

From: [Kevin Wright](#)
To: [Sandy Fong](#)
Cc: [Patrick Fischer-Reid](#); [Carolyn O'Fallon](#)
Subject: Draft team work programme and draft scope of IDMF evaluation
Date: Monday, 19 April 2021 3:03:50 PM
Attachments: [Investment Assurance role and work programme 2021 22 version 3.docx](#)
[Draft IDMF Evaluation Plan v0.5.docx](#)
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Hi Sandy

As discussed at Friday's liaison meeting, I would like to share our draft team work programme for 2021/22 (attached) on the basis that you might also share yours and we can identify where we need to provide input to your work.

I also attach a draft scope of the proposed evaluation of the IDMF. Patrick Fischer-Reid, our newly appointed Manager Investment Policies in our team, will lead this evaluation. We are interested in any feedback you may have on the evaluation or any role you would like to play in it. I envisage that as a minimum we would provide you with the draft findings. Would you also like to be asked for your feedback on the implementation of the IDMF?

Ngā mihi
Kevin

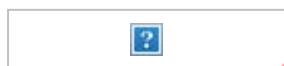
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Investment Assurance – Role and draft work programme 2021/22

Overall role

We give decision makers confidence that investment decisions are the right ones to make, considering the expected outcomes and cost.

We do this by:

- Developing and maintaining the investment framework and decision making tools (all IA teams)
- Provide investment assurance, funding decision audit/review, and advisory services, particularly in relation to significant investments, to support decision-making and assure that the Agency's investments deliver outcomes in GPS and reflect value for money (led by Practice Manager team)
- Develop and inform Waka Kotahi investment policies to provide a sound basis for investment decisions in the transport system (led by Investment policy team)
- Provide the organisation with technical expertise and leadership to ensure investment decision-making is fit for purpose to meet changing investment requirement (led by Lead advisor team)

Priorities for work programme: **High** **Medium** **Low**

Draft Work programme 2021/22

Practice Manager team

Leads the following:

- Provide investment assurance on significant business cases
- Overview investment decisions and support Business Case and Funding Decisions Committee
- Support ACMs with management of NLTP
- Post funding approval reviews of investment decisions <\$50M
- Update content of pages in PIKB
- Provide responses to OIAs and Ministerials
- Update MBCM (e.g. parameters survey, rail & coastal shipping methodologies, resilience methodology, risk, DTCCS deliverables)
- Steward of investment decision making processes, IDMF and investment tools
- Evaluation of IDMF and implementing actions from the evaluation
- Provide internal and external training on MBCM and economic evaluation and training for holders of investment decision delegations
- Develop risk tool for use in a business case by the sector

Provides input to:

- Support ACMs, James McHardy and NLTP Development team in finalising NLTP including reporting outcomes of NLTP
- Support ACMs and James McHardy in managing the NLTP
- TS and SH&E templates and processes (e.g. IQA, SSI too kit)
- Risk & Assurance programme
- TS management of cost increases and cost estimates
- Community of practice

Project budget \$150K for

- MBCM update
- Specialist advice
- Internal and external training of staff on MBCM and economic evaluation

Investment policies team

Leads the following:

- Coordinate update and publication of investment policies in PIKB
- Lead development of new investment policies (climate change, rapid transit FAR, FAR for maintenance in SH corridor)

- Programme reviews of existing investment policies and assign SME to update them

Provides input to:

- Input to the State Highways review
- Input to (and influence) policies that affect investment policy (including Resource efficiency policy, Environmental and Social Responsibility Standard, Adaptation, Climate change)

Project budget \$220K for

- Edit PIKB pages
- Update of PIKB platform
- Engagement and technical advice relating to new investment policies

Lead advisor team

Leads the following:

- Provide content for climate change investment policy, rapid transit FAR, FAR for maintenance in SH corridor
- Provide responses to OIAs and Ministerials
- Scan and identify future investment challenges (e.g. equity, distributional impacts, funding/financing toolkit)
- Identify how IDMF needs to change to meet changing investment requirements and align with MoT and Treasury
- Support team programme as required
- Monitor efficiency and effectiveness of NLTP investment
- Develop guidance or tools arising from climate change investment policy e.g. adaptive decision-making

Provides input to:

- Support ACMs, James McHardy and NLTP Development team in finalising NLTP including reporting outcomes of NLTP
- City plans
- External projects led by MoT or Treasury (where these relate to transport investment)
- REG and its programme of work relating to investment (e.g. ONF, Excellence Framework)
- Learning modules developed by others (where these relate to investment)

Senior Manager Investment Assurance

Leads the following:

- Approves variations to procurement strategies and procurement approaches
- Approves OIAs and Ministerials
- Approves PIKB pages for publication
- Manages relationships

Provides input to:

- Review of Board papers
- Audit of scrutiny principle
- Member of Steering Groups
- Assistance to decision-makers (Business Case and Funding Decisions Committee, CFO, Board paper commissioning and reviews)

Project budget \$50K for

- Scrutiny principle audit \$45K

EVALUATION FRAMEWORK AND PLAN FOR THE INVESTMENT DECISION-MAKING FRAMEWORK

12-month, 24-month and 60-month evaluation plan

13 APRIL 2021

VERSION 0.5

RELEASED UNDER THE OFFICIAL INFORMATION ACT 1982

1. Document distribution list

Name	Position	Role	Review/sign-off
Phillip Hall	Principal Investment Advisor, Investment Assurance	Author	N/A
		Review	
		Review (QA)	
Kevin Wright	Senior Manager, Investment Assurance	Approve	
		Inform	N/A

2. Document version

Version	Date	Description
0.1	12/03/21	First draft for discussion
0.2	25/03/21	Revised following feedback: added stakeholders, communication sections; added InvestHub to evaluation scope; added detail on evaluation purpose/what we want to get out of the evaluation, process evaluation method and KEQ 1(to better define system approach)
0.3	26/03/21	Revised following additional feedback from Helen Lane
0.4	31/03/21	Revised following feedback from Kevin Wright
0.5	13/04/21	Author QA

BACKGROUND

Waka Kotahi uses the Investment Decision-Making Framework (IDMF) to guide its investment decisions: to develop, assess and prioritise funding in the land transport system. The IDMF ensures we give effect to the Government Policy Statement on Land Transport (GPS), which sets out the government's priorities for expenditure from the National Land Transport Fund (NLTF) over a 10-year period. The IDMF was reviewed and revised over the course of 2019 and 2020, in response to changes in the GPS 2018. GPS 2018 places more emphasis on social, economic, cultural and environmental outcomes in transport planning.

Over the course of 2019 and 2020, Waka Kotahi reviewed and updated how investments were developed, assessed and prioritised. In particular, the Agency looked at making a fundamental change in how land transport investment decisions are made, with a focus on putting people and place at the centre of decision-making. The IDMF changes apply to all business cases that started on or after 31 August 2020.

The review and revision to the IDMF was prompted by changes in the GPS 2018, which places more emphasis on social, economic, cultural and environmental outcomes in transport planning. This shift in focus towards broader outcomes, wellbeing, and a system-based approach aligns with central government direction, given by the Ministry of Transport's Transport Outcomes Framework and the Treasury's Living Standards Framework. The most significant change is a different approach to assessing and approving projects for funding. The objectives of the IDMF are:

1. ensure that the investment decision making framework supports a system-based approach, including integration of land use and transport planning, and a focus on outcomes rather than outputs
2. encourage and support a mode neutral approach to identifying and assessing transport solutions
3. support the delivery of positive social, economic and environmental outcomes, including wider benefits capture and due weight to benefits that are not monetised
4. move to a more customer-centric framework that is robust, transparent and easy to understand

Figure 1 shows how the IDMF fits within the wider transport planning and investment system. Giving effect to the GPS, taking account of Regional Land Transport Plans (RLTPs) and ensuring value-for-money are fundamental to Waka Kotahi investment decisions.



Figure 1. End-to-end transport planning and investment system.

The IDMF changes apply to all business cases that started on or after 31 August 2020. Waka Kotahi has developed a new portal, **InvestHub**, which will become the single access point for all investment related guidance, tools and learning information. There are **five core elements** of the IDMF:

Investment principles and policies

The IDMF updated and reduced the investment principles from ten to five. These principles set the context to guide new investment policies, the application of existing investment policies, and the development of transport solutions to be funded from the NLTF.

Business case development

The Business Case Approach (BCA) is a robust, evidence-based approach for developing business cases for investment through the NLTP. A Point of Entry considers the level of complexity, risk and uncertainty, and determines the business case pathway for an investment proposal. Benefits management is a critical element of business case development. The IDMF review clarified that the level of effort required varies based on the risk and complexity of the proposal.

Optioneering

The IDMF review identified the need for fit-for-purpose assessment tools at each stage of business case development, including optioneering. The Early Assessment Sifting Tool (EAST), Multi-Criteria Analysis (MCA) guidance and template, and Appraisal Summary Table (AST) were developed and/or revised as part of the IDMF. These revisions were made to allow quick and robust ruling out of alternatives/options, consistency in MCA approach, and to make it easier for decision makers to make informed decisions by summarising benefits and costs of the shortlist.

Benefits management

Benefits management includes the identification, analysis, planning, realisation, and reporting of benefits. The IDMF review delivered a new benefits framework and guidance to help ensure that a range of transport and non-transport benefits are appropriately considered within decision-making. In addition, a new Monetised Benefits and Costs Manual (MBCM) and Non-Monetised Benefits Manual (NMBM) have been developed to assist AOs and applicants with the calculation of a wider range of monetised and non-monetised benefits.

Making investment decisions

Investment decisions are key points within business case development. These decisions ensure that funded activities are efficient, effective, safe, affordable, and give effect to the GPS. The AST helps decision-makers by presenting non-monetised benefits, monetised benefits and whole of life costs.

Investment prioritisation

Investment prioritisation helps rank different types of transport activities. It is undertaken when a proposed activity (or combination of activities) is put forward for inclusion in an NLTP, and then reviewed when a business case is presented for endorsement and a funding decision is requested, to check that the activity is above the investment threshold. The Investment Prioritisation Method for the 2021-24 NLTP (IPM) is used to give effect to the GPS. The 2021 IPM has increased the number of prioritisation factors from two to three.

DELIVERABLES

This evaluation plan will have three deliverables:

- Early evaluation (expected delivery July 2021), which will include insights from the MBCM user survey, MCA user testing and Benefit measures workshops. The deliverable for the early evaluation will be a ten-page report that summarises feedback and proposes action to further improve or refine the IDMF, opportunities to better achieve the IDMF objectives, and a paragraph to guide subsequent evaluations

- Interim outcomes evaluation (expected delivery December 2022)
- Final outcomes evaluation (expected delivery December 2025)

This evaluation plan should be considered a “living document”. In particular, the detail for the interim and final outcomes evaluations will be developed closer to their scheduled time, and this evaluation plan will be updated to reflect the detail of these stages.

EVALUATION DESIGN AND METHODS

Evaluation purpose

The overall purpose of these evaluations is to understand if the IDMF is achieving its objectives.

The purpose of the early evaluation will be to assess how well the IDMF has worked during its first year, and what changes might be needed to improve it. The early evaluation will provide information on how much the IDMF tools, guidance and Investhub portal are being used and whether additional communications are needed to target particular user groups. It will identify whether the IDMF tools, guidance and Investhub portal are working as intended. It will identify issues of concern relating to the use of the IDMF tools, guidance and portal, and what improvements are needed to improve the IDMF operation. Capability gaps

The purpose of the two outcomes evaluation will be to assess if the IDMF is tracking towards achieving, and whether it has achieved its desired outcomes, such as how Waka Kotahi assesses and approves projects for funding.

Evaluation scope (Early evaluation)

The table below outlines what is in and out of scope for the first, early evaluation. An evaluation of the IDMF tools (specifically the EAST, MCA, AST) and associated IDMF guidance (Transition guidance, MBCM, NMBM) are within scope.

As the IDMF has only been in operation for a year, it will be too soon to assess whether it is achieving its desired social, economic and environmental outcomes. However, it will be possible to assess whether proposals coming up for approval are committing to achieving (and measuring) a broader range of social, economic and environmental outcomes.

The scope for the subsequent outcomes evaluations will be developed at the conclusion of the early evaluation.

In-scope	Out-of-scope
Evaluation of IDMF implementation	Evaluation of IDMF impacts
Evaluation of IDMF tools (EAST, MCA, AST ¹)	Evaluation of IDMF outcomes (to be assessed by the interim and final outcomes evaluations)
Evaluation of IDMF guidance (Transition guidance, MBCM, NMBM)	Evaluation of IQA documentation
Evaluation of the IDMF portal (InvestHub)	Evaluation of Waka Kotahi’s investment assurance processes

¹ Scope of early evaluation of AST: awareness and guidance/training
WAKA KOTAHİ NZ TRANSPORT AGENCY

LCLR threshold increase and additional requirements to identify contribution to GPS priority	Assessing or auditing individual business cases or investment decisions
Evaluation of SSBC Lite	Evaluation of Benefits management approach (still being developed)
What elements of the IDMF are still to be completed? (e.g parameter values, risk analysis tool, methodology for valuing rail and coastal shipping benefits, updating resilience benefits methodology)	Evaluation of IPM and IER (still being applied and these will be reviewed as part of the NLTP evaluation)
How has the IDMF changed the complexity, cost and time in relation to the IDMF process leading to funding approval?	Investment policies (still being updated)
General comments or feedback on the IDMF	

Critical Success Factors

One of the first tasks in this evaluation will be to review the success factors for the IDMF, confirm they are still appropriate, and determine how they will be assessed/measured. It is proposed that this work is undertaken by the evaluation steering group. Success factors for the IDMF are contained in Appendix A. The success factors that will be assessed in each evaluation are:

Success Factor Category	Success Factor	Assessed in	Measure
People readiness	Internal communications issues to all end users and interested parties	Early evaluation	Confirmation/audit that this has been completed
	External communications issues to all AOs and consultants	Early evaluation	Confirmation/audit that this has been completed
	75% of internals feel they have clarity on the changes and what it means for them	Early evaluation	Survey of internal users
	70% of internals feel confident to use the IDMF tools and products	Early evaluation	Survey of internal users
	70% of internal users feel confident to support external partners	Early evaluation	Survey of internal users
	70% of internal users feel confident in providing support to external partners	Early evaluation	Survey of internal users
	80% of internal users know where to get additional support	Early evaluation	Survey of internal users
Capability build enables	InvestHub, tools and guidance available internally and externally	Early evaluation	Confirmation/audit that this has been completed

	80% internal engagement sessions completed	Early evaluation	Confirmation/audit that this has been completed
	All internal user groups offered multiple awareness and learning sessions. Recordings available	Early evaluation	Confirmation/audit that this has been completed
	Priority external users offered multiple opportunities to build awareness and understanding. Session recordings available	Early evaluation	Confirmation/audit that this has been completed
	Tiered change support model in place	Early evaluation	Confirmation/audit that this has been completed
	Recorded training sessions available and Q&A sessions in place for external partners	Early evaluation	Confirmation/audit that this has been completed
Business Case submission	Tools and products actively used during case development by 80% of AOs	Early evaluation; Interim outcomes evaluation	Survey of AOs / business case developers
	Increasing number of business case benefits aligned to new benefit framework, therefore giving better alignment to the GPS	Interim outcomes evaluation	Audit of business cases prepared since 31 August 2020
	Right-sized effort – uptake of the SSBC lite / LCLR (currently 91% of the NLTP activities)	Interim outcomes evaluation	TBC
	Better visualisation of the LCLR programmes --> ability to target the existing service gaps with the LCLR activities	Interim outcomes evaluation	TBC
	Ability to manage LCLR by activity classes	Interim outcomes evaluation	TBC
	Better reporting / transparency	Interim outcomes evaluation	TBC
	Easier to get investment due to the increased thresholds	Interim outcomes evaluation	TBC
Capability build continues	Increasing numbers of business case developers (internal and external) feel <i>competent</i> in using the tools and products	Early evaluation	Survey of business case developers
	InvestHub – incremental increase in number of	Interim outcomes evaluation	Administrative data (TBC)

	active users in a specified period		
	InvestHub - incremental increase in number of registered users who choose to complete learning modules	Interim outcomes evaluation	Administrative data (TBC)
	InvestHub – self-assessment tool is used to identify capability gaps and is fed into BAU capability build programmes	Interim outcomes evaluation	Analysis of self-assessment tool data (TBC)
	Business Case Approach community of practice incremental increase in membership growth/CoP is seen as the 'go to place' for practitioners	Interim outcomes evaluation	Monitor membership and participation in CoP Survey of end-users on their knowledge of and engagement with the CoP
Longer term outcomes (4 -5 years)	Increased ROI for business benefits across whole of life BC	Final outcomes evaluation	TBC
	Faster ROI for business benefits across whole of life BC	Final outcomes evaluation	TBC
	BCs under \$15M are less costly (right-sized effort)	Final outcomes evaluation	TBC
	Investment decisions are consistently made with both economic and social outcomes in mind	Final outcomes evaluation	TBC
	Consistently high ICR score for 'Benefits'	Final outcomes evaluation	TBC

Key evaluation questions

ID	Key Evaluation Question	Evaluation approach	Data source
KEQ1	Has the IDMF contributed to a system-based approach for assessing, prioritising and approving projects for funding?	Evaluate if the IDMF is contributing in progress towards / delivery of a systems-based approach for assessing, prioritising and approving projects for funding	Semi-structured interviews with Waka Kotahi decision-makers (Chief Financial Officer; National Manager, Programme and

	(i.e. does assessment, prioritisation and approval take account of the impacts of a decision on other parts of the whole system and into the wider transport ecosystem? Is there a clear understand of the impacts on communities and the environment?)	<p>(early / final outcomes evaluation)</p> <p>Evaluate if the IDMF has resulted in better alignment of activities/projects with government intentions (early / final outcomes evaluation)</p> <p>Evaluate the contribution the IDMF has made (if any) towards better investment decision-making (early / final outcomes evaluation)</p>	<p>Standards) - Early evaluation only</p> <p>Semi-structured interviews with Waka Kotahi decision-makers and investment advisors</p> <p>Desk research / review of business cases, funding approvals and IQAs</p> <p>Administrative data (e.g. TIO)</p>
KEQ2	Has the IDMF encouraged projects to adopt a mode neutral or multimodal approach to transport choices?	<p>Review problem/opportunity statements in business case proposals (interim outcomes evaluation / final outcomes evaluation)</p> <p>Review number and type of investment outcomes in business case proposals (interim outcomes evaluation / final outcomes evaluation)</p>	<p>Semi-structured interviews with Waka Kotahi decision-makers (Chief Financial Officer; National Manager, Programme and Standards) – Early evaluation only</p> <p>Desk research / review of business cases</p>
KEQ3	Has the IDMF encouraged projects to deliver social, economic and environmental outcomes?	<p>Review investment objectives in business cases (Interim outcomes evaluation)</p> <p>Monitor/evaluate achievement of investment objectives in business case (final outcomes evaluation)</p>	<p>Semi-structured interviews with Waka Kotahi decision-makers (Chief Financial Officer; National Manager, Programme & Standards) – Early evaluation only</p> <p>Desk research / review of business cases</p> <p>Benefits realisation measurement data</p>
KEQ4	Has the IDMF contributed towards a robust, transparent and easy to understand process for developing proposals? How has the IDMF changed the complexity, cost and time in relation to the IDMF process leading to funding approval?	<p>Assess if applicants understand what is required to develop a successful business case under the IDMF and why a proposal has been supported or not supported (interim outcomes evaluation / final outcomes evaluation)</p> <p>Evaluate if investment decisions are robust (final outcomes evaluation)</p>	<p>Survey of end-users (e.g. business case writers / applicants and investment advisors)</p> <p>Interviews with end-users</p> <p>Focus group with end-users</p>

KEQ5	Are the IDMF tools fit-for-purpose, easy to understand and being used correctly? Are any further changes need to improve the tools?	<p>Review IDMF tools</p> <p>Assess if the tools are being used as intended, whether there are any unintended effects, and whether further changes to the tools are needed to improve their operation and alignment with the IDMF objectives</p> <p>Assess end-user capability with IDMF tools</p>	<p>Survey of end-users (e.g. business case writers / applicants and investment advisors)</p> <p>Focus group with end-users</p>
KEQ6	Are the IDMF documents fit-for-purpose, easy-to-understand and being used correctly? Are any further improvements to the documents needed?	<p>Review IDMF documentation</p> <p>Assess end-user capability with IDMF documents</p>	<p>Survey of end-users (e.g. business case developers / consultants, AO staff, and Waka Kotahi investment advisors)</p> <p>Focus group with end-users</p>
KEQ7	Is the IDMF portal (InvestHub) fit-for-purpose, easy-to-navigate and being used correctly?	<p>Review InvestHub portal</p> <p>Assess if end-users are accessing information through InvestHub or other sources.</p> <p>Assess end-user capability in using InvestHub</p> <p>Monitor who is accessing InvestHub and for what purpose</p> <p>Assess how InvestHub is being used by different user groups</p> <p>Review "InvestHub tidy up" document from August 2020 and assess if changes have been completed.</p>	<p>Survey of end-users (e.g. Waka Kotahi staff, AO staff, business case developers / consultants, and Waka Kotahi investment advisors)</p> <p>Focus group with end-users</p> <p>Administrative data (e.g. InvestHub logins and other routinely captured data)</p>

Evaluation method: Early evaluation

The early evaluation will focus on how well the IDMF has worked during its first year of operation, and what further changes are needed (if any) to help ensure the IDMF will meet its objectives. The focus of the early evaluation will be on the IDMF tools, guidance and portal, and if they are fit-for-purpose, easy to understand (or navigate) and being used correctly. Areas where improvements can be made or end-user capability can be lifted will be identified.

As it is unlikely that there will be any business cases which have been initiated and completed under the new IDMF at this early stage, the focus of data collection will be surveys and focus groups with end-users who are currently using IDMF tools and documentation to put forward activities for inclusion in the 2021-24 NLTP, or have commenced development of a business case

since 31 August 2020. While it will not be possible to conclusively assess KEQ1, KEQ2 and KEQ3, the early evaluation will schedule interviews with Waka Kotahi decisions-makers (in particular, the Chief Financial Officer, and the National Manager, Programme & Standards) to obtain early insights into their views on KEQs 1, 2, and 3.

An overall survey of end-users about the IDMF tools and guidance will be used to help assess KEQs 4 to 7 for the early evaluation. This will supplement other, more detailed evaluative work underway (MCA user testing, MBCM user survey, Benefit Measures engagement workshops). As part of this early evaluation, an insights workshop will be organised to synthesize findings from the various surveys, user testing and workshops.

Evaluation method: Interim outcomes evaluation

The interim outcomes evaluation will assess if the IDMF is on track to deliver on its objectives. In-depth case studies of a sample of business cases will be assessed to determine if they are taking a system-based approach, encouraging consideration of multi-modal transport choices and considering broad economic, social and environmental outcomes.

Evaluation method: Final outcomes evaluation

The final outcomes evaluation will assess if the IDMF has delivered on its objectives, including contributing towards a system-based approach, multimodal transport choices, and broader economic, social and environmental outcomes. This will be achieved primarily through in-depth follow-up study of business cases previously submitted. It is noted that achievement of these objectives will be dependent on factors outside of the control of the IDMF team and Waka Kotahi more generally. Nevertheless, the outcomes evaluation will seek to understand if and how the IDMF changes (along with external factors) have contributed towards the IDMF objectives, and will attempt to identify the contribution the IDMF changes have made towards attainment of these objectives.

Ethics

Each evaluation should be assessed for ethical review prior to the commencement of data collection, and ethical review undertaken if required. Informed consent will be sought from all individuals who participate in the survey, focus group or interviews.

EVALUATION MANAGEMENT & TIME-LINE

A tentative evaluation time-frame is presented below. Note that the scheduling of the outcome evaluations will be dependent on having a sufficient number of business cases go through the new IDMF process during its first two years of operation.

Timeframe	Evaluation Activity	KEQ addressed
March to July 2021	Early evaluation of IDMF tools and IDMF documentation: are they working as intended and are further changes needed?	KEQ4, KEQ5, KEQ6, KEQ7
September 2022 to December 2022	Interim outcomes evaluation: is the IDMF on track to deliver a system-based approach, multi-modal	KEQ1, KEQ2, KEQ3, KEQ4

	transport choices and broader outcomes (social, economic, environmental)	
September 2025 to December 2025	Final outcomes evaluation: has the IDMF delivered a system-based approach, multi-modal transport choices, and broader outcomes (social, economic, environmental)	KEQ1, KEQ2, KEQ3, KEQ4

BUDGET & RESOURCES

The budget, and resourcing for this evaluation will need to be discussed by the steering group and agreed to by the Senior Manager, Investment Assurance.

The early evaluation will require an evaluation lead, survey designer and interviewers/focus group facilitators. The outcomes evaluations will require similar resources as the early evaluation, plus a data analyst.

GOVERNANCE, STAKEHOLDERS AND COMMUNICATION

Governance

The owner of this evaluation plan and deliverables will be Kevin Wright (Senior Manager, Investment Assurance). An IDMF evaluation steering group will be set-up to plan and guide the overall IDMF evaluation and each evaluation deliverable. The initial membership of the steering group is proposed as:

Name	Position	Role
Patrick Fisher-Reid	Manager, Investment Policies	Chair
Helen Lane	Lead Advisor, Non-financial benefits	MCA and AST lead developer
Marcia Nugent	Principal Advisor, NLTP	Benefit Framework lead developer
Mehnaz Rohani	Principal Investment Advisor, Investment Assurance	MBCM lead developer
David Croft	Principal Investment Advisor, Local Government Partnerships	Local Government Partnerships representative
Ernest Albuquerque	Principal Advisor, Research & Analytics	Research & Analytics representative
TBC	Communications Advisor	Manage communications regarding the evaluation
TBC		External / AO representative

Stakeholders

Stakeholders are individuals or agencies that are interested in the results of this evaluation and may have a stake in what will be done with its results. There are a number of stakeholders for the IDMF evaluation. The Senior Manager, Investment Assurance has overall responsibility for the implementation of the IDMF and will be a key audience for the early evaluation. The project leads for the various IDMF tools and guidance will also be a key audience for the early evaluation, as this will provide evidence whether the IDMF tools and guidance are working as expected.

Within Waka Kotahi, the Chief Financial Officer and Senior Manager Investment Assurance are key stakeholders for the outcomes evaluations, which will inform whether the IDMF has/is on track to achieve its objectives. Other government agencies may also have an interest in the two outcomes evaluation: these include the Treasury, Ministry of Transport and local councils. Publication of the evaluations will allow findings to be widely disseminated.

Evaluation	Stakeholder
Early evaluation	Senior Manager, Investment Assurance Project leads for IDMF tools, guidance and portal End-users of IDMF tools, guidance and portal
Interim outcomes evaluation	Chief Financial Officer, Investment and Finance
Final outcomes evaluation	National Manager, Programme & Standards Senior Manager, Investment Assurance Senior Manager, Research & Analytics The Treasury Ministry of Transport Local councils / Approved Organisations

Communication

The steering group will manage communications with the sector, under the guidance of a communications advisor. It is suggested that once approved, the final report for each evaluation is proactively released and published on the Waka Kotahi website. This will allow Waka Kotahi to be transparent with the public about the IDMF and allow evaluation findings to be disseminated to any interested party. These evaluations may provide useful guidance to other agencies looking to undertake similar programmes.

RISKS

The following risks for the evaluation have been identified:

Risk	Risk assessment (likelihood / impact) ²	Mitigation
Evaluation is complex, and has a relatively long time horizon	Moderate (Minor / Almost Certain)	Good documentation and electronic filing to ensure knowledge retention and transfer.
Slow progression of new business cases may require outcomes evaluation to be delayed	Moderate (Possible / Medium)	Monitor number of business cases moving through to Delegations. Ensure potential

² Likelihood ratings: Unlikely, Possible, Likely, Almost certain
Impact ratings: Minor, Medium, Major, Severe

		delays are communicated in advance to stakeholders
Further changes to the IDMF over time (post early evaluation)	Moderate (Possible / Medium)	Regular communication between IDMF evaluation lead and IDMF project leads; flexible evaluation design
Achievement of long-term IDMF outcomes is depended on factors exogenous to the IDMF	High (Likely, Medium)	Obtain good baseline data prior to undertaking outcomes evaluations Undertake environmental scan prior to each outcomes evaluation to understand the impact of factors external to the IDMF but likely to impact on achievement of long-term IDMF outcomes, and try to control for these in the analysis. Collaborate with partner agencies and organisations to support delivery of other factors important to achievement of IDMF outcomes.

NEXT STEPS

Following approval of this overall evaluation plan by the Senior Manager, Investment Assurance, detailed planning and implementation of the early evaluation will commence.

APPENDIX A: IDMF SUCCESS FACTORS

IDMF Success Factors

By 31 Aug 2020

6-9 months later

4-5 years later



<p>People readiness:</p> <ul style="list-style-type: none"> Internal communications issued to all end users and interested parties. External communications issued to all AO's and consultants. 75% internals feel they have <i>clarity</i> on the changes and what it means for them. 70% internals feel <i>confident</i> to use the IDMF tools and products. 70% internals feel <i>confident</i> to support external partners. 70% internal users feel <i>confident</i> in providing support to external partners. 80% internal users know where to get additional support. <p>Capability build enabled:</p> <ul style="list-style-type: none"> InvestHub, tools and guidance available internally and externally. 80% internal engagement sessions completed. All internal user groups offered multiple awareness and learning sessions. Recordings available. Priority external users offered multiple opportunities to build awareness & understanding. Session recordings available. Tiered change support model in place. Recorded training sessions available and Q&A sessions in place for external partners. 	<p>Business case submission:</p> <ul style="list-style-type: none"> Tools and products actively used during business case development by 80% of AO's. Increasing number of business case benefits aligned to new benefits framework, therefore giving better alignment to the GPS. Right-sized effort – uptake of the SSBC lite/ LCLR (currently 91% of the NLTP activities). Better visualisation of the LCLR programmes -> Ability to target the existing service gaps with the LCLR activities. Ability to manage LCLR by activity classes. Better reporting/ transparency. Easier to get investment due to the increased thresholds. <p>Capability build continues:</p> <ul style="list-style-type: none"> Increasing number of business case developers (internal and external) feel <i>competent</i> in using the tools and products. InvestHub – incremental increase in number of active users in specified period. InvestHub – incremental increase in number of registered users who choose to complete learning modules. InvestHub - self-assessment tool is used to identify capability gaps and is fed into BAU capability build programme. Business Case Approach community of practice incremental increase in membership growth/ CoP is seen as the 'go to place' for practitioners. 	<ul style="list-style-type: none"> Increased ROI for business benefits across whole of life of BC. Quantified how? Faster ROI for business benefits across whole of life BC. Quantified how? BC's <15mIn\$ are less costly (right-sized effort). Investment decisions are consistently made with both economic and social outcomes in mind. Consistently high ICR score for 'Benefits'. <p style="text-align: right;">Version: 0.4 Author: IDMF CM Team</p>
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From: [Helen Lane](#)
To: [Carolyn O'Fallon](#)
Subject: FW: Meeting on new NZTA guidance on appraisal
Date: Tuesday, 1 December 2020 11:26:43 AM
Attachments: [IDMF Overview_V2_14_October_2020_\(002\).pdf](#)

yes

From: Helen Lane
Sent: Monday, 30 November 2020 10:57 AM
To: Sandy Fong <x.xxxx@xxxxxxxxx.xxxx.xx>; s9(2)(a) privacy@transport.nsw.gov.au; Kevin Wright <xxxxx.xxxxxx@xxxx.xxxx.xx>; Carolyn O'Fallon <Carolyn.O'Fallon@nzta.govt.nz>
Cc: s9(2)(a) privacy@transport.nsw.gov.au
Subject: RE: Meeting on new NZTA guidance on appraisal

Thanks Sandy,

The final versions of the actual guidance are located on Inveshub. If you follow the below link you can gain access. Also attached is a short summary of the Investment Decision Making Framework. ☺

<https://invest.nzta.govt.nz/login/index.php>

Ngā mihi,

Helen

Helen Lane / Lead Advisor, Non-Financial Benefits
Investment and Finance
50 Victoria Street, Private Bag 6995, Wellington 6141
DDI: s9(2)(a) privacy
Cell Phone: s9(2)(a) privacy
Desk 4.81
E: x@xx / [w nzta.govt.nz](http://www.nzta.govt.nz)

From: Sandy Fong <x.xxxx@xxxxxxxxx.xxxx.xx >
Sent: Monday, 30 November 2020 8:46 AM
To: s9(2)(a) privacy@transport.nsw.gov.au; Kevin Wright <xxxxx.xxxxxx@xxxx.xxxx.xx >; Helen Lane <xxxxx.xxxx@xxxx.xxxx.xx >; Carolyn O'Fallon <Carolyn.O'xxxxxx@xxxx.xxxx.xx >
Cc: s9(2)(a) privacy@transport.nsw.gov.au
Subject: Meeting on new NZTA guidance on appraisal

Hi s9(2)(a) privacy

Connecting you with colleagues at the New Zealand Transport Agency Waka Kotahi who are implementing the results of their recent review of their Investment Decision Making Framework including a new Monetised Costs and Benefits Manual and Non-Monetised Costs and Benefits Manual.

The review material can be accessed here

<https://www.nzta.govt.nz/planning-and-investment/planning/investment-decision-making-framework-review/>

Kevin and colleagues are happy to Team with you to discuss

Sandy Fong

Acting Manager, Domain Strategy, Economics and Evaluation
Ministry of Transport – Te Manatū Waka

T: s9(2)(a) privacy | E: x.xxxx@xxxxxxxxx.xxxx.x www.transport.govt.nz
Enabling New Zealanders to flourish

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INVESTMENT DECISION MAKING FRAMEWORK

Overview

The Investment Decision Making Framework (IDMF) provides a structured and logical approach to how investment decisions are made. The core elements of the IDMF are:

- Investment principles and policies
- Business case development
- Benefits management
- Investment prioritisation
- Making funding decisions

The IDMF fits within the wider transport planning and investment system as shown in figure 1.

Figure 1: End to end transport planning and investment system

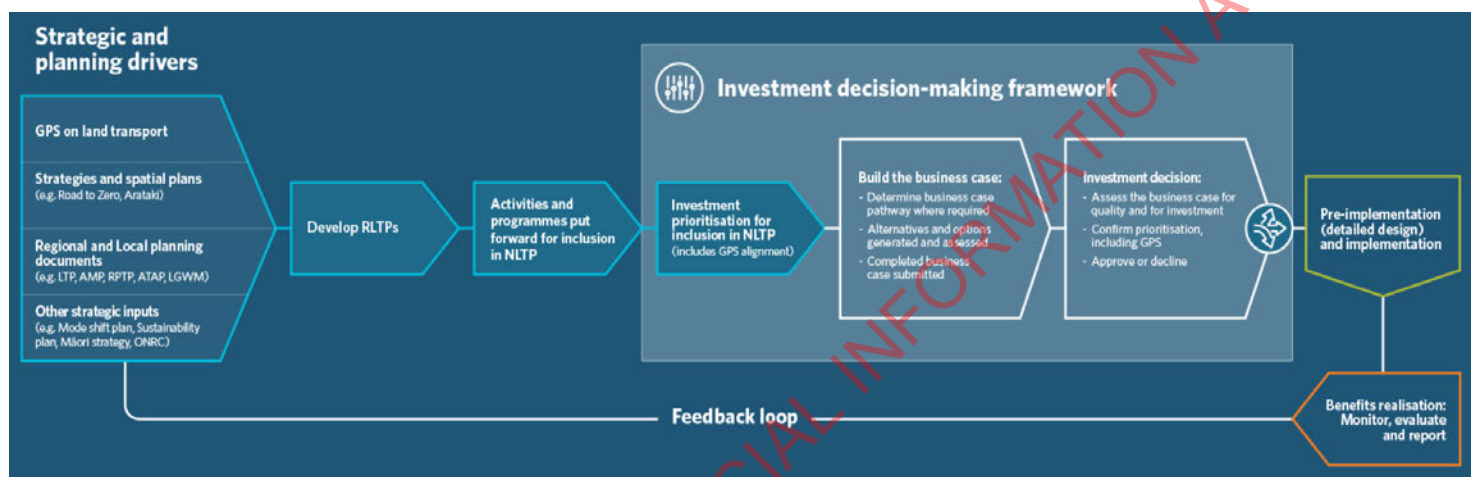


Figure 1 shows how the strategic and planning drivers feed into the development of Regional Land Transport Plans and consequently the National Land Transport Programme. Giving effect to the GPS, taking account of Regional Land Transport Plans and ensuring value for money are fundamental to Waka Kotahi investment decisions.

The IDMF review in 2019/20 provided new and refreshed tools which will assist when seeking funding from the National Land Transport Fund.

CORE ELEMENTS OF THE IDMF

Investment principles and policies

There are five, high-level investment principles. These principles set the context to guide new investment policies, the application of existing investment policies (such as funding assistance rates), and the development of transport solutions to be funded from the National Land Transport Fund.

The investment principles and policies are located on the Planning and Investment Knowledge Base.

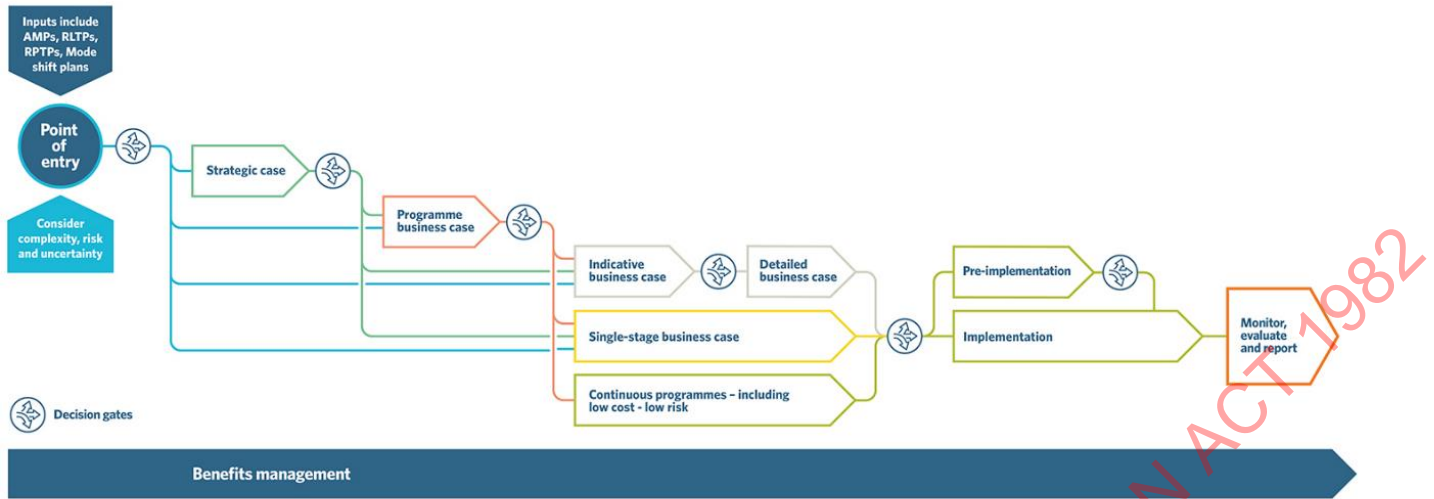
What did the IDMF review deliver?

The investment principles were updated and reduced from 10 down to five. Investment policies are being updated in plain language and are contained in the Planning and Investment Knowledge Base.

Business case development

The Business Case Approach is a robust, evidence-based approach used for developing business cases for investment through the National Land Transport Programme (NLTP). It is based on the New Zealand Treasury's Better Business Case approach. A Point of Entry considers the level of complexity, risk and uncertainty and determines the business case pathway for an investment proposal (refer Figure 2). Benefits management is a critical element of business case development.

Figure 2: Business Case development and benefits management



What did the IDMF review deliver?

The review clarified that the level of effort varies depending on the risk and complexity of the business case.

A simplified version of the Single Stage Business Case, a **Single Stage Business Case lite (SSBC lite)**, has been developed to further streamline the business case process for low complexity, low risk and low uncertainty activities with a whole of life cost less than \$15 million. Business case developers can use a modified business case template to present the key components of the proposal without going into the same level of detail required in a full SSBC. The SSBC lite criteria and guidance is located on InvestHub.

Optioneering

The IDMF review identified a need for fit for purpose assessment tools at each stage of business case development, including optioneering. Optioneering is a commonly used term to describe the sifting approach used to move from a long list of alternatives or options to a shortlist, and then to identify a preferred option as part of business case development.

Optioneering and the Early Assessment Sifting Tool

A new Early Assessment Sifting Tool (EAST) has been developed to support an initial coarse screen. The EAST is designed to quickly and robustly rule out alternatives and options, allowing for a more manageable subsequent Multi Criteria Analysis exercise.

Optioneering and Multi Criteria Analysis

Multi-Criteria Analysis (MCA) is a tool that can be used to evaluate quantitative and qualitative criteria. The MCA guidance and template has been provided to ensure consistency in approach.

Optioneering and the Appraisal Summary Table

Alongside the new benefits framework and benefits manuals, Waka Kotahi has developed an Appraisal Summary Table (AST) which summarises the non-monetised and monetised benefits, the whole of life costs and the benefit cost ratio for each shortlisted option. The AST is then updated for the preferred option. The AST makes it easier for decision makers to make informed decisions as they are presented with both monetised and non-monetised benefits and whole of life costs.

These optioneering tools (guidance, templates and learning resources) can be found under 'optioneering' on InvestHub.

Benefits management

Benefits management includes the identification, analysis, planning, realisation and reporting of benefits. The Waka Kotahi NZ Transport Agency benefits framework allows for consistent identification, measurement and (where appropriate) monetisation of benefits. The Benefits Framework outlines and organises benefits to align with enduring transport outcomes.

The **Benefits framework and management approach: guidelines** provide guidance on how to apply the Benefits Framework (the list and description of the benefits) and Benefits Management Approach (how benefits are applied, monitored and reported across the breadth of NLTP processes, from regional land transport plans to investment logic maps to detailed business cases).

The **Monetised benefits and costs manual** (MBCM) is the Waka Kotahi guidance for assessing the monetised impacts of proposed investments in land transport. The MBCM replaces the Economic Evaluation Manual.

The **Non-monetised benefits manual** (NMBM) provides measure descriptions and guidance for using each of the quantitative and qualitative measures in the benefits framework.

What did the IDMF review deliver?

A new benefits framework which helps ensure that safety, access, public health, urban development, environmental effects and network benefits are appropriately considered within decision making.

New MBCM and NMBM to provide updated guidance on monetised and non-monetised benefits and costs.

Making Investment Decisions

Investment decisions are key points within business case development. These decisions ensure that funded activities are efficient, effective, safe, affordable and give effect to the GPS. Cost benefit appraisal which measures whole of life costs and benefits (both short and long-term, and monetised and non-monetised) at a national level is the international best practice approach used to help support investment decisions.

What did the IDMF deliver?

The Appraisal Summary Table which helps decision makers make investment decisions by presenting both non-monetised and monetised benefits, the whole of life costs.

Investment Prioritisation

Investment prioritisation helps rank different types of transport activities. The Waka Kotahi Investment Prioritisation Method for the 2021–24 NLTP is used to give effect to the Government Policy Statement on land transport 2021/22–2030/31 in the 2021–24 NLTP. Investment prioritisation is undertaken when a proposed activity, or combination of activities, is put forward **for inclusion** in an NLTP and then reviewed when a business case is presented for endorsement and a funding decision is requested, in order to check that the activity is above the investment threshold.¹

What did the IDMF review deliver?

The 2021 Investment Prioritisation Method. The number of prioritisation factors has increased from two to three.

FURTHER INFORMATION

InvestHub navigation and support

InvestHub is our new portal which, over time, will become our 'single access point' for all investment-related guidance, tools and learning information. In addition, on InvestHub you can find:

- Learning modules and materials
- Business case community of practice
- Info sheets, FAQs, exemplars, etc

If you have any questions about access or how to apply the new tools, contact your regional investment advisor or email decisionmaking@nzta.govt.nz and we will respond to your query.

IDMF transition

The IDMF changes now apply to all business cases started on or after 31 August 2020. These changes relate to investment principles, policies, benefits framework, business case development and assessment and include guidance, tools, templates and exemplars.

¹ The priority order at which funding becomes fully allocated to an activity class is the investment threshold.

From: [John Coulter](#)
To: [Lauren Holloway \[TSY\]](#); [Kerry Lambeth](#)
Cc: [Kevin Wright](#); [Joseph Herde](#); [Martin Shearman](#)
Subject: FW: updated TSY/MoT presentation to include new "Glossary" slide 2 as requested
Date: Friday, 5 February 2021 5:16:29 PM
Attachments: [2021_02_05_JC-KW_presentation_to_TSY+MoT_re_NLTF_and_IPM.pptx](#)

Kia ora Lauren / Kerry

Please find attached the slides that we went through yesterday. They are not intended for general publication, but hopefully useful.

Kerry I could not locate james email, but I trust you can pass it on.

Joseph has helpfully added a glossary at the front.

Enjoy Waitangi weekend

john

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Waka Kotahi NLTF/NLTP information session

John Coulter and Kevin Wright, Feb 2021

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Glossary of Terms

- **NLTF:** National Land Transport Fund. Revenue collected from fuel excise duty (FED), road user charges (RUC), vehicle and driver registration and licensing, state highway property disposal and leasing and road tolling is credited to the NLTF. These funds are used to pay for investment in land transport activities under the NLTP.
- **NLTP:** National Land Transport Programme. Sets out the activities that can receive funding from the NLTF under the LTMA. The NLTP must give effect to the GPS. Regional Land Transport Plans (RLTPs), developed by local government, must also align with the GPS.
- **LTMA:** Land Transport Management Act. Our guiding legislation; provides the legal framework for managing and funding land transport activities At: <https://www.legislation.govt.nz/act/public/2003/01/18/latest/DLM226230.html>
- **GPS:** Government Policy Statement. Reviewed every three years, sets the Government's priorities for land transport investment over the next 10-year period. Also sets out how money from the National Land Transport Fund (NLTF) is spent on activities such as public transport, state highway improvements, local roads, and road safety — i.e. activity classes.
- **AO:** Approved Organisation. An organisation approved to receive funding from the NLTF. Includes local / regional councils and DoC. May be expanded via Orders in Council to include Special Purpose Vehicles (SPVs) under the Infrastructure Funding and Financing (IFF) Act 2020
- **BCR:** Benefit-Cost Ratio. Our main tool used to measure the efficiency of improvement activities. All improvement activities other than "low cost, low risk" improvements (LCLR) and specified exceptions should be supported by the provision of a robust BCR taking all reasonably quantifiable benefits into account.
- **SH:** State Highway. State highways are those roads in New Zealand that form a nationally strategic purpose in moving people and goods nationwide. Other roads are the responsibility of local councils.
- **PT:** Public Transport.
- **FAR:** Funding Assistance Rate. Funding Assistance is paid to local government from NLTF for local land transport activities approved for funding within the NLTP, such as local road maintenance and improvements, public transport services and cycling improvements. We share the costs of the land transport network, recognising there are national and local benefits from investment in the network. The overall average for FARs is 53%.
- **PPP:** Public-Private Partnership. Our two PPPs, SH1 Puhoi-Warkworth (P2W) and SH1 Transmission Gully (TG) are both being delivered on a Design-Build-Finance-Maintain-Operate (DBFMO) basis.
- **PAYGO:** Pay As You Go. Payments received into the NLTF each year are directly applied to the capital and operating costs of state highways, local roads, public transport, etc. Capital investment in a given year is in general limited to NLTF revenue that year (with some short-term borrowing for cashflow management).
- **R2Z:** Road to Zero. The Government's road safety strategy for 2020-2030. Sets a target to reduce deaths and serious injuries on New Zealand's roads, cycleways and footpaths by 40 percent over the next 10 years.
- **ATAP:** Auckland Transport Alignment Programme. A cross-agency partnership including the MoT, Waka Kotahi, KiwiRail, the Treasury, Auckland Council, Auckland Transport and the State Services Commission to ensure Auckland has a transport system that encourages more people to use public transport, to walk and to cycle, addresses congestion, increases accessibility, reduces negative impacts on the environment and sees a reduction in deaths and serious injuries on our roads. Work on the 2021-2031 indicative package is currently underway.
- **LGWM:** Let's Get Wellington Moving. Joint initiative between Wellington City Council (WCC), Greater Wellington Regional Council (GWRC) and Waka Kotahi to realise a vision for Wellington as a great harbour city, accessible to all, with attractive places, shared streets, and efficient local and regional journeys.

Management of the NLTF

Presented by John Coulter

Senior Manager Operational Policy, Planning and Performance

Waka Kotahi NZ Transport Agency

4 February 2021

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Agenda

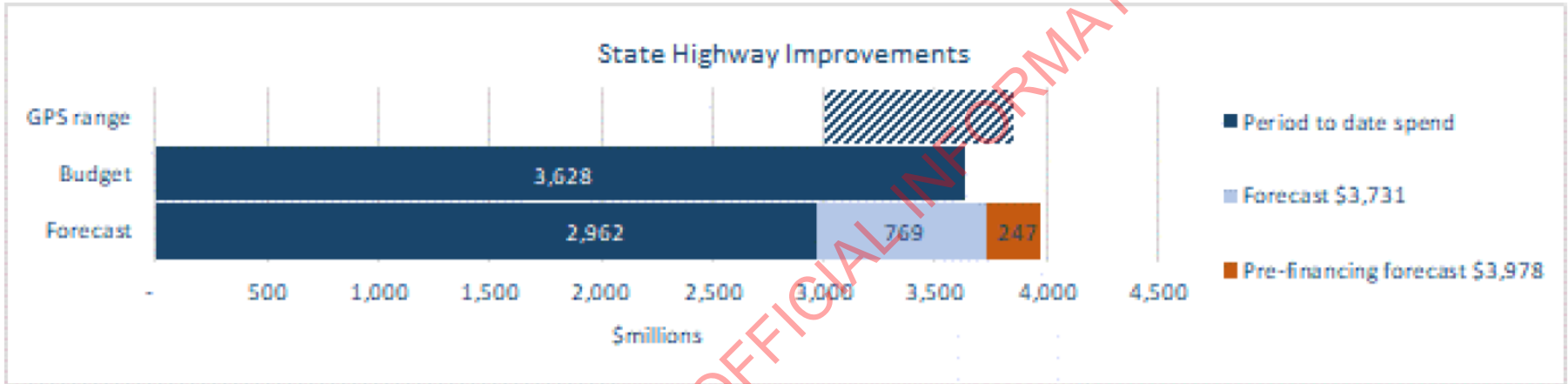
- GPS sets expenditure targets and Government priorities
- Management of the NLTF
 - Breakdown of NLTF Outflows
 - Funding Assistance to Approved Organisations
 - NLTF Management Challenges
- Challenges presented by GPS 2021
- Treatment of debt and long-term liabilities
- NZ Land Transport system funding

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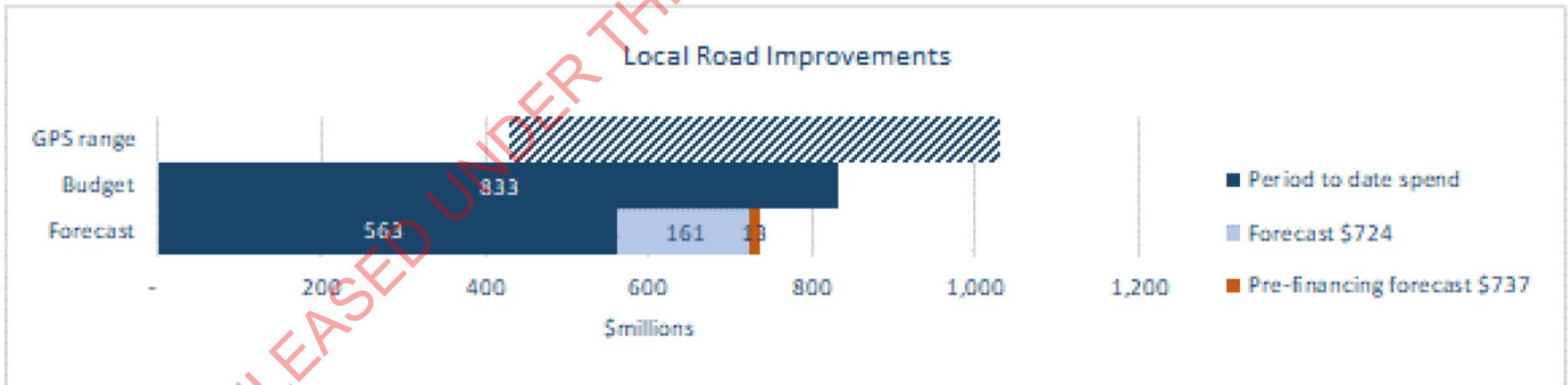
The Government Policy Statement on land transport sets expenditure targets across activity classes specified by the Crown

- Section 68 of the LTMA requires that the GPS include the Crown's land transport investment strategy, which must itself address:
 - The activity classes to be funded from the NLTF
 - An annual expenditure target for the NLTP
 - A maximum and minimum expenditure level for the NLTP for each year
 - Funding ranges for each activity class for the 10-year period
- For avoidance of doubt, Section 70 of the LTMA prevents the GPS from imposing an obligation on Waka Kotahi to approve or decline funding for any particular activity
- In general, the wider the activity class ranges the more discretion Waka Kotahi is able to exercise when delivering on the Government's stated priorities
- GPS sets activity class ranges (lower, upper bounds), which the Waka Kotahi Board uses to set management activity class ranges and a target
- Waka Kotahi attempts to maximise delivery of projects with positive BCRs, in line with Government policy as laid out in the GPS and within the constraints around activity class ranges included there

The Waka Kotahi Board uses GPS activity class ranges to set management activity class ranges and a target



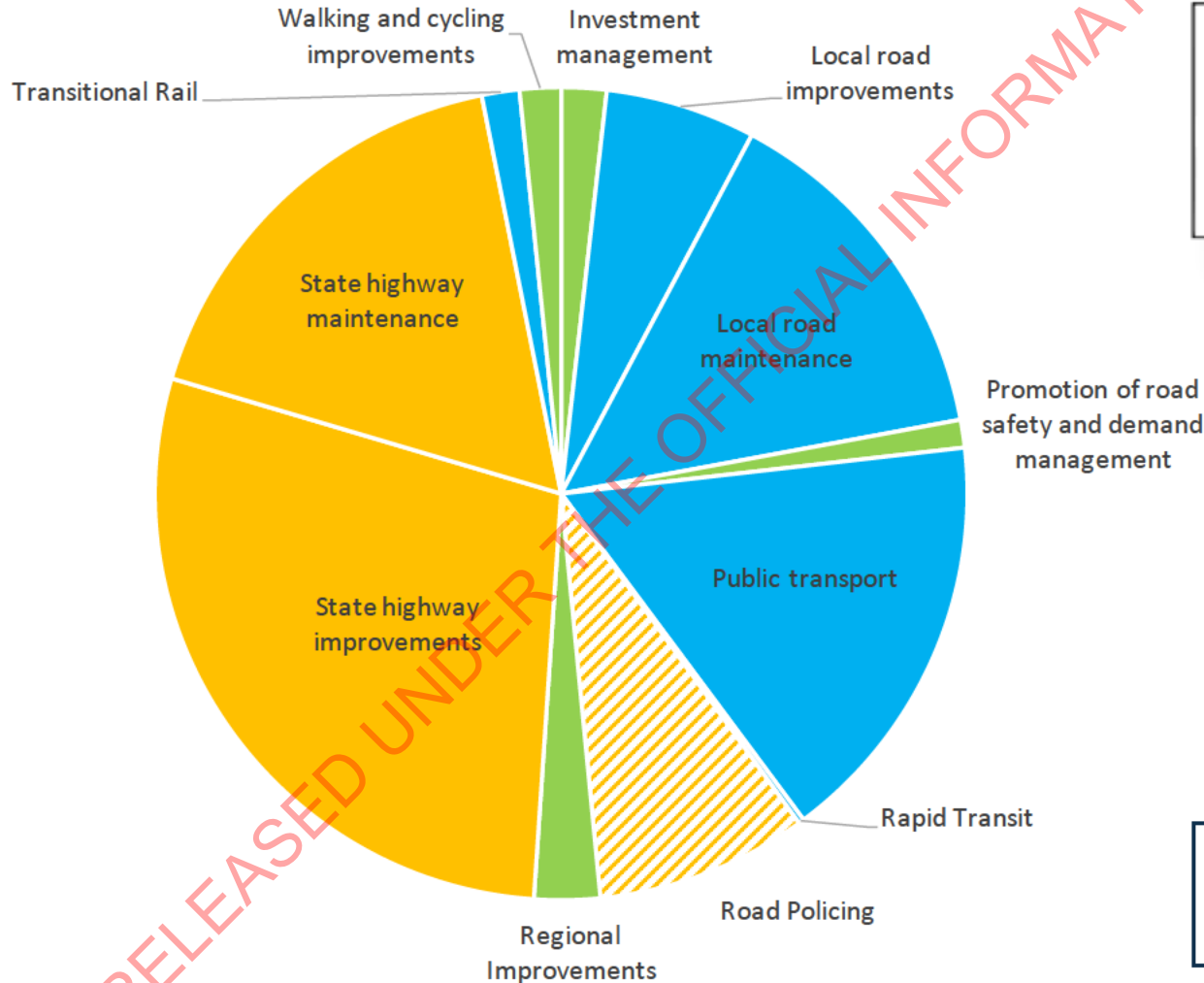
SH Improvements are forecast to exceed budget due to expenditure on items such as PPP settlements and the Manawatu Gorge



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Where the money goes: composition of expenditure from the National Land Transport Fund (NLTF)

Only ~50% of Waka Kotahi expenditure is under its direct control (orange)



Section 9 of the LTMA permits “top-slicing” of the NLTF for purposes of funding search & rescue, recreational boating, maritime safety, regulatory functions and MoT’s monitoring functions

- Co-investment with AOs
- Waka Kotahi
- Split Waka Kotahi / AOs

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Waka Kotahi provides Funding Assistance to local councils in line with a framework and principles agreed by the Board in 2014

- Funding assistance rates (FARs) are adjusted every three years in accordance with a set of principles and underlying data
 - The FAR policy and methodology currently target an overall (i.e. weighted-average) FAR of 53%, with a minimum FAR of 51% and a maximum FAR of 75%*
 - Some activities receive 100% FAR (e.g. Transitional Rail)
 - The FAR methodology adjusts for movements in one or more FARs by redistributing the impact on other FARs to maintain the overall target of 53%
 - The methodology to establish normal FARs utilises independent, publicly available input data that has been normalised
 - The data reflects changes in network length, capital valuation, number of rating units, socio-economic deprivation index and cost of activities
 - Resulting FARs are indicative of the comparative affordability between approved organisations (AOs) to meet the costs of their transport activities
- Projects for which funding assistance is provided remain under the control of AOs**

* The Chatham Islands Council is an exception with a FAR of 88%.

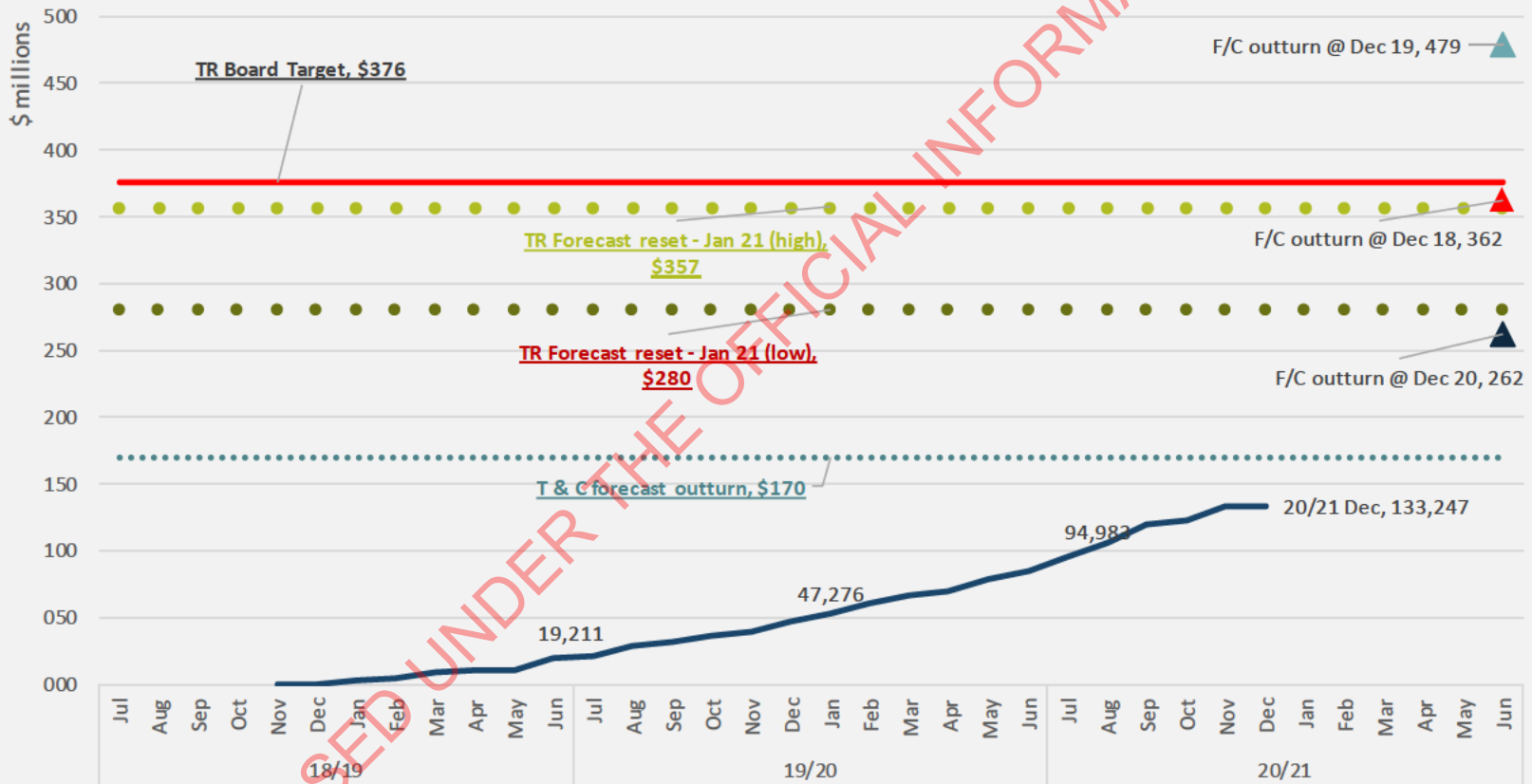
Multiple factors make cash management (including forecasting) more difficult

- Larger proportion of the NLTF being invested alongside approved organisations rather than 100% under Waka Kotahi control
- Introduction of new activity classes where cost estimates are less reliable
- Issues around short-term borrowing facilities
- Cost settlements (PPPs and others)
- Ministerial imperatives
- Request from the Crown to Government department and agencies to pay bills within 10 days or receipt, as part of ongoing response to COVID-19
- Activity class range settings in GPS 2021

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Example: expenditure on Transitional Rail has fallen well below the Board target and has been difficult to forecast accurately

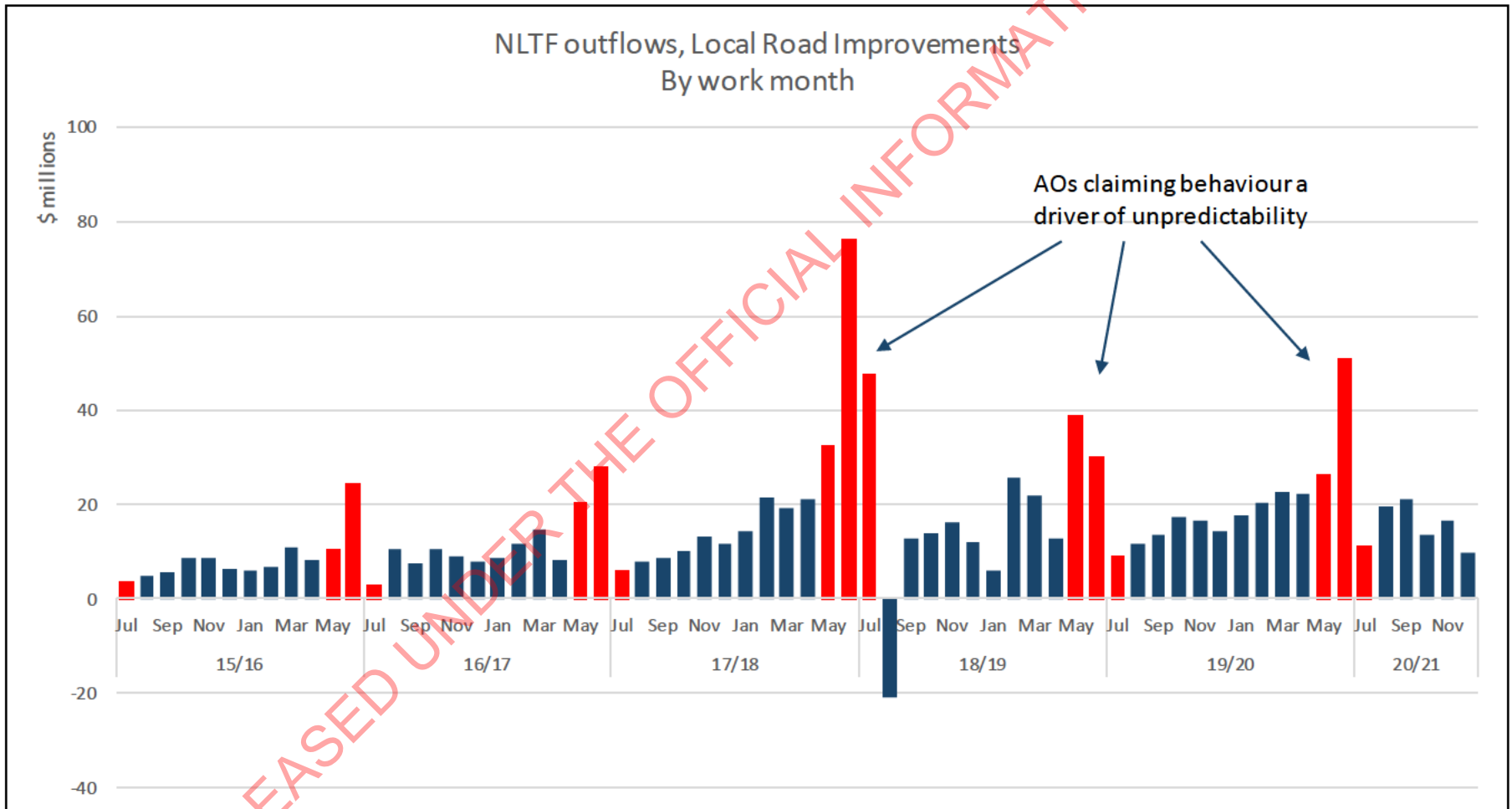
Transitional Rail Actual/Forecast (cumulative spend)



- TR Board Target
- Transitional Rail Actual/FC (cum)
- TR Forecast reset - Jan 21 (high)
- T & C forecast outturn
- ▲ F/C outturn @ Dec 18
- F/C outturn @ Dec 19
- F/C outturn @ Dec 20
- TR Forecast reset - Jan 21 (low)

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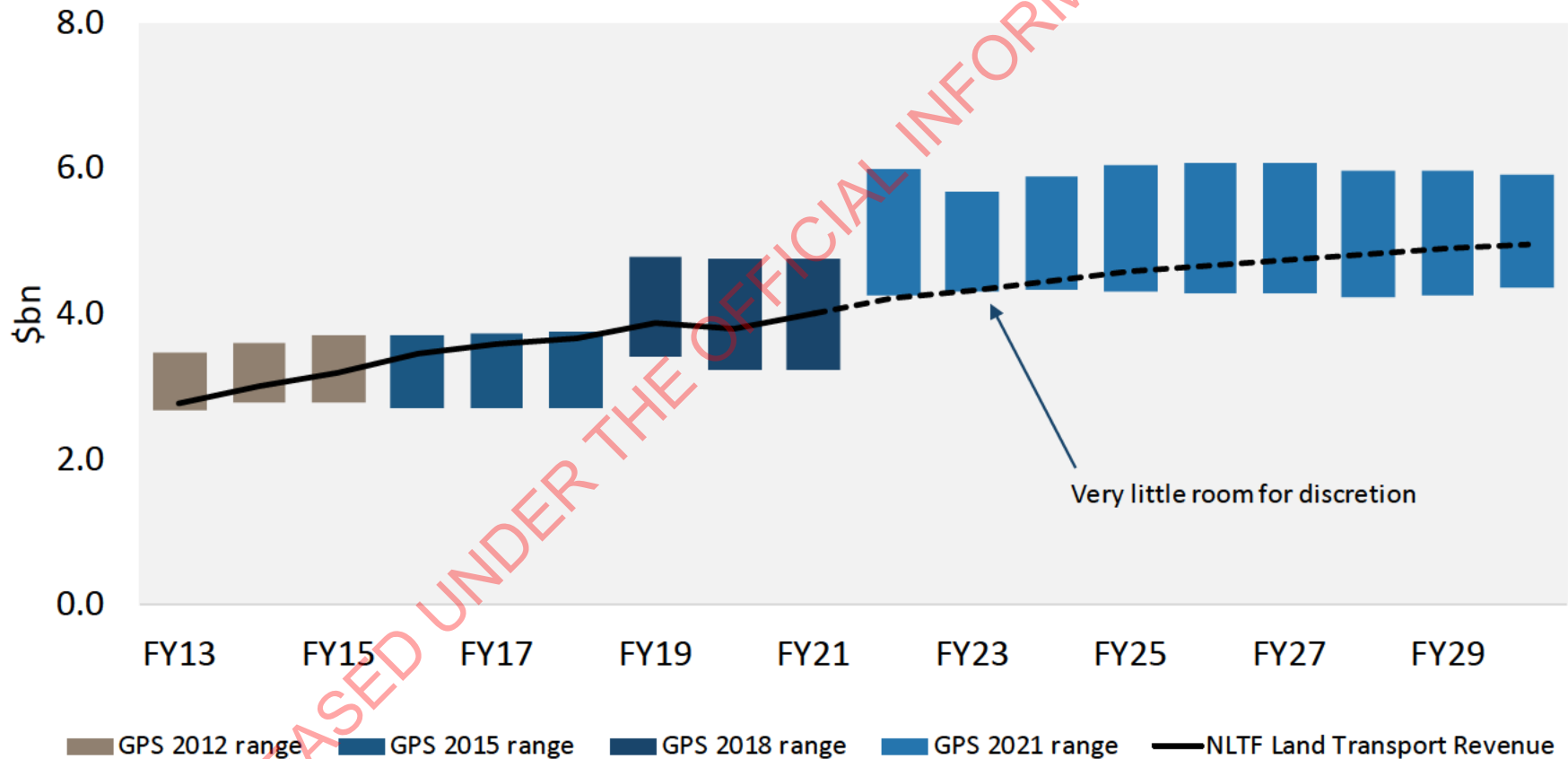
Example: seasonal outflows from the NLTF have increased over time even as the size of the “seasonal” facility has not changed



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GPS 2021 sees a substantial rise in proposed expenditure levels but no further increases in FED/RUC are anticipated

Lower limits for all 11 activity classes require minimum expenditure of \$12.9 billion from a forecast revenue of \$13.0 billion



GPS 2021 presents substantial financial challenges (1)

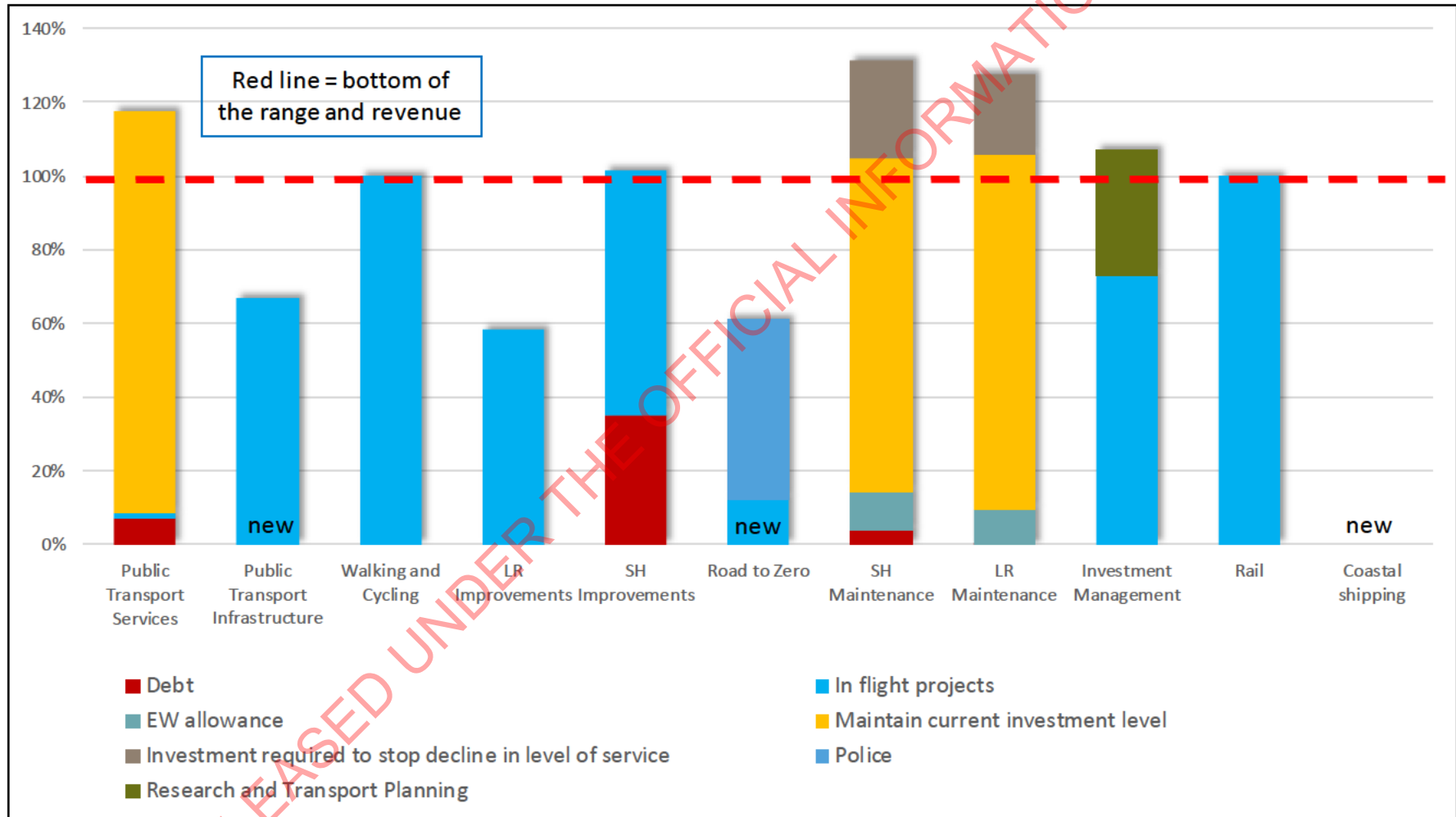
- GPS 2021 has set activity class ranges where the sum of the lower end of the activity class (AC) ranges is very close to the total revenue expected to be received for the period
- In other words the **maximum available** to spend is almost the same as the **minimum required** to be spent, which creates significant challenges for Waka Kotahi
- Targeting minimum expenditure limits would require cuts to current service levels and may lead to unsafe outcomes, e.g.:
 - SH Maintenance is likely to require ~\$700m more than the bottom of the activity class range in 2021-23
 - PT Services will require a further ~\$200m above the minimum to maintain service levels

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GPS 2021 presents substantial financial challenges (2)

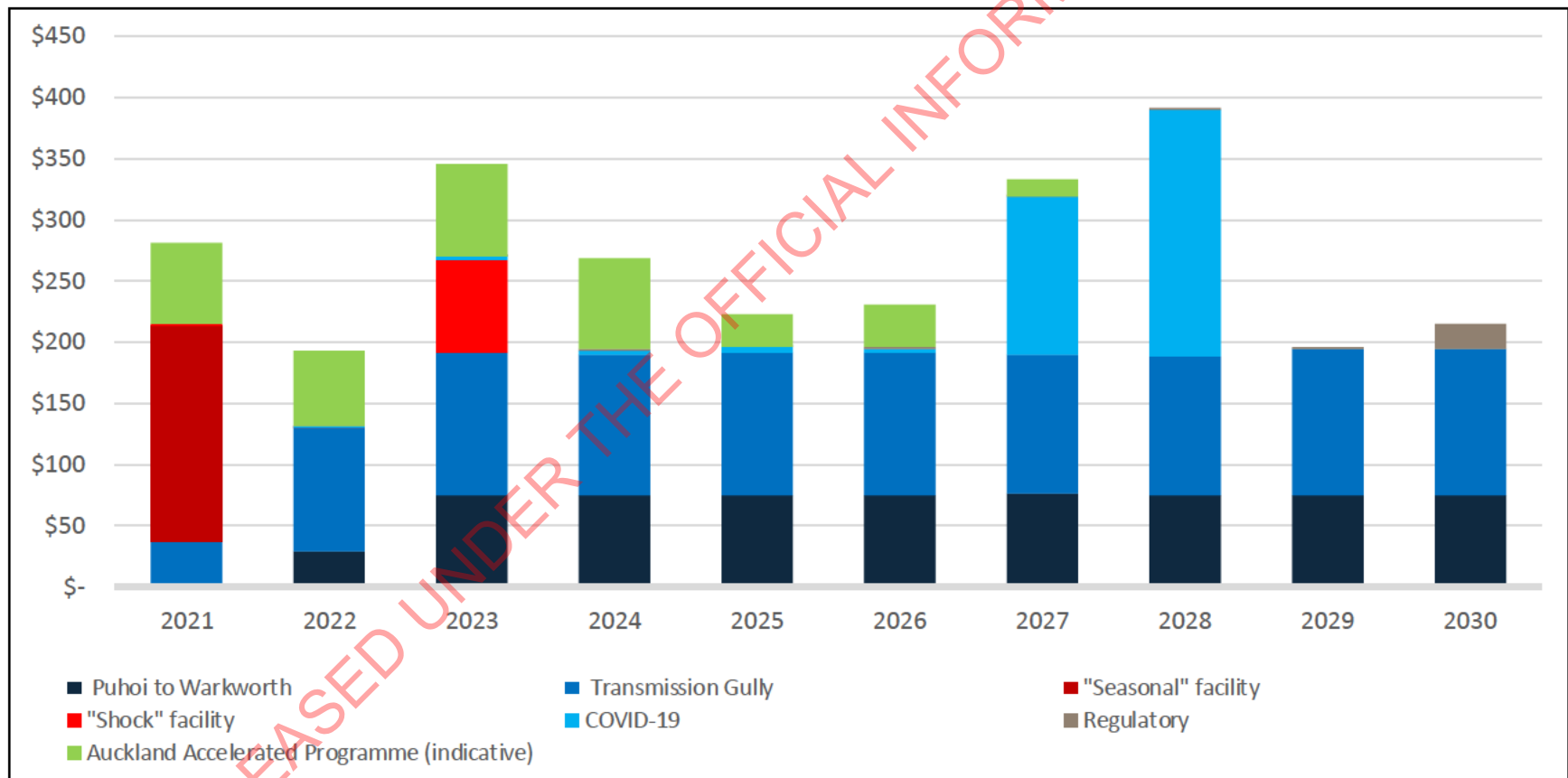
- GPS 2021 also sets ambitious minimum spend targets for new ACs (PT Infrastructure, Road to Zero, Coastal Shipping):
 - the long planning cycles associated with infrastructure projects mean that it will be difficult to ramp-up spend to meet this level in a 3-year window, noting initial Road2Zero NLTP bids are significantly over the top of the range;
- There are continuing uncertainties around:
 - the cost and revenue impacts of COVID-19 in the longer term;
 - the ability of our co-funding partners to deliver on their local share of NLTF investment, and
 - the carryover of both liabilities and general funds from the current NLTP.
- The current minimum expenditure targets give extremely limited flexibility to Waka Kotahi to manage these challenges, while delivering on the Government's ambitions in GPS 2021.

Across 3 activity classes commitments are expected to exceed GPS activity class lower limits for 2021-23



Some 2021-30 NLTF commitments are to debt repayments and servicing the 2 PPPs

Most projects are managed on a PAYGO basis; debt or long-term liabilities are recognized on repayment rather than drawdown, against the applicable activity class(es)



GPS 2021 highlights an underlying land transport funding issue in New Zealand

- A September 2019 paper commissioned by Waka Kotahi by Castalia concluded that the current funding model, which forces economically viable land transport projects with positive BCRs* to queue and compete for limited pre-determined funding, is sub-optimal
- A well-functioning land transport system would: (1) build the right amount and type of land transport infrastructure, (2) build it at the right time and (3) build it efficiently, but the New Zealand land transport system struggles on all three fronts
- There seems to be strong evidence that many land transport projects with significantly positive BCRs are not able to proceed in New Zealand, where they would have likely proceeded in other countries
- There are therefore grounds to believe that a strategic change to the funding and financing of land transport in New Zealand is justified

	Investment as % of GDP		WEF Transport Quality Ranking	
	Road	Rail	Road	Rail
Finland	0.55	0.25	5.3	5.5
Lithuania	0.92	0.18	4.7	4.5
Ireland	0.24*	(Missing)	4.5	3.9
Australia	1.04	0.22	4.8	4.3
Chile	0.6	(Missing)	5.2	3
New Zealand	0.38	0.02	4.7	3.9

Countries' investment in land transport infrastructure, 2016 (2015 Ireland). Ireland's GDP is significantly distorted by multinational corporate profits; GDP exceeds modified GNI by ~50%. Sources: Castalia / OECD / IMF / World Economic Forum

* Benefit-Cost Ratio

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Investment Prioritisation Method for the 2021-24 NLTP

Presented by Kevin Wright
Senior Manager Investment Assurance
Waka Kotahi NZ Transport Agency

4 February 2021

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What is the Investment Prioritisation Method?

The Investment Prioritisation Method is the method used to prioritise activities for inclusion within the 2021-24 National Land Transport Programme.

- It is applied to all activities proposed to be funded from the National Land Transport Fund.
- It gives a prioritisation profile to activities so that they can be ranked within each activity class.
- A prioritisation profile for an activity indicates whether or not the activity is included within the NLTP and the likelihood that funding will be available within the 2021-24 period.

Practical effect of prioritisation

Funds will be applied in the following order in each activity class:

- Activities that already have funding approved i.e. committed activities
- Continuous programmes
- Low cost low risk improvements
- Improvements

Prioritisation of continuous programmes

Waka Kotahi funds continuous programmes for 3 years to maintain ongoing levels of service. Continuous programmes are maintenance, operations & renewals, public transport services, road policing, road safety promotion, investment management.

Continuous programmes are assigned a rating of **HMM, priority order 4**, as the starting point for investment prioritisation.

Continuous programmes will be assessed to determine:

- how well the programme identifies and prioritises gaps that align with and contribute to GPS strategic priorities.
- the quality of the Activity Management Plan or Regional Public Transport Plan that support the programme
- the organisation's performance over the previous NLTP
- efficiency based on benchmarking across organisations in terms of the cost to deliver the outcome.

Prioritisation of improvements

Three prioritisation factors are applied to improvement activities:

- **GPS Alignment** – level of contribution to a GPS priority
- **Scheduling** – criticality or inter-dependency
- **Efficiency** - BCR, PV end of life, or indicative efficiency rating

Improvements are new activities and low cost low risk activities.

Indicative efficiency rating is a high level estimate of monetised costs and benefits using a tool with little known data about a proposed project.

A rating from Very Low to Very High is given for each factor e.g. A median barrier project may score Very High for GPS alignment, High for scheduling and Low for Efficiency.

Establishing Priority Order

3 Factor Matrix:

2021-24 NLTP Priority Order

GPS alignment	Scheduling	Efficiency				
		VL* (BCR<1.0)	L (BCR 1.0-2.9)	M (BCR 3.0-5.9)	H (BCR 6.0-9.9)	VH (BCR>=10.0)
VH	H	7	2	1	1	1
VH	M	8	3	2	2	1
VH	L	9	4	3	2	2
H	H	9	5	4	4	3
H	M	10	6	5	5	3
M	H	10	7	6	6	4
M	M	10	9	8	6	5
H	L	11	8	8	6	5
M	L	11	10	10	9	8
L	H/M/L	12	12	12	12	12

* Activities that have a Very Low Efficiency rating (BCR<1) may be included in 2021-24 NLTP if they are above the investment threshold for an activity class. However, funding for these activities will only be approved by exception.

Setting investment thresholds

The Board sets the target spend and investment threshold in each activity class

- Moderation sessions are conducted to ensure a consistent approach is taken in setting a priority order for each activity and determining the size of continuous programmes
- A ranked list of activities is compiled in each activity class
- For each activity class a targeted spend and investment threshold is recommended to the Board
- The Board has discretion to make “adjustments” having regard to GPS directions, expected contribution to GPS priorities, risks, level of over-programming, financing (if any), Government commitments to RtZ, ATAP, LGWM and Rail.

What do we end up with?

- Approved funding for continuous programmes
- “Probable” activities included in the NLTP
- “Proposed” activities not yet included in the NLTP

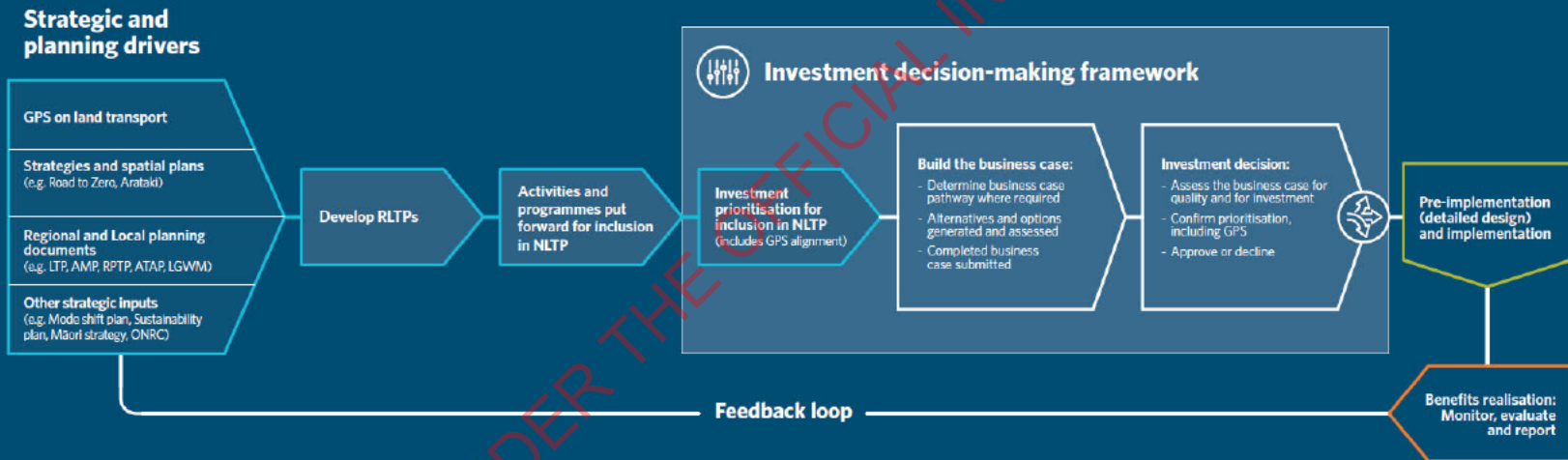
Priority profile is “reconsidered” when a business case is completed and a request for funding is made. This may lead to an adjustment of the priority rankings in the NLTP.

Thank You

QUESTIONS?

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Where does investment prioritisation fit within the overall Investment Decision-Making Framework?



Waka Kotahi role

Waka Kotahi has to invest to:

- **Contribute to** an effective and efficient, safe transport system in the public interest
- **Give effect to** the GPS
- **Take account of** regional land transport plans and other policy statements
- While staying within its financial means

From: [Brittany Farrant-Smith](#)
To: [Kevin Wright](#)
Cc: [Joshua Lai](#)
Subject: FW: Work on continuous programmes
Date: Monday, 6 September 2021 9:18:16 AM
Attachments: [image001.jpg](#)
[image002.jpg](#)
[image003.jpg](#)
[image004.jpg](#)
[image005.jpg](#)
[image006.jpg](#)
[image007.png](#)
[Approaches to reflecting NLTF funding for ATAP in the GPS.docx](#)
[Draft - ATAP.xlsx](#)

Importance: High

Hi Kevin,

Joshua has kindly worked on this over the weekend to determine the funding gap between the RLTP and NLTP.

I noticed that the numbers that you put in the appendix and that which came out of the exercise were somewhat different. It must also be noted that without the data from Maree (I got an email from Nicki on Friday saying they wouldn't be able to provide it on time due to other priorities), Josh has had to use (perhaps) outdated figures.

I just wanted to confirm with you, whether the attached looks right or whether it is worth flagging to Karen that we have indicative numbers but will not have confirmed numbers until further notice - along with other information such as FARs and what projects will not be funded to the requested level.

Josh mentioned there is a mismatch in the names between the RLTP and NLTP which makes comparing difficult.

Would appreciate your steer on this.

Thanks,

Brittany Farrant-Smith (she/her)
Adviser, Investment
Te Manatū Waka Ministry of Transport

M: s9(2)(a) privacy | E: x.xxxxxxxxxxxxxx@xxxxxxxxxx.xxxx.nz | transport.govt.nz



From: Joshua Lai <xxxxxx.xxx@xxxx.xxx.xx>
Sent: Sunday, 5 September 2021 3:27 pm
To: Brittany Farrant-Smith <x.xxxxxxxxxxxxx@xxxxxxxx.xxx.xx>
Subject: RE: Work on continuous programmes

Hi Brittany

I've made some replies to your document, I think I need to go through some of these figures on Monday with Kevin/Mark on Monday

Thanks

Ngā mihi. Kia haumarū.

Joshua Lai / Financial Analyst
Treasury & Cashflow
DDI s9(2)(a) privacy
E [xxxx](mailto:xxxx@xxxx) / w nzta.govt.nz

Waka Kotahi NZ Transport Agency
Auckland / Level 5, AMP Tower, 29 Customs Street West
Private Bag 106602, Auckland 1143, New Zealand

From: Brittany Farrant-Smith <x.xxxxxxxxxxxxx@xxxxxxxx.xxx.xx >
Sent: Sunday, 5 September 2021 2:27 PM
To: Joshua Lai <xxxxxx.xxx@xxxx.xxx.xx>
Subject: RE: Work on continuous programmes

Can you please go through and double check the numbers and address where I have added comments!

Thanks

From: Joshua Lai <xxxxxx.xxx@xxxx.xxx.xx>
Sent: Sunday, 5 September 2021 1:52 pm
To: Brittany Farrant-Smith <x.xxxxxxxxxxxxx@xxxxxxxx.xxx.xx >
Subject: RE: Work on continuous programmes

Hi Brittany

The funding summary is for 21-24, for ATAP projects for Auckland Transport. This doesn't include NZTA Auckland ATAP projects as I was told to exclude these

LCLR = Low Cost Low Risk projects. The definition I believe are projects under a certain threshold fall under this classification (2 million I think?)

The 2.8 bn is for the full 3 year NLTP for Auckland Transport ATAP activities

The table below doesn't make sense to me – What is NLTP NLTF and NLTP Cost? Is that the total cost vs NLTF cost?

I don't have data for Kiwirail and why does ATAP have it's own row? Isn't the table in relation to ATAP projects only?

Thanks

Ngā mihi. Kia haumarū.

Joshua Lai / Financial Analyst

Treasury & Cashflow

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E xxx@xxx / w nzta.govt.nz

Waka Kotahi NZ Transport Agency
Auckland / Level 5, AMP Tower, 29 Customs Street West
Private Bag 106602, Auckland 1143, New Zealand

From: Brittany Farrant-Smith <x.xxxxxxxxxxxxx@xxxxxxxxx.xxx.xx>

Sent: Saturday, 4 September 2021 6:29 PM

To: Joshua Lai <xxxxxx.xxx@xxxx.xxx.xx>

Subject: RE: Work on continuous programmes

I also have some questions about the spreadsheet:

Is that funding in the summary for the total period of the NLTP i.e. 2021-23?

What is LCLR?

What is the total that AT will receive? I am assuming that 2b is pa not the full NLTP period?

Are you able to fill this out?

Activities totalling \$ are included in the ARLTP and NLTP (as committed or probable for ATAP):

	ARLTP cost	ARLTP NLTF	NLTP cost	NLTP NLTF
Auckland Transport				
Waka Kotahi				
KiwiRail				
ATAP				

Thanks

From: Joshua Lai <xxxxxx.xxx@xxxx.xxx.xx>

Sent: Saturday, 4 September 2021 5:01 pm

To: Brittany Farrant-Smith <x.xxxxxxxxxxxxx@xxxxxxxxx.xxx.xx>

Subject: RE: Work on continuous programmes

Hi Brittany

I've done a draft spreadsheet. I've collaborated the data as requested and the shortfall between what the data I have from our NLTF and what Maree has sent through is about 130 million.

I'm unable to give a detailed breakdown as to each individual activity's variance. The reason for

this is that on Maree's spreadsheet, the activities she's named is split up among different lines, and I don't have the same split in our NZTA data. On top of this, some of the NZTA data is also split into different lines/phases and the same split is not apparent in AT's spreadsheet.

On top of this, the data I have for continuous programmes and committed activities is only a single aggregate line of data, the data isn't split into it's individual activities so I can't compare to AT's spreadsheet as well.

I'll be online tomorrow, give me a message if you want to go through this together

Thanks

Ngā mihi. Kia haumarū.

Joshua Lai / Financial Analyst

Treasury & Cashflow

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E xxx@xxx / w nzta.govt.nz

Waka Kotahi NZ Transport Agency
Auckland / Level 5, AMP Tower, 29 Customs Street West
Private Bag 106602, Auckland 1143, New Zealand

From: Brittany Farrant-Smith <x.xxxxxxxxxxxxx@xxxxxxxxx.xxx.xx>

Sent: Friday, 3 September 2021 4:33 PM

To: Joshua Lai <xxxxxx.xxx@xxxx.xxx.xx>

Subject: FW: Work on continuous programmes

Bad news – not sure what sort of issue this will cause

From: Nicki Lucas (AT) <xxxxx.xxxxx@xx.xxxx.xx>

Sent: Friday, 3 September 2021 4:31 pm

To: Brittany Farrant-Smith <x.xxxxxxxxxxxxx@xxxxxxxxx.xxx.xx>

Cc: Maree Wheeler (AT) <xxxxx.xxxxxx@xx.xxxx.xx>; Natalie Steegstra (AT) <xxxxxxxxxxxxxxxx@xx.xxxx.xx>

Subject: Work on continuous programmes

Hi Brittany

Maree has been working hard to reconcile the continuous programme bids to what we require in the LTP.

Unfortunately, we still have quite a few issues to work through with this, and we have now been diverted onto some other higher priority work by Mark Laing. So this will not be able to be completed today or on Monday.

Please phone me or ask Karen or Lou to phone me if this creates a major issue.

Have a good weekend.

Ngā mihi
Nicki

Nicki Lucas, Head of Funding & Analysis

Finance Division

20 Viaduct Harbour Avenue, Auckland 1010

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www.at.govt.nz

Mon	Tue	Wed	Thu	Fri
20 VHA	20 VHA	WFH	WFH	20 VHA



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Give it a go. It's easy: Options > Calendar > End appointments and meetings
early**

We all have an important part to play in helping to reduce the spread of COVID-19 in our communities. [Find the latest information and advice from Auckland Transport](#). For the latest news from the Ministry of Health go to the [Unite Against Covid-19 website](#).

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Auckland Transport Alignment Project

2021-31

Assumptions and key implications of the 2021–24 NLTP for ATAP

Date	8 September 2020
Authors	Brittany Farrant-Smith - Adviser, Investment, Ministry of Transport Joshua Lai – Waka Kotahi Transport Agency Maree Wheeler – Auckland Transport
For consideration of:	ATAP Governance Group
Version	Draft

ATAP included assumptions to enable the full funding package to be calculated, that were reliant on future work and decisions by Waka Kotahi

1. The ATAP package assumes total funding of \$31.4 billion, including \$16.3 billion from the National Land Transport Fund (NLTF). These two key assumptions within ATAP formed the basis of the development of the programme.
2. ATAP included an indicative programme made up of the likely projects for investment, but it did not include agreement around specific timeframes (e.g., annual breakdowns of funding or projects) for delivery, as these would be determined by future Waka Kotahi decisions for each National Land Transport Programme (NLTP).
3. Under the current fare structure, \$800 million of the committed \$16.3 billion is not accessible for local projects and requires changes to funding settings to enable access to the full sum. Whilst ATAP proposed some means of achieving this such as higher funding assistance rates (FARs), ATAP did not agree to specific details, as these will be subject to future Waka Kotahi decisions and policy changes.

The Auckland RLTP included unvalidated assumptions which AT considers important to ensuring delivery of ATAP

4. The Auckland Regional Land Transport Plan (RLTP) sets out its proposed three-year investment programme, which is fully funded for local share. While the specific projects, timeframes, and funding setting assumptions in the RLTP did not form part of ATAP agreement, the RLTP does form a view of what AT considers necessary over the next three years to give effect to ATAP.
5. The key assumption underpinning the RLTP is that the NLTF will provide the full \$16.3 billion between 2021 and 2031. For this to be achieved the RLTP assumes higher FARs for some projects as a means of gaining access to some of the \$800 million NLTF funding which is only accessible with funding changes.

Waka Kotahi has adopted an NLTP that funds most projects from the RLTP, but does not enable any access in the first three years to the additional \$800 million that cannot be accessed without local share

6. Waka Kotahi is now implementing the NLTP for 2021-24. This is prepared from a national perspective and is intended to give effect to the Government Policy Statement on land transport 2021/22–2030/31 (GPS 2021). GPS 2021 signals ATAP as a Government Commitment, and, therefore, as a priority.
7. The number of projects likely to be funded through the NLTP now, as opposed to earlier in the year (when Waka Kotahi advised AT of its indicative continuous programmes) is higher than previously expected due to approved

borrowing approved by the Government. This loan will ensure the majority of RLTP projects are included in the NLTP.

8. Despite this, a range of funding pressures still exist and as a consequence the NLTP does not:
 - 8.1. fund everything that was set out in the RLTP (The NLTF funds \$2,863b out of the requested \$2,999b, leaving a shortfall of more than \$136 million). Where this shortfall exists and the projects which were applied for in the RLTP but not included in the NLTP will be defined over the next few days.
 - 8.2. apply higher than normal FARs for any projects that were not already agreed (sum the total, and an explanation for what it means. E.g., \$222 million across the x applications made in the RLTP. The Appendix will set out projects for which AT applied for higher FARs, and the actual FARs that have been included in the NLTP).

The NLTP decisions impact which projects can be progressed in the first three years

9. As a result of the continuous programmes not being fully funded, AT will need to consider whether it defers this into the next three years (if possible), or if it fully funds it (requiring an additional \$136 million of local share).
10. The projects that were included in the RLTP with a higher than normal FAR but are only included in the NLTP at the normal FAR, do not have sufficient local share assigned to progress them fully in this NLTP. AT will need to consider whether it:
 - 10.1. seeks additional local share (\$136,759,331) to progress these projects in the first three years, or
 - 10.2. slows the projects to ensure it only spends what was originally allocated.

The decisions taken as part of the NLTP will put additional pressure on ATAP years 4–10

11. If AT secures and allocates additional local share to progress projects not funded in the NLTP to the extent sought by the RLTP, this will mean there will be less local share available in 2024/25–2030/31 (ATAP years 4–10), or that Auckland's total local share component will exceed the amount assumed in ATAP. Either of these factors could place additional pressure on the NLTF to deliver its share in years 4–10.
12. In addition, no funding policy changes have been made to enable access to the \$800 million that cannot currently be accessed without local share in years 1–3. This means policies will need to be amended to enable access to the full \$800 million over years 4–10, which will also place additional pressure on the NLTF.

All 2021–24 NLTP decisions can be resolved in years 4–10 to ensure the full NLTF share can be provided over that period, and delivering ATAP as agreed

13. Work is underway to understand the implications of identified funding gaps. From this analysis we will form a view of whether we are confident that ATAP commitments can be delivered over the ten-year period. This work will be available in the coming months.
14. Based on the funding included in the NLTP, Auckland will receive approximately \$2.8 billion, for the first three years of ATAP. Extrapolated out over the 10 years of ATAP and based on the GPS 2021 activity class funding signals, this means that the \$16.3 billion NLTF contribution will be affordable over the 10 years, assuming at least a 3 percent increase in funding per year.
15. The key constraint to this is ensuring that Waka Kotahi amends funding settings, so that the \$800 million that cannot be accessed with current local share can be accessed. Waka Kotahi, the Ministry of Transport, and AT are currently working on potential solutions to this issue and will report back to the Governance Group by the end of 2021.

Commented [BF1]: Can you add some text here pls – if we don't yet have the information just say that and that it will be available before the governance group meeting.

Commented [JL2R1]: Don't have this information yet

Appendix 1. Summary of funding differences between ARLTP and NLTP

97% of activities put forward in the ARLTP for the 2021-24 period are included in the 2021-24 NLTP:

The key differences in activities or funding are:

1. Normal FAR, rather than an enhanced FAR, for certain activities (rapid transit, EMUs, level crossings) - a difference of \$136m NLTF
2. PT services programme: the tensioned programme was included in the NLTP – a difference of \$ NLTF
3. Other: (describe these e.g. mostly activities that WK gave a low priority to) – a difference of \$ NLTF

Target NLTF expenditure for 2021-24:

ATAP	Target NLTF expenditure 2021-24	GPS expectations NLTF 2018/19-2027/28
Auckland Transport	\$2.508 billion	
Waka Kotahi	\$1.510 billion	
KiwiRail	\$0.142 billion	
Total ATAP	\$4.161 billion	\$16.3 billion

The target NLTF expenditure 2021-24 is less than the total NLTF in respect of ATAP activities included in the NLTP to reflect *over programming*, but *risk adjusted* to reflect that activities may not proceed as quickly as estimated. The \$2.508 billion target for AT is being checked and will be the key target for AT to not exceed. These arrangements reflect the situation at the adoption of the NLTP. If additional funding or financing becomes available, then these targets can be revisited.

A Memorandum of Understanding is being developed between Waka Kotahi and AT to encourage the organisations to work together in relation to funding approvals and pace of delivery with a view to reaching the targeted NLTF expenditure, but not exceeding it, and how to deal with new funding/financing or cost increases.

Assumptions:

1. Normal FAR has been assumed by Waka Kotahi for inclusion of new activities in the NLTP. Previous approvals at enhanced FAR remain. AT has assumed normal FAR for new activities in the RLTP, except for (list: rapid transit projects, EMUs purchase, level crossings, etc).
2. Costs: Activities have been included in the NLTP at the cost estimates identified in the RLTP (except for MOR??, PT Services and LCLR?? programmes which were set at a tensioned level??). Differences arise between the costs of activities in the 2018 ATAP programme and the RLTP?
3. Pace of delivery: NLTP assumed that \$ less activities would be delivered, compared to AT forecast spend in 2021-24, in relation to activities in the NLTP.

Commented [BF3]: Josh to confirm

Commented [JL4R3]: Can't confirm – The activities don't match up to my data and some of the data I have doesn't give a breakdown by activity

Commented [BF5]: Is my interpretation correct or is it 222 million as per the briefing stated requesting the additional 2 billion.

Commented [JL6R5]: According to my figures, it's 136 million

Commented [BF7]: Josh to add – I am not sure how to interpret the spreadsheet

Commented [BF8]: Why does this not add up to the number in the spreadsheet of 2,999 billion

Commented [JL9R8]: Maree provided the spreadsheet with the 2.999 billion figure, we can ask her

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From: [Brittany Farrant-Smith](#)
To: [Kevin Wright](#)
Cc: [Sandy Fong](#)
Subject: IDMF feedback
Date: Thursday, 29 April 2021 12:43:12 PM
Attachments: [Draft IDMF Evaluation Plan v0.5.docx](#)

Hi Kevin,

This evaluation is very timely, as we are just setting up a GPS work programme which will involve an evaluation of the GPS.

We appreciate the opportunity to provide feedback on your draft. You can find comments within.

We haven't had much workings with IDMF in the past, so a lot of our comments are from a newbies perspective.

We also have included comments with our evaluation expertise hats on.

My biggest feedback would be that you would benefit by presenting your EQ and Evaluation Scope earlier in the document. In the current format, it is quite difficult to gauge what is happening and a fair bit of confusion.

It is presented far more clearly further in the document –so that would be useful to have at the start.

Looks like a good piece of work.

Thanks kindly,

Brittany Farrant-Smith

Adviser - Domain Strategy, Economics and Evaluation

Ministry of Transport – Te Manatū Waka

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EVALUATION FRAMEWORK AND PLAN FOR THE INVESTMENT DECISION-MAKING FRAMEWORK

12-month, 24-month and 60-month evaluation plan

13 APRIL 2021

VERSION 0.5

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1. Document distribution list

Name	Position	Role	Review/sign-off
Phillip Hall	Principal Investment Advisor, Investment Assurance	Author	N/A
		Review	
		Review (QA)	
Kevin Wright	Senior Manager, Investment Assurance	Approve	
		Inform	N/A

2. Document version

Version	Date	Description
0.1	12/03/21	First draft for discussion
0.2	25/03/21	Revised following feedback: added stakeholders, communication sections; added InvestHub to evaluation scope; added detail on evaluation purpose/what we want to get out of the evaluation, process evaluation method and KEQ 1(to better define system approach)
0.3	26/03/21	Revised following additional feedback from Helen Lane
0.4	31/03/21	Revised following feedback from Kevin Wright
0.5	13/04/21	Author QA

BACKGROUND

Waka Kotahi uses the Investment Decision-Making Framework (IDMF) to guide its investment decisions: to develop, assess and prioritise funding in the land transport system. The IDMF ensures we give effect to the Government Policy Statement on Land Transport (GPS), which sets out the government's priorities for expenditure from the National Land Transport Fund (NLTF) over a 10-year period. The IDMF was reviewed and revised over the course of 2019 and 2020, in response to changes in the GPS 2018. GPS 2018 places more emphasis on social, economic, cultural and environmental outcomes in transport planning.

Over the course of 2019 and 2020, Waka Kotahi reviewed and updated how investments were developed, assessed and prioritised. In particular, the Agency looked at making a fundamental change in how land transport investment decisions are made, with a focus on putting people and place at the centre of decision-making. The IDMF changes apply to all business cases that started on or after 31 August 2020.

The review and revision to the IDMF was prompted by changes in the GPS 2018, which places more emphasis on social, economic, cultural and environmental outcomes in transport planning. This shift in focus towards broader outcomes, wellbeing, and a system-based approach aligns with central government direction, given by the Ministry of Transport's Transport Outcomes Framework and the Treasury's Living Standards Framework. The most significant change is a different approach to assessing and approving projects for funding. The objectives of the IDMF are:

1. ensure that the investment decision making framework supports a system-based approach, including integration of land use and transport planning, and a focus on outcomes rather than outputs
2. encourage and support a mode neutral approach to identifying and assessing transport solutions
3. support the delivery of positive social, economic and environmental outcomes, including wider benefits capture and due weight to benefits that are not monetised
4. move to a more customer-centric framework that is robust, transparent and easy to understand

Commented [BF1]: How are we defining these things? Will these be direct measures from GPS?

Figure 1 shows how the IDMF fits within the wider transport planning and investment system. Giving effect to the GPS, taking account of Regional Land Transport Plans (RLTPs) and ensuring value-for-money are fundamental to Waka Kotahi investment decisions.



Figure 1. End-to-end transport planning and investment system.

The IDMF changes apply to all business cases that started on or after 31 August 2020. Waka Kotahi has developed a new portal, **InvestHub**, which will become the single access point for all investment related guidance, tools and learning information. There are **five core elements** of the IDMF:

Investment principles and policies

The IDMF updated and reduced the investment principles from ten to five. These principles set the context to guide new investment policies, the application of existing investment policies, and the development of transport solutions to be funded from the NLTF.

Business case development

The Business Case Approach (BCA) is a robust, evidence-based approach for developing business cases for investment through the NLTP. A Point of Entry considers the level of complexity, risk and uncertainty, and determines the business case pathway for an investment proposal. Benefits management is a critical element of business case development. The IDMF review clarified that the level of effort required varies based on the risk and complexity of the proposal.

Optioneering

The IDMF review identified the need for fit-for-purpose assessment tools at each stage of business case development, including optioneering. The Early Assessment Sifting Tool (EAST), Multi-Criteria Analysis (MCA) guidance and template, and Appraisal Summary Table (AST) were developed and/or revised as part of the IDMF. These revisions were made to allow quick and robust ruling out of alternatives/options, consistency in MCA approach, and to make it easier for decision makers to make informed decisions by summarising benefits and costs of the shortlist.

Benefits management

Benefits management includes the identification, analysis, planning, realisation, and reporting of benefits. The IDMF review delivered a new benefits framework and guidance to help ensure that a range of transport and non-transport benefits are appropriately considered within decision-making. In addition, a new Monetised Benefits and Costs Manual (MBCM) and Non-Monetised Benefits Manual (NMBM) have been developed to assist AOs and applicants with the calculation of a wider range of monetised and non-monetised benefits.

Making investment decisions

Investment decisions are key points within business case development. These decisions ensure that funded activities are efficient, effective, safe, affordable, and give effect to the GPS. The AST helps decision-makers by presenting non-monetised benefits, monetised benefits and whole of life costs.

Investment prioritisation

Investment prioritisation helps rank different types of transport activities. It is undertaken when a proposed activity (or combination of activities) is put forward for inclusion in an NLTP, and then reviewed when a business case is presented for endorsement and a funding decision is requested, to check that the activity is above the investment threshold. The Investment Prioritisation Method for the 2021-24 NLTP (IPM) is used to give effect to the GPS. The 2021 IPM has increased the number of prioritisation factors from two to three.

DELIVERABLES

This evaluation plan will have three deliverables:

- Early evaluation (expected delivery July 2021), which will include insights from the MBCM user survey, MCA user testing and Benefit measures workshops. The deliverable for the early evaluation will be a ten-page report that summarises feedback and proposes action to further improve or refine the IDMF, opportunities to better achieve the IDMF objectives, and a paragraph to guide subsequent evaluations)

Commented [BF2]: Just to clarify by USER are you referring to those who apply the IDMF processes to determine whether or not a business case proposal is fit for purpose, or are you referring to the ones submitting the business case proposal who are relying on the prioritisation and benefits realisation framework for guidance.

Or is it both?

- Interim outcomes evaluation (expected delivery December 2022)
- Final outcomes evaluation (expected delivery December 2025)

This evaluation plan should be considered a "living document". In particular, the detail for the interim and final outcomes evaluations will be developed closer to their scheduled time, and this evaluation plan will be updated to reflect the detail of these stages.

EVALUATION DESIGN AND METHODS

Evaluation purpose

The overall purpose of these evaluations is to understand if the IDMF is achieving its objectives.

The purpose of the early evaluation will be to assess how well the IDMF has worked during its first year, and what changes might be needed to improve it. The early evaluation will provide information on how much the IDMF tools, guidance and Investhub portal are being used and whether additional communications are needed to target particular user groups. It will identify whether the IDMF tools, guidance and Investhub portal are working as intended. It will identify issues of concern relating to the use of the IDMF tools, guidance and portal, and what improvements are needed to improve the IDMF operation. Capability gaps

The purpose of the two outcomes evaluation will be to assess if the IDMF is tracking towards achieving, and whether it has achieved its desired outcomes, such as how Waka Kotahi assesses and approves projects for funding.

Evaluation scope (Early evaluation)

The table below outlines what is in and out of scope for the first, early evaluation. An evaluation of the IDMF tools (specifically the EAST, MCA, AST) and associated IDMF guidance (Transition guidance, MBCM, NMBM) are within scope.

As the IDMF has only been in operation for a year, it will be too soon to assess whether it is achieving its desired social, economic and environmental outcomes. However, it will be possible to assess whether proposals coming up for approval are committing to achieving (and measuring) a broader range of social, economic and environmental outcomes.

The scope for the subsequent outcomes evaluations will be developed at the conclusion of the early evaluation.

In-scope	Out-of-scope
Evaluation of IDMF implementation	Evaluation of IDMF impacts
Evaluation of IDMF tools (EAST, MCA, AST ¹)	Evaluation of IDMF outcomes (to be assessed by the interim and final outcomes evaluations)
Evaluation of IDMF guidance (Transition guidance, MBCM, NMBM)	Evaluation of IQA documentation
Evaluation of the IDMF portal (InvestHub)	Evaluation of Waka Kotahi's investment assurance processes

¹ Scope of early evaluation of AST: awareness and guidance/training
WAKA KOTAHINZ TRANSPORT AGENCY

Commented [BF3]: To someone that doesn't have much background to the IDMF processes, I find this section a little confusing.

You say the purpose of the evaluation is to assess how well the IDMF has worked in its first year with the early evaluation identifying whether the tools and guidance are working as intended.

These are two very different questions are they not?

So is the big question overall (answered across all stages of the evaluation and particularly in the outcome evaluations): "To what extent is the IDMF achieving outcomes and fit-for-purpose" (in relation to outcomes set out in GPS 2021)

And the early evaluation, by contrast, doesn't look at the overall processes itself but instead how useful the current information is for the users who are submitting their business cases, so they can ensure that their programmes/policies or activities are aligned with government priorities. Also monitoring the key objective of whether the process is customer centric?

Commented [JL4R3]: Sounds like the early evaluation is a process evaluation. Maybe saying this upfront would make clearer its purposes/focuses.

Commented [BF5]: I feel like this is hard to measure – is there a threshold on this?

LCLR threshold increase and additional requirements to identify contribution to GPS priority	Assessing or auditing individual business cases or investment decisions
Evaluation of SSBC Lite	Evaluation of Benefits management approach (still being developed)
What elements of the IDMF are still to be completed? (e.g parameter values, risk analysis tool, methodology for valuing rail and coastal shipping benefits, updating resilience benefits methodology)	Evaluation of IPM and IER (still being applied and these will be reviewed as part of the NLTP evaluation)
How has the IDMF changed the complexity, cost and time in relation to the IDMF process leading to funding approval?	Investment policies (still being updated)
General comments or feedback on the IDMF	

Critical Success Factors

One of the first tasks in this evaluation will be to review the success factors for the IDMF, confirm they are still appropriate, and determine how they will be assessed/measured. It is proposed that this work is undertaken by the evaluation steering group. Success factors for the IDMF are contained in Appendix A. The success factors that will be assessed in each evaluation are:

Success Factor Category	Success Factor	Assessed in	Measure
People readiness	Internal communications issues to all end users and interested parties	Early evaluation	Confirmation/audit that this has been completed
	External communications issues to all AOs and consultants	Early evaluation	Confirmation/audit that this has been completed
	75% of internals feel they have clarity on the changes and what it means for them	Early evaluation	Survey of internal users
	70% of internals feel confident to use the IDMF tools and products	Early evaluation	Survey of internal users
	70% of internal users feel confident to support external partners	Early evaluation	Survey of internal users
	70% of internal users feel confident in providing support to external partners	Early evaluation	Survey of internal users
	80% of internal users know where to get additional support	Early evaluation	Survey of internal users
Capability build enables	InvestHub, tools and guidance available internally and externally	Early evaluation	Confirmation/audit that this has been completed

Commented [BF6]: Issues or issued?

Commented [JL7]: Similar to the one above

Commented [BF8]: Interested how we came to these numbers. I would have thought confidence of supporting others should be higher personally. I would also think you would want internals to feel confident using the IDMF tools and products otherwise how do we know that their logic in making a decision isn't flawed?

	80% internal engagement sessions completed	Early evaluation	Confirmation/audit that this has been completed
	All internal user groups offered multiple awareness and learning sessions. Recordings available	Early evaluation	Confirmation/audit that this has been completed
	Priority external users offered multiple opportunities to build awareness and understanding. Session recordings available	Early evaluation	Confirmation/audit that this has been completed
	Tiered change support model in place	Early evaluation	Confirmation/audit that this has been completed
	Recorded training sessions available and Q&A sessions in place for external partners	Early evaluation	Confirmation/audit that this has been completed
Business Case submission	Tools and products actively used during case case development by 80% of AOs	Early evaluation; Interim outcomes evaluation	Survey of AOs / business case developers
	Increasing number of business case benefits aligned to new benefit framework, therefore giving better alignment to the GPS	Interim outcomes evaluation	Audit of business cases prepared since 31 August 2020
	Right-sized effort – uptake of the SSBC lite / LCLR (currently 91% of the NLTP activities)	Interim outcomes evaluation	TBC
	Better visualisation of the LCLR programmes → ability to target the existing service gaps with the LCLR activities	Interim outcomes evaluation	TBC
	Ability to manage LCLR by activity classes	Interim outcomes evaluation	TBC
	Better reporting / transparency	Interim outcomes evaluation	TBC
	Easier to get investment due to the increased thresholds	Interim outcomes evaluation	TBC
Capability build continues	Increasing numbers of business case developers (internal and external) feel competent in using the tools and products	Early evaluation	Survey of business case developers
	InvestHub – incremental increase in number of	Interim outcomes evaluation	Administrative data (TBC)

Commented [JL9]: Why 80%? Wouldn't you expect a higher %?

Commented [JL10]: Would need to also track % of people attended the sessions

Commented [BF11]: Should this not be compulsory to ensure consistency?

Commented [JL12]: Would need to also track % of people attended the sessions.

Commented [BF13]: Case case?

Commented [BF14]: Is this based on previous numbers under the old system?

Commented [JL16]: So this will be compared against cases prepared prior to 31 August 2020?

Commented [BF15]: So they have to mention social – can't be solely economic focused?

Commented [BF17]: What does this mean?

Commented [BF18]: Wait what? If the threshold has increased wouldn't that make it more difficult?

Commented [BF19]: I am assuming you have a baseline?

	active users in a specified period		
	InvestHub - incremental increase in number of registered users who choose to complete learning modules	Interim outcomes evaluation	Administrative data (TBC)
	InvestHub – self-assessment tool is used to identify capability gaps and is fed into BAU capability build programmes	Interim outcomes evaluation	Analysis of self-assessment tool data (TBC)
	Business Case Approach community of practice incremental increase in membership growth/CoP is seen as the 'go to place' for practitioners	Interim outcomes evaluation	Monitor membership and participation in CoP Survey of end-users on their knowledge of and engagement with the CoP
Longer term outcomes (4 -5 years)	Increased ROI for business benefits across whole of life BC	Final outcomes evaluation	TBC
	Faster ROI for business benefits across whole of life BC	Final outcomes evaluation	TBC
	BCs under \$15M are less costly (right-sized effort)	Final outcomes evaluation	TBC
	Investment decisions are consistently made with both economic and social outcomes in mind	Final outcomes evaluation	TBC
	Consistently high ICR score for 'Benefits'	Final outcomes evaluation	TBC

Commented [BF20]: Would it not be better to see a sustained use?

Commented [BF21]: Again do we have a baseline?

Commented [BF22]: Is faster necessarily better?

Key evaluation questions

ID	Key Evaluation Question	Evaluation approach	Data source
KEQ1	Has the IDMF contributed to a system-based approach for assessing, prioritising and approving projects for funding?	Evaluate if the IDMF is contributing in progress towards / delivery of a systems-based approach for assessing, prioritising and approving projects for funding	Semi-structured interviews with Waka Kotahi decision-makers (Chief Financial Officer, National Manager, Programme and

	(i.e. does assessment, prioritisation and approval take account of the impacts of a decision on other parts of the whole system and into the wider transport ecosystem? Is there a clear understand of the impacts on communities and the environment?)	(early / final outcomes evaluation) Evaluate if the IDMF has resulted in better alignment of activities/projects with government intentions (early / final outcomes evaluation) Evaluate the contribution the IDMF has made (if any) towards better investment decision-making (early / final outcomes evaluation)	Standards) - Early evaluation only Semi-structured interviews with Waka Kotahi decision-makers and investment advisors Desk research / review of business cases, funding approvals and IQAs Administrative data (e.g. TIO)
KEQ2	Has the IDMF encouraged projects to adopt a mode neutral or multimodal approach to transport choices?	Review problem/opportunity statements in business case proposals (interim outcomes evaluation / final outcomes evaluation) Review number and type of investment outcomes in business case proposals (interim outcomes evaluation / final outcomes evaluation)	Semi-structured interviews with Waka Kotahi decision-makers (Chief Financial Officer, National Manager, Programme and Standards) – Early evaluation only Desk research / review of business cases
KEQ3	Has the IDMF encouraged projects to deliver social, economic and environmental outcomes?	Review investment objectives in business cases (Interim outcomes evaluation) Monitor/evaluate achievement of investment objectives in business case (final outcomes evaluation)	Semi-structured interviews with Waka Kotahi decision-makers (Chief Financial Officer, National Manager, Programme & Standards) – Early evaluation only Desk research / review of business cases Benefits realisation measurement data
KEQ4	Has the IDMF contributed towards a robust, transparent and easy to understand process for developing proposals? How has the IDMF changed the complexity, cost and time in relation to the IDMF process leading to funding approval?	Assess if applicants understand what is required to develop a successful business case under the IDMF and why a proposal has been supported or not supported (interim outcomes evaluation / final outcomes evaluation) Evaluate if investment decisions are robust (final outcomes evaluation)	Survey of end-users (e.g. business case writers / applicants and investment advisors) Interviews with end-users Focus group with end-users

KEQ5	Are the IDMF tools fit-for-purpose, easy to understand and being used correctly? Are any further changes need to improve the tools?	<p>Review IDMF tools</p> <p>Assess if the tools are being used as intended, whether there are any unintended effects, and whether further changes to the tools are needed to improve their operation and alignment with the IDMF objectives</p> <p>Assess end-user capability with IDMF tools</p>	<p>Survey of end-users (e.g. business case writers / applicants and investment advisors)</p> <p>Focus group with end-users</p>
KEQ6	Are the IDMF documents fit-for-purpose, easy-to-understand and being used correctly? Are any further improvements to the documents needed?	<p>Review IDMF documentation</p> <p>Assess end-user capability with IDMF documents</p>	<p>Survey of end-users (e.g. business case developers / consultants, AO staff, and Waka Kotahi investment advisors)</p> <p>Focus group with end-users</p>
KEQ7	Is the IDMF portal (InvestHub) fit-for-purpose, easy-to-navigate and being used correctly?	<p>Review InvestHub portal</p> <p>Assess if end-users are accessing information through InvestHub or other sources.</p> <p>Assess end-user capability in using InvestHub</p> <p>Monitor who is accessing InvestHub and for what purpose</p> <p>Assess how InvestHub is being used by different user groups</p> <p>Review "InvestHub tidy up" document from August 2020 and assess if changes have been completed.</p>	<p>Survey of end-users (e.g. Waka Kotahi staff, AO staff, business case developers / consultants, and Waka Kotahi investment advisors)</p> <p>Focus group with end-users</p> <p>Administrative data (e.g. InvestHub logins and other routinely captured data)</p>

Evaluation method: Early evaluation

The early evaluation will focus on how well the IDMF has worked during its first year of operation, and what further changes are needed (if any) to help ensure the IDMF will meet its objectives. The focus of the early evaluation will be on the IDMF tools, guidance and portal, and if they are fit-for-purpose, easy to understand (or navigate) and being used correctly. Areas where improvements can be made or end-user capability can be lifted will be identified.

As it is unlikely that there will be any business cases which have been initiated and completed under the new IDMF at this early stage, the focus of data collection will be surveys and focus groups with end-users who are currently using IDMF tools and documentation to put forward activities for inclusion in the 2021-24 NLTP, or have commenced development of a business case

Commented [JL23]: I think it would be helpful to mention this earlier in the document.

Commented [BF24R23]: Agree

since 31 August 2020. While it will not be possible to conclusively assess KEQ1, KEQ2 and KEQ3, the early evaluation will schedule interviews with Waka Kotahi decisions-makers (in particular, the Chief Financial Officer, and the National Manager, Programme & Standards) to obtain early insights into their views on KEQs 1, 2, and 3.

An overall survey of end-users about the IDMF tools and guidance will be used to help assess KEQs 4 to 7 for the early evaluation. This will supplement other, more detailed evaluative work underway (MCA user testing, MBCM user survey, Benefit Measures engagement workshops). As part of this early evaluation, an insights workshop will be organised to synthesize findings from the various surveys, user testing and workshops.

Evaluation method: Interim outcomes evaluation

The interim outcomes evaluation will assess if the IDMF is on track to deliver on its objectives. In-depth case studies of a sample of business cases will be assessed to determine if they are taking a system-based approach, encouraging consideration of multi-modal transport choices and considering broad economic, social and environmental outcomes.

Commented [BF25]: How will the sample be selected? Will it just be random?

Evaluation method: Final outcomes evaluation

The final outcomes evaluation will assess if the IDMF has delivered on its objectives, including contributing towards a system-based approach, multimodal transport choices, and broader economic, social and environmental outcomes. This will be achieved primarily through in-depth follow-up study of business cases previously submitted. It is noted that achievement of these objectives will be dependent on factors outside of the control of the IDMF team and Waka Kotahi more generally. Nevertheless, the outcomes evaluation will seek to understand if and how the IDMF changes (along with external factors) have contributed towards the IDMF objectives, and will attempt to identify the contribution the IDMF changes have made towards attainment of these objectives.

Ethics

Each evaluation should be assessed for ethical review prior to the commencement of data collection, and ethical review undertaken if required. Informed consent will be sought from all individuals who participate in the survey, focus group or interviews.

EVALUATION MANAGEMENT & TIME-LINE

A tentative evaluation time-frame is presented below. Note that the scheduling of the outcome evaluations will be dependent on having a sufficient number of business cases go through the new IDMF process during its first two years of operation.

Timeframe	Evaluation Activity	KEQ addressed
March to July 2021	Early evaluation of IDMF tools and IDMF documentation: are they working as intended and are further changes needed?	KEQ4, KEQ5, KEQ6, KEQ7
September 2022 to December 2022	Interim outcomes evaluation: is the IDMF on track to deliver a system-based approach, multi-modal	KEQ1, KEQ2, KEQ3, KEQ4

Commented [BF26]: This seems quite ambitious – is this for the entire project (scoping, analysis and reporting?)

	transport choices and broader outcomes (social, economic, environmental)	
September 2025 to December 2025	Final outcomes evaluation: has the IDMF delivered a system-based approach, multi-modal transport choices, and broader outcomes (social, economic, environmental)	KEQ1, KEQ2, KEQ3, KEQ4

BUDGET & RESOURCES

The budget, and resourcing for this evaluation will need to be discussed by the steering group and agreed to by the Senior Manager, Investment Assurance.

The early evaluation will require an evaluation lead, survey designer and interviewers/focus group facilitators. The outcomes evaluations will require similar resources as the early evaluation, plus a data analyst.

GOVERNANCE, STAKEHOLDERS AND COMMUNICATION

Governance

The owner of this evaluation plan and deliverables will be Kevin Wright (Senior Manager, Investment Assurance). An IDMF evaluation steering group will be set-up to plan and guide the overall IDMF evaluation and each evaluation deliverable. The initial membership of the steering group is proposed as:

Name	Position	Role
Patrick Fisher-Reid	Manager, Investment Policies	Chair
Helen Lane	Lead Advisor, Non-financial benefits	MCA and AST lead developer
Marcia Nugent	Principal Advisor, NLTP	Benefit Framework lead developer
Mehmaz Rohani	Principal Investment Advisor, Investment Assurance	MBCM lead developer
David Croft	Principal Investment Advisor, Local Government Partnerships	Local Government Partnerships representative
Ernest Albuquerque	Principal Advisor, Research & Analytics	Research & Analytics representative
TBC	Communications Advisor	Manage communications regarding the evaluation
TBC		External / AO representative

Stakeholders

Stakeholders are individuals or agencies that are interested in the results of this evaluation and may have a stake in what will be done with its results. There are a number of stakeholders for the IDMF evaluation. The Senior Manager, Investment Assurance has overall responsibility for the implementation of the IDMF and will be a key audience for the early evaluation. The project leads for the various IDMF tools and guidance will also be a key audience for the early evaluation, as this will provide evidence whether the IDMF tools and guidance are working as expected.

Within Waka Kotahi, the Chief Financial Officer and Senior Manager Investment Assurance are key stakeholders for the outcomes evaluations, which will inform whether the IDMF has/is on track to achieve its objectives. Other government agencies may also have an interest in the two outcomes evaluation: these include the Treasury, Ministry of Transport and local councils. Publication of the evaluations will allow findings to be widely disseminated.

Evaluation	Stakeholder
Early evaluation	Senior Manager, Investment Assurance Project leads for IDMF tools, guidance and portal End-users of IDMF tools, guidance and portal
Interim outcomes evaluation	Chief Financial Officer, Investment and Finance
Final outcomes evaluation	National Manager, Programme & Standards Senior Manager, Investment Assurance Senior Manager, Research & Analytics The Treasury Ministry of Transport Local councils / Approved Organisations

Communication

The steering group will manage communications with the sector, under the guidance of a communications advisor. It is suggested that once approved, the final report for each evaluation is proactively released and published on the Waka Kotahi website. This will allow Waka Kotahi to be transparent with the public about the IDMF and allow evaluation findings to be disseminated to any interested party. These evaluations may provide useful guidance to other agencies looking to undertake similar programmes.

RISKS

The following risks for the evaluation have been identified:

Risk	Risk assessment (likelihood / impact) ²	Mitigation
Evaluation is complex, and has a relatively long time horizon	Moderate (Minor / Almost Certain)	Good documentation and electronic filing to ensure knowledge retention and transfer.
Slow progression of new business cases may require outcomes evaluation to be delayed	Moderate (Possible / Medium)	Monitor number of business cases moving through to Delegations. Ensure potential

Commented [BF27]: Question of numbers as well – how many do we need to assess before we can make a judgement?

² Likelihood ratings: Unlikely, Possible, Likely, Almost certain
Impact ratings: Minor, Medium, Major, Severe
WAKA KOTAHI NZ TRANSPORT AGENCY

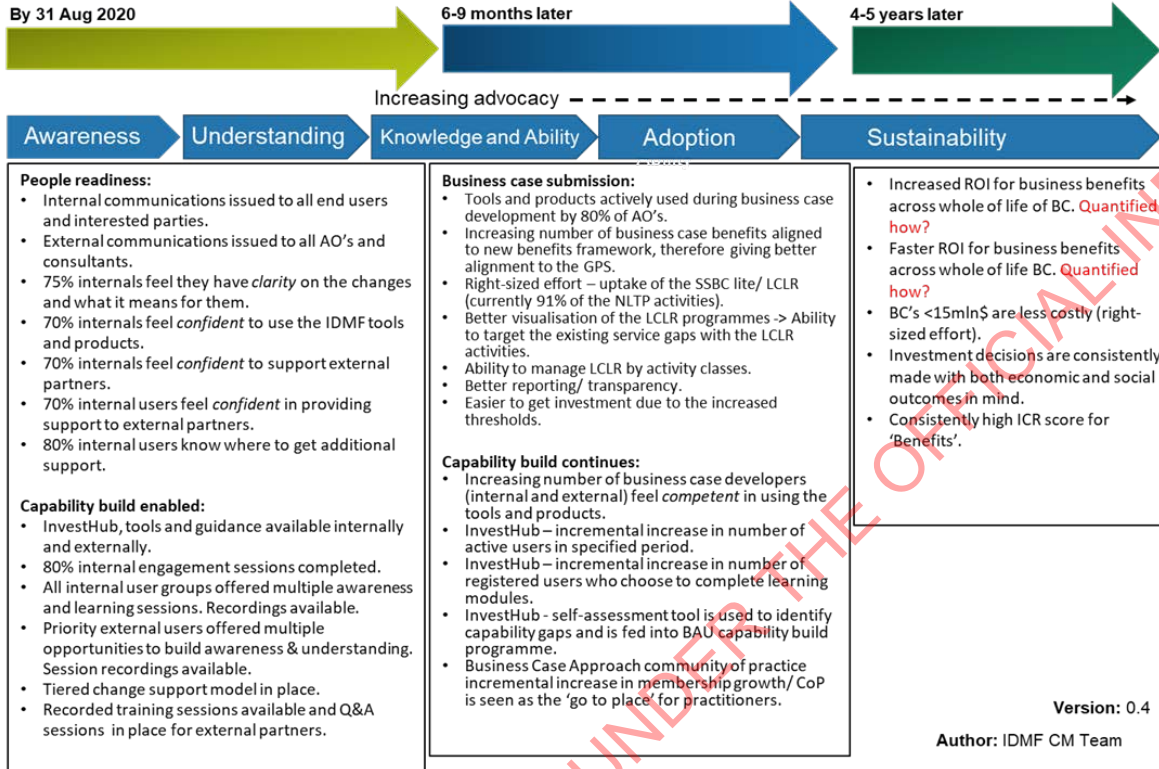
		delays are communicated in advance to stakeholders
Further changes to the IDMF over time (post early evaluation)	Moderate (Possible / Medium)	Regular communication between IDMF evaluation lead and IDMF project leads; flexible evaluation design
Achievement of long-term IDMF outcomes is depended on factors exogenous to the IDMF	High (Likely, Medium)	<p>Obtain good baseline data prior to undertaking outcomes evaluations</p> <p>Undertake environmental scan prior to each outcomes evaluation to understand the impact of factors external to the IDMF but likely to impact on achievement of long-term IDMF outcomes, and try to control for these in the analysis.</p> <p>Collaborate with partner agencies and organisations to support delivery of other factors important to achievement of IDMF outcomes.</p>

NEXT STEPS

Following approval of this overall evaluation plan by the Senior Manager, Investment Assurance, detailed planning and implementation of the early evaluation will commence.

APPENDIX A: IDMF SUCCESS FACTORS

IDMF Success Factors



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From: [Kevin Wright](#)
To: [Sandy Fong](#); [Danielle Bassan](#)
Subject: Investment Prioritisation Method
Date: Wednesday, 16 December 2020 3:26:00 PM
Attachments: [Waka Kotahi Final Investment Prioritisation Method for 2021-24 NLTP NOT APPROVED.pdf](#)
[IPM for 2021 NLTP - Summary of Feedback Dec 2020.pdf](#)
[image001.jpg](#)

Hi Sandy and Danielle

As requested, attached FYI are the final investment prioritisation method and a summary of the changes in response to consultation feedback.

This is the final IPM that is recommended to our Board to approve at its meeting on 21 December.

Thank you both for your assistance and comments throughout the development of the IPM.

Ngā mihi
Kevin

Kevin Wright / Senior Manager Investment Assurance
Investment & Finance

Waka Kotahi NZ Transport Agency

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INVESTMENT PRIORITISATION METHOD FOR THE 2021–24 NATIONAL LAND TRANSPORT PROGRAMME

Disclaimer: this version is based on the GPS 2021 released by the Minister of Transport in September 2020. This document does not represent the policy of the Government or Waka Kotahi NZ Transport Agency.

DECEMBER 2020

Waka Kotahi has created the Investment Prioritisation Method for the 2021–24 National Land Transport Programme, which replaces the Investment Assessment Framework used for the 2018–21 National Land Transport Programme. It includes moving from two prioritisation factors to three (as was the case before 2018), to give effect to the Government Policy Statement on land transport (GPS) 2021. This includes the three-factor priority order matrix and the Indicative Efficiency Rating tool to prioritise activities for inclusion in the 2021–24 National Land Transport Programme (NLTP).

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OVERVIEW OF INVESTMENT PRIORITISATION METHOD

Waka Kotahi NZ Transport Agency (Waka Kotahi) is responsible for developing a three-year National Land Transport Programme (NLTP).

The Waka Kotahi Investment Prioritisation Method¹ for the 2021–24 NLTP is used to give effect to the Government Policy Statement on land transport 2021 (GPS 2021) in the 2021–24 NLTP.

The Investment Prioritisation Method applies to activities proposed for the 2021–24 NLTP and will not usually affect prioritisation of activities in the 2018–21 NLTP.

KEY PRINCIPLES AND CONSIDERATIONS FOR INVESTMENT PRIORITISATION

Prioritisation is considered at two stages

Investment prioritisation is undertaken when a proposed activity, or combination of activities, is put forward for inclusion in an NLTP, whether this is during the development of the NLTP or during the Point of Entry process, as a variation to an existing NLTP.

The same factors are applied when the priority order assigned is reconsidered after a business case is presented for endorsement and a funding decision is requested, in order to check that the activity is above the investment threshold.²

Core requirements for investment

Section 19B of the Land Transport Management Act 2003 (LTMA) sets out the following 'Core Requirements' for the NLTP, which are summarised below:

- Giving effect to the GPS.
- Contributing to the purpose of the LTMA.
- Taking into account any Regional Land Transport Plan (RLTP) as well as any National Energy Efficiency and Conservation Strategy (NEECS), relevant National Policy Statement (NPS), relevant Regional Policy Statement (RPS) or plans in force under the Resource Management Act 1991 (RMA).

The implications of these key considerations for the proposed Investment Prioritisation Method are outlined below.

Giving effect to the GPS

A key consideration for the Investment Prioritisation Method is to ensure that the NLTP gives effect to government priorities and direction as outlined in the GPS.

Contributing to the purpose of the LTMA

The purpose of the LTMA is 'to contribute to an effective, efficient, and safe land transport system in the public interest.' To approve funding of an activity or a combination of activities, the LTMA stipulates that Waka Kotahi must be satisfied that specified criteria are met, including that the proposal:

- is included in the NLTP³
- is consistent with the GPS (as outlined above)
- is efficient and effective

¹ Formerly known as Investment Assessment Framework or IAF for the NLTP 2018–2021.

² The priority order at which funding becomes fully allocated to an activity class is the investment threshold.

³ Or otherwise qualifies under s 20(4) if the activity is in the urgent interests of public safety or is necessary to effect immediate or temporary repair of damage caused by a sudden and unexpected event.

- has been assessed (to the extent practicable) against other land transport options and alternatives, and
- has complied with relevant consultation requirements under the LTMA 2003.

The GPS 2021 notes that Waka Kotahi, the NZ Police and approved organisations⁴ will use the framework in the LTMA 2003 to deliver investment across New Zealand that is prioritised and coordinated.

Taking into account RLTPs, NEECS and relevant RMA policy documents

Activities in RLTPs are taken into account for the Waka Kotahi Investment Prioritisation Method as follows:

- Except for nationally-delivered programmes⁵, every activity (including state highway activities) in the 2021–24 NLTP must be part of an approved RLTP.
- The LTMA 2003 requires an RLTP to identify the order of priority of significant activities for the first six years of the plan. The Waka Kotahi Investment Prioritisation Method applies to activities put forward for the three years of the 2021–24 NLTP.
- The RLTP priority order will be considered in distinguishing between activities with the same priority order in the 2021–24 NLTP when such activities are at the investment threshold for the activity class.

The NEECS and RMA policy documents are considered as part of a given business case and specific guidance is provided in the Business Case Approach.

Inclusion of activities from previous NLTPs in the 2021–24 NLTP

Any activity phase already 'funding approved' in the 2018–21 NLTP will be treated as 'committed', i.e. these will not be required to be reviewed under the Investment Prioritisation Method for the 2021–24 NLTP and will be automatically included in the 2021–24 NLTP.

However, where an activity phase has approved funding (denoted as 'committed' in Transport Investment Online) in the **2015–18 NLTP or an earlier NLTP**, Waka Kotahi may request the project owner to reassess the activity phase using the Investment Prioritisation Method for the 2021–24 NLTP. Waka Kotahi reserves the right to overturn funding approval/commitment should the activity lie below the investment threshold for the 2021–24 NLTP and there has not been any progress in its delivery.

Activity phases included in previous NLTPs (e.g. denoted as 'Included in NLTP 2018–21' in Transport Investment Online) but which do not have funding approval, must be reviewed based on the Investment Prioritisation Method for 2021–24 NLTP in order to be considered for inclusion in the 2021–24 NLTP.

Activity phases put forward for the first time for inclusion in the 2021 – 24 NLTP must provide the information required as outlined in the Planning and Investment Knowledge Base.

GPS 2021 DIRECTION

GPS 2021 sets priorities; objectives; long-, medium- and short-term results; and ranges of funding to activity classes to guide decision makers on where and how to prioritise investment.

GPS 2021 does not determine the individual activities that will be funded, or how much funding any particular activity will receive. The role of Waka Kotahi is to give effect to the GPS including the activity class funding ranges, alongside its other LTMA obligations. Waka Kotahi achieves this by using the Investment Prioritisation Method to determine which proposals should receive funding within the GPS activity class funding ranges.

⁴ Approved organisations: territorial authorities, regional councils, Auckland Transport, the Department of Conservation, the Waitangi National Trust Board and Waka Kotahi.

⁵ Waka Kotahi develops programmes of activities that are delivered on a national basis rather than regionally through regional land transport plans. Examples of nationally delivered programmes include Research Programme, Safe Networks Programme, National Ticketing Programme (NEXT), and Rail Regulator Funding.

GPS 2021 has **four strategic priorities**:

- Safety
- Better travel options
- Improved freight connections
- Climate change.

These priorities are expected to guide land transport investments from 2021/22 to 2030/31.

In addition to the four strategic priorities, GPS 2021 identifies the Auckland Transport Alignment Project programme (ATAP), Let's Get Wellington Moving programme (LGWM), Road to Zero (R2Z) and New Zealand Rail Plan as **Government Commitments** that will make significant contributions to achieving the GPS 2021 strategic priorities.

To realise the GPS 2021 intentions, forthcoming NLTPs must meet investment expectations for the Government Commitments as set out in GPS 2021. GPS 2021 states that the Minister expects Waka Kotahi will help deliver the four Government Commitments by:

- establishing three-year investment targets for Government Commitments
- proactively managing progress across programmes (responding to slower or quicker delivery) in order to reach investment targets for Government Commitments
- establishing specific reporting on Road to Zero that demonstrates that it delivers on the measures in the Road to Zero strategy and action plan
- establishing specific reporting on LGWM and supporting the ATAP reporting process
- supporting the implementation of the New Zealand Rail Plan.

FACTORS FOR INVESTMENT PRIORITISATION

The Investment Prioritisation Method for 2021–24 NLTP has three factors, namely:

- GPS Alignment
- Scheduling
- Efficiency

Each of the factors is outlined below.

GPS Alignment

GPS alignment indicates the alignment of a proposed activity or combination of activities (e.g. programmes or packages) with a GPS strategic priority and identifies the potential contribution to achieving the GPS strategic priority (refer **Appendix 1**). A rating of Very High/High/Medium/Low alignment is applied, which reflects both the extent of alignment and scale of the expected contribution to a GPS strategic priority. Where an activity contributes to more than one GPS strategic priority, the rating is assigned based on the highest expected contribution to a single GPS strategic priority.

Scheduling

Scheduling indicates the criticality or interdependency of the proposed activity or combination of activities with other activities in a programme or package or as part of a network.

Criticality and interdependency are defined as follows:

- (i) **Criticality**: the significance of the activity's/combination of activities' role as part of the network, and the degree of impact to users, particularly due to availability (or not) of alternatives.
- (ii) **Interdependency with other activities**: Degree to which the activity is necessary to unlock the benefits of another related or integrated investment. The other investment may be part of the same transport programme or package, or a major housing or industrial development or international event.

A rating of High/Medium/Low impact across either criticality or interdependency with other activities is applied.

A High or Medium rating is often associated with being an integral part of a programme or package.

Where neither criticality or interdependencies are an issue (including any standalone activity), the activity/activities should be given a rating of Low.

Efficiency

Efficiency indicates expected return on investment and considers the whole of life costs and benefits through cost-benefit analysis.

The Efficiency factor looks at monetised impacts, generally using the Benefit-Cost Ratio (BCR). Other non-monetised impacts will be considered under the prioritisation factor 'GPS Alignment', while the full range of non-monetised impacts is expected to be assessed through the Business Case Approach.

For some activities, e.g. to replace a facility or technology at the end of its life, the Present Value (PV) of Costs (previously called PV End of Life) may be used where an asset is at end of life and is being replaced on a like-for-like basis.

In the early stages of developing a proposed activity, there may not have been detailed consideration of the cost of ownership and quantification of benefits. In these cases, a new tool to calculate an Indicative Efficiency Rating for the purpose of investment prioritisation has been developed (see below).

Indicative Efficiency Rating

When a proposed activity does not yet have a calculated BCR, the Indicative Efficiency Rating (IER) tool can be used to calculate an indicative efficiency rating for the activity. The IER tool provides a high-level estimate of monetised costs and benefits.

The IER tool provides a consistent, simple method for calculating an indicative efficiency rating that can be applied across all modes, and to services as well as infrastructure, and incorporates a range of typical benefits by outcome sought and by mode.

The IER is designed to remove reliance of the 'L*' rating previously used for investment prioritisation in the absence of a calculated BCR.

Programmes and packages

An activity that is part of a programme or package previously endorsed by Waka Kotahi may be assigned the GPS Alignment and Efficiency rating of that programme or package. This may require GPS Alignment of the programme or package to be reassessed using the Investment Prioritisation Method for the 2021–24 NLTP. Where a programme or package being put forward for inclusion is new to the 2021–24 NLTP, then all phases of the programme/package and activities for the 2021–24 NLTP may be assigned the GPS Alignment of the programme or package.

Allowing for assessment and investment decisions to be made at a programme rather than individual project level:

- Packages of inter-related and inter-dependent activities submitted for funding consideration are able to include activities with BCRs < 1 provided the overall package demonstrates a BCR>1 and all the components of the package are completed.
- Programmes of work may take the same approach as packages, when the components of the programme are seeking to deliver a common outcome but they are not necessarily inter-related or inter-dependent.
- The policy thus allows inclusion of activities that are highly effective in achieving GPS priorities but have a BCR< 1 into a programme, provided the overall programme demonstrates delivery of BCR>1.

The Scheduling factor must be assessed separately for each activity phase of a programme or package being considered for inclusion. Business cases (e.g. detailed or single stage business cases for activities/combination of activities within the programme or package) developed subsequent to the programme business case will require all three factors to be assessed.

Meeting investment expectations for Government Commitments

Any activity/combination of activities submitted for inclusion in the 2021 NLTP will be prioritised using the Investment Prioritisation Method, before consideration of Government Commitments expenditure.

Once an agreement has been reached on the three-year investment targets for the four Government Commitments, Waka Kotahi will ensure that expenditure level is being met across the appropriate activity class or classes.

The implementation of the New Zealand Rail Plan, through the first Rail Network Investment Programme (RNIP), may be supported wholly or partially by Crown funding. This may impact the timing of activities, particularly in the public transport infrastructure activity class.

DETERMINING THE PRIORITY OF AN ACTIVITY OR COMBINATION OF ACTIVITIES

Improvement Activities

Investment prioritisation is the basis for including an activity or combination of activities in the NLTP. Depending on the amount of funding available for an activity class, activities with a priority order above an investment threshold in that activity class are included in the NLTP. The Waka Kotahi Board sets the investment threshold based on the funds available for each activity class and the value and priority order of all proposed activities.

The priority order for activities is reconsidered when a request for funding approval is made. The review confirms information about costs and benefits as well as the other factors that impact on investment prioritisation.

Activity classes prioritised as improvements include:

- Road to Zero
- public transport services (including rapid transit)
- public transport infrastructure (including rapid transit)
- rail network
- coastal shipping
- walking and cycling improvements
- local road improvements
- state highways improvements.

Note that several activity classes also include “continuous programmes” which are prioritised separately as outlined below.

Improvement activities are assigned a priority order using each of the three prioritisation factors, according to the following matrix (refer to Figure 3 below).

Figure 3: Investment Prioritisation 3-factor Matrix for Improvement Activities

Proposed 2021-24 NLTP Priority Order						
GPS alignment	Scheduling	Efficiency				
		VL* (BCR<1.0)	L (BCR 1.0-2.9)	M (BCR 3.0-5.9)	H (BCR 6.0-9.9) (PV of Costs for end of life replacement)	VH (BCR>=10.0)
VH	H	7	2	1	1	1
VH	M	8	3	2	2	1
VH	L	9	4	3	2	2
H	H	9	5	4	4	3
H	M	10	6	5	5	3
M	H	10	7	6	6	4
M	M	10	9	8	6	5
H	L	11	8	8	6	5
M	L	11	10	10	9	8
L	H/M/L	12	12	12	12	12

* Activities that have a Very Low (BCR<1) Efficiency rating may be included in 2021–24 NLTP if they are above the investment threshold for an activity class. However, funding for these activities will only be approved by exception at the appropriate level of delegation, usually the Waka Kotahi Board.

Prioritisation for continuous programmes

Based on the GPS 2021, activities prioritised as continuous programmes are:

- public transport continuous programme including:
 - existing public transport services (includes total mobility) (forms part of public transport services activity class), and
 - maintenance (including renewals) of public transport facilities and infrastructure (forms part of the public transport infrastructure activity class)
- local road maintenance programme (includes operations, maintenance and renewal activities)
- State highways maintenance programme (includes operations, maintenance and renewal activities)
- Road Safety Partnership Programme (road policing)
- road safety promotion
- investment management.

Note that low cost, low risk activities are being treated as *improvement programmes* within their respective activity class in the 2021-24 NLTP. These are discussed separately below.

Continuous programmes are effectively funded first, as funding decisions for continuous programmes are made for the three years of the NLTP at the time the NLTP is adopted. This provides the sector and Waka Kotahi investment partners with certainty of funding continuity for the NLTP period.

Waka Kotahi expects to provide funding to all continuous programmes. On this basis, Waka Kotahi proposes to assign continuous programmes ratings of HHM, priority order 4, as the 'starting point'

for investment prioritisation, reflecting the importance of such programmes to maintaining ongoing levels of service. Waka Kotahi will then assess the investment proposals to determine:

- how well the proposed programme identifies and prioritises gaps that align with and contribute to GPS strategic priorities, as well as other Waka Kotahi statutory obligations. Programmes found to not align well with the GPS strategic priorities could see a reduction in the GPS alignment rating. The converse is also true: programmes found to align very well with the GPS strategic priorities could see an increase in the GPS alignment rating
- the quality of the decision-making framework within the Activity Management Plan (AMP) or Regional Public Transport Plan (RPTP) on how they optimise their plan, programmes and activities. Poor/excellent optimisation could see a reduction/increase in the scheduling rating
- the Approved Organisation's performance over the previous NLTP
- efficiency based on benchmarking across Approved Organisations in terms of the cost to deliver the outcome. That is, if more expense per unit of outcome, then a lower efficiency rating may be assigned; if more cost-effective, then a higher efficiency rating may be assigned recognising every dollar spent should deliver more outcome.

The assessment of investment proposals and the resulting priority order will assist Waka Kotahi in determining the merits of investing to different levels in the various continuous programmes submitted.

All continuous programmes are developed through application of continuous improvement practices, and ideally involve regular engagement with and feedback from Waka Kotahi on the merits of the supporting AMP or RPTP. They are expected to achieve at least a medium GPS alignment rating. Programmes that do not achieve a medium rating will be the subject of additional scrutiny as part of the NLTP decision making and may have additional conditions of funding applied to the approved programme investment. Any other risks or issues may also be addressed through conditions attached to the funding decision.

Road safety promotion

Road safety promotion is part of the proposed Road to Zero activity class.

Many road safety promotion activities are low cost, low risk activities, i.e. below \$2m in total cost, and therefore these are assessed as a continuous programme in the same manner as low cost, low risk programmes for road improvements. Road safety promotion activities above \$2m in total cost are assessed and prioritised separately, in the same way as an improvement activity in other activity classes.

Road policing programme

The road policing programme is part of the Road to Zero activity class.

The road policing programme is made up of a base programme which maintains current levels of enforcement, and an improvements programme. The base road policing component is assessed as a continuous programme. Improvement activities in the road policing programme are assessed and prioritised in the same way as an improvement activity in other activity classes.

Investment management

For investment prioritisation, the investment management activity class is considered under its component parts (transport planning, sector research and investment and funding allocation system – IFAS), with each assessed and prioritised separately. Where there is discretion over funding, i.e. not funding core Waka Kotahi or sector activities (e.g. transport modelling, activity management planning improvements, and programme business case development) proposals are assessed using the investment prioritisation factor 'GPS Alignment'.

Prioritisation for Low cost, low risk programmes

Low cost, low risk improvement (LCLR) programmes apply to local road, state highway and public transport improvements activity classes, as well as Road to Zero and walking and cycling activity classes. For the 2021-24 NLTP, individual LCLR activities have a threshold of up to \$2M. LCLR are assessed following similar guidance for continuous programmes:

- The assessment is made at the programme level. The generic rating for a LCLR programme is HHM, priority order 4. The rating may be adjusted following the assessment and moderation process.
- GPS Alignment (including the rating) for each activity in the programme is captured in the low cost, low risk template. It is critical this is completed and kept current.
- As for continuous programmes, insight to the quality and value proposition of these programmes and activities is provided by a strong linkage to good quality activity management planning documents (e.g. AMP, RPTP).

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APPENDIX 1: INVESTMENT PRIORITISATION TABLES

The investment prioritisation table for the GPS Alignment factor below helps to determine the degree to which proposals align with the priorities and results sought in the GPS 2021. A similar table follows for the Scheduling factor.

Waka Kotahi invests to deliver key land transport outcomes and Government Policy Statement on Land Transport priorities. Waka Kotahi encourages activities, programmes and packages deliberately designed to deliver multiple outcomes, including contributing to wider government priorities and wellbeing where transport has a role to play. The business case approach has been adopted and designed to assist organisations to develop their investment proposals with this in mind, and Waka Kotahi funding decisions take multiple outcomes into account.

Most activities, programmes or packages will contribute to more than one outcome.

Investment prioritisation is one part of the investment decision making framework, sitting alongside business case development, assessment for investment, endorsement and the funding decisions themselves.

In order to keep the Investment Prioritisation Method reasonably simple to understand and apply, ratings for the GPS Alignment and Scheduling factors are assigned based on the highest expected contribution to a single GPS strategic priority. In some cases, where an activity or combination of activities may impact on more than one priority (namely: Better Travel Options and Climate Change or Improved Freight Connections and Climate Change), this is acknowledged in the investment prioritisation table below.

For the GPS Alignment and Scheduling factors, select **one relevant criterion** related to each expected benefit from investment in the activity or combination of activities (e.g. programme or package). To determine the rating for the activity or combination of activities under consideration, the rating is assigned based on the highest expected contribution to a single GPS strategic priority. For example, if a proposed activity contributes to both Improving Freight Connections and Better Travel Options (improved mode choice), with a High for Improving Freight Connections and a Medium for Better Travel Options, then a rating of High for Improving Freight Connections may be selected.

An activity that is part of a programme or package previously endorsed by Waka Kotahi may be assigned the GPS Alignment of that programme or package. In some cases (e.g. where a programme or package was included a previous NLTP), this may require the programme or package to be reassessed using the Investment Prioritisation Method for the 2021–24 NLTP. Where a programme or package being put forward for inclusion is new to the 2021–24 NLTP, then all phases of the programme/package and activities being put forward for the 2021–24 NLTP may be assigned the GPS Alignment and Efficiency rating of the programme or package.

As noted in the main document, the IER tool should be used in the absence of a calculated BCR in determining the Efficiency factor rating.

Where an activity or combination of activities may impact on both interdependency and criticality in the Scheduling factor, the rating for the greatest value may be selected as the Scheduling factor rating.

When a new activity or combination of activities is considered for inclusion in the NLTP, it is recognised that the potential impact of the activity may be based on estimates of the three factors, and this is considered acceptable.

When an activity or combination of activities is brought forward for endorsement and/or funding approval, Waka Kotahi expects that such estimates will be substantiated with evidence and more robust modelling or forecasting techniques.

Definitions for some of the terms used in the GPS Alignment factor are found in Appendix 2.

Where feasible, the criteria for the GPS Alignment draw on the benefits and measures with centralised data available as part of the Waka Kotahi benefits framework – refer to Appendix 2 for details. To estimate impacts on GPS priorities, proposers may draw information from the Non-monetised benefits manual (NMBM) [<https://www.nzta.govt.nz/resources/non-monetised-benefits->

manual/], Investment Logic Maps (performance measures, targets) for related programmes and/or previous business cases. Data in Megamaps [<https://megamaps.abley.com/Maps/>] and storymaps (non-monetised benefits)

[https://www.arcgis.com/sharing/rest/oauth2/authorize?client_id=arcgisstorymaps&response_type=token&expiration=20160&redirect_uri=https%3A%2F%2Fstorymaps.arcgis.com%2Foauth-callback%3FreturnURL%3D%252Fcollections%252F16be4050255c49489067a39bca090818%253Fitem%253D2&hideCancel=true&showSignupOption=true&force_login=true] will help to establish the baseline from which an estimate can be made.

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		GPS Alignment			
		<i>Definitions for some of the terms used are found in Appendix 2</i>			
		<i>The spatial or geographical boundaries of the activity / combination of activities is the basis for measurement.</i>			
GPS Strategic Priority	Benefit	LOW	MEDIUM	HIGH	VERY HIGH
Safety	Impact on social cost and incidences of crashes	<ul style="list-style-type: none"> Target low-medium or greater collective risk corridors and/or intersections to achieve a death and serious injuries reduction of >5% over a 5-year period Proposal addresses DSIs in an area of Normal Concern (Communities at Risk Register – All deaths and serious casualties table) 	<ul style="list-style-type: none"> Target medium or greater collective risk corridors or intersections to achieve a death and serious injuries reduction of >15% over a 5-year period Proposal addresses DSIs in an area of Medium Concern** (Communities at Risk Register – All deaths and serious casualties table) Investment to support behaviour change (e.g. changing perceptions of safety or road safety promotion) to improve road safety outcomes 	<ul style="list-style-type: none"> Target medium-high or high collective risk corridors or intersections to achieve a death and serious injuries reduction of 25-39% over a 5-year period Speed limit changes reduce operating speed in corridor by 10 km/h Proposal addresses DSIs in an area of High Concern (Communities at Risk Register – All deaths and serious casualties table) 	<ul style="list-style-type: none"> Target medium high or high collective risk corridors or intersections to achieve a death and serious injuries reduction of ≥40% over a 5-year period Speed limit changes reduce operating speed in corridor by >10 km/h
Better Travel options and Climate Change (GHG emissions reduction and air quality improvements)	Impact on mode choice		<ul style="list-style-type: none"> Up to 3% change in share of private passenger vehicle-based trips to other modes* Investment to support behaviour change (e.g. education, promotion) to improve mode shift outcomes 	<ul style="list-style-type: none"> >3 and up to 6% change in share of private passenger vehicle-based trips to other modes* 	<ul style="list-style-type: none"> >6% change in share of private passenger vehicle-based trips to other modes*
Better Travel Options	Impact on access to opportunities	<ul style="list-style-type: none"> Up to 3% change in number of jobs accessed within 45 minutes by a given mode or modes (public transport, walking, cycling, driving) in morning peak Up to 3% change in proportion of population within 15 minutes access of social opportunity 	<ul style="list-style-type: none"> 4-5% change in number of jobs accessed within 45 minutes by a given mode or modes (public transport, walking, cycling, driving) in the morning peak 4-5% change in proportion of population within 15 minutes access of social opportunity (namely primary or secondary) 	<ul style="list-style-type: none"> 6-7% change in number of jobs accessed within 45 minutes by a given mode or modes (public transport, walking, cycling, driving) in the morning peak 6-7% change in proportion of population within 15 minutes access of social opportunity (namely primary or secondary) 	<ul style="list-style-type: none"> >8% change in number of jobs accessed within 45 minutes by a given mode or modes (public transport, walking, cycling, driving) in the morning peak >8% change in proportion of population within 15 minutes access of social opportunity (namely primary or secondary)

		GPS Alignment			
		<i>Definitions for some of the terms used are found in Appendix 2</i>			
		<i>The spatial or geographical boundaries of the activity / combination of activities is the basis for measurement.</i>			
GPS Strategic Priority	Benefit	LOW	MEDIUM	HIGH	VERY HIGH
		<p>(namely primary or secondary education, GP surgery or supermarkets) by a given mode or modes (public transport, walking, cycling, driving) in the morning peak</p> <ul style="list-style-type: none"> Up to 3% increase in percentage of the population living within 500m of a bus stop or 1km from a rail or bus rapid transit station where service frequency is ≤30 minutes per hour New walking/cycling link forms part of small urban area network Improving connections to locally significant tourism destinations/attractions 	<p>education, GP surgery or supermarkets) by a given mode or modes (public transport, walking, cycling, driving) in the morning peak</p> <ul style="list-style-type: none"> 4-6% increase in percentage of the population living within 500m of a bus stop or 1km from a rail or bus rapid transit station where service frequency is ≤30 minutes per hour New walking/cycling link forms part of medium urban area network Improving connections to regionally significant tourism destinations/attractions Investment in specialised services to support accessibility (e.g. Total Mobility) 	<p>education, GP surgery or supermarkets) by a given mode or modes (public transport, walking, cycling, driving) in the morning peak</p> <ul style="list-style-type: none"> 7-9% increase in percentage of the population living within 500m of a bus stop or 1km from a rail or bus rapid transit station where service frequency is ≤30 minutes per hour New walking/cycling link forms part of a large or major urban area network Improving connections to nationally significant tourism destinations/attractions 	<p>education, GP surgery or supermarkets) by a given mode or modes (public transport, walking, cycling, driving) in the morning peak</p> <ul style="list-style-type: none"> >10% increase in percentage of the population living within 500m of a bus stop or 1km from a rail or bus rapid transit station where service frequency is ≤30 minutes per hour New walking/cycling link forms part of regional network, including linking with the NZ Cycle Network, Te Araroa Trail and other tourism trails
Improving Freight Connections and Climate Change (GHG emissions reduction and air quality improvements)	Impact on mode choice		<ul style="list-style-type: none"> Up to 3% change in road freight Mode share to rail or coastal shipping measured as percentage change in volume of road freight AADT on corridor moved to alternative modes 	<ul style="list-style-type: none"> >3 and up to 6% change in road freight Mode share to rail or coastal shipping measured as percentage change in volume of road freight AADT on corridor moved to alternative modes 	<ul style="list-style-type: none"> >6% change in road freight Mode share to rail or coastal shipping measured as percentage change in volume of road freight AADT on corridor moved to alternative modes
Improving Freight Connections	Impact on network	<ul style="list-style-type: none"> 5-10% improvement in predictability (reduction in 	<ul style="list-style-type: none"> 11-20% improvement in predictability (reduction in 	<ul style="list-style-type: none"> 21-30% improvement in predictability (reduction in 	<ul style="list-style-type: none"> >31% improvement in predictability (reduction in

		GPS Alignment			
		<i>Definitions for some of the terms used are found in Appendix 2</i>			
		<i>The spatial or geographical boundaries of the activity / combination of activities is the basis for measurement.</i>			
GPS Strategic Priority	Benefit	LOW	MEDIUM	HIGH	VERY HIGH
	productivity and utilisation	variability) of travel time on priority routes for freight <ul style="list-style-type: none"> • (for rail) up to 10% Change in freight trains arrived on time (i.e. within 30 minutes of scheduled arrival) • Up to 10% reduction in duration of unplanned road closures/rail service disruptions of ≥2 hours • Improving connections between locally significant production and distribution points 	variability) of travel time on priority routes for freight <ul style="list-style-type: none"> • (for rail) 11-20% Change in freight trains arrived on time (i.e. within 30 minutes of scheduled arrival) • 11-20% reduction in duration of unplanned road closures/rail service disruptions of ≥2 hours • Improving connections between regionally significant production and distribution points 	variability) of travel time on priority routes for freight <ul style="list-style-type: none"> • (for rail) 21-30% Change in freight trains arrived on time (i.e. within 30 minutes of scheduled arrival) • 21-30% reduction in duration of unplanned road closures/rail service disruptions of ≥2 hours • Improving connections between nationally significant production and distribution points 	variability) of travel time on priority routes for freight <ul style="list-style-type: none"> • (for rail) >31% Change in freight trains arrived on time (i.e. within 30 minutes of scheduled arrival) • >31% reduction in duration of unplanned road closures/service disruptions of ≥2 hours
Climate Change	Impact on GHG	<ul style="list-style-type: none"> • Addressing a known climate change adaptation issue that is forecast to occur beyond 2090 	<ul style="list-style-type: none"> • up to 3% reduction in private vehicle kilometres travelled – can use change in AADT as a proxy • >up to 5% reduction in CO₂ vehicle emissions total grams per kilometre per day by corridor (carriageway) • Addressing a known climate change adaptation issue that is forecast to occur between 2041-2090 	<ul style="list-style-type: none"> • 4-6% reduction in private vehicle kilometres travelled – can use change in AADT as a proxy • 6-10% reduction in CO₂ vehicle emissions total grams per kilometre per day by corridor (carriageway) • Addressing a known climate change adaptation issue that is forecast to occur by 2040 	<ul style="list-style-type: none"> • >6% reduction in private vehicle kilometres travelled – can use change in AADT as a proxy • >10% reduction in CO₂ vehicle emissions total grams per kilometre per day by corridor (carriageway)

		GPS Alignment			
		<i>Definitions for some of the terms used are found in Appendix 2 The spatial or geographical boundaries of the activity / combination of activities is the basis for measurement.</i>			
GPS Strategic Priority	Benefit	LOW	MEDIUM	HIGH	VERY HIGH
	Impact of air emissions on health / Impact of noise and vibration on health	<ul style="list-style-type: none"> Up to 5% reduction of (local) population exposed to elevated concentrations of land transport-related air pollution (NO₂) Up to 5% reduction in local population exposed to excessive traffic noise level 	<ul style="list-style-type: none"> Up to 10% reduction (local) population exposed to elevated concentrations of land transport-related air pollution (NO₂) Up to 10% reduction in local population exposed to excessive traffic noise level 	<ul style="list-style-type: none"> Up to 15% reduction (local) population exposed to elevated concentrations of land transport-related air pollution (NO₂) ≥11% reduction in local population exposed to excessive traffic noise level 	

*Other modes include walk, cycle, public transport, micro-mobility and need for trip being eliminated (e.g. working from home, ordering online)

Scheduling			
	LOW	MEDIUM	HIGH
Interdependency	<ul style="list-style-type: none"> Activity/combination of activities is part of a programme or package, but non-delivery in the 2021 NLTP period will not hold up the overall delivery of other parts of programme, package or another investment (e.g. housing development), The proposed activity is a standalone activity (not part of another programme or package) Non-delivery of the proposed activity in the 2021 NLTP has a negligible impact on realising the estimated benefits of the programme/package 	<ul style="list-style-type: none"> Activity/combination of activities is part of a programme, package or another investment, but relies on the delivery of another phase or activity in the 2021 NLTP period before being actioned Non-delivery of proposed activity in the 2021 NLTP has a moderate impact on realising the estimated benefits of the programme/package, i.e. one or more benefits may not be achieved or may be reduced, or may be delayed for up to 3 years 	<ul style="list-style-type: none"> Activity/combination of activities is part of a programme, package or another investment (e.g. housing development), and its delivery in the 2021 NLTP period is required to enable further implementation of that programme, package, or investment. Non-delivery of the proposed activity in the 2021 NLTP has a significant impact on realising the estimated benefits of the programme/package, i.e. one or more benefits will not be achieved or will be delayed for more than 3 years
Criticality	<ul style="list-style-type: none"> Need to undertake this activity in order to deliver/prepare for remainder of programme/package where its implementation is to begin in 2027 NLTP or beyond Significance of activity as part of the network, with risk of unplanned loss of service (≥ 2 hours) requires use of alternative routes or modes taking up to 1 hour extra travel time for most users 	<ul style="list-style-type: none"> Need to undertake this activity in order to deliver/prepare for remainder of programme/package where its implementation is to begin in 2024 NLTP Significance of activity as part of the network, with risk of unplanned loss of service (≥ 2 hours) requires use of alternative routes or modes taking 1-2 hours extra travel time for most users 	<ul style="list-style-type: none"> Need to undertake this activity in order to deliver/prepare for remainder of programme/package where its implementation is to begin in 2021 or early 2024 NLTP Significance of activity as part of the network, where risk of unplanned loss of service (≥ 2 hours) requires use of alternative routes or modes taking > 2 hours extra travel time for most users

Ratings for the Efficiency factor

The ratings for this factor are Very High, High, Medium, Low, and Very Low, as follows:

- Very High (BCR >10.0)
- High (BCR 6.0-9.9) / PV of Costs (where an asset is at end of life and is being replaced on a like-for-like basis)
- Medium (BCR 3.0 – 5.9)
- Low (BCR 1.0 – 2.9)
- Very Low (BCR < 1.0)

Proposals which have a Very Low (BCR<1) Efficiency rating may be included in 2021–24 NLTP if they are above the investment threshold for an activity class. However, funding for these activities will only be approved by exception at the appropriate level of delegation, usually the Waka Kotahi Board.

APPENDIX 2: DEFINITIONS

Several terms are used in this document that have specific meaning in the context of the Investment Prioritisation Method and the three factors GPS Alignment, Scheduling, and Efficiency. We provide here an overview of key definitions, and you can find a comprehensive list of definitions on our Planning and Investment Knowledge Base.

GPS Alignment criteria

Where feasible, measures are drawn from the benefits framework, particularly those with centralised data available. The Non-monetised Benefits Manual [<https://www.nzta.govt.nz/resources/non-monetised-benefits-manual/>] provides a definition of the benefit, its measure(s), and identifies what data is available through storymaps or megamaps.

GPS Priority	Name	Benefit measure #	Description	Comment on data availability
Safety	Collective risk (crash density)	1.1.1	Average annual fatal and serious injury crashes per kilometre of road section.	Collective risk identified for corridors and intersections throughout NZ
	Deaths and serious injuries	1.1.3	From geospatial point 'a' to geospatial point 'b', the number of deaths and serious injuries resulting from land transport-related crashes in the last year.	Identified for corridors and intersections throughout NZ
	Communities at Risk		See below	
Better Travel options and Climate Change	Impact on mode choice	10.2.10	Percent of transport users by mode pedestrians, cyclists and motor vehicles by vehicle class Definition of "other modes" – see below	Available by mesh block (Census 2013) or MOT NZ Household Travel Survey by region or major urban area
Better Travel options	Impact on access to opportunities Access to jobs	5.2.6	number of jobs accessed within 45 minutes by a given mode or modes (public transport, walking, cycling, driving) in morning peak	Measure uses the centroid of each NZ meshblock (48,000) as its origin and jobs as the destination
	Access to social opportunities	10.3.1	Proportion of population living within 15 minutes travel threshold of key social opportunities (including education, health care, supermarkets) by different modes (walking, cycling, public transport, private motor vehicle) in the morning peak	
	Access to frequent PT services	10.2.7	Access to public transport (within 500m of stop with transport that runs every 30 minutes) Access to high frequency public transport (within 500m of stop with transport that runs every 15 minutes)	Based on morning peak period – partial centralised data available
	New cycling links		Urban area definitions are below	
	Tourism destinations		Local / regional / national defined below	

Improving Freight Connections and Climate Change	Impact on mode choice	5.2.5	AADT of freight road vehicles (heavy vehicles) for state highways and local roads	Data about other modes is not available
Improving Freight Connections	Impact on network productivity and utilisation			
Climate change	Impact on GHG	8.1.1	CO ₂ vehicle emissions total grams per kilometre per day by carriageway id #	Modelled for each 0.2 square km – emissions rates calculated using vehicle emission prediction model (VEPM)
	Impact on air and noise/vibration	3.2.1 3.3.1	Annual concentration of NO ₂ in µg/m ³ and average annual vehicle emissions Number of people exposed to noise levels (measured in dB Laeq(24h))	Partial monitoring data available Regional data only – extrapolate for corridor

Communities at Risk

The [Communities at Risk Register](#) has been developed by Waka Kotahi to identify communities of road users that are over-represented in terms of road safety risk. The register highlights personal risk to road users by ranking communities by local authority area based on areas of concern.

The ratings are to be drawn from the 'All deaths and serious casualties' table in the most recent version of the Communities at Risk register. The definition of the levels of concerns is as follows:

- **High concern** is assigned to communities with personal risk profiles greater than one standard deviation from the mean (1 STDEV).
- **Medium concern** is assigned to communities with personal risk profiles greater than half a standard deviation from the mean and below one standard deviation (0.5 STDEV).
- **Normal concern** is assigned to the remaining communities from 0.5 STDEV down to those that are performing much better around individual risk than other territorial authorities

Standard deviation is a descriptive statistic that is used to understand the distribution of a dataset. It is often reported in combination with the mean (or average), giving context to that statistic. Specifically, a standard deviation refers to how much scores in a dataset tend to spread-out from the mean. If the distribution is normal then 68% of TAs, in this case, will lie within 1 STDEV of the mean.

Other modes

'Other modes' in the context of Better Travel Options supports mode shift for trips in urban centres from private vehicles to more energy-efficient, low-cost and healthier modes like walking, cycling, public transport, and using micro-mobility devices such as e-scooters, e-skateboards and e-bikes. Other modes also include removing the need to make a trip at all, by providing a digital alternative (e.g. internet-based doctor's appointments or e-learning) or working or studying from home.

Programme

A "programme" means a defined group of land transport activities.

This is intended as a broad definition as it is recognised that there are different ways that activities can be grouped:

- By location (e.g. local authority boundary, region, national)
- By theme (e.g. public transport, optimisation)
- By activity class (e.g. walking and cycling)
- By outcome (e.g. safety, resilience)

A programme may be delivered by multiple organisations, may extend across multiple activity classes, and span across different start dates.

Package

A “package” means a group of activities that are inter-dependent activities.

“Inter-dependent” means that it is necessary for all of the activities to be delivered to optimise the expected outcomes, i.e. if an activity within the package is not delivered, then it would reduce the effectiveness of the remaining activities within the package.

Urban areas

Urban areas are classified by the size of their estimated resident population:

- major urban area – 100,000 or more residents
- large urban area – 30,000–99,999 residents
- medium urban area – 10,000–29,999 residents
- small urban area – 1,000–9,999 residents.

Urban boundaries are independent of local government and other administrative boundaries, that is, an urban area may be contained within one or more local government region or administrative areas.

Source: Statistical standard for geographic areas 2018 from Stats NZ

<http://infoshare.stats.govt.nz/methods/classifications-and-standards/classification-related-stats-standards/geographic-areas.aspx#gsc.tab=0>

Tourism destinations

Local tourism destination – attracts primarily local (intraregional) day and/or overnight visitors

Regional tourism destination - attracts primarily inter-regional overnight (and some day) visitors, as well as local day and/or overnight visitors

National tourism destination - attracts primarily international overnight visitors, as well as some inter-regional overnight visitors

Alternative routes or modes

Viable alternative routes or modes to the corridor or section of the corridor should consider the length and travel time of the detour mode or route, whether it has capacity for the additional demand and whether all known users are able to use the route or mode. This is particularly important for lifelines routes and/or routes for access to emergency services. As a general rule, Waka Kotahi accepts detours as viable on alternative routes or modes that add less than two hours of travel compared to the original route or mode.

Investment Prioritisation Method for the 2021-24 NLTP – Summary of Feedback

Waka Kotahi consulted on the draft IPM over a six-week period until 2 November 2020. Feedback was received from councils, transport and sector groups (including Local Government New Zealand, Transport Sector Interest Group, and Northern Transport Alliance) and Waka Kotahi staff. Overall feedback was positive supporting the direction of the draft IPM, the introduction of the Indicative Efficiency Rating Tool, and sought clarification of some elements.

The table below summarises the feedback resulting in changes to the IPM.

Feedback	Response
<p>Assessment of multi-benefit investment proposals</p> <ul style="list-style-type: none"> Clarity was sought on how to assess an investment proposal with multiple outcomes 	<p>It has been clarified that the GPS alignment factor is based on the highest expected contribution to a single GPS strategic priority.</p>
<p>Assessment of other benefits or priorities</p> <ul style="list-style-type: none"> It was requested that an explanation be given for how priorities not in the GPS are to be considered in the IPM. e.g. resilience, local government or regional priorities 	<p>It has been clarified that the IPM assesses projects against the GPS priorities for the GPS alignment. If the project has other outcomes, then these can be assessed through the business case approach.</p> <p>Retain: 'The RLTP priority order will be considered in distinguishing between activities with the same priority order in the 2021–24 NLTP when such activities are at the investment threshold for the activity class'.</p>
<p>Assessment of GPS alignment</p> <ul style="list-style-type: none"> Guidance was requested on how to interpret the measures Views were expressed that these measures could unfairly advantage big projects Views were expressed that these measures could unfairly advantage small projects 	<p>Clarity has been provided how to interpret the measures in Appendix 2, with further definitions, references to data and the Benefits Framework.</p> <p>Considering feedback has been given that the measures can both favour small and large projects, we have not adjusted the measures. Most measures have underpinning centralised data, and measures were included to reflect low data availability particularly common to smaller councils.</p>
<p>Measures used in GPS alignment</p> <ul style="list-style-type: none"> Feedback was given that the shift to quantitative measures of GPS alignment may be difficult if AOs do not have the data readily available Concerns with lack of clarity on different measures and how they were to be applied Concerns about use of Communities at Risk Register Concerns that Safety criteria favoured infrastructure investment over speed management Concerns about level of GHG emissions criteria being too high 	<p>The measures align to both Waka Kotahi's Non-monetised benefits manual and Story Maps (an open data portal), this allows every AO access to baseline data for the measures.</p> <p>Further clarification of measure metrics and definitions.</p> <p>The Communities at Risk Register is being updated (to be released in December 2020). The use of the register allows smaller councils with limited data to prioritise their important safety activities. The categories were modified based on advice from Safety, Health & Environment team</p> <p>A new criterion for the GPS priority of Safety has been added which provides a High or Very High rating for activities reducing speed limits.</p> <p>An adjustment was made to GHG emissions measures to reflect available data sources and reduced the limits for each rating.</p>

Feedback	Response
Concern about the basis for measurement of the GPS Alignment factor	Explanation added that the spatial or geographical boundaries of the activity / combination of activities is the basis for measurement of the GPS Alignment factor.
New IER tool and the removal of L* <ul style="list-style-type: none"> • Positive feedback about the usability of the IER tool • More guidance was requested on how to use the IER tool 	Guidance is being developed to explain the IER tool and how to apply it.
New Scheduling Factor <ul style="list-style-type: none"> • Guidance on how to interpret the measures for scheduling was requested • Concerns about the treatment of standalone activities, particularly of getting prioritised with a low rating 	The scheduling factors have been refined to be more intuitive and further guidance is provided. An activity with a low scheduling rating can get a priority of 2-4 if it has a very high GPS alignment.
Trade-off between GPS priorities <ul style="list-style-type: none"> • There was feedback that it appeared that some GPS priorities particularly safety were being traded off against each other 	It has been clarified that GPS priorities are not traded off against each other in the IPM.
Government Commitments <ul style="list-style-type: none"> • Feedback was given that it was unclear how Government commitments are to be accounted for. E.g. ATAP and LGWM 	It has been clarified that 'Any activity/combination of activities submitted for inclusion in the 2021 NLTP will be prioritised using the Investment Prioritisation Method, before consideration of Government Commitments expenditure.'
Concerns about applying IPM to specific projects e.g. school zones, 50Max bridge strengthening, travel demand management, "lead" investments	Criteria have been clarified. Lead investment activities are assessed in the usual way, with Scheduling factor relevant in determining timing and the Efficiency factor relevant in determine the efficiency of a lead investment.
Concerns that adverse impacts of differing priorities not considered in IPM	A note has been added that the IPM is one part of the overall investment decision making process, wherein adverse impacts (including induced demand) are fully considered in the business case and its assessment, and reported to decisionmakers via the Appraisal Summary Table.
Concern that IPM did not recognise the policy set in 2018 to allow inclusion of activities that are highly effective in achieving GPS priorities but have a BCR < 1 into a programme, provided the overall programme demonstrates delivery of net positive benefits that exceed whole of life costs	This oversight has been remedied in the IPM. A BCR for an endorsed programme may be used instead of the BCR for an activity that is part of that programme.

The following feedback was received which did not result in changes to the IPM document.

Feedback	Response
<p>Concerns about extra information required for Low Cost Low Risk activities.</p> <p>Suggestion that LCLR activities be exempt from any consideration of prioritisation.</p>	<p>The requirement for additional information was signalled in the consultation as part of the Investment Decision Making Framework review.</p> <p>The extra information required is a reasonable trade-off for increasing the threshold for LCLR and is necessary in order for Waka Kotahi to demonstrate both effective and efficient investment in the land transport system and giving effect to the GPS.</p>
<p>Request to add affordability to scheduling factor.</p>	<p>Waka Kotahi considers affordability from the National Land Transport Fund by setting the investment threshold and target level of funding in each activity class. Affordability is also considered by an Approved Organisation when an activity is included in the RLTP and then again when it is put forward for inclusion in the NLTP.</p>
<p>Concern that safety is being traded off against changes in travel time and/or that a safe system approach is not embedded in investment decision making.</p>	<p>Waka Kotahi is required to make investments that contribute to a safe, effective and efficient land transport system in the public interest. All activities funded by Waka Kotahi must consider safety, as evidenced by references to the need for this in the development of business cases (particularly optioneering), requirements for safety audits, and the summarising of all impacts in an Appraisal Summary Table.</p> <p>Activities where the primary benefit is safety (DSI reduction) are now in the Road to Zero activity class and these safety activities will be prioritised within the activity class.</p> <p>Specific guidance is provided in the Monetised Benefits and Costs Manual on the treatment of the do minimum for safety projects, sensitivity testing of the Benefit Cost Ratio for the impact of travel time changes and induced travel demand.</p>
<p>Concern that GPS alignment factor for safety focuses on historic crashes rather than a proactive approach to safety investment.</p>	<p>GPS 2021 requires investment to initially focus on 'infrastructure safety treatments on roads across New Zealand where data show the highest concentrations of deaths and serious injuries'. In subsequent NLTP periods this focus may change.</p>
<p>Concerns about the use and complexity of excel workbooks.</p>	<p>This concern is acknowledged. The workbooks enable early submission of activities for the NLTP. Waka Kotahi apologises for the extra work and confusion this has caused.</p>
<p>Request for "worked examples".</p>	<p>These will be provided following the release of the final IPM.</p>

From: [Helen Lane](#)
To: [Sandy Fong](#)
Cc: [Carolyn O'Fallon](#); [Kevin Wright](#); [Wayne Heerdegen](#)
Subject: One pager _ Current state investment decision making_ 2 March 2021_
Date: Tuesday, 2 March 2021 1:17:01 PM
Attachments: [One pager _ Current state investment decision making_ 2 March 2021_.pdf](#)

Hi Sandy,

Please find attached a one pager on how we currently make investment decisions in regards to mode shift, decreasing travel demand and responding to climate change. Please advise if you require anything further to assist with the briefing to the Minister.

Ngā mihi,

Helen

Helen Lane / Lead Advisor, Non-Financial Benefits
Investment and Finance
50 Victoria Street, Private Bag 6995, Wellington 6141
DDI: s9(2)(a) privacy
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Investment decision making - current state for mode shift, decreasing travel demand and responding to climate change

Purpose

To articulate how Waka Kotahi currently make investment decisions re: mode shift, decreasing travel demand and responding to climate change as an input into the Minister's briefing.

Investment Decision Making Framework

The Investment Decision Making Framework (IDMF) provides a structured and logical approach to how investment decisions are made. The core elements of the IDMF have been designed to be enduring, however adjustments may be required at a more detailed level to take account of any changes in Government strategies and priorities.

Attachment 1 provides a diagram of the end to end transport planning and investment system.

Investment principles and policies

Principles and policies provide the bridge between 'strategy' and projects. There are five investment principles which include:

- *Principle 1: Invest in the transport system to achieve multiple government outcomes – which encourages solutions that contribute to wider government priorities and wellbeing.*
- *Principle 2: Take a comprehensive approach to delivering best value for money – which encourages use of the intervention hierarchy and makes clear that value includes social, environmental, safety, cultural and economic impacts.*
- *Principle 3: Ensure solutions are future-focused and adaptable - encourages intergenerational impacts and land-use integration.*

Further information <https://www.nzta.govt.nz/assets/planning-and-investment/docs/investment-principles-june-2020.pdf>

Operational investment policies, including for climate change, are currently being updated.

Business case development

Interim Guidance for climate change adaption and mitigation is included within current optioneering guidance which will be updated when emission targets and adaptation plans are in place. Waka Kotahi optioneering guidance also includes:

- the intervention hierarchy - which should always be applied when generating and considering alternatives and options. The intervention hierarchy promotes integrated planning and demand management before increasing capacity through optimisation and new infrastructure solutions.
- An Early Assessment Sifting Tool and Multi Criteria Analysis guidance that include consideration of greenhouse gas emission impacts and climate change mitigation and adaptation.
- linkages to the Environmental and Social Responsibility screen. The ESR screen and policy are currently being updated, to respond to RMA requirements, which now include climate change.

The MCA guidance currently does not adequately consider movement and place within urban environments, as the guidance is still being developed.

The Appraisal Summary Table (AST) includes mandatory reporting on climate change impacts, as well as all other monetised and non-monetised impacts. The AST is required for funding approval and will be populated in Transport Investment Online (TIO).

Benefits management

Waka Kotahi released a new benefits framework in 2020 which aligns with the Ministry of Transport's Outcomes Framework. Both climate change and mode shift impact and measures are included. All investment proposals are required to draw on the benefits framework in the first instance in developing their business cases, and a benefits management plan, including monitoring, is also required. Waka Kotahi is developing a centralised data warehouse for the measures to better track our impact on Government priorities.

Monetised benefits and costs manual

Changes in the CO2 level as the result of transport activities and the price of carbon are two elements of the monetising impact of the activities on GHG emissions. The parameter value in the MBCM will be updated in June 2021 using the cross agency planned shadow price of carbon.

Waka Kotahi has changed the discount rate to 4% and permitted extension of the analysis period for projects to 60 years where warranted. This allows a better view of long-term value of mode shift activities and climate change mitigation and adaptation.

Waka Kotahi has reviewed our economic models, and is of the view that changes in the social cost of carbon and discount rates are insufficient, in the absence of strong Government policy on interventions such as congestion pricing, to drive the step change in mode shift and climate change mitigation the Government is seeking.

Investment prioritisation

To ensure that our statutory obligations, including giving effect to any Government Policy Statement on land transport (GPS), are met, Waka Kotahi uses the Investment Prioritisation Method (formerly known as Investment Assessment Framework) to assist with developing and investing in the National Land Transport Programme. The Investment Prioritisation Method 2021 (IPM 2021) was updated to reflect the Government priorities and commitments in the GPS 2021, including the climate change priority and the specific focus on mode shift and greenhouse gas emissions reductions.

Investment proposals targeting mode shift away from private vehicles or on-road freight transport are specifically recognised as contributing to two of the Government's strategic priorities (Better Travel Options and Climate Change or Improving Freight Connectivity and Climate Change).

Any activities already funded under the current or previous NLTP (known as committed activities) are not assessed under the IPM 2021.

The Waka Kotahi Board has an overview of the National Land Transport Programme and can make adjustments to ensure the NLTP gives effect to the GPS strategic direction and priorities. The ability to give effect to the GPS in any given NLTP period may be hampered by funding commitments made in the previous NLTP periods.

Making funding decisions

Prior to consideration by decision makers, all investment proposals are assessed to ensure that: they provide a compelling case for investment, including demonstrating value for money, and that they will deliver on one or more Government priorities as set out in the GPS. Proposals that are below the investment threshold in any activity class will usually be declined. A check is made for each approval whether there is funding availability.

Additional context

- Traditional mode shift activities like PT, walking, cycling, demand management have identified benefits which are mostly included in the BCR calculation (usually BCR is well above 1).
- Waka Kotahi is reliant on local government investment and delivery partners to deliver many transport solutions, including mode shift activities. Local government has funding pressures for transport programmes, particularly as a result of covid-19.

Attachment 1: End to end transport planning and investment system

Figure 1: End to end transport planning and investment system

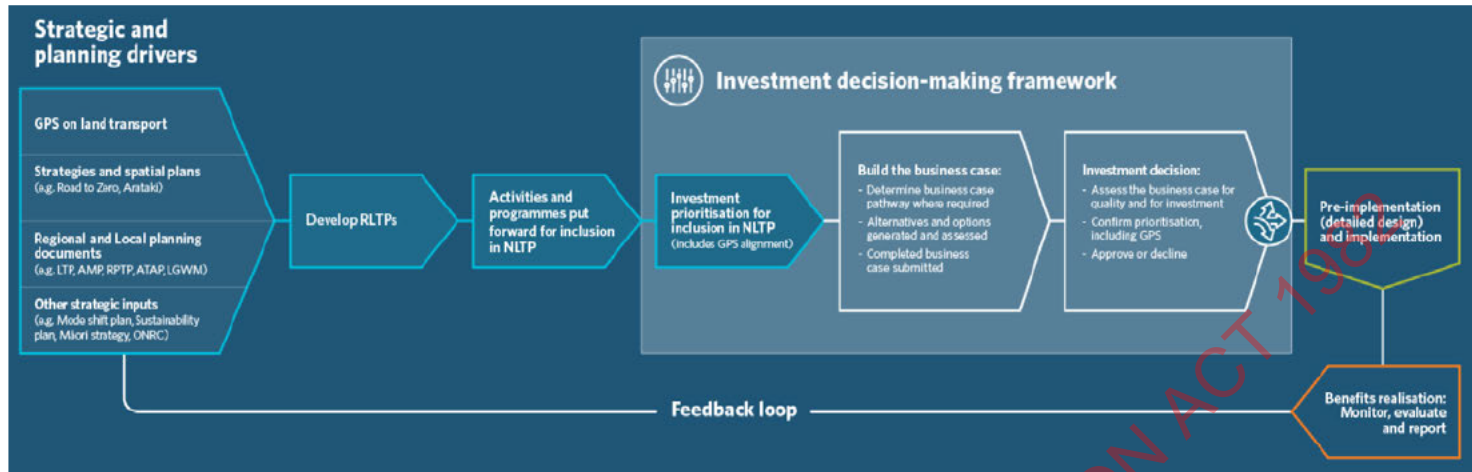


Figure 1 shows how the strategic and planning drivers feed into the development of Regional Land Transport Plans and consequently the National Land Transport Programme. Giving effect to the GPS, taking account of Regional Land Transport Plans and ensuring value for money are fundamental to Waka Kotahi investment decisions.

From: [Jacob Boyes](#)
To: [NZ Transport Agency \(NLTP\)](#); [Shaun Harvey](#); [Paul Murphy](#); [Andrew Tester](#); [Anja McAlevey](#); [Andrew Washington](#); [Kelly Jiang](#); [Vaughan Roberts](#); [David Croft](#); [Ella Kay](#); [Simon Fendall](#); [Kelsey Armstrong](#); [Sean Bridge](#); [Andrew Bawden](#); [Sebastian Reed](#); [Sam Breen](#); [Barry Dowsett](#); [Shaun Titus](#); [Robert Woods](#); [Brenda O'Donoghue](#); [Nigel Hutt](#); [Gina Gilbert](#); [Graeme Belliss](#); [Mark Weeds](#); [Ben Smith](#); [Nick Hunter](#); [Mark Jack](#); [Mark Yaxley](#); [Owen Mata](#); [Rob Bullick](#); [Ben Wong](#); [Jason Morgan](#); [Gordon McDonald](#); [Andrea Williamson SDD](#); [Todd Webb](#); [Gareth Hughes](#); [Martin Taylor](#); [Kyla Anderson](#); [James Shi](#); [Mark Aring](#)
Cc: [Tim Conder](#); [Cole O'Keefe](#); [Amy Kearse](#); [Richard Hurn](#); [Steve Higgs](#); [Coral Aldridge](#); [Emma Harris](#); [Bob Alkema](#); [Mark Allingham](#); [Martin Shearman](#); [Carolyn O'Fallon](#); [Maeve McGrath](#); [Danielle Bassan](#); [Anke Kole](#); [Afi Tusa](#); [Matthew Skinner](#); [Wentao Yang](#); [Mehrnaz Rohani](#); [George Ross](#); [Phillip Hall](#); [Ben White](#); [Daniel Shen](#); "[xxxxx.xxxxxxxx@xx.xxx.xx](#)"
Subject: RE: 2021-24 NLTP: Initial Moderation Improvements & LCLR Day 1
Date: Monday, 15 February 2021 1:28:29 PM
Attachments: [Day 1 - Agenda - Improvements Moderation Workshop.asd.docx](#)

Hi All

I hope you all are well and are staying safe.

Attached is the updated agenda for tomorrow.

The agenda has an increased number of breaks to ensure everyone remains fresh throughout the day.

I will be driving, so if any Investment Advisors would like to provide me with slides I am more than happy to share them on screen.

If you would like to self-drive, let me know during the workshop, and I will give you contain of the screen.

Please let me know if you have any questions.

Otherwise, I hope you all have a good day and I will see you all virtually tomorrow.

Kind Regards,

Jacob.

-----Original Appointment-----

From: NZ Transport Agency (NLTP) <xxxx@xxxx.xxx.xx>

Sent: Wednesday, 23 December 2020 7:59 AM

To: NZ Transport Agency (NLTP); [Shaun Harvey](#); [Paul Murphy](#); [Andrew Tester](#); [Anja McAlevey](#); [Andrew Washington](#); [Kelly Jiang](#); [Vaughan Roberts](#); [David Croft](#); [Ella Kay](#); [Simon Fendall](#); [Kelsey Armstrong](#); [Sean Bridge](#); [Andrew Bawden](#); [Sebastian Reed](#); [Sam Breen](#); [Barry Dowsett](#); [Shaun Titus](#); [Robert Woods](#); [Brenda O'Donoghue](#); [Nigel Hutt](#); [Gina Gilbert](#); [Graeme Belliss](#); [Mark Weeds](#); [Ben Smith](#); [Nick Hunter](#); [Mark Jack](#); [Mark Yaxley](#); [Owen Mata](#); [Rob Bullick](#); [Ben Wong](#); [Jason Morgan](#); [Gordon McDonald](#); [Andrea Williamson SDD](#); [Todd Webb](#); [Jacob Boyes](#); [Gareth Hughes](#); [Martin Taylor](#); [Kyla Anderson](#); [James Shi](#); [Mark Aring](#)

Cc: [Tim Conder](#); [Cole O'Keefe](#); [Amy Kearse](#); [Richard Hurn](#); [Steve Higgs](#); [Coral Aldridge](#); [Emma Harris](#); [Bob Alkema](#); [Mark Allingham](#); [Martin Shearman](#); [Carolyn O'Fallon](#); [Maeve McGrath](#); [Danielle Bassan](#); [Anke Kole](#); [Afi Tusa](#); [Matthew Skinner](#); [Wentao Yang](#); [Mehrnaz Rohani](#); [George](#)

Ross; Phillip Hall; Ben White; Daniel Shen; 'xxxxx.xxxxxxxx@xx.xxxx.xx'

Subject: 2021-24 NLTP: Initial Moderation Improvements & LCLR Day 1

When: Tuesday, 16 February 2021 9:00 AM-4:40 PM (UTC+12:00) Auckland, Wellington.

Where: Wellington - Te Papa, Rangimarie Room 1

Updated agenda and meeting times

Kia ora koutou,

Moderation is an integral part of NLTP development and your **attendance is required** to help make this happen. This workshop is integral to the progression of the NLTP Development programme which we believe would hugely benefit from your involvement.

If you haven't sent a response already, **please confirm your attendance and any dietary requirements you may have by COB tomorrow** as we need to confirm final numbers to the venue.

Please find the agenda, support documents and general information attached. Carparking is available at Te Papa at a reduced rate for attendees; please see page 3 of the Te Papa General Information Sheet.

Arrive from: 8:30am

Tea and coffee served from: 8:45am

Workshop starts: 9:00am

Ngā mihi,

Todd Webb / Assessment & Prioritisation Lead
NLTP Development Team

DDI **s9(2)(a) privacy** / M **s9(2)(a) privacy**
E xxxx.xxxx@xxxx.xxxx.xx / w nzta.govt.nz
Waka Kotahi NZ Transport Agency
Level 5, 29 Customs Street, Auckland
PO Box 5084, Wellington 6140, New Zealand

Improvement Activities Moderation Day 1 for 2021- 24 National Land Transport Programme

Meeting information

Time:	09:00am – 04:40pm
Date:	Tuesday 16 th February 2021
Chair:	Todd Webb

Overall Purpose

To discuss and challenge the IPM assessments for improvement activities and LCLR programmes to ensure there is consistency in assessment and that activities proposed to be prioritised for NLTP inclusion will support Waka Kotahi's role to deliver on GPS priorities and achieve value for money.

Moderation will be AO by AO but with a focus on those programmes and activities that are most at risk due to deliverability, incorrect assessment, interdependence, etc.

Agenda

#	Agenda Item	Time	Lead
	Welcome and Introduction	9:00am – 9:05am	Todd
	Clarify the purpose of the day and agenda	9:05am – 9:10am	Todd
	Provide a brief overview of LCLR programmes by activity class	9:10am – 9:15am	Nigel
	Waka Kotahi LCLR Overview <ul style="list-style-type: none"> • Evidence to support the Waka Kotahi LCLR programme • Assessment of the Waka Kotahi LCLR bid • Overview of the Waka Kotahi LCLR Activities 	9:15am – 10:00am	John
	Break	10:00am – 10:15am	
	Support of LCLR programmes Evidence to support LCLR programmes: <ul style="list-style-type: none"> • Discuss the results of AMP reviews and whether these documents are sufficient for supporting LCLR bids: <ul style="list-style-type: none"> ○ is there a strong case for investment based on the GPS priorities? and ○ do the proposed investments align to gaps in levels of service? Regional Breakdown <ul style="list-style-type: none"> • Auckland & Northland (15 Mins) • BOP/Waikato (10 Mins) • Wellington & Top of the South (10 Mins) • Central North Island (10 Mins) • Canterbury (10 Mins) • Rest of the South Island (10 Mins) 	10:15am – 11:30am	Investment Advisors
	Break	11:30am – 11:45am	

	<p>LCLR Bid Assessments</p> <ul style="list-style-type: none"> • Investment Advisors to present AOs by Region • Challenge, interrogate 'moderate' the IPM assessments within the LCLR programme 'Bid' spreadsheet • Discuss the activity list and other provided support to confirm the programme of activities supports their LCLR bid • Check quality of the bids and review, understanding of the IPM incl. scheduling factor (Confidence of the profile.) and to discuss the overall deliverability of the programme • Discuss whether the AOs LCLR programme profile should be adjusted from the IPM start point of HHM. <p>Regional Breakdown</p> <ul style="list-style-type: none"> • Auckland & Northland (30 Mins) • Central North Island (20 Mins) 	<p>11:45am – 12:30pm</p>	<p>Investment Advisors</p>
	<p>Lunch</p>	<p>12:30pm – 1.30pm</p>	
	<p>Bid Assessments (continued) Regional Breakdown</p> <ul style="list-style-type: none"> • BOP/Waikato (25 Mins) • Wellington & Top of the South (25 Mins) 	<p>1:30pm – 2:20pm</p>	<p>Investment Advisors</p>
	<p>Break</p>	<p>2:20pm – 2:30pm</p>	
	<p>Bid Assessments (continued) Regional Breakdown</p> <ul style="list-style-type: none"> • Canterbury (20 Mins) • Rest of the South Island (20 Mins) 	<p>2:30pm – 3:15pm</p>	<p>Investment Advisors</p>
	<p>Break</p>	<p>3:15pm – 3:30pm</p>	
	<p>LCLR Activity Assessments</p> <ul style="list-style-type: none"> • A focus on individual activities and any of those that are interdependent on other activities or programmes • Gain an awareness of the "troublesome" individual activities (significance/ low benefit) <p>Regional Breakdown</p> <ul style="list-style-type: none"> • Auckland & Northland (15 Mins) • BOP/Waikato (10 Mins) • Wellington & Top of the South (10 Mins) • Central North Island (5 Mins) • Canterbury (5 Mins) • Rest of the South Island (5 Mins) 	<p>3:30 – 4:20pm</p>	<p>Investment Advisors</p>
	<p>Feedback from LGA and MOT observers</p>	<p>4:20pm – 4:30pm</p>	<p>Observers</p>
	<p>Provide direction on next steps and confirm the list of actions arising from the day</p>	<p>4:30pm – 4:40pm</p>	<p>Todd</p>

From: [Todd Webb](#)
To: [NZ Transport Agency \(NLTP\)](#); [Shaun Harvey](#); [Paul Murphy](#); [Andrew Tester](#); [Andrew Washington](#); [Kelly Jiang](#); [Vaughan Roberts](#); [David Croft](#); [Ella Kay](#); [Simon Fendall](#); [Kelsey Armstrong](#); [Sean Bridge](#); [Andrew Bawden](#); [Sebastian Reed](#); [Sam Breen](#); [Barry Dowsett](#); [Shaun Titus](#); [Robert Woods](#); [Brenda O'Donoghue](#); [Nigel Hutt](#); [Gina Gilbert](#); [Graeme Belliss](#); [Mark Weeds](#); [Ben Smith](#); [Nick Hunter](#); [Mark Jack](#); [Mark Yaxley](#); [Owen Mata](#); [Jacob Boyes](#); [Gareth Hughes](#); [James Shi](#); [Mark Aring](#); [Jan McCarthy](#); ["xxxxxxx@xxxxxxx.xxx"](#); [Rob Service](#)
Cc: [Tim Conder](#); [Cole O'Keefe](#); [Amy Kearse](#); [Richard Hurn](#); [Steve Higgs](#); [Coral Aldridge](#); [Emma Harris](#); [Bob Alkema](#); [Mark Allingham](#); [Martin Shearman](#); [Carolyn O'Fallon](#); [Maeve McGrath](#); [Danielle Bassan](#); [Anke Kole](#); [Matthew Skinner](#); [George Ross](#); [Wentao Yang](#); [Phillip Hall](#); [Mehrnaz Rohani](#); [Ben White](#)
Subject: RE: 2021-24 NLTP: Initial Moderation Improvements & LCLR Day 3
Date: Wednesday, 17 February 2021 5:12:42 PM

Hi All

Thanks all for your participation today.

As discussed – it would be great for those able to attend the AM session for Day 3 tomorrow – to please do so – so that we can finish off today's discussion around the IPM assessments for Local Roads, R2Z, NDP and Investment Management – as well as a broad discussion on next steps.

Unfortunately - I am not able to update the invite for tomorrow (at this time) – so if you are dialling in at 9am tomorrow please use the link below.

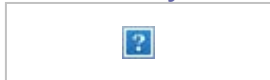
Cheers

Todd

Microsoft Teams meeting

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From: [Kevin Wright](#)
To: [Brigit Stephenson](#)
Subject: RE: Advice on how emissions can be worked into the GPS
Date: Wednesday, 24 March 2021 10:59:00 AM
Attachments: [image001.jpg](#)

Hi Brigit

We should advise MoT that a change to GPS priorities or how we interpret them would disrupt our prioritisation process. Our response would be to apply the existing IPM and then make "adjustments" in accordance with the late changes. I envisage this would be done at senior management (involving the ACMs) and Board levels.

The key options are:

- Reserving some of the NLTF for new activities to be developed in response to the Climate Change Commission report and allowing some time for these to be identified (i.e. we won't progress if we just rely on what has been put forward for the NLTP to date)
- Extent to which climate change initiatives are funded by Crown or NLTF
- Trade-off between mode shift and climate change

The third one may appear odd, but plays out in the following ways:

- EITHER increase funding for PT services to make more attractive and encourage greater ridership OR invest in the rollout of low emission PT vehicles in order to reduce emissions
- Invest for climate change adaptation vs emission reduction
- Invest for pricing vs no pricing

Happy to discuss.

Ngā mihi
Kevin

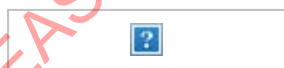
Kevin Wright / Senior Manager Investment Assurance
Investment & Finance

Waka Kotahi NZ Transport Agency

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E [xxxxx.xxxxxx@xxxx.xxxx.xx](#) / w [nzta.govt.nz](#)

Auckland Office / Level 5, AMP Tower, 29 Customs Street West
Private Bag 106602, Auckland 1010, New Zealand



From: Brigit Stephenson <xxxxxx.xxxxxxxxxx@xxxx.xxxx.xx>
Sent: Tuesday, 23 March 2021 8:53 PM
To: Kevin Wright <xxxxx.xxxxxx@xxxx.xxxx.xx>
Subject: Fwd: Advice on how emissions can be worked into the GPS

And also for your visibility... we may need to do some further thinking about options/benefits of pushing for any late changes to the gps to strengthen emissions impacts. Lisa is signalling that this might be needed over and above wider advice to the Minister on gaps between gps

aspirations and funding for the next NLTP. Eek...

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From: Lisa Rossiter <xxxx.xxxxxxxx@xxxx.xxxx.xx>
Sent: Tuesday, March 23, 2021 5:29 PM
To: Brigit Stephenson; Cody Davidson; Barbara Tebbs; Rob Hannaby
Cc: Jeff Trevella; Official Correspondence
Subject: RE: Advice on how emissions can be worked into the GPS

Hi Brigit – agree it is important we agree amongst ourselves what the key changes are and why. I do believe it is wider than available funding, it is activity class structure, ranges, four equal priorities, etc. We have said the ‘next GPS’ in our conversations to date, but some of these changes may need to be brought forward once the emissions profile of the 2021-24 NLTP is better understood.

Thanks in advance for the position paper – will be good to have a read of that and think about where this GPS-setting content best fits. Look forward to discussing.

Regards
L

From: Brigit Stephenson <xxxxxx.xxxxxxxxxxxx@xxxx.xxxx.xx>
Sent: Tuesday, 23 March 2021 3:09 PM
To: Lisa Rossiter <xxxx.xxxxxxxx@xxxx.xxxx.xx>; Cody Davidson <xxxx.xxxxxxxx@xxxx.xxxx.xx>; Barbara Tebbs <xxxxxxx.xxxxx@xxxx.xxxx.xx>; Rob Hannaby <xxx.xxxxxxxx@xxxx.xxxx.xx>
Cc: Jeff Trevella <xxxx.xxxxxxxx@xxxx.xxxx.xx>; Official Correspondence <xxxxxxx.xxxxxxxxxxxxxxxxx@xxxx.xxxx.xx>
Subject: RE: Advice on how emissions can be worked into the GPS

Thanks Lisa – incorporating this into the joint mode shift response sounds like a good approach.

I think we need to be clear about whether we’re looking for changes to GPS 2021 or to the next GPS – and what explicit changes we are seeking. The discussion we’ve been having to date with MOT has been that there would be limited value in changing the strategic direction of GPS 2021 at this late stage – it’s clear that mode shift and emissions are key outcomes sought by govt. The key challenge is funding and readiness of projects/programmes to shift the dial. There may be value in changing activity class funding ranges to allow us to fund more shared and active services and infrastructure but this would require us to trade-off other stuff (like safety) within a very constrained environment. There are also considerations around prioritisation work to date and the need to re-consult on any changes...

There are definitely important discussions to be had about how we plan and optimise over the next 3 years so we’re ready to bring forward meaningful changes in the next GPS. We need to

be talking about levers beyond investment, and about investment beyond the NLTF. But all of this will need time and consideration to pull together...

The min query team has been working on a 'position paper' to support the response to the earlier query – Rob has had lots of very helpful input to this! I'm hoping to get this to you (and other senior managers) by cop today so that you can endorse/adjust course as needed. It might be good for senior managers to meet and discuss this before we pass it forward to MOT.

Please shout if you think we're heading in the wrong direction on this!

Cheers
Brigit

From: Lisa Rossiter <xxxx.xxxxxxxx@xxxx.xxxx.xx>
Sent: Tuesday, 23 March 2021 2:46 PM
To: Cody Davidson <xxxx.xxxxxxxx@xxxx.xxxx.xx>; Brigit Stephenson <xxxxxx.xxxxxxxx@xxxx.xxxx.xx>; Barbara Tebbs <xxxxxx.xxxxx@xxxx.xxxx.xx>; Rob Hannaby <xxx.xxxxxxx@xxxx.xxxx.xx>
Cc: Jeff Trevella <xxxx.xxxxxxxx@xxxx.xxxx.x>; Official Correspondence <xxxxxx.xxxxxxxx@xxxx.xxxx.xx>
Subject: RE: Advice on how emissions can be worked into the GPS

Thanks very much for that helpful context, Cody. It is as I suspected, but good to know there is not new material in the mix. The Board is meeting with the CCC Commissioner on Thursday and I anticipate further discussion on GPS settings then.

The extent to which this issue can be addressed within the mode shift briefing is an open question in my mind (as it is wider than MS), but I'm happy with the suggestion that we start there and address the question as best we can in the MS briefing due 9 April. An obvious advantage being that that is a combined response from ourselves and MoT.

I will talk with Rob about how we bring in the thinking that has occurred to date on the GPS changes needed to support decarbonisation.

Regards
Lisa

From: Cody Davidson <xxxx.xxxxxxxx@xxxx.xxxx.xx>
Sent: Tuesday, 23 March 2021 11:38 AM
To: Brigit Stephenson <xxxxxx.xxxxxxxx@xxxx.xxxx.xx>; Barbara Tebbs <xxxxxx.xxxxx@xxxx.xxxx.xx>; Lisa Rossiter <xxxx.xxxxxxxx@xxxx.xxxx.xx>; Rob Hannaby <xxx.xxxxxxx@xxxx.xxxx.xx>

Cc: Jeff Trevella <xxxx.xxxxxxxx@xxxx.xxxx.xx>; Official Correspondence

<xxxxxxx.xxxxxxxxxxxxxx@xxxx.xxxx.xx>

Subject: RE: Advice on how emissions can be worked into the GPS

Hi all

Just by way of context -

These are quarterly Chair/CE and Minister meetings that MoT also attend from a Crown monitoring perspective. We only get advised what MoT propose as an agenda which is suitably high level – one of the items was simply ‘Sustainability and decarbonisation’. We therefore only provide the Chair existing (not new) information to support his discussions with the Minister as it’s near impossible to predict what direction the discussions will go – see below for the sustainability and decarb content that we advised the Chair which is all existing high level content. Often the discussions do not stick to the agenda but luckily we have a few notes from the meeting, received yesterday, although they are quite high level:

s 9(2)(f)(iv) and s9(2)(g)(i)

Sustainability and decarbonisation

Context

The Waka Kotahi sustainability action plan Toitu Te Taiao, sets out the actions that will be taken to reduce greenhouse gas emissions, improve public health and reduce environmental harm. Waka Kotahi will deliver on mode-shift plans, optimise existing road space, support delivery of the Clean Car standard, and support the uptake of electric vehicles. The Climate Change Commission has tabled a report and associated recommendations to Government. Waka Kotahi and MoT are preparing a Ministerial briefing (OC10166) titled: Delivering the Climate Change Commission’s mode shift targets through GPS 2021.

Key points

Significant changes will be required to decarbonise land transport and deliver safety and public health outcomes. Vehicle measures alone will be insufficient and risk exacerbating equity issues.

Investment settings will need to change and emissions- based decision making will need widespread adoption.
Many of the recommendations proposed by the Climate Change Commission require very significant change to the transport system and Waka Kotahi is working with MoT to support any necessary changes to legislation, regulations, policy, funding settings (including the GPS) to deliver on the changes signalled.
Responding to the challenge of rapidly decarbonising transport will take significant time and resource to implement.
Waka Kotahi is fully committed to progressing this work and helping Government achieve its commitment to net zero emissions by 2050. Given the lead times needed to deliver these changes, significant reductions in carbon emissions from transport are unlikely to be achieved during the 2021-24 NLTP period.

From: Brigit Stephenson <xxxxxx.xxxxxxxxxx@xxxx.xxxx.xx>

Sent: Tuesday, 23 March 2021 10:43 AM

To: Barbara Tebbs <xxxxxx.xxxx@xxxx.xxxx.xx>; Lisa Rossiter <xxxx.xxxxxxxxx@xxxx.xxxx.xx>

Cc: Rob Hannaby <xxx.xxxxxxxxx@xxxx.xxxx.xx>; Official Correspondence

<xxxxxx.xxxxxxxxxxxxxx@xxxx.xxxx.xx>; Cody Davidson <xxxx.xxxxxxxxx@xxxx.xxxx.xx>

Subject: FW: Advice on how emissions can be worked into the GPS

Hi Barbara and Lisa

Please see the query below from Matt at MOT. I don't have background to what briefing we might have given Sir Brian ahead of this meeting...

As noted, this needs to be managed as part of our joint work in response to the Min query re mode shift – the deadline for which has now been pushed out to 9 April.

Cheers

Brigit

From: Matthew Skinner <x.xxxxxxx@xxxxxxxxx.xxxx.xx>

Sent: Tuesday, 23 March 2021 10:11 AM

To: Official Correspondence <xxxxxx.xxxxxxxxxxxxxx@xxxx.xxxx.xx>; Cody Davidson

<xxxx.xxxxxxx@xxxx.xxxx.xx>; Richard May <xxxxxx.xxx@xxxx.xxxx.xx>

Cc: Brigit Stephenson <xxxxxx.xxxxxxxxxx@xxxx.xxxx.xx>

Subject: FW: Advice on how emissions can be worked into the GPS

Hi all,

Just thought I'd check to see if Waka Kotahi has a clear idea of what the Chair was likely raising with the Minister specifically?

My guess is that it was that the Climate Change priority is centred around reducing emissions through the other priorities (i.e. mode shift) rather than specifically prioritising emissions-reducing activities (e.g. there's nothing in the GPS that says an electric bus is better than a diesel bus).

It would be good if you could provide a few examples of the types of projects that you would expect to be prioritised if a change was made, the costs, and what specifically would need to change to enable them. I think this could potentially fit within our mode shift briefing (although it's slightly tangential) around the current state and GPS amendment options, which we're currently working on with Brigit and a wider team of people from Waka Kotahi.

Thanks,
Matt

From: Tim Herbert <x.xxxxxx@xxxxxxxxx.xxxx.xx>
Sent: Tuesday, 23 March 2021 6:54 AM
To: Hugh Mazey <xxxx.xxxxx@xxxxxxxxx.xxxx.xx>; Bryn Gandy <x.xxxxx@xxxxxxxxx.xxxx.xx>; Cody Davidson <xxxx.xxxxxx@xxxx.xxxx.xx>; 'Richard May' <xxxxxxx.xxx@xxxx.xxxx.xx>
Cc: Nick Brown <x.xxxxx@xxxxxxxxx.xxxx.xx>; Robert Anderson <x.xxxxxx@xxxxxxxxx.xxxx.xx>; David Lorier <xxxxx.xxxxxx@xxxxxxxxx.xxxx.xx>; Matthew Skinner <x.xxxxxx@xxxxxxxxx.xxxx.xx>; Danielle Bassan <x.xxxxxx@xxxxxxxxx.xxxx.xx>
Subject: Re: Advice on how emissions can be worked into the GPS

Hugh
Thanks - we're working with the Agency at the moment around mode shift/ emissions re GPS and the NLTP, so I think we can work this advice into that work. Will confirm later this morning.
Cheers
Tim

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From: Hugh Mazey <xxxx.xxxxx@xxxxxxxxx.xxxx.xx>
Sent: Monday, 22 March 2021, 19:09
To: Tim Herbert; Bryn Gandy; Cody Davidson; 'Richard May'
Cc: Nick Brown; Robert Anderson; David Lorier
Subject: Advice on how emissions can be worked into the GPS

Kia ora koutou,

At the Minister's meeting with the Chair of the Waka Kotahi Board and the Chief Executive last week there was a discussion about environmental considerations being included more strongly in the GPS so Waka Kotahi's Board can consider them when making decisions around projects.

With the way the GPS is currently worded there were concerns that Waka Kotahi could not effectively take the environment/emissions into account when considering projects.

Could the Minister please get some advice on how this issue can be resolved please?

Could this please be with the Office by **COP Wednesday 7 April**?

Nick and Rob, cc'ing you as you may be able to provide additional detail.

Ngā mihi

Hugh Mazey | Private Secretary (Transport)

xxxx.xxxxx@xxxxxxxxxx.xxxx.xx | DDI: **s9(2)(a) privacy** | M: **s9(2)(a) privacy**

Office of Hon Michael Wood

Minister of Transport | Minister for Workplace Relations and Safety

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From: [Patrick Fischer-Reid](#)
To: [Kevin Wright](#)
Subject: RE: draft interim climate change and investment policy
Date: Monday, 24 May 2021 4:09:23 PM
Attachments: [I&D Committee paper - Funding and investment policies framework - 24 May.docx](#)
[Draft Engaging with Maori policy - 20 May 2021.docx](#)
[image001.jpg](#)

Hi Kevin,

Latest version of the paper is attached, so you can get a sense of where it is up to. I'd suggest viewing it as a clean version – the mark ups are getting a bit hard to follow.

I have already amended the paper to strip out the references to the interim policy statement, following that advice from Helen this morning. I think the paper mostly works as it stands, though no doubt will go through some further changes.

Current issues I'm working through:

- **s 9(2)(h)** 
- **Climate change** – I think that you are right that the shadow cost of carbon change probably won't go ahead straight away, but the counter argument is that this particular change is actually just aligning with the all-of-government approach (so it could go either way). I've left it in the paper for now and will have that discussion with SHE, but yes, if Howard wants to include it, I think it will be a discussion with Greg at some point. More generally, I have largely retained the other content around climate change, though we may need to adjust the tone of this somewhat to be less "what we are doing" and more "planned work/future options".
- **Individual policies generally** - In terms of the individual policies themselves, I'm working through exactly what the status of some of them are – I need to speak with Uli tomorrow morning. Also, there are some that we had as placeholders that may drop out the table at the attachment (eg: total mobility policy). These were previously flagged as dependent on larger reviews, and my understanding is that there have not progressed – so the result may be that they drop out of the list for now and are instead flagged as future items to be dealt with, once MoT/other parts of WK complete the substantive policy work. There is a choice about how to present this, but I need to run down the answers first.
- For the **new policies**:
 - **Maori engagement policy** - I don't think there is a good reason to delay the Maori engagement policy. Nicholas Manukau has signed off on its latest form, and it is ready for you to review. The substance of the policy is brief, and doesn't go far beyond what I would regard as common sense. We just have to be clear with people that this isn't a policy about how Waka Kotahi engages with iwi, it is an operational investment policy that sets a

requirement for AOs (including WK) to adopt a reasonable approach to engaging with Maori for NLTF funded activities (which may include no specific consultation).

- **Investing in Place policy** - I am ambivalent about closing out the Investing in Place policy at this stage. The conclusion that work really reached was that the guidelines is where the detail of how to apply the policy (which was the focus of most of the discussion) will sit in supporting guidelines, and that these guidelines are probably necessary for the policy to really do much. Those guidelines will take time to develop, and the process will be led by Transport Services. So, whether we actually get that policy finalised immediately doesn't make much of a difference in the short term.

Patrick

From: Kevin Wright <xxxxx.xxxxxx@xxxx.xxxx.xx>

Sent: Monday, 24 May 2021 2:09 PM

To: Patrick Fischer-Reid <xxxxxxxxxxxxxxxx@xxxx.xxxx.xx>

Subject: FW: draft interim climate change and investment policy

Hi Patrick

I think it is a good result to not proceed with an interim climate change investment policy, as per Helen's email below.

So in terms of the Funding & Investment Policies paper, we can take out reference to an interim policy, but still indicate that we are working on an operational investment policy to respond to the big Policy (as per Barbara's email attached), which highlights the following:

The GPS states that 'All investment decisions will need to be consistent with the transport component of [the emissions reduction plan], which will be informed by the Transport Emissions Action Plan' (para 72). We will need to be ready to ensure this consistency from 1 January 2022.

The remaining issue is the shadow price of carbon. Have you had an opportunity to get support from HSE for inclusion of this in the I&D paper? This is something which may or may not be able to be included in light of Nicole Rosie's request to stop work on climate change until Greg Lazzaro is across everything. Howard isn't going to make a call on this now. So be prepared for it being in or out of the I&D paper. We probably need to retain the paragraphs on shadow price of carbon, but highlight it for Howard to consider and discuss with Greg.

Howard won't be able to focus on the Funding & Investment Policies paper until he receives a draft on Thursday.

Please check in with me each day if you can to discuss any key issues you are grappling with. For example, the issue we discussed whether the Board needs to approve funding & investment policies we consider could be significant; or the Place and Maori policies may not be ready. Both looked to me as if there hasn't been any progress on significant issues identified late last year. It is no problem to state that these policies are being developed and will come back to the Board (if required) at a later date when they are finished.

Ngā mihi

Kevin

Kevin Wright / Senior Manager Investment Assurance
Investment & Finance

Waka Kotahi NZ Transport Agency

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Auckland Office / Level 5, AMP Tower, 29 Customs Street West
Private Bag 106602, Auckland 1010, New Zealand



From: Helen Lane <xxxxx.xxxx@xxxx.xxxx.xx>

Sent: Monday, 24 May 2021 11:46 AM

To: Sandy Fong <x.xxxx@xxxxxxxxxx.xxxx.xx>; Brigit Stephenson <xxxxxxxxxxxx@xxxx.xxxx.xx>; Patrick Fischer-Reid <xxxxxxxxxxxxxxxxxxxx@xxxx.xxxx.xx>; Coral Aldridge <xxxxx.xxxxxxxx@xxxx.xxxx.xx>; Rob Hannaby <xxx.xxxxxxx@xxxx.xxxx.xx>; Jessica Andrew <xxxxxxxx.xxxxxx@xxxx.xxxx.xx>; Claire Pascoe <xxxxxx.xxxxxx@xxxx.xxxx.xx>; Helen Lane <xxxxx.xxxx@xxxx.xxxx.xx>; Emma Harris <xxxx.xxxxxx@xxxx.xxxx.xx>

Cc: Kevin Wright <xxxxx.xxxxxx@xxxx.xxxx.xx>; Jannette Farley <xxxxxxxx.xxxxxx@xxxx.xxxx.xx>; Stuart Woods <xxxxxx.xxxxxx@xxxx.xxxx.xx>; Sarah Bogle <xxxxx.xxxxxx@xxxx.xxxx.xx>; Rochelle Hardy <xxxxxxxx.xxxxxx@xxxx.xxxx.xx>; Sara Clarke <xxx.xxxxxx@xxxx.xxxx.xx>; Lisa Rossiter <xxxx.xxxxxxxx@xxxx.xxxx.xx>

Subject: RE: draft interim climate change and investment policy

Mōrena,

As an update, we will **not** be progressing with the interim climate change and investment policy as part of the June Board paper.

The reason for this decision is:

- It has been agreed with Safety Health and Environment that an interim policy at this time would be out of step with an enterprise approach to climate change and the current stocktake of work that is currently underway.
- The GPS is already clear on what is required of investment decisions.

Further thinking is needed to ensure that investment decision makers are on the same page, and there is transparency, when funding decisions are made as of 1 July 2021 to ensure that effect is given to the GPS. I look forward to discussing what is needed in this space when the Steering Group meets this Friday.

2021 GPS wording

Climate Change Strategic Priority

Developing a low carbon transport system that supports emissions reductions, while improving safety and inclusive access.

Primary outcome

Investment decisions will support the rapid transition to a low carbon transport system and

contribute to a resilient transport sector that reduces harmful emissions, giving effect to the emissions reduction target the Climate Change Commission recommended to Cabinet until emissions budgets are released in 2021.

Those who are planning, assessing and making investment decisions in relation to the Fund should be guided by the GPS 2021 strategic priorities. Addressing climate change is a particular challenge that this Government is working to tackle.

Ngā mihi,

Helen

Helen Lane / Lead Advisor, Non-Financial Benefits

Investment and Finance

50 Victoria Street, Private Bag 6995, Wellington 6141

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E h.lane@nzta.govt.nz / w nzta.govt.nz

From: Helen Lane

Sent: Thursday, 20 May 2021 6:44 PM

To: Sandy Fong <s.fong@nzta.govt.nz>; Brigit Stephenson <b.stephenson@nzta.govt.nz>; Patrick Fischer-Reid <p.fischer-reid@nzta.govt.nz>; Coral Aldridge <c.aldridge@nzta.govt.nz>; Rob Hannaby <r.hannaby@nzta.govt.nz>; Jessica Andrew <j.andrew@nzta.govt.nz>; Claire Pascoe <c.pascoe@nzta.govt.nz>; Helen Lane <h.lane@nzta.govt.nz>; Emma Harris <e.harris@nzta.govt.nz>

Cc: Kevin Wright <k.wright@nzta.govt.nz>

Subject: draft interim climate change and investment policy

Kia ora koutou,

Hope you are all having a good week. Please find below the latest version of the draft interim climate change operational investment policy.

Interim climate change investment policy_V3 as at 20 May 2021

<https://infohub.nzta.govt.nz/otcs/cs.dll/link/49362275>

So you are aware, it is currently intended that this draft policy will be included as one of three new policies put forward to the June Board for consideration. The title of the overarching paper is *NLTP 2021-2024 Funding and Investment Policies* (Patrick is the pen holder). It is intended that all three new policies will be made available on the Planning and Investment Knowledge Base as of 1 July 2021.

To meet Board paper deadlines could you please get any comments/feedback to me on the *interim climate change and operational investment policy* by the **COP Tuesday 25 May 2021**.

This is so we have a good draft to provide to Howard by the 27th May.

Kevin Wright will begin to socialise the interim policy with senior managers in the coming days.

For me the biggest need is to better align with higher level policy/strategy and to better understand the timing of any changes. Also as Safety Health and Environment are leading the Agency response to climate change it would be great to know how I can best support this response and ensure alignment.

The next climate change and operational investment policy steering group is scheduled for next Friday 28 May. We will use this meeting to discuss the interim policy in detail.

Emma, I have included you in this email because I want to ensure you are kept in the loop. I will set up a short meeting with you to answer any questions you may have/provide the opportunity to input.

If you are interested - the other polices are:

- Engaging with Māori Policy
- Investing in Place Policy

Ngā mihi,

Helen

Helen Lane / Lead Advisor, Non-Financial Benefits

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From: [Helen Lane](#)
To: [Sandy Fong](#); [s9\(2\)\(a\) privacy@transport.nsw.gov.au](#); [Kevin Wright](#); [Carolyn O'Fallon](#)
Cc: [s9\(2\)\(a\) privacy@transport.nsw.gov.au](#)
Subject: RE: Meeting on new NZTA guidance on appraisal
Date: Monday, 30 November 2020 10:57:21 AM
Attachments: [IDMF Overview_V2_14 October 2020 \(002\).pdf](#)

Thanks Sandy,

The final versions of the actual guidance are located on Inveshub. If you follow the below link you can gain access. Also attached is a short summary of the Investment Decision Making Framework. 😊

<https://invest.nzta.govt.nz/login/index.php>

Ngā mihi,

Helen

Helen Lane / Lead Advisor, Non-Financial Benefits
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From: Sandy Fong <x.xxxx@xxxxxxxxxx.xxxx.xx>
Sent: Monday, 30 November 2020 8:46 AM
To: [s9\(2\)\(a\) privacy@transport.nsw.gov.au](#); [Kevin Wright](#) <xxxxx.xxxxx@xxxx.xxxx.xx>; [Helen Lane](#) <xxxxx.xxxx@xxxx.xxxx.xx>; [Carolyn O'Fallon](#) <Carolyn.O'Fallon@nzta.govt.nz>
Cc: [s9\(2\)\(a\) privacy@transport.nsw.gov.au](#)
Subject: Meeting on new NZTA guidance on appraisal

Hi Matthew

Connecting you with colleagues at the New Zealand Transport Agency Waka Kotahi who are implementing the results of their recent review of their Investment Decision Making Framework including a new Monetised Costs and Benefits Manual and Non-Monetised Costs and Benefits Manual.

The review material can be accessed here

<https://www.nzta.govt.nz/planning-and-investment/planning/investment-decision-making-framework-review/>

Kevin and colleagues are happy to Team with you to discuss

Sandy Fong

Acting Manager, Domain Strategy, Economics and Evaluation
Ministry of Transport – Te Manatū Waka

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INVESTMENT DECISION MAKING FRAMEWORK

Overview

The Investment Decision Making Framework (IDMF) provides a structured and logical approach to how investment decisions are made. The core elements of the IDMF are:

- Investment principles and policies
- Business case development
- Benefits management
- Investment prioritisation
- Making funding decisions

The IDMF fits within the wider transport planning and investment system as shown in figure 1.

Figure 1: End to end transport planning and investment system

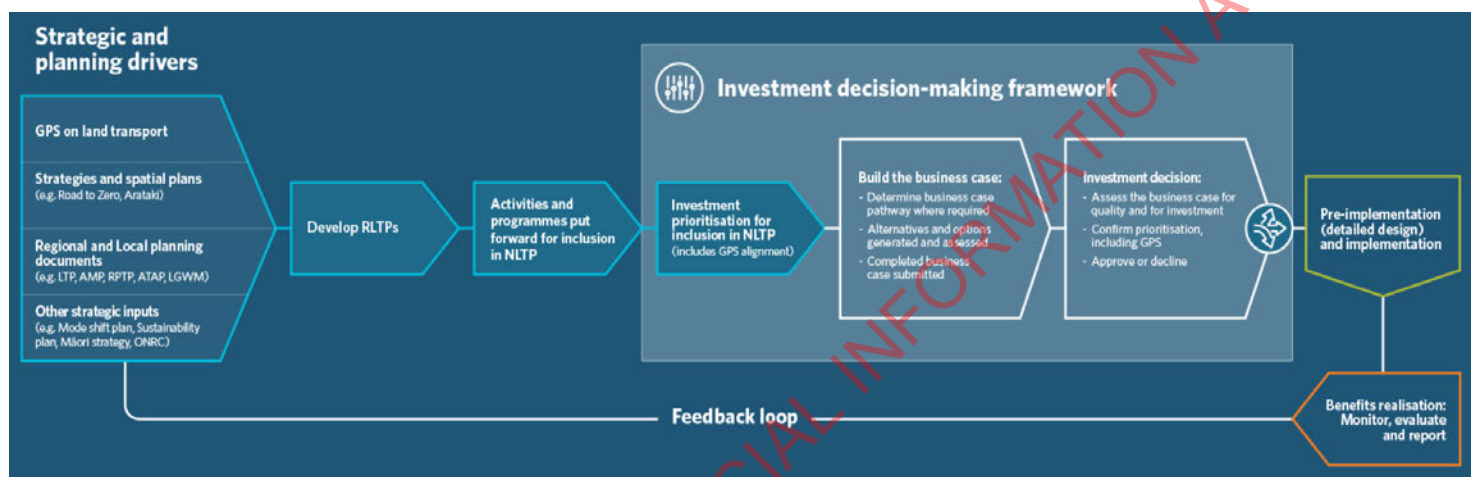


Figure 1 shows how the strategic and planning drivers feed into the development of Regional Land Transport Plans and consequently the National Land Transport Programme. Giving effect to the GPS, taking account of Regional Land Transport Plans and ensuring value for money are fundamental to Waka Kotahi investment decisions.

The IDMF review in 2019/20 provided new and refreshed tools which will assist when seeking funding from the National Land Transport Fund.

CORE ELEMENTS OF THE IDMF

Investment principles and policies

There are five, high-level investment principles. These principles set the context to guide new investment policies, the application of existing investment policies (such as funding assistance rates), and the development of transport solutions to be funded from the National Land Transport Fund.

The investment principles and policies are located on the Planning and Investment Knowledge Base.

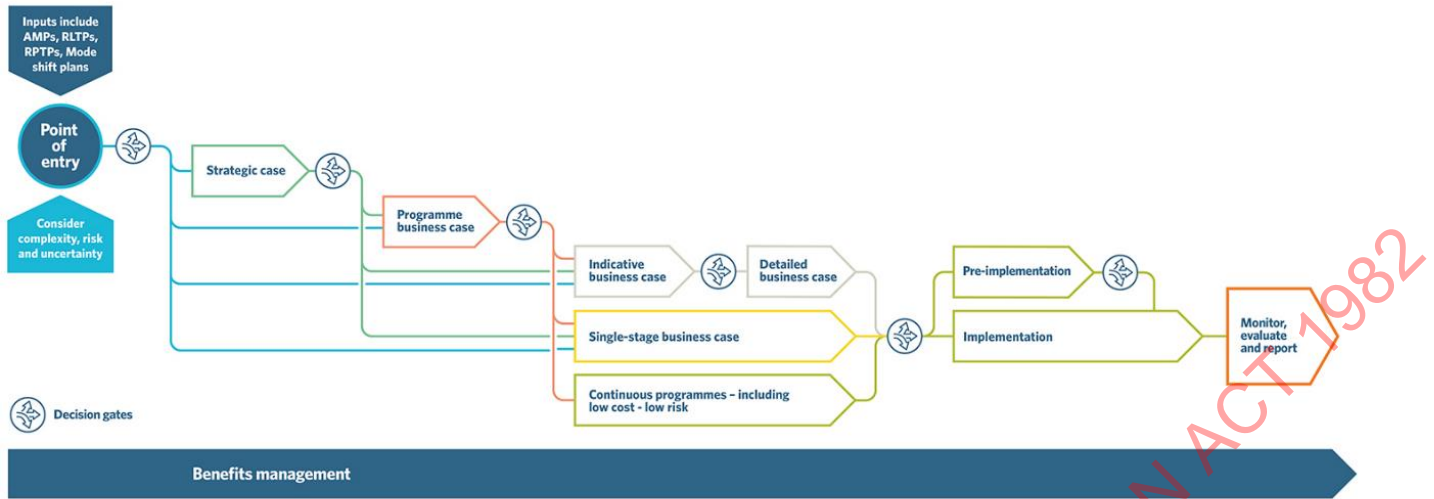
What did the IDMF review deliver?

The investment principles were updated and reduced from 10 down to five. Investment policies are being updated in plain language and are contained in the Planning and Investment Knowledge Base.

Business case development

The Business Case Approach is a robust, evidence-based approach used for developing business cases for investment through the National Land Transport Programme (NLTP). It is based on the New Zealand Treasury's Better Business Case approach. A Point of Entry considers the level of complexity, risk and uncertainty and determines the business case pathway for an investment proposal (refer Figure 2). Benefits management is a critical element of business case development.

Figure 2: Business Case development and benefits management



What did the IDMF review deliver?

The review clarified that the level of effort varies depending on the risk and complexity of the business case.

A simplified version of the Single Stage Business Case, a **Single Stage Business Case lite (SSBC lite)**, has been developed to further streamline the business case process for low complexity, low risk and low uncertainty activities with a whole of life cost less than \$15 million. Business case developers can use a modified business case template to present the key components of the proposal without going into the same level of detail required in a full SSBC. The SSBC lite criteria and guidance is located on InvestHub.

Optioneering

The IDMF review identified a need for fit for purpose assessment tools at each stage of business case development, including optioneering. Optioneering is a commonly used term to describe the sifting approach used to move from a long list of alternatives or options to a shortlist, and then to identify a preferred option as part of business case development.

Optioneering and the Early Assessment Sifting Tool

A new Early Assessment Sifting Tool (EAST) has been developed to support an initial coarse screen. The EAST is designed to quickly and robustly rule out alternatives and options, allowing for a more manageable subsequent Multi Criteria Analysis exercise.

Optioneering and Multi Criteria Analysis

Multi-Criteria Analysis (MCA) is a tool that can be used to evaluate quantitative and qualitative criteria. The MCA guidance and template has been provided to ensure consistency in approach.

Optioneering and the Appraisal Summary Table

Alongside the new benefits framework and benefits manuals, Waka Kotahi has developed an Appraisal Summary Table (AST) which summarises the non-monetised and monetised benefits, the whole of life costs and the benefit cost ratio for each shortlisted option. The AST is then updated for the preferred option. The AST makes it easier for decision makers to make informed decisions as they are presented with both monetised and non-monetised benefits and whole of life costs.

These optioneering tools (guidance, templates and learning resources) can be found under 'optioneering' on InvestHub.

Benefits management

Benefits management includes the identification, analysis, planning, realisation and reporting of benefits. The Waka Kotahi NZ Transport Agency benefits framework allows for consistent identification, measurement and (where appropriate) monetisation of benefits. The Benefits Framework outlines and organises benefits to align with enduring transport outcomes.

The **Benefits framework and management approach: guidelines** provide guidance on how to apply the Benefits Framework (the list and description of the benefits) and Benefits Management Approach (how benefits are applied, monitored and reported across the breadth of NLTP processes, from regional land transport plans to investment logic maps to detailed business cases).

The **Monetised benefits and costs manual** (MBCM) is the Waka Kotahi guidance for assessing the monetised impacts of proposed investments in land transport. The MBCM replaces the Economic Evaluation Manual.

The **Non-monetised benefits manual** (NMBM) provides measure descriptions and guidance for using each of the quantitative and qualitative measures in the benefits framework.

What did the IDMF review deliver?

A new benefits framework which helps ensure that safety, access, public health, urban development, environmental effects and network benefits are appropriately considered within decision making.

New MBCM and NMBM to provide updated guidance on monetised and non-monetised benefits and costs.

Making Investment Decisions

Investment decisions are key points within business case development. These decisions ensure that funded activities are efficient, effective, safe, affordable and give effect to the GPS. Cost benefit appraisal which measures whole of life costs and benefits (both short and long-term, and monetised and non-monetised) at a national level is the international best practice approach used to help support investment decisions.

What did the IDMF deliver?

The Appraisal Summary Table which helps decision makers make investment decisions by presenting both non-monetised and monetised benefits, the whole of life costs.

Investment Prioritisation

Investment prioritisation helps rank different types of transport activities. The Waka Kotahi Investment Prioritisation Method for the 2021–24 NLTP is used to give effect to the Government Policy Statement on land transport 2021/22–2030/31 in the 2021–24 NLTP. Investment prioritisation is undertaken when a proposed activity, or combination of activities, is put forward **for inclusion** in an NLTP and then reviewed when a business case is presented for endorsement and a funding decision is requested, in order to check that the activity is above the investment threshold.¹

What did the IDMF review deliver?

The 2021 Investment Prioritisation Method. The number of prioritisation factors has increased from two to three.

FURTHER INFORMATION

InvestHub navigation and support

InvestHub is our new portal which, over time, will become our 'single access point' for all investment-related guidance, tools and learning information. In addition, on InvestHub you can find:

- Learning modules and materials
- Business case community of practice
- Info sheets, FAQs, exemplars, etc

If you have any questions about access or how to apply the new tools, contact your regional investment advisor or email decisionmaking@nzta.govt.nz and we will respond to your query.

IDMF transition

The IDMF changes now apply to all business cases started on or after 31 August 2020. These changes relate to investment principles, policies, benefits framework, business case development and assessment and include guidance, tools, templates and exemplars.

¹ The priority order at which funding becomes fully allocated to an activity class is the investment threshold.