Investment Decision Making Framework Review

Engagement workshop May / June 2019
Welcome
Outcomes

> Share findings from the IDMF review investigation phase;

> Get your insights and observations on gaps or changes needed in the current framework and future requirements; and

> Discuss how we should proceed through the design phase.
Transport – Renewed focus

- GPS engagement and policy resilience where investment framework interacts with local government sector
- Road safety
- RCA Forum
- National Land Transport Programme
- Road Efficiency Group
MoT / NZTA Partnership

Background

Feedback from MoT regional roadshow March/April 2019

GPS 2021 development timeline
Background Evidence Based Decision Making

Improving the way we use evidence and make decisions in transport

Enabling New Zealanders to flourish

Domain Strategy, Economics & Evaluation
The transport outcomes framework identifies transport’s role in shaping well-being

5 outcomes areas

Well-being is at the core, along with liveability (as transport strongly shapes places)

Aligns with Treasury’s Living Standards Framework
Building a better analytical framework

**Transport Evidence Base**
- Research Strategy
- Domain Plan
- Evaluation Strategy
- Modelling Strategy

**Government Strategy and Direction**

**Long Term Transport System Outcomes**

**Long Term Multi-Modal Strategy**

**Medium Term Multi-Modal Strategies**

**Values & Parameters**

**Assessment Methodologies**

**System Levers**

**Requirements and Delivery Programme**

**Outcomes Measurement**
- Living Standards Framework
- Transport Outcomes Framework
- Government Policy Statement on Land Transport

**Transport Assessment**
- System Level Values and Parameters
- Review and Update IAF and EEM (with NZTA)
- Social Impact Assessment

**Living Standards Framework**

**Transport Outcomes Framework**

**Portfolio View**

**In and Cross System Strategies**

**System Values and Parameters**

**Impact Assessment**

**Cost Benefit Analysis**

**Government Policy Statement on Land Transport**

**National Land Transport Programme**

**Regional Land Transport Plans**

**Investment Decision Making Framework**

**Economic Evaluation Manual**
Regions gave some feedback to MoT on NZTA processes during regional roadshows

- Unclear who to speak to about regional issues and project decisions.
- Mixed messages from centre vs. day-to-day contacts on likelihood of funding.
- Repeated requests from NZTA for more information on projects. High burden (cost and time) for projects that ultimately go unfunded.
- Can business case requirements be scaled to match project size?
- Set expectations around amount of funding available and likelihood of request success.
- Not clear what the investment assessment process is.
- Decision-making doesn’t always seem to take into account regional priorities.
- Current assessment framework seems to prioritise projects in larger population centres- areas with high through traffic straining their infrastructure miss out.
- Long time from initial project discussions with NZTA through to approval of project and funding release.

These views are a summary of points raised at 14 regional roadshows completed by MoT over March and April 2019. They are representative of the views of the people at the workshop on the day but do not necessarily reflect the official views of regional councils.
GPS 2021 development timeline

MoT roadshows to gather regional views for GPS 2021
March/April 2019

Draft GPS 2021 released for engagement
Dec 2019

GPS 2021 published
By 1 July 2020

GPS 2021 takes effect
1 July 2021

Revenue forecast (annual)
March 2019

Revenue forecast (annual)
March 2020

Revenue forecast (annual)
March 2021

Discussions where appropriate with TSIG, RTCs, LGNZ, NZTA, and other key stakeholders

Engagement period

Developing RLTPs and NLTP 2021

Council long-term plans under development
Programme Background and Overview

Drivers for Change

Key Outcomes Sought

Approach
Drivers for Change

Investment Decision Making Framework review

GPS Priorities
- Safety
- Access
- Environment
- Value for Money

GPS Themes
- Mode-neutral approach
- Incorporating technology
- Integrating land use and transport planning

New GPS activity classes
- Demand Management
- Rapid Transit
- Transitional Rail

Sector Feedback
- Wider benefits capture / Capturing of all benefits
- Simple and transparent
- Customer and outcomes focused
- Levels of Service

International Best Practice
- Integration of land use
- Mode neutral
- Incorporation and weighting of non-monetary benefits / wider benefits capture / agglomeration benefits

Treasury
- Living standards framework
- Wellbeing Budget

Ministry of Transport
- Transport Outcomes Framework
Planning and investment system
A ‘system-based approach’ from strategic inputs (at national and local levels), to assessment and prioritisation, implementation, and monitoring
Key Outcomes Sought
Investment Decision Making Framework

• A system-based approach
• Mode neutral
• Supports delivery of positive social, economic, and environmental outcomes
• Robust, transparent, and easy to understand
MoT and NZTA - working together to improve the transport system

social, environmental, and economic outcomes, mode-neutral, systems-based approach

<table>
<thead>
<tr>
<th>Who</th>
<th>Building the Evidence</th>
<th>Assessment and Appraisal</th>
<th>Prioritisation</th>
<th>Measuring Outcomes</th>
<th>Capability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of Transport</td>
<td>• Research Strategy</td>
<td>• System approach to assessment</td>
<td>• GPS 2021</td>
<td>• Alignment to Living Standards Framework</td>
<td>• Training programme</td>
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<td>• Domain Plan</td>
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<td>• Transport Outcomes Framework</td>
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<td>New Zealand Transport Agency - IDMF and other work programmes</td>
<td>• Safety Strategy</td>
<td>• Value for money assessment methods</td>
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<td>• GPS measures and reporting</td>
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<td>• Resilience Strategy</td>
<td>• Social Impact Assessment</td>
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<td>• Environmental Impact Assessment</td>
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<td>• Updating values parameters and approaches</td>
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<td>• Long Term View</td>
<td>• Options development and assessment</td>
<td>• Prioritisation of NLTP (readiness for GPS 2021 and alignment to Transport Outcomes Framework)</td>
<td>• NZTA performance measures</td>
<td>• Information guidance and tools are easy to find and understand</td>
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<td>• Strategic Alignment</td>
<td>• Assessing the contribution to Transport Outcomes Framework</td>
<td>• NLTP Development 2021</td>
<td>• Benefits Management Framework</td>
<td>• Guidance, training and resources</td>
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<td>• Investment Principles and Policies</td>
<td>• Wider view of costs and benefits</td>
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<td>• Consistency in advice</td>
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<td>• Business Case Approach</td>
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<td>• Right sized effort according to scale, risk and complexity</td>
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<td>• Clarity on pathways</td>
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<td>• Utilise existing strategic documents</td>
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<td>• Transport System Indicators</td>
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<td>• Sustainability Strategy (environment)</td>
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## Approach and Timeframes

### Investment Decision Making Framework

<table>
<thead>
<tr>
<th>Event</th>
<th>Timeframe</th>
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<tbody>
<tr>
<td>Engagement workshop</td>
<td>May / June 2019</td>
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<tr>
<td>Engagement workshop</td>
<td>Draft GPS 2021 for engagement</td>
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<td>Rollout IDMF</td>
<td>June 2020</td>
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### Investigation –
Incorporates best practice research, literature reviews of previous research, customer journey map, stakeholder map, interviews with users. Findings are captured, themed, and turned into insights.

### Design –
Prioritisation and planning of work programme, workshops, development of actionable solutions to prioritised issues. Includes getting buy-in from IDMF users. Seeking feedback from sector and refining solutions.

### Implementation and rollout –
Preparation and sign-off of change proposals. Bedding in change with sector. Develop and deliver training. Changes are live and in use.
Investigation findings

Station rotations
Investment Decision Making Review

Assessment
The Government Policy Statement on Land Transport 2018/19 to 2027/28 asked for a review of the NZTA investment system

• “An investigation into the appropriateness of current economic evaluation approaches will be a priority to ensure they are fit for purpose, with this investigation to occur in 2019”

• The review is looking at more than just economic evaluation

• An integrated work programme between NZTA and MoT
A Coherent System

- Living Standards Framework
- Transport Outcomes Framework
- Government Policy Statement on Land Transport
- Investment Decision Making Framework
- NLTP
- RLTP
Strategic alignment

- Improving alignment between strategic and planning documents is key.
- The Transport Outcomes Framework provides an enduring set of outcomes which aligns to Treasury’s well-being framework.
- Increased clarity is needed around the purpose and role of NLTP, RLTPs, AMPs, RPTPs.

What we found in investigation stage
What we’ve found in the investigation stage

Building the case

- Streamline the business case
- Better integrate with assessment and prioritisation
- Provide clarity around information requirements at each phase of the business case
- Improve alignment to Treasury’s Better Business Case
- Better consider risk and complexity
- Considering alternatives and options to drive systems thinking, mode neutrality and value for money
What we’ve found in the investigation stage

Assessment

International approaches:
- UK – Web-based Transport Analysis Guidance (WebTAG)
- Australia – Australian Transport Assessment and Planning (ATAP)
- Ireland – Common Appraisal Framework - Department of Transport, Tourism and Sport

Consideration of non-monetised benefits and costs – Quantitative, Qualitative, Monetised

The following tools are available – Cost Benefit Analysis, Multi-Criteria Analysis, Cost Effectiveness Analysis, Monte Carlo Simulation

Parameters and Values – parameters and values need updating

Benefits Management – approach throughout the business case lifecycle

Programmes, Portfolios and Projects – improve programme and portfolio management
2014 EY Investment Decision Making Review
## Qualitative, Quantitative and Monetised

<table>
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<tr>
<th>Outcome</th>
<th>Qualitative</th>
<th>Quantitative</th>
<th>Monetised</th>
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</table>
| Economy | Competitiveness  
          Regional development | Impact on business users  
          Regeneration  
          Wider impacts | Transport costs  
          Agglomeration |
| Environment | Townscape  
              Amenity | Landscape | Noise  
              Air quality  
              Greenhouse gases |
| Social | Heritage  
         Biodiversity  
         Water environment | Reliability impact on users  
         Option and non-use values | Commuting time  
         Accidents  
         Health  
         Journey quality |
Improving Transport Assessment: Preliminary thinking

Identified Improvements

• Better link to GPS and Transport Outcomes Framework
• Improve clarity on purpose and role of NLTP, RLTP, AMPs and RPTPs
• Better align with Treasury’s Better Business Case
• Clarity on information for informed decisions at each business case phase
• Develop a right sized approach (based on risk and complexity)
• Consider alternatives and options
• Sifting of long list to short list more transparent, consistent and simpler
• Include quantitative, qualitative and monetised impacts
• Better consider synergies of activities that deliver multiple outcomes
• Update parameters and values to enduring transport outcomes
• Environment / Access / Health and Safety / Resilience / Economy – what is required
Building the Case
Treasury Better Business Cases

How is the Agency’s Business Case Approach different?

• The business case pathways are very similar.

• There are some differences:
  • The Transport Agency has created a tailored point of entry template.
  • Where appropriate RPTP, RLTP & AMP can form the basis of a strategic or programme business case for certain projects and continuous activities.
  • Business Case approach not consistently applied
Key Challenges

- Infrastructure Commission – The Commission are looking to review any business cases exceeding $50M.

- Right Sized Approach – Business cases need to be developed based on complexity and risk.

- Intervention Hierarchy – We need to consider all investment options.
AMPs, RLTPs, & RPTPs

- A lot of work goes into these documents
- In some cases these have been used as a basis for strategic case
- What are the opportunities to make better use of these planning documents?
IDMF Capability

Building sector capability
Capability activities within NZTA and across the sector

Setting the capability scene

- IDM workstream
- NLTP activities
- BCA review activities
- Supporting the REG excellence programme
Capability current state

What are we working with?

- Learning modules accessed through self-directed learning and registration
  - Not intuitive or engaging, with little guidance on what to learn based on different needs.
- Process and procedural information (guidance) located in multiple locations
  - They all reflect a point-in-time approach to sharing knowledge
  - A shift is required to become more user- and learner-centric
  - Use more smarts in linking key content, rather than making the user hopefully making the connections
- Passive ‘learn to understand’ approach with little oversight of how it’s being applied
  - The learning management system and its current limitations
  - Developing a portal
Building sector capability

Capabilities, target help and support

- The need to understand current levels of capability
  - Knowing who our audience is and how they want to engage with us is key
  - Knowing what to assess, from knowledge through to engagement
  - The role of capabilities

- Targeted help navigating learning and information resources
  - Some options – ongoing navigation sessions, introductory and practitioner workshops, what else?

- Supporting you in applying the learning, based on your needs
  - How NZTA teams have been set up, and how they will work with you
  - Regional advisors supported by centrally located specialists
Thank You

For any further enquiries please email decisionmaking@nzta.govt.nz