Subject    Technical update to the Transport Agency’s Economic evaluation manual

Circulation    All registered holders of the Economic evaluation manual
                  Local Authorities
                  Local Government New Zealand

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Effective date    1 January 2016

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Purpose

To issue amendment No 1 of the Economic evaluation manual, (first edition 30 October 2013), amendment effective from 1 January 2016. This technical update to the manual is to be used for new activities seeking funding approval and requiring economic evaluation assessment in the 2015-18 National Land Transport Programme (NLTP) and future programmes.

Content changes of the updated manual

The updated EEM document is available via the Transport Agency website, and includes the following changes:

- Vehicle Operating Costs (VOC) changes:
  VOC values have been updated to reflect changes to the vehicle fleet composition and improvements in vehicle fuel efficiency since the last update back in 2008. For more detail on specific changes to VOC and the implications of these changes please refer to our accompanying updated FAQ sheet.

- Crash Costs changes:
  Appendix A6 Crash costs has been updated to reflect recently completed research. The appendix has also been reorganised to include a compendium of crash cost prediction models and relevant research which can be found on our website. For more detail on specific changes to the sections related to Crash costs please refer to our accompanying updated FAQ sheet.
Worksheet changes & application requirements

Updated Simplified Procedures and Online worksheets
As part of this release, key improvements to the Simplified Procedure assessment spreadsheets include:

- Sensitivity testing using 4% and 8% discount rates;
- Calculation of First Year Rate of Return;
- Changes to Vehicle Operating Costs; and
- Minor corrections and enhancements identified by users.

Links for these Excel template spreadsheets are available on the EEM page of the Transport Agency website.

Important: All applications applying simplified procedures and seeking funding approval from the Transport Agency must now do so via using these spreadsheets. Please ensure this is adhered to for all applications applying simplified procedure assessment.

For full procedure assessment, both standard worksheets (available in Word format) and the TIO full procedure summary sheet (Excel format), are again accessible via the Transport Agency website.

Update factors (update effective immediately)
Update factors – which are updated annually via the latest adjustments to the consumer price index have now been updated, effective now from 1 December 2015.

A table reflecting these changes can again be found here via our website.

How to apply the updated EEM

The updated manual (i.e. this technical update release; amendment 1 to the first edition, released 30 October 2013), its accompanying documentation and revised worksheets should be used for all improvement activities seeking funding support, with 1 January 2016 being the effective date for adoption.

As the changes in this update are not significant or policy related, if an economic evaluation assessment has already been initiated beyond an indicative assessment we advise to simply update your assessment as appropriate with the revised procedures and/or update factors.

Should the above advice prove problematic for an evaluation already underway, please discuss further with your local Transport Agency representative a recommended approach to determine how best to advance your application.

Enquiries

As this is a technical update with no significant policy changes, the Transport Agency is not intending to carry out a formal engagement process.

For more information on changes to the EEM please refer to our frequently asked questions, which has been revised to include changes coming from this technical update. All information related to this update, previous editions and supporting material can be found on the Transport Agency website.
For direct engagement with regards to these changes and implementing them into your programme you can contact your Planning and Investment representative for further information or assistance.

Alternatively, you can send any questions or feedback about the update directly to the EEM review project team by emailing the review team at eem@nzta.govt.nz

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