benefits to be considered in investment decision-making; • ensure alignment across all aspects of benefits management and realisation, in particular between indicators and measures we are using to tell the benefits realisation story and how we use this information within assessment; and • improve cost-benefit appraisal to better account for qualitative and quantified benefits, alongside monetised benefits, within decision making.
<p>Investment Prioritisation (formerly called the “Investment Assessment Framework”) focuses on the method and factors for prioritising investment in the NLTP.</p>	<ul style="list-style-type: none"> • review and improve the method of prioritising activities in the NLTP to achieve outcomes for Government and communities; • make the process for prioritisation simple; and • provide confidence that the factors and methods for prioritisation enable the NLTP to deliver on strategic priorities and outcomes.

Capability aims to embed the improvements and changes made throughout this IDMF review programme.

- build staff and sector capability in preparing, appraising, assessing, and prioritising business cases; and
- make information, guidance, tools etc easy to find, understand and use.

APPROACH

The Transport Agency is using a three-stage approach to carry out this review:

- **Investigation** – gathering information from the sector and transport users to assess the current processes.
- **Design** – using findings from the investigation stage to inform co-design of new investment decision-making processes (and other related functions).
- **Implementation** – taking the new design and embedding it into the Transport Agency and identifying where it can be embedded in co-investment partners' systems, processes and capability needs.

The Transport Agency understands that the success of this review relies on strong sector support which is why it has actively involved, and will continue to involve, local government at each stage of the review. A diagram showing how the sector has been involved, together with key milestones for the IDMF review, can be found at Appendix B.

The investigation stage of the review was completed mid-year, and was informed by national and international research, topic-specific workshops and national roadshows. The workshops and roadshows were developed and hosted jointly by the Transport Agency, MoT, and Local Government New Zealand (LGNZ).

[A report summarising these findings](#) was released mid-October.

Since completing the investigation stage in July, the Transport Agency has used these findings to inform its thinking about the design of the new framework. As part of this, it has continued to engage with internal and external technical subject matter experts to co-design the more technical components of the IDMF.

WHAT IS CHANGING

The IDMF review has considered issues across the entire investment decision-making framework. As a result, changes have been made at each stage of the investment decision-making process that, together, will result in a more coherent end-to-end framework that is easy to understand and simpler to use.

In particular, the Transport Agency has simplified the way business cases are developed and enhanced benefits measures and realisation, clarified investment principles and policies, the assessment of proposals and their investment prioritisation.

The following describes these changes in more detail, however, there are some aspects of the IDMF that will not change. For example, the business case approach will still be used to provide the evidence needed to make a case for investment from the NLTF. Cost benefit appraisal will also still be the preferred economic assessment tool for understanding the benefits and costs involved in a proposal, and to ensure it represents value for money.

The Transport Agency's **investment principles** have been updated to better reflect current investment priorities and practice, and to make them clearer and easier to understand. Five new, high-level investment principles have been created to sit alongside the Land Transport Management Act operating principles. These new principles will help guide investment choices, supported by underlying investment policies that will provide more detailed information, where needed.

The Transport Agency has responded to sector feedback that better guidance and more flexibility is needed around **business cases**. It has developed guidance and business case exemplars around right sizing business cases; that is, helping to ensure the right level of effort is being put into a business case relative to the size and complexity of the problem being addressed. It is also proposing a new, short-form business case – known as a 'single stage business case lite' - for investments below \$5m. The Transport Agency is also reviewing the appropriate level of information and the threshold for low cost, low risk programmes, below which a business case is not needed.

A **new benefits framework** has been developed to make the use of benefit information in planning and reporting easier and more consistent. It details the qualitative, quantitative and monetised benefits that will be presented to investment decision makers.

New guidance will be provided for the use, measurement and reporting of qualitative and quantitative benefits. The benefits will be recorded in Transport Investment Online and measured to understand the benefits being delivered by transport investments. These benefits align with MoT's Transport Outcomes Framework and are mode neutral, i.e. can be used for any transport mode. This is a fundamental change in how the Transport Agency makes evidence-based investment decisions.

The Transport Agency has also made changes to ensure the appropriate level of **assessment** happens at each stage of the business case. New tools and guidance have been developed that will help both in the assessment of options and in the decision-making process, including a new early assessment sifting tool, better guidance on multi-criteria analysis, and a new appraisal summary table. Together, these changes will enable

wider outcomes and impacts to be considered, ensure proposals are aligned to the GPS and enable more transparent decision-making.

As part of this work, the Economic Evaluation Manual (EEM) will be updated and renamed the Monetised Benefits and Costs Manual (MBCM). The MBCM will only include guidance on monetised benefits and costs and will be built around the new benefits framework. New ways of monetising some benefits – for example tourism benefits, health benefits associated with walking and cycling, and dynamic land use benefits – will also be included. The MBCM will be ready for feedback in the first half of 2020. A separate manual covering non-monetised benefits is also under development.

The Transport Agency has also updated its guidance on the development of programmes and packages of activities.

The Transport Agency is reviewing its approach to **prioritisation**. It is currently considering moving from two prioritisation factors to three, to better differentiate between the priority of activities. Any changes in prioritisation will need to align with the next GPS and will be consulted on following the release of the draft GPS 2021, expected in early 2020.

On a broader level, the Transport Agency is making improvements to the way policy and guidance **information** is written and made available. Its focus is on making the information simple and easy to find, so that Approved Organisations (AOs) and decision makers have the information they need at each stage of the process. For example, information and guidance currently in the Planning and Investment Knowledge Base (PIKB) has been rewritten to make it easier to understand.

Templates and exemplars will be also available to make developing business cases easier and to provide more complete information for decision makers.

The Transport Agency is also proposing new ways to increase the **capability** of users across the sector in understanding and navigating the system, and in using the new tools it is developing. The Transport Agency wants to ensure that users of the IDMF can confidently apply the changes when needed. Not only is it ensuring its information, tools and guidance are in plain, easy-to-understand language, it is also working to have all of the information available in one place.

The effective date for each change has been identified - some have immediate effect, while others will be implemented as of July 2020. More detail about the implementation dates for each change can be found below, with technical information contained in Appendix C.

A diagram summarising the changes can be found in Appendix A.

The substantive changes

The IDMF review has identified five substantive changes for investment decision-making:

The change
Investment principles: The transport Agency is moving from 10 investment principles down to five easy-to-understand principles to guide investment choices.
Right-sizing business cases: The Transport Agency has developed tools and guidance to make it clear how much information is needed for business cases based on risk and complexity.
Assessment of business cases: Tools and guidance have been developed to help in the assessment of options and in the decision-making process.
Capability: The Transport Agency is introducing new ways to increase the capability of users across the sector, to ensure they understand and can confidently apply the changes being made.
New benefits framework: A new benefits framework has been developed to make identification, measurement and use of benefits easier and more consistent. It includes quantitative, qualitative and monetised benefits.

IDMF Building blocks - the complete picture

Note: More detailed, technical information on each of these areas of focus can be found at Appendix C.

The change	Impact of change	Effective date
<p>Planning and investment decision-making framework</p> <p>An end-to-end, high-level diagram has been created, showing the context within which investment decisions are made. The diagram has been in use since March 2019. It supports conversations about how the investment decision-making framework sits within the wider system.</p>	<p>AOs can better understand the context in which investment decisions are made.</p>	<p>Already available and in use.</p>
<p>Investment principles</p> <p>The Transport Agency's existing investment principles have been reviewed and rewritten to ensure that their role in investment decision making is clear, from both an internal and external customer perspective, and to better reflect current investment priorities and practice.</p> <p>Five new investment principles have been created, to sit alongside operating principles set out in the Land Transport Management Act. The new principles are high level, holistic and enduring, supported by underlying investment policies that will help guide investment choices and provide more detailed information, where needed.</p> <p>The revised investment principles will be used to guide new investment policies, the application of existing investment policies, and in developing</p>	<p>AOs can better understand what's guiding the Transport Agency as it applies existing, and develops new, policies.</p>	<p>1 July 2020</p>

<p>transport solutions to be funded out of the NLTF. The changes will take effect from 1 July 2020.</p>		
<p>Update of existing information in the Planning & Investment Knowledge Base Existing investment information in the Planning & Investment Knowledge Base (PIKB) has been put into plain language and is currently available. Old information has been removed from the website.</p>	<p>Information in PIKB is easier to read and understand.</p>	<p>Already available</p>
<p>Right-sized business case guidance The Transport Agency has developed guidance on preparing a right-sized business case, based on the level of risk, uncertainty and complexity involved. This will be added to the point of entry guidance so the level of effort needed to complete a business case is clear at the outset. The Transport Agency is also developing a short-form business case – known as a ‘single stage business case lite’ - for investments up to \$5m. The updated guidance and single stage business case lite will apply from 1 July 2020.</p>	<p>Determining the right level of effort and the correct business case pathway is expected to reduce the cost and time involved in developing business cases, particularly those under \$5m.</p>	<p>1 July 2020</p>
<p>Standard interventions Guidance has been developed to streamline the investment pathway for standard interventions. Standard Safety Interventions (SSIs) provide an efficient approach to access funding for 15 SSIs for which the costs and benefits are already well understood. The guidance sets out high-level requirements that need to be supported by a robust evidence base. The guidance will apply from 1 July 2020.</p>	<p>New standard interventions create an easier and quicker process for AOs to get funding approval.</p>	<p>1 July 2020</p>

<p>Low cost, low risk programmes</p> <p>The Transport Agency is reviewing the threshold for low cost, low risk (LCLR) activities. (The threshold was increased by the Transport Agency to \$1M in 2017.) The Transport Agency is updating guidance on LCLR programmes to ensure an appropriate level of information is provided about benefits. Any changes to the threshold or new guidance will apply to LCLR programmes in the next NLTP, from 1 July 2021.</p>	<p>AOs will have information that better demonstrates the value of LCLR programmes.</p> <p>If the threshold is raised, higher cost activities can be included in an LCLR programme.</p>	<p>1 July 2021</p>
<p>Assessment design changes</p> <p>Guidance on the appraisal of options and for the assessment of business cases has been clarified. This includes the consideration of both monetised and non-monetised benefits and costs. The Transport Agency has developed tools to assist with options appraisal and investment decision-making.</p> <p>There will be clearer differentiation between assessment and prioritisation - the Investment Assessment Framework will be replaced by clear guidance on assessment and separate guidance on prioritisation. The guidance on assessment will apply from 1 July 2020.</p>	<p>AOs can more easily demonstrate the benefits of a proposed investment.</p>	<p>1 July 2020</p>
<p>Prioritisation – update</p> <p>The Transport Agency is reviewing its prioritisation criteria (currently in the Investment Assessment Framework) so that prioritisation factors are separate from assessment factors. These prioritisation factors need to be developed in response to the draft GPS 2021, so will be released once the draft GPS becomes available. Prioritisation factors and guidance will apply to activities proposed for the next NLTP and will not affect prioritisation of activities in the 2018-21 NLTP. The investigation stage identified a range of options, including moving from two prioritisation factors to three (as was the</p>	<p>Helps AOs and the Transport Agency understand how activities will be prioritised in the 2021-2024 NLTP.</p>	<p>Timing dependent on release of final GPS</p>

<p>case before 2018) to better differentiate activities and provide more certainty to AOs.</p>		
<p>Appraisal summary table</p> <p>The appraisal summary table (AST) is a new tool that can be used to provide decision-makers with concise information about benefits and costs. It can be used at the short list and preferred option stages of a business case. The AST is widely used internationally and has been adapted to the New Zealand transport context. The AST will apply from 1 July 2020.</p>	<p>AOs can more easily present decision-makers with concise information about benefits and costs.</p>	<p>1 July 2020</p>
<p>Multi-criteria analysis</p> <p>Multi-criteria analysis (MCA) is an analysis technique (or tool) that can be used to consider a range of criteria; both quantitative and qualitative. The Transport Agency’s MCA methodology/guidance is being updated, and an MCA template is being created, to ensure that a broad range of alternatives and options have been considered, and to ensure consistent investment decisions are made at the long list stage. The MCA will be used when options are being appraised in the business case process. The updated MCA will be available for use from 1 July 2020.</p>	<p>The updated MCA guidance and template will help with option analysis and will make it easier to transition from the assessment of investment proposals to the assessment of alternatives and options in the business case and Resource Management Act phases.</p>	<p>1 July 2020</p>
<p>Early assessment sifting tool</p> <p>A new early assessment sifting tool (EAST) will support the ‘coarse’ screening of alternatives and options at the long list stage of a business case. The EAST has been adapted from UK best practice to quickly and robustly document options that need to be ruled out. The EAST will be available for use from 1 July 2020.</p>	<p>Enables options to be ruled out in the early stages.</p>	<p>1 July 2020</p>

<p>Benefits framework</p> <p>A new benefits framework has been developed to show how benefit information is used in planning and reporting. The framework allows both benefits and disbenefits to be identified, forecast and measured.</p> <p>The framework is mode neutral and aligns with the Ministry of Transport’s Transport Outcomes Framework. The framework will be used in business cases, when recording information in Transport Investment Online (TIO) about new activities, and when reporting on benefits that are realised.</p> <p>The investment performance measures (the benefit measures) are the quantitative component of the framework. The set of 52 measures and associated centralised data provide the basis for an evidence-based approach to identifying transport problems, assessing and prioritising investment, and tracking benefits realisation into the future.</p> <p>The benefits framework will apply from 1 July 2020. The measures are currently being applied. Data and benefit information will be updated on an ongoing basis.</p>	<p>One set of benefits will be measured to understand the overall benefit of a transport investment.</p>	<p>Measures currently apply</p> <p>Benefits framework applies from 1 July 2020.</p>
<p>Programmes and packages</p> <p>The Transport Agency has updated its guidance for AOs on programmes and packages in the context of business case development. This guidance will help AOs determine whether to develop a business case for an individual activity or for a programme or package of activities. The guidance also clarifies what is needed if the business case is being developed to obtain funding approval for implementation, and what is needed if it is seeking to develop a further business case.</p> <p>The guidance also helps the Transport Agency make investment decisions based on a business case for a programme. This guidance builds on existing approaches to programmes (e.g. maintenance programmes, public transport</p>	<p>AOs will have greater clarity about the approach they should take when developing business cases.</p>	<p>1 July 2020, although AOs can seek the Transport Agency’s support now for developing a business case for a programme/ package</p>

<p>services continuous programmes, the Safe Network Programme, and LED lighting programmes).</p> <p>While this change will apply from 1 July 2020, AOs can seek the Transport Agency's support now for developing a business case for a programme/package</p>		
<p>Monetised Benefits and Costs Manual (MBCM)</p> <p>The Transport Agency is developing a new Monetised Benefits and Costs Manual to replace the existing Economic Evaluation Manual (EEM). The MBCM will focus on the monetised impacts (benefits, disbenefits and costs) in a cost benefits analysis. New values for benefits, along with new calculation methods for some benefits will also be included. The MBCM will apply from 1 July 2020.</p> <p>The following paragraphs i) to vi) will be included in the new MBCM:</p>	<p>It will be easier to find information about monetised benefits and costs, and AOs will be clearer about how to carry out cost benefit analysis for a business case proposal.</p>	<p>1 July 2020</p>
<p>i) Transformative transport activities (also known as dynamic land use benefits)</p> <p>The Transport Agency has developed a methodology that can be used to recognise the benefits arising from a transformational transport investment – an investment that is expected to result in significant changes in the places where people live and work. It can be used in business cases involving rapid transit or a new strategic route in an urban area that significantly increases access to an employment centre.</p>	<p>AOs will be clearer about how to calculate dynamic land use benefits.</p>	<p>Available now for immediate use</p>

<p>This methodology is available now, for immediate use.</p>		
<p>ii) Tourism-related impacts (cost and benefits)</p> <p>A practice note has been developed which provides a consistent approach for estimating tourism benefits for New Zealand. This enables business cases to better calculate how transport activities that affect tourism deliver on the GPS' strategic priority for access. While the calculation of tourism benefits has been allowed in previous business cases, the practice note provides guidance not only on how to calculate benefits, but also how to avoid common errors. The practice note is available now for immediate use.</p>	<p>AOs will be clearer about how to calculate tourism-related impacts.</p>	<p>Available now for immediate use</p>
<p>iii) Discount rate and analysis periods</p> <p>The Transport Agency has revised the discount rate used in cost benefit analysis from 6% to 4%. This change increases the analysis period to 60 years, from the current 40-year time period. Guidance recommends that scenario testing at 6% and 3% is carried out. This change makes the quality of demand forecasting even more important. It also increases the need for a range of options and scenarios to be developed, and for reporting on distribution and uncertainty in business cases and economic evaluation. Part of the new MBCM, these changes will apply from 1 July 2020.</p>	<p>Long-term impacts like climate change will be given more weight.</p>	<p>1 July 2020</p>
<p>iv) Health and active modes impacts</p>	<p>AOs will have revised values for health benefits</p>	<p>1 July 2020</p>

<p>Updated parameter values for health and active modes, including the use of e-bikes, are being developed for inclusion in the MBCM on 1 July 2020.</p>		
<p>v) Impact on health (noise)</p> <p>The Ministry of Transport is leading a research project to estimate and visualise transport noise exposure in New Zealand, and to provide a tool for estimating the related social costs. The Transport Agency is expecting this piece of research to deliver guidance on the valuation of land transport noise for incorporation into the MBCM on 1 July 2020.</p>	<p>AOs will be clearer about how to value noise impacts.</p>	<p>1 July 2020</p>
<p>vi) Impact on urban amenity</p> <p>Guidance and values for urban amenity from pedestrian and footpath improvements is in development. and will be included in the MBCM to be released 1 July 2020.</p>	<p>AOs will be clearer about how to value urban amenity.</p>	<p>1 July 2020</p>
<p>Cultural and Māori values</p> <p>Guidance is being developed on the consideration of cultural and Māori values in the assessment of options in a business case. Tools such as the EAST, MCA and AST have been developed to enable consideration of cultural and Māori values. Included in the benefits management framework is a measure ‘Changes in liveability of places’ which includes the impact on Te Ao Māori and other cultural values. These changes are new and will apply from 1 July 2020.</p>	<p>AOs will be clearer about how they should consider cultural and Māori values in their planning.</p>	<p>1 July 2020</p>
<p>Capability – update</p>	<p>AOs will be confident in applying the</p>	<p>Expected to be</p>

<p>The Transport Agency is looking at several ways to increase the capability of the transport sector in using the business case approach, understanding and applying changes in investment policies and the basis of assessment and prioritisation, and in using newly developed tools. For example, it is developing new learning modules, a community of practice, and a cloud-based portal through which all capability-based content will be accessed in the future. These are expected to be rolled out in 2020.</p>	<p>investment decision-making changes and in using the new tools.</p>	<p>rolled out in 2020</p>
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Elements the Transport Agency is still working on

Change	Availability
<p>Prioritisation</p> <p>The Transport Agency is reviewing its prioritisation criteria (currently in the Investment Assessment Framework) so that prioritisation factors are separate from assessment factors. These prioritisation factors need to be developed in response to the draft GPS 2021, so will be released once the draft GPS becomes available.</p>	<p>Any changes in prioritisation will need to align with the next GPS and will be shared following the release of the draft GPS 2021 early next year.</p>
<p>Activity management plan guidance</p> <p>Guidance is being updated around how activity management plans (AMPs) support the case for investment in programmes such as maintenance, renewals, operations, road safety promotion and low cost, low risk activities. An exemplar AMP is being developed by the Road Efficiency Group (REG), whose members comprise councils and the Transport Agency. These changes would apply from 1 July 2020.</p>	<p>Expected Feb/March 2020</p>
<p>Updating investment policies</p> <p>The Transport Agency's investment policies will be reviewed, as required, and put into plain language. For example, the Funding Assistance Rates policy may need to be updated in response to the GPS 2021.</p>	<p>Ongoing through to 30 June 2020</p>
<p>Clear investment expectations</p> <p>The Transport Agency is working on providing more clarity around the investment requirements for each stage of the business case. The 16 business case questions will remain, but the Transport Agency will provide more clarity around what is expected regarding the quality of the business case and what investment criteria is used at investment decision points.</p>	<p>Available 1 July</p>
<p>Rationalising investment information from</p>	<p>Available 1 July</p>

<p>PIKB and the Highway Information Portal into the Investment Capability Portal</p> <p>All current content in the Planning and Investment Knowledge Base (PIKB), the Highway Information Portal (HIP), and the Transport Agency’s website considered to be investment guidance (e.g. Business Case Approach guidance) has been identified and is being systematically reviewed, rationalised and, in some cases, rewritten. New landing pages and links are being developed to enable further improvements over time.</p>	
<p>Calculating resilience benefits</p> <p>The Transport Agency will consider how best to update modelling for these benefits once it receives the findings of two research projects that are currently underway.</p>	Tbc - awaiting research findings
<p>Impact on greenhouse gas emissions</p> <p>The Transport Agency is in the process of developing an updated value for the social cost of carbon for inclusion in the new MBCM.</p>	1 July 2020
<p>Treatment of Risk and uncertainty in Cost Benefit Appraisal</p> <p>Guidance and a tool have been developed on how to consider risk and uncertainty in a business case when carrying out an economic assessment of the outcomes being sought from a business case. Risk and uncertainty implications will be particularly useful for decision makers when gathering evidence to support a business case. Part of the new MBCM, the guidance and tool will apply from 1 July 2020.</p>	1 July 2020
<p>Templates and exemplars</p> <p>The Transport Agency is developing templates and exemplars for business cases, including for short form business cases (single stage business case lite). These templates and exemplars will apply from 1 July 2020.</p>	Ongoing development from February to June 2020

<p>Updating Transport Investment Online</p> <p>The Transport Agency is reviewing Transport Investment Online (TIO) with a view to reducing the number of information fields. Information from the IDMF review about the system’s future needs will also be used to inform other changes to the TIO system.</p>	<p>April – July</p>
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NEXT STEPS

This document will be finalised after feedback has been received from AOs.

ACKNOWLEDGEMENT

The Transport Agency, together with the Ministry of Transport, would like to thank Local Government New Zealand and the transport sector for their ongoing support and commitment as we work towards an investment decision-making framework that is robust, transparent, easy to understand, and that delivers the best transport outcomes for all New Zealanders.

APPENDIX A – UNDERSTANDING THE CHANGES

Investment Decision Making Framework

Understanding the changes



Investment decisions made by central and local government affect the lives and wellbeing of all New Zealanders.

The Investment Decision-Making Framework (IDMF) review has set out to achieve a broad range of outcomes - more details can be found in the Draft Design Report. In short, we have been working to:

Improve assessment & prioritisation

The IDMF needs to ensure efficient, effective and transparent assessment and prioritisation of the National Land Transport Fund (NLTF).

Incorporate positive social, economic and environmental outcomes

Collectively, the Ministry of Transport and Waka Kotahi NZ Transport Agency (the Transport Agency) need to ensure the IDMF review reflects new government expectations around social, economic and environmental outcomes. In the future applications will need to be assessed on a 'mode neutral' basis and as a part of a broader planning and investment system.

Make it better for people who use the system

A collaborative design process has identified that users of the IDMF need more transparency, clearer guidance and easier navigation to enable them to consider a broader range of investment considerations/criteria as they apply the Government Policy Statement on Land Transport (GPS).

Key for consultation documents

- Key product for consultation
 - Informing on this product
 - This product is still under development
- 1** Document reference aligned to consultation material
- Guidance material to support usability Tools to make it easier for users

The key areas of substantive change

We've identified five major shifts for investment decision making, spread across a range of products and tools. We know you're also interested in any changes to our approach to prioritisation - any changes we make need to align with the next GPS, so we'll share more detail about our thinking once the draft GPS 2021 is released early next year.

Investment principles

We're moving from 10 investment principles down to five easy-to-understand principles to guide investment choices.

Right-sizing business cases

We've developed tools and guidance to make it clear how much information is needed for business cases based on risk and complexity.

Assessment of business cases

We've also developed tools and guidance to help in the assessment of options and in the decision-making process.

Capability

We're introducing new ways to increase the capability of users across the sector, to ensure they understand and can confidently apply the changes we're making.

New benefits framework

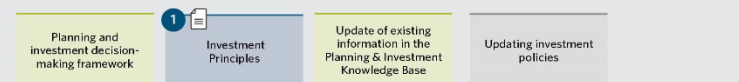
We've developed a new benefits framework to make identification, measurement and use of benefits easier and more consistent. It includes quantitative, qualitative and monetised benefits.

Seeking your feedback on the tools and guidance under development

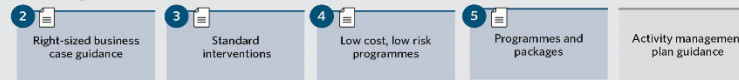
As we refine our thinking, we're seeking feedback on some specific aspects of the proposed design. In particular, we want to know how you think we can improve certain aspects of the design, and to understand some of the opportunities

and challenges you think you'll experience as a result of these changes - we want to make sure we have as complete a picture as possible before finalising the IDMF design.

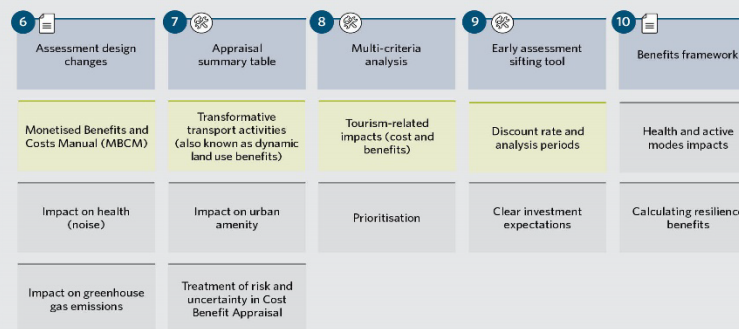
Strategic alignment



Building the case



Assessment and prioritisation



Capability



APPENDIX B – THE CONSULTATION AND ENGAGEMENT JOURNEY

Investment Decision Making Framework

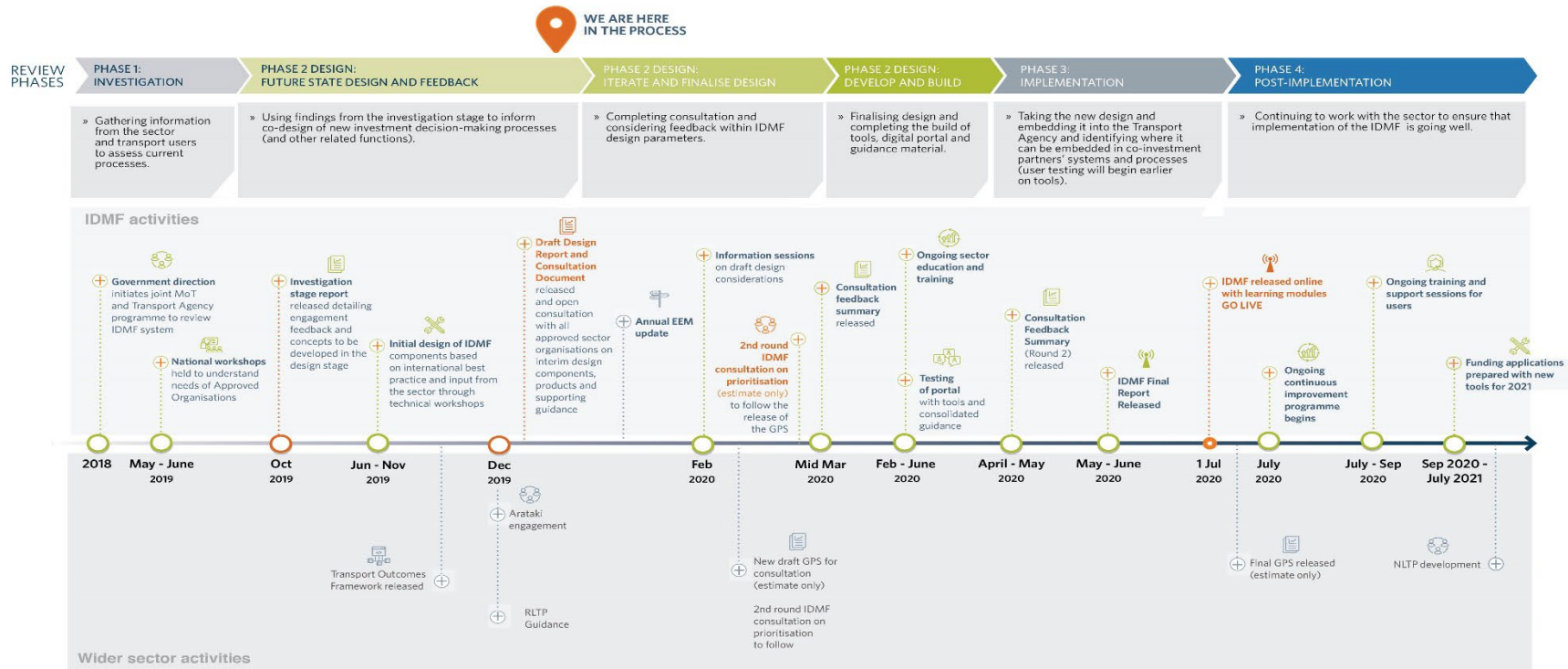
Consultation and engagement journey



The IDMF review has been carried out in consultation with our key stakeholders.

Waka Kotahi NZ Transport Agency understands that the success of the Investment Decision-Making Framework (IDMF) review relies on strong sector support, which is why it has actively involved - and will continue to involve - local government at each stage of the review.

The diagram below shows what that looks like in practice and highlights key milestones on our journey to deliver a more coherent end-to-end framework that is easy to understand and simpler to use.



APPENDIX C - TECHNICAL PAPERS

Technical paper	Link
Investment principles	https://www.nzta.govt.nz/assets/planning-and-investment/docs/investment-decision-making-framework-review-investment-principles-november-2019.pdf
Right-sized business case guidance	https://www.nzta.govt.nz/assets/planning-and-investment/docs/investment-decision-making-framework-review-right-sized-business-case-november-2019.pdf
Low cost, low risk programmes	https://www.nzta.govt.nz/assets/planning-and-investment/docs/investment-decision-making-framework-review-low-cost-low-risk-programmes-november-2019.pdf
Programmes and packages	https://www.nzta.govt.nz/assets/planning-and-investment/docs/investment-decision-making-framework-review-programmes-packages-december-2019.pdf
Standard interventions	https://www.nzta.govt.nz/assets/planning-and-investment/docs/investment-decision-making-framework-review-standard-interventions-december-2019.pdf
Assessment design report	https://www.nzta.govt.nz/assets/planning-and-investment/docs/investment-decision-making-framework-review-assessment-design-december-2019.pdf
Benefits Framework	https://www.nzta.govt.nz/assets/planning-and-investment/docs/investment-decision-making-framework-review-benefits-framework-december-2019.pdf
Transformative transport projects (Dynamic WEBS and land use benefits and costs)	https://www.nzta.govt.nz/assets/planning-and-investment/docs/investment-decision-making-framework-review-transformative-transport-projects-december-2019.pdf
Tourism benefits	https://www.nzta.govt.nz/assets/planning-and-investment/docs/investment-decision-making-framework-review-tourism-benefits-november-2019.pdf
Discount rate and analysis period	https://www.nzta.govt.nz/assets/planning-and-investment/docs/investment-decision-making-framework-review-discount-rate-november-2019.pdf