

VALUE FOR MONEY FRAMEWORK REVIEW

Report



Ministry of Transport

HK>A

 **Beca**

CONTENTS

GLOSSARY OF TERMS	2
EXECUTIVE SUMMARY	3
1 PURPOSE	6
2 BACKGROUND CONTEXT	8
3 BENCHMARK VALUE FOR MONEY FRAMEWORKS	11
4 POLICY AND FRAMEWORK ANALYSIS	14
5 RECOMMENDATIONS	20
APPENDIX A NEW ZEALAND DOCUMENT REGISTER	25
APPENDIX B BENCHMARK FRAMEWORKS (UK)	30
APPENDIX C BENCHMARK FRAMEWORKS (AUSTRALIA)	33
APPENDIX D DESKTOP REVIEW OF NEW ZEALAND DOCUMENTATION	36
APPENDIX E MOT STAKEHOLDER WORKSHOP NOTES	84
APPENDIX F STAKEHOLDER WORKSHOP NOTES	87

GLOSSARY OF TERMS

ACRONYM	MEANING
ATAP	Australian Transport Assessment and Planning Guidelines
BCA	Benefit Cost Analysis
BCR	Benefit Cost Ratio
CBA	Cost Benefit Analysis
DfT	Department for Transport
GPS	Government Policy Statement on land transport
HM	Her Majesty
IAF	Investment Assessment Framework
IDMF	Investment Decision Making Framework
LSF	Living Standards Framework
MoT	Ministry of Transport
NAO	National Audit Office
NLTF	National Land Transport Fund
NLTP	National Land Transport Programme
NPPV	Net Present Public Value
NPSV	Net Present Social Value
NPV	Net Present Value
NSW	New South Wales
NZ	New Zealand
ONRC	One Network Road Classification
PIF	Performance Information Framework
REG	Road Efficiency Group
TfNSW	Transport for New South Wales
TOF	Transport Outcomes Framework

EXECUTIVE SUMMARY

OVERVIEW

The Ministry of Transport (MoT) has commissioned Beca and HKA to jointly review its approach to value for money against New Zealand and international best practice and recommend whether and how the value for money framework can be improved (the Review). This includes developing an implementation plan to assist in the definition, evaluation and monitoring of value for money recommendations in the Government Policy Statement on land transport (GPS) 2021. The framework may also be applicable to other transport investments to enable a consistent approach across projects and programmes.

This Report sets out the proposed value for money assessment model that will underpin the value for money framework and incorporates feedback from a range of key stakeholders. A high-level Implementation Plan (Beca/HKA, September 2020) has been developed separately.

Key 'Dimensions'

During the process of producing a recommended value for money framework two key dimensions were consistently identified as being significant in understanding and evaluating value for money:

1. Distinguishing between Efficiency and Effectiveness.
2. Balancing assessment between Quantitative and Qualitative information.

By using the above dimensions to frame the model there is an increased focus on the elements of the delivery process and how these are to be assessed to provide a holistic view of value for money.

Systematic Focus on Delivering Effective Outcomes through Efficient Outputs

The first aspect that is mentioned almost universally in trying to develop a sense of value, is 'outcomes'. Outcomes are very broadly defined across social, economic and national strategic goals in most definitions across the world. Having a clear definition of what outcomes are, how they are defined and a clear articulation of what is trying to be achieved must be the starting point for any value for money assessment. An outcome assessment should be an assessment of the effective impact of delivery on the outcome as a benefit of New Zealanders. To this end, the Review has placed emphasis on articulating the linkage between New Zealand's policy frameworks that set out the national strategic objectives, specifically the Living Standards Framework (LSF), Transport Outcomes Framework (TOF) and the GPS (noting that these documents are effectively a hierarchy and as such a natural coalescence is anticipated).

Thus, the first step is the need to build a clear assessment of the alignment to outcomes (*effectiveness*), then the second area of assessment is how *efficiently* Outcomes are then translated into Outputs. Outputs are the definable and controllable approach to converting intended outcomes into products or services. Many of the assessments in this area are focused on the 'what' (e.g. what are we building or what does the service look like). However, the focus should be on the efficiency of conversion of outcomes to outputs - requiring a shift in thinking from the 'what' to the 'how'. In order to measure value for money more robustly, there should therefore be a focus on an organisation's business requirements, technical standards, and operating methods as a way of measuring whether they are likely to be effective in the selection of outputs and deliver a set of appropriate outputs to achieve overall outcomes.

Role of 'Value' in the New Paradigm

Given the articulation of the *effectiveness* of the outputs in delivery of outcomes in the national context, and an assessment of how *efficiently* an organisation is going to deliver outputs, then a standard analysis of value for money (such as Cost Benefit Analysis (CBA)) remains a key aspect in forming a holistic view of overall value i.e. the 'quantitative' assessment of efficiency.

In support of the traditional CBA, part of which is a Benefit Cost Ratio (BCR), it is increasingly important to recognise that there is a significant amount of data emerging both locally in New Zealand and further afield that indicates the major infrastructure projects delivered are not the best outputs to deliver the

original intended benefits or outcomes. Optimism bias is often cited in the infrastructure space in respect of project development and delivery. However, it is generally not accounted for when adjusting for actual operational performance beyond the delivery of outputs i.e. operational performance is also often optimistically stated in the development stages. Therefore, it is recommended that development of benefits gap ‘factor’ or ‘adjustment’ is developed to consider the relative track record of various asset class performance in this area. Including this element in the assessment model will place emphasis on ensuring benefits are effectively managed through development and delivery, and that appropriate monitoring and reporting is undertaken in operations to determine whether stated benefits are ultimately realised.

It is noted that this will take time to mature and evolve. However, there is already a significant amount of work underway in this space including through the previous Investment Assessment Framework (IAF) and the new Investment Decision-Making Framework (IDMF), including development of a more extensive benefits framework. The value for money framework must integrate with and leverage this work.

The Human Factor – Taking Account of Capacity and Capability

Finally, and most importantly, is the impact of human behaviour on all aspects on the emerging thinking above. Capability is often talked about in respect of delivering complex and large-scale projects and forms part of Gateway assessments. Although capability is discussed in depth in several documents and described as being at the heart of project delivery, it is rarely assessed as part of the value for money case. There is now a real emergence into mainstream thinking of the impact of human behaviour in all aspects of finance and economics, through the nascent fields of Behavioural Economics and Behavioural Finance. Therefore, it is crucial that capability and behaviour across the transport investment system sit at the heart of any emerging thinking on truly assessing value for money during both development and delivery phases.

Intrinsically linked with capability is capacity, which is defined as having enough of the right capability to deploy at the right time and is critical to delivering programmes and projects successfully. Likewise, capacity is often considered but not adequately assessed in investment decision-making.

Emerging Value for Money Assessment Model

Given the above, the structure of the emerging assessment model is illustrated in Figure 1 below. The model comprises five key assessment elements (1. Impact/Outcomes, 2. Business Requirements, 3 Value Indicators, 4. Benefits Gap Factor, and 5. Capacity and Capability), and is framed within two model dimensions – Efficiency / Effectiveness and Qualitative / Quantitative. The nuance in defining what is efficient vs effective and what is measured quantitatively vs qualitatively is reflected in graduated axis of the diagram.

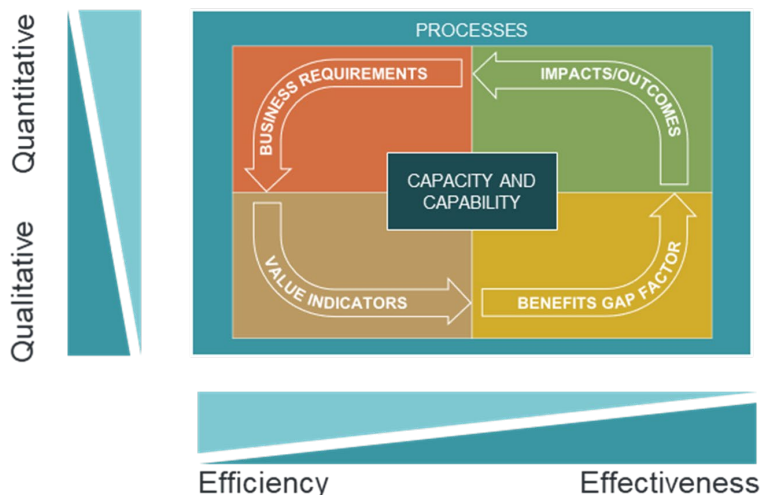


Figure 1 Proposed Value for Money Assessment Model

At a high level, the model uses qualitative and quantitative measures of efficiency and effectiveness to determine value for money. For the purposes of this framework, efficiency is defined as delivering optimal outputs with minimal wasted effort or expense and effectiveness is defined as successfully delivering outcomes.

The model also positions overall capability and capacity its heart, as the key element linking the four other elements, and is the common thread in the delivery of value. This is largely a people factor and reflects the need to match capability with the complexity of the future needs of the transport investment programme and to ensure initiatives are adequately resourced.

The model integrates these 5 key elements that underpin the selection of programmes and projects. The model aims to provide MoT and the transport sector with a structured basis for evaluating how well proposed programmes and projects address each element and a shared understanding of what delivering value means.

These elements are largely already applied in some form by the agencies and it is recognised that New Zealand has many structures in place that support practical implementation. This is including but not limited to: the New Zealand Council Mark for Capability; BCR methodologies for Value, and; gateway processes for assurance. Whilst there will be several new aspects that require development, it is considered that these existing structures can be leveraged effectively as part of the detailed design and implementation of the emerging model.

As well as defined assessment aspects the model also links to the MoT's crown monitoring role as there becomes a fixed link between on-going delivery, capability and capacity, and outcomes. It is recommended this work links more closely with the MoT's crown monitoring function in the on-going development and implementation of this model.

1 PURPOSE

1.1 PURPOSE OF THIS REPORT

The purpose of this Value for Money Framework Review report (the Report) is to present the findings of an assessment of the Ministry of Transport's (MoT) approach to assessing, monitoring and evaluating value for money. Emphasis has been placed on understanding the strengths and limitations of the value for money approach adopted in Government Policy Statement on land transport (GPS) 2018, how this compares to good practice in other jurisdictions, and how an optimised approach can be developed accounting for broader New Zealand Government policy (e.g. the New Zealand Living Standards Framework).

The Report provides recommendations on how the MoT may optimise the way in which value for money is defined and evaluated in the future. It provides recommendations on an assessment model that can be incorporated to evaluate value for money outcomes through GPS 2021.

1.2 INTENDED AUDIENCE

The intended audience for this Report includes internal MoT staff, particularly those involved in the development of GPS 2021, as well as select representatives from other organisations impacted by the scope of the review as determined by the MoT.

1.3 OVERVIEW OF THE REVIEW

The MoT is responsible for the development of the GPS, which is informed by the strategic objectives set out in the Transport Outcomes Framework and provides guidance on how the National Land Transport Fund (NLTF) is to be invested. At the time of commissioning this review, the MoT was developing GPS 2021 and was exploring alternative ways to articulate and embed value for money.

At the same time, recent Performance Information Framework (PIF) reviews have outlined the challenges MoT is facing and provided several recommendations. Given the Ministry's stewardship and leadership roles for the transport system, the recommendations were centred around four key areas; achieving clarity of purpose; developing a medium-term strategy underpinned by strong analytics; growing MOT's capability for collaboration; and re-booting the organisation.

In response to these recommendations and to ensure the Government continues to achieve the best value for money outcomes from its transport investments, the MoT has sought to review and optimise the way in which value for money is assessed, monitored and evaluated in the context of GPS. There will be a primary focus on Waka Kotahi given its crucial role in implementing the GPS.

A partnership between Beca and HKA was established to undertake a review (the Review) of the current MoT value for money framework, as well as the review of international frameworks. With the intent to produce strategic recommendations on an appropriate value for money framework applicable to GPS 2021 and a high-level implementation plan. It is anticipated that the framework will be relevant and applicable to other transport modes and investment models.

The Review has been undertaken following a two-phased methodology illustrated in Figure 2.

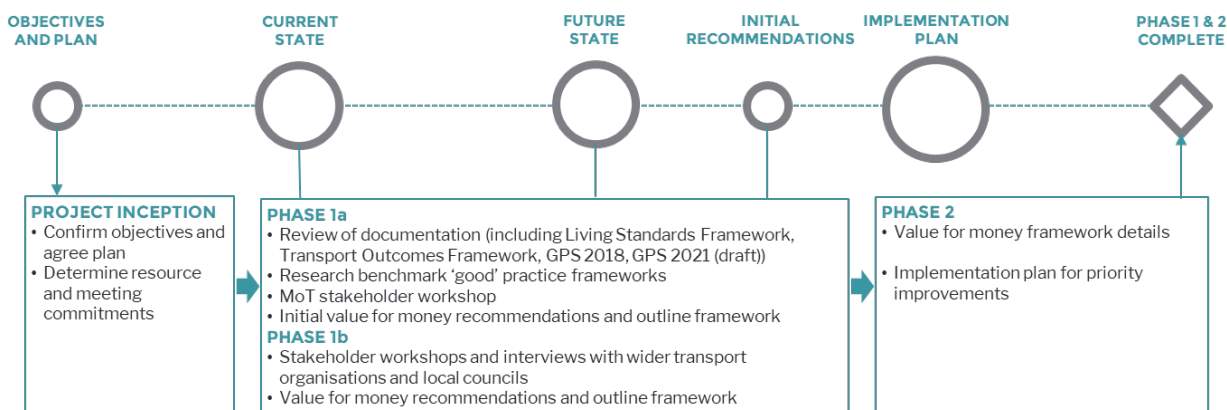


Figure 2 Review Two-Phased Methodology

1.4 STRUCTURE OF THIS REPORT

This Report is structured to reflect the Review methodology with key sections as follows:

- **Background context:** Providing information on the historical context of value for money as a concept and its application in New Zealand land transport policy.
- **Benchmark Value for Money Frameworks:** An overview and comparative analysis of value for money frameworks employed in the UK and Australia to assist in the delivery of transport outcomes.
- **Policy and Framework Analysis:** Assessment of the performance of the existing MoT value for money framework, identifying current challenges and opportunities for improvement.
- **Recommendations:** Leveraging learnings from benchmark value for money frameworks and feedback from stakeholders to address key findings of the policy and framework analysis through a recommended value for money framework and assessment model.

2 BACKGROUND CONTEXT

2.1 OVERVIEW

This section provides an overview of the concept of value for money within the New Zealand policy context and provides background information on key Government frameworks and relevant agencies. A list of the relevant New Zealand documentation reviewed is contained in Appendix A.

2.2 THE VALUE FOR MONEY CONCEPT

The definition and understanding of value for money often varies between groups, and individual government agencies depending on the perspective taken. Regardless of how it is perceived, value for money is commonly understood as the level of resources expended to achieve a positive impact. Moreover, it is a method used to assess whether the expected outcomes of an activity outweigh the use of resources to deliver that activity.

2.3 CURRENT POLICY AND FRAMEWORK

2.3.1 The Living Standards Framework

The New Zealand Living Standards Framework (LSF) is a tool developed and owned by Treasury to support and encourage the development of public policy on wellbeing, spending and other government agency interventions that is aligned to achieving higher living standards and intergenerational wellbeing for New Zealanders. It is an overarching model applicable to all government agencies and has been translated into a transport context through the MoT’s Transport Outcomes Framework (TOF).

The LSF includes twelve domains of current wellbeing outcomes; four capital stocks that support wellbeing now and into the future, and risk and resilience. Figure 3 illustrates the LSF.

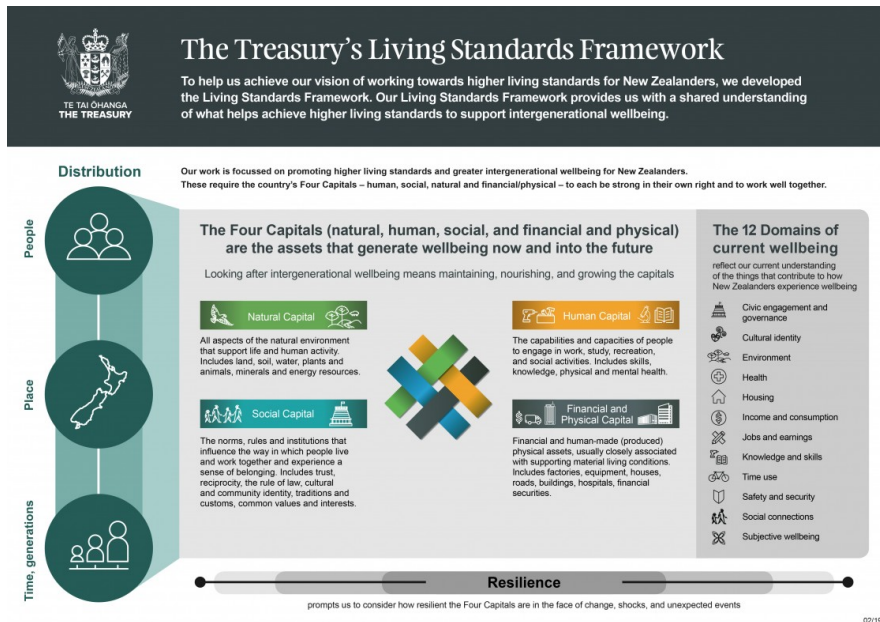


Figure 3 Treasury Living Standards Framework

2.3.2 Transport Outcomes Framework

The TOF was developed by the MoT in collaboration with other government agencies. This is an enduring framework that aims to make it clear what New Zealand wants to achieve from the transport system, with the overall purpose of supporting improved well-being and liveability. Figure 4 illustrates this framework.

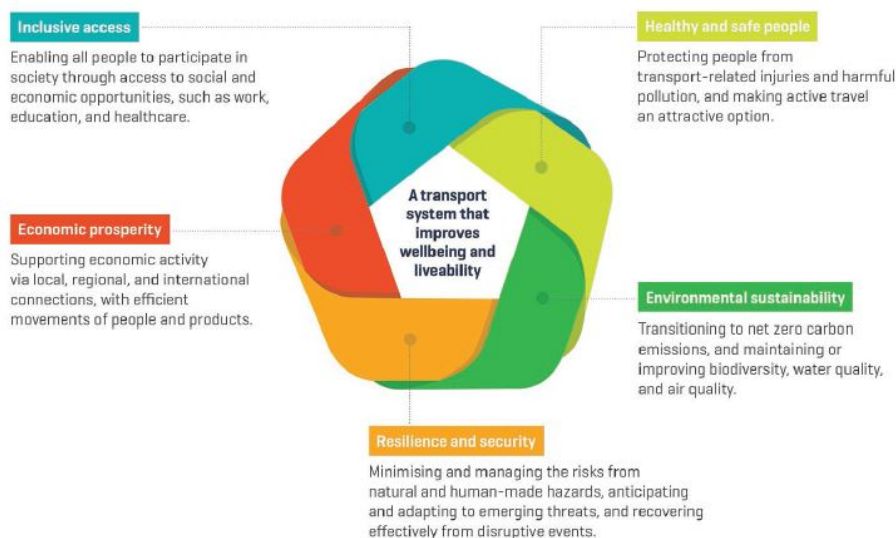


Figure 4 Transport Outcomes Framework

The TOF provides a common framework for transport agencies to align their strategic directions and goals to these five outcomes. This is underpinned by the guiding principle of mode neutrality, ensuring all transport modes are considered in delivering against the outcomes.

2.3.3 Government Policy Statement on land transport

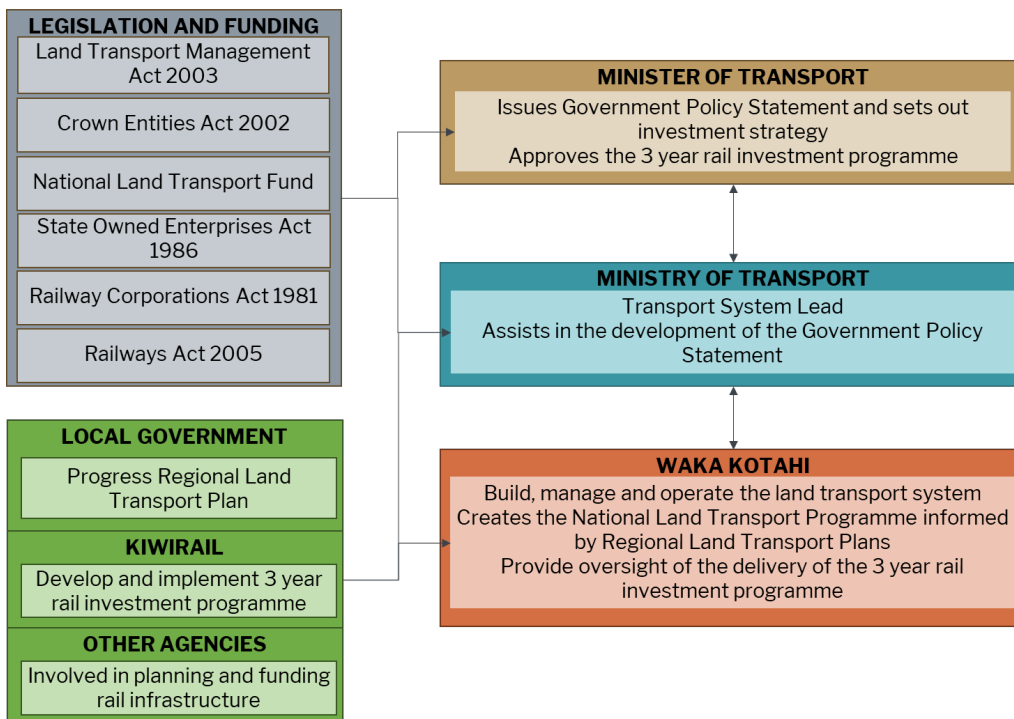
The GPS is owned by the Minister of Transport and sets out the priorities for expenditure from the National Land Transport Fund (NLTF) and how funding is allocated between different land transport activity classes. GPS outlines the government's strategy to guide land investment over a 10-year period and is refreshed every three years.

GPS 2021 strategic priorities include safety, better travel options, improving freight connections, and climate change with value for money as an underpinning principle that guides transport investment decisions. The intended outputs to be delivered through the GPS will contribute to the delivery of TOF and LSF outcomes.

2.4 AGENCY STRUCTURE

The MoT is the New Zealand Government's principal transport advisor, providing policy advice and support to Ministers across all transport modes (maritime, aviation and land transport). Figure 5 provides a snapshot high-level overview of the New Zealand land transport operating structure including other agencies involved in the transport investment system.

Figure 5 NZ Land Transport Operating Structure



3 BENCHMARK VALUE FOR MONEY FRAMEWORKS

3.1 OVERVIEW

Existing value for money frameworks from the UK and Australia were researched and reviewed in order to inform the comparative analysis. The UK has a well-established guide on how to define, measure and monitor value for money during activities that require the use of public resources, offering an opportunity to identify areas in which the MoT framework can be matured. Australia also has some established guidelines on the subject and was considered of relevance given the relationship with New Zealand and shared market characteristics.

3.2 BENCHMARK FRAMEWORKS

Value for money frameworks from the UK and Australia were researched and used as benchmarks to appraise the MoT value for money framework. Particular attention was paid to how value for money is conceived, measured, and implemented and whether learnings can be applied to the New Zealand context to improve the outcomes from policy initiatives.

The below sections provide a summary of the research findings with full details provided in Appendix B and Appendix C.

3.2.1 Value for Money in the UK

Four key UK government owned documents were reviewed including:

- Her Majesty’s (HM) Treasury Managing Public Money.
- Department for Transport (DfT) Value for Money Framework: Moving Britain Ahead.
- The Green Book: Central Government Guidance on Appraisal and Evaluation.
- National Audit Office (NAO) Commissioning Toolkit.

3.2.1.1 HM TREASURY MANAGING PUBLIC MONEY

Whilst no specific guidance is provided on measurement metrics, it does put the value for money concept at the core of managing public money through appraising options, monitoring the performance of initiatives and post implementation evaluation.

3.2.1.2 HM TREASURY THE GREEN BOOK

The Green book further develops HM Treasury’s Managing Public Money by considering value for money within business cases from five dimension that have been summarized in Table 1.

Table 1 Five Cases of value for money

DIMENSION	DESCRIPTION
Strategic	What is the case for change? What outcomes are expected and do they align with government policy and priority?
Economic	What is the comparative net value to society?
Commercial	Can a realistic commercial deal be struck?
Financial	What is the impact on public resources?
Management	Are there realistic and robust delivery plans?

The Green Book also advises the use of Net Present Social Value (NPSV) and BCR to summarise whole of life social cost benefit analysis within the Economic dimension.

It further details the use of Benefits Management techniques to ensure social benefits are realised as the project or programme is implemented. This includes setting up a benefits register at the outset that is used to monitor and track actual outcomes delivered versus those intended.

3.2.1.3 UK DFT VALUE FOR MONEY FRAMEWORK: MOVING BRITAIN AHEAD

This document defines value for money as the use of public resources to create and maximise public value. Value is expressed in terms of the total impact on well-being of UK citizens, the economy, as well as social and environmental climates. The value for money derived from initiatives is measured across three dimensions including economic purchasing, efficiency in deriving outputs from inputs, and the effectiveness of outputs to achieve outcomes.

Aligned with The Green Book, the document advises the use of benefit cost analysis (BCA) to determine the net benefits expected from transport initiatives in the context of the resources expended to deliver those benefits. More specifically, it advises that benefit and costs are quantified wherever possible to measure the BCA through Benefit Cost Ratios (BCR) and Net Present Public Value (NPPV). The overall value for money offered is reported through categorisation of the overall score taking into account non-monetised costs and benefits. This offers a comparable means in which to assess the relative value of different options in achieving wider objectives during early development phases.

3.2.1.4 NATIONAL AUDIT OFFICE (NAO): SUCCESSFUL COMMISSIONING TOOLKIT

The NAO is an independent organisation that scrutinises public spending on behalf of the UK Parliament. Through their work, they have defined value for money as the optimal use of resources to achieve intended outcomes. They advise that value for money is an underlying principle in which to deliver initiatives through an outcomes-based commissioning process and should be assessed across three core components:

- **Economy** through minimising the cost of resource used.
- **Efficiency** defined as the relationship between resources and the outputs that they derive.
- **Effectiveness** of the relationship between the intended and actual outcomes derived from outputs.

The NAO also note that **Equity** is an additional dimension that can sometimes be useful to determine the extent to which outcomes are distributed across society.

3.2.2 Value for Money in Australia

The following Australian Government publications were reviewed:

- Transport and Infrastructure Council Australian Transport Assessment and Planning (ATAP) Guidelines.
- Infrastructure Australia Assessment Framework 2018.
- Transport for New South Wales (TfNSW) Principles and Guidelines for Economic Appraisal of Transport Investment and Initiatives.

3.2.2.1 ATAP GUIDELINES

The Australian Transport and Infrastructure Council delivers key reforms in Australia's infrastructure and transport systems, ensuring they support economic growth, social connectivity, increase opportunities and ultimately enhance quality of life. The council is made up of Commonwealth, State, Territory and New Zealand Ministers with responsibilities for transport and infrastructure.

The ATAP Guidelines is a transport focused appraisal methodology and whilst the guidelines do not provide a formal definition of value for money, it does advise that it is measured as a result of cost benefit analysis using BCR and NPV metrics.

3.2.2.2 INFRASTRUCTURE AUSTRALIA ASSESSMENT FRAMEWORK 2018

The assessment framework is used by Infrastructure Australia to consider initiatives and projects to be included on the infrastructure priority list. The framework assesses initiatives according to their strategic fit with government policy objectives, economic, social, and environmental merit as well as deliverability of the initiative. Calculation of BCRs and establishment of benefits realisation plans are key tools used to appraise the economy and deliverability of initiatives.

3.2.2.3 TRANSPORT FOR NSW (TFNSW) PRINCIPLES AND GUIDELINES FOR ECONOMIC APPRAISAL OF TRANSPORT INVESTMENT AND INITIATIVES

TfNSW economic appraisal framework is applied to programmes, projects, and initiatives within the NSW transport portfolio. The framework shows causal relationships between strategic objectives and the aim of providing greatest social and economic benefit for NSW at the greatest value. It encourages the use of traditional economic measures including BCR to comparatively measure the value for money of initiatives and inform investment decisions.

4 POLICY AND FRAMEWORK ANALYSIS

4.1 OVERVIEW

The following section provides an overview of the existing GPS policy and value for money approach informed by a review of relevant New Zealand documentation and a workshop with key MoT stakeholders involved in the development of GPS 2018 and 2021. Key requirements, challenges, and opportunities that the emerging model should address have been identified.

4.2 EXISTING VFM APPROACH

A desktop review of various New Zealand published material was undertaken to inform the understanding of current value for money practice. The review was based on material published up to April 2020 and is included in Appendix D.

The below section summarises the key learnings from this desktop review.

4.2.1 Value for Money in GPS

Value for money was first introduced as a concept in GPS 2009 and was included as one of four independent strategic priorities. The concept of value for money and GPS' approach to it has evolved over time. The latest GPS 2018 had again included the requirement to achieve value for money as a standalone strategic priority alongside safety, access, and environment. Within GPS 2018, value for money was defined as “delivering the right infrastructure and services to the right level at the best cost.” This emphasised the need to report on the achievement of outcomes and improve transparency of decision making. A combination of measures were used to monitor delivery of value for money, including transparency (e.g. publishing BCR data, visibility of project performance metrics), the performance of actual outcomes delivered against the expected outcomes and expenditures (referred to as benefits in GPS 2018).

The government agencies outlined in section 2.4 give effect to GPS and as such play a significant role in delivering value for money. Of these, Waka Kotahi has an integral role in establishing and influencing processes, tools, and systems to manage value for money across the transport investment system.

4.2.2 Waka Kotahi

Waka Kotahi is responsible for developing the National Land Transport Programme (NLTP). The NLTP supports government priorities and gives effect to the GPS. The NLTP contains a three-year programme of planned activities and a 10-year forecast of revenue and expenditure.

Waka Kotahi relied on several processes, tools and systems to deliver value for money as defined in GPS 2018, which are outlined in Table 2 .

Waka Kotahi is reviewing its Investment Decision Making Framework (IDMF) and has recently announced a number of adjustments in response to drafts of the next GPS (i.e. GPS 2021).

Table 2 Waka Kotahi tools and practices to deliver value for money in GPS 2018

GPS 2018 value for money strategic direction	Waka Kotahi response
Deliver the right infrastructure and services	Use of the Investment Assessment Framework (IAF) to ensure that NLTF investment aligns with the GPS 2018 and investment decisions are made consistently across the country for all modes of travel. Ongoing enhancements to the IDMF, most recently incorporating an approach to benefits management and realisation.
Investments are at the best costs	Provides frameworks and practices/policies to guide procurement decisions by both Waka Kotahi and Approved Organisations. Undertakes cost efficiency benchmarking to assess the costs and benefits of programmes. Maintains the Economic Evaluation Model to ensure consistent approaches to calculating costs and benefits are followed.
Improved returns from maintenance	Works with local governments through Road Efficiency Group (REG) to utilise good practice including One Network Road Classification (ONRC) system, and share examples of best practice procurement.
Innovation and technology are used to increase the net benefits from land transport investment and use	Co-ordinated data collection and sharing. Invest in digital technologies and use and develop the latest traffic operations technology.

The Investment Assessment Framework (IAF) is a means to prioritise projects and programme proposals based on how they align to the strategic priorities set in GPS 2018. The IAF applies four key lenses to assess proposals including, use of the Business Case Approach, results alignment, cost benefit appraisal and programme support. Table 3 provides an overview of each of these areas.

Table 3 IAF overview

IAF area	Overview
Use of the Business Case Approach	Used as a precursor to the IAF assessment and ensures a consistent input into the investment decision-making process and transparency of assessment.
Results alignment	Rates the degree of alignment with the outcomes specified in the GPS.
Cost-benefit appraisal	Considers how well the solution maximises the value of what is produced from the resources used. Primarily measured using benefit cost ratios (BCR).
Programme support	Assesses the urgency of the solution in the timeframes of the GPS.

As part of refining the IAF ahead of the 2021 National Land Transport Programme, Waka Kotahi has recently published a range of new tools that address aspects of value for money as part of their IDMF review. In particular:

- The introduction of a new benefits framework to make identification, measurement and use of benefits easier and more consistent, including quantitative, qualitative and monetised benefits.
- The replacement of the Economic Evaluation Manual with the Monetised Benefits and Costs Manual and a Non-Monetised Benefits Manual.
- Enhancements to guidance on business case development to assist right sizing of business cases based on risk and complexity.
- Enhancement of processes for assessing business cases, including assessment of monetised and non-monetised benefits and consideration of a wider range of outcomes.
- Capability building initiatives to help the sector confidently apply to tools that have been developed and to build a community of practice for business case development.

4.2.3 The Transport Investment System (as a whole)

The signals sent within the GPS since 2009, and the way in which they have driven evolution of Waka Kotahi's investment management frameworks, have influenced how the transport sector in New Zealand thinks about value for money. In parallel, other lead agencies such as Treasury and the Productivity Commission have been producing similar guidance that touches on aspects of the transport system and carry a consistently evolving theme regarding value for money, such as:

- Clarity of outcomes.
- Whole of life costs.
- Benefit realisation and benefits management.
- Efficiency and effectiveness.
- Confidence in decision making processes.

The statutory frameworks enable these concepts to be given life but are not prescriptive.

The review shows that the themes and concepts that underpin the policy approach to value for money are consistent but that implementation into practice has not been uniform across all aspects of the transport investment system. Alignment and consistency between agencies could be strengthened. For instance, at a strategic level, outcomes are emphasised over output but beyond the strategic level, the value for money story becomes less clear as benefit realisation and benefit management is rarely reported and when it is there is no consistent and accessible approach to reporting.

4.2.4 Local Government

The review demonstrates that Local government in New Zealand has made a lot of progress over the last 10 years or more to understand and link their communities desired outcomes (or levels of service), their willingness to pay, and the trade-offs they are willing to make. However, this outcome and customer benefit story is not always clear when applied nationally (due to inconsistent use of measures) or for nationally funded activities where the value for individual customers or local communities is harder to articulate.

Waka Kotahi and Local Government New Zealand (LGNZ) have also identified capability and capacity development as key areas of focus, particularly for business case development and asset management practice. The interventions being put in place to develop business case capability and the local authority REG Excellence Programme are significant interventions that will assist embedding value for money thinking in the system.

4.2.5 Ministry Stakeholder Feedback

Select MoT stakeholders were engaged to participate in a one-hour workshop to provide the Review team insight into the existing value for money framework, its evolution and current challenges faced. The feedback was used to inform the initial development of the proposed value for money framework concepts.

4.2.5.1 VFM WITHIN GPS

The stakeholders reported that the existing approach establishes value for money as a standalone concept to other strategic priorities within the GPS. This has meant that the value for money concept has not been integrated across GPS strategic priorities or used to underpin investment decisions and has instead been interpreted as a standalone reporting requirement.

In response to the challenges, GPS 2021 is seeking to establish value for money as a means of evaluation to inform decision making across the strategic priorities, however GPS 2018 showed value for money measures needed to be improved. The revised approach (where value for money is embedded across the strategic priorities) is considered consistent with other good practice frameworks and represents a logical maturation of the MoT's value for money approach. With this revised approach, value for money should be considered as a core component of delivering each strategic priority.

4.2.5.2 INTERPRETING VFM

Stakeholders revealed that there are often challenges because of having a lack of a common language. Currently, value for money often has different meaning for different areas of investment (i.e. what is considered of value differs depending on the area of investment). Therefore, there are inconsistent interpretations across organisations and teams.

It was noted that Waka Kotahi is currently implementing an initiative to create a cultural shift in terms of benefits management, and subsequently trying to consolidate the language used to address inconsistent meanings and interpretations.

In redefining value for money, the MoT should seek to standardise the language used across organisations, leveraging established practices and terminology wherever possible.

4.2.5.3 ASSESSING VFM

The New Zealand Treasury's preferred method for assessing value for money is through cost benefit analysis measured using BCRs. This can often cause conflicts as it does not easily lend itself to approaching appraisals in line with policy drivers including the LSF and TOF.

It was noted that there is little visibility in the MoT on how value for money is considered when making project or programme decisions as well as a lack of an effective mechanism for reporting performance against the intended value for money. In order to better discharge its responsibilities, the MoT is seeking greater transparency in how value for money is considered in the decision-making process and reporting performance in delivering value for money.

Full notes taken from the workshop are provided in Appendix E.

4.3 COMPARATIVE ANALYSIS

Table 4 is an initial analysis of how the relative jurisdictions identified compare on key common value for money elements. This is a subjective analysis based on reading the policy and the Review team's extensive experience in operating in these jurisdictions. Each element has been categorised as either strong, medium, or low depending on how well each framework addresses each key value for money element.

Table 4 Value for money comparative analysis

VALUE FOR MONEY ELEMENT	UK GREEN BOOK	IAA	TFNSW	NZ MOT
Intended Benefits / Outcomes	Medium	Medium	Medium	Medium
Outcomes translated into outputs	Low	Low	Low	Low
Methods for undertaking cost benefit analysis	Strong	Strong	Strong	Strong
Consideration of operational performance	Medium	Low	Low	Low
Influence of capability and capacity	Medium	Low	Medium	Low
Measures of efficiency (delivering optimal outputs with minimal wasted effort or expense)	Strong	Medium	Medium	Strong
Measures of effectiveness (successfully delivering outcomes)	Strong	Low	Low	Strong
Quantitative measures	Medium	Medium	Medium	Medium
Qualitative measures	Medium	Medium	Medium	Medium

This highlights that existing approaches across jurisdictions, tend to ignore the translation of intended outcomes and benefits to physical outputs. Understanding what must be delivered in order to achieve policy outcomes is an important step in defining projects and programmes.

The analysis shows that the NZ approach to value for money has many similarities to that described in the UK Green Book. The NZ Treasury Better Business Case guidance places similar emphasis on aligning business cases to the outcomes sought through government policy, ensuring projects and programmes provide value in line with the priorities set.

Additionally, both the UK DfT and NZ Treasury provide detailed guidance on the use of economic appraisals through quantitative cost benefit analyses, to measure the net value to society. In both instances, the use of benefit cost ratios is central to the value for money assessment.

Despite these similarities, there is little evidence to suggest that capability, capacity and past operational performance are explicitly considered as part of value for money assessments within the NZ approach. These elements can have significant influence on the effectiveness of projects and programmes to deliver the intended outcomes, and their efficient use of resources.

4.4 REQUIREMENTS, CHALLENGES AND OPPORTUNITIES

4.4.1 Government Requirements

To ensure future initiatives, projects and programmes contribute to improving transport outcomes and intergenerational well-being, the MoT, and affiliated transport bodies, require a value for money framework that is aligned to TOF, LSF and delivered through GPS 2021. The value for money framework must align the principles, measures, and implementation methods such that it enables greater success

in delivering outcomes for the community in line with the intended outcome sought through these frameworks.

Additionally, the value for money model must align to and enable adherence to relevant policies set by other government agencies where applicable. These include:

- The analysis of benefits from a national economy perspective as preferred by NZ Treasury's Cost Benefit and Better Business Case Guidance.
- Complementing and aligning with NZ Treasury Better Business Case Guidance and the scope of its application.
- Making use of cost benefit analysis consistent with the NZ Treasury Cost Benefit Primer, CBAx tool and the Ministry's standards.
- Aligning operational approaches from agencies such as the Waka Kotahi IDMF.

4.4.2 Key Challenges and Opportunities

The desktop review of relevant New Zealand documentation, benchmark frameworks from overseas, and MoT stakeholder feedback has highlighted a number of key themes that have provided a focus for the development of improvement recommendations. These include:

- Recognition of the importance of outcomes but a lack of a systematic approach to achieving and monitoring them over time.
- Value for money metrics, both within New Zealand and further afield, are typically applied on the basis of growth / economic measures and not on broader living standards (despite the existence of policy statements to the contrary in some instances, including the LSF). Additionally, there is an opportunity to assess non-transport related outcomes that are enabled by transport interventions (e.g. employment, economic development, urban development etc).
- Policy setting agencies, such as the MoT, lacking proactive management and/or visibility on programme and project implementation.
- Lack of consistently applied and effective mechanisms for reporting on whether outcomes (benefits) have been achieved at the project, programme or portfolio level through benefits realisation or benefits management. This is complicated by the fact that outcomes can only be assessed years after the initiative has been implemented.
- Failure to measure and report on whether benefits have been achieved means there is a lack of a feedback loop and basis for continuous improvement.
- Recognition of capability as a significant enabler to achieving value for money, however, there is a lack of processes, systems and tools to consider its influence in investment decision making at the outset.
- Understanding the perspectives and tangata whenua and how best to reflect different world views and values into concepts such as value for money.

The desktop review highlighted improvements are already being addressed within Waka Kotahi's work on the IDMF and many processes, tools and systems are already in place within other agencies. The value for money framework has the opportunity to bring these elements together to demonstrate how they collectively contribute to value for money assessments across the system.

5 RECOMMENDATIONS

5.1 OVERVIEW

Value for money has traditionally been measured as a product of quantified CBA and reported through BCRs. Whilst value for money frameworks still use BCR to measure the economic viability of projects and programmes, some frameworks, including those employed in the UK have evolved to also place emphasis on broader policy and whole life deliverability considerations.

The existing MoT value for money framework contained within GPS 2018 established value for money as a standalone strategic priority that was largely interpreted as a reporting requirement that utilised BCR to determine value for money.

GPS 2021 offers the MoT an opportunity to align the value for money framework with broader intergenerational well-being outcomes sought through the LSF and TOF.

5.2 STAKEHOLDER ENGAGEMENT

The development of the proposed value for money framework has been informed by New Zealand government stakeholders involved in the delivery of NLTF funded projects or programmes. Workshops were undertaken following completion of initial concept development and included appropriate members of New Zealand Treasury, Waka Kotahi, business case practitioners, regional councils, and local council.

Key feedback on the initial concepts and corresponding amendments to the proposed value for money feedback are provided in Table 5. The notes from the workshops are provided in Appendix F.

Table 5 Stakeholder feedback

Feedback	Response
The term Totex Ratio is not familiar in the New Zealand context.	The proposed framework has replaced Totex Ratio with Benefits Gap Factor.
Each of the framework quadrants has elements of quantitative and qualitative assessment methods as well as influence of efficiency and effectiveness. Therefore it would be more accurate to show each axis as a sliding scale.	Explanation of the model recognises that there is not a hard boundary between the qualitative and quantitative elements of the model. The quantitative/qualitative and efficiency/effectiveness axis have been revised to show that there is gradation between these elements. However, this is still considered a useful dimension to frame the assessment model elements.
The application of the model at the transport system level across the investment portfolio is unclear and requires clarification.	Description of the assessment model has been amended to clearly articulate that the model is designed to apply system-wide and at the project/programme/portfolio levels. The implementation plan will address how this will be applied.
The framework explanations need to be strengthened to inform those who have not had involvement in its development.	Definitions of the framework elements have been strengthened to aid interpretation and avoid confusion.

5.3 FRAMEWORK

Figure 6 provides an overview of the key elements of the recommended value for money framework to successfully overcome the current challenges faced by the MoT. The framework guides the overall consideration of value for money across the system by bringing together a value for money assessment model, its scope and application and mechanisms for ongoing implementation mechanisms, all of which are guided by a set of fundamental principles. Each of the key elements are described in more detail in the below sections.

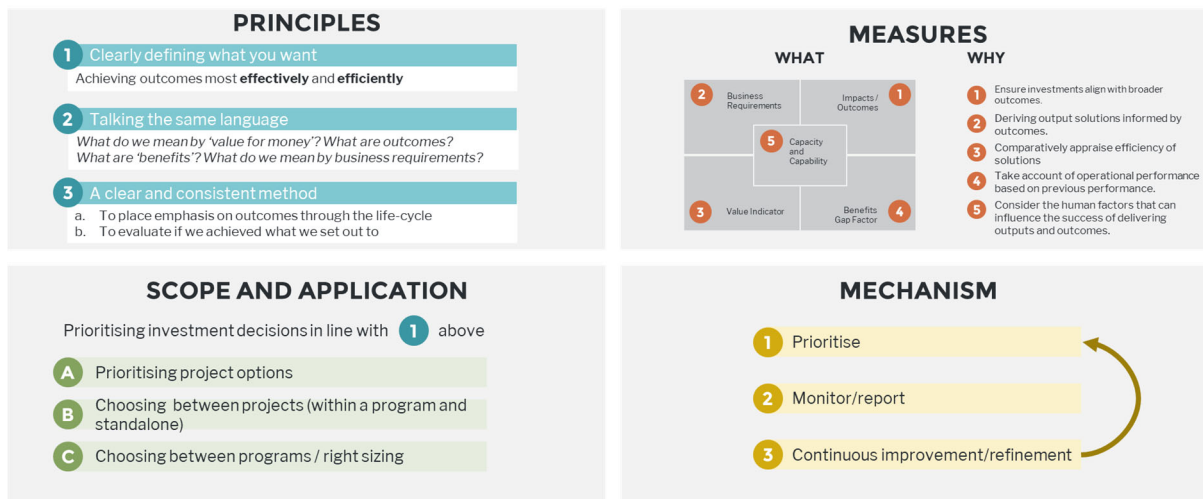


Figure 6 value for money key elements

Note that whilst the value for money assessment model may be used to prioritise investments, it has not been designed as a project or programme selection tool. This is considered further in the Implementation Plan.

5.3.1 Principles

The fundamental principles of achieving value for money begin with understanding and articulating the intended outcomes sought from initiatives, projects, and programmes, informed by strategic priorities contained within the TOF and LSF.

The value for money framework will also be underpinned by a common language with clear definitions that can be applied consistently across organisations involved in delivery value for money. Table 6 provides an overview of the terminology employed in developing this framework.

Table 6 Definitions

TERM	DEFINITION
Portfolio	A portfolio is a collection of programs.
Programme	A program is a collection of projects with a common purpose.
Project	A project is a collection of inter-related activities, or tasks, with a clearly defined set of 'outputs' (transport specific metrics), timescales and cost.
Outcome	The desired result of achieving the strategic objectives. Outcomes are achieved by implementing one or more outputs.
Effectiveness	Successfully delivering outcomes.
Efficiency	Delivering optimal outputs with minimal wasted effort or expense.
Output	What the action or project will deliver. An output is something that the organisation has control over. May be referred to as 'capability', 'deliverable, or 'product'. Outputs that do not contribute to the achievement of an outcome are of questionable value.
Benefit & Benefit Measure	Measurable improvements that will result from the project and are seen by the stakeholder to be positive and worthwhile. How the project outcomes will add value to the organisation and/or society. - Output benefits: 1st tier results; project/program related - Outcome benefits: 2nd tier results; policy related (where Outcome benefits that can't be measured then default is the Output measure)
Business Requirements	The Business Requirements describe the business solution for a project including what (but not how) needs and expectations will be met by the solution. They identify what outcomes will be achieved by the project and broadly what outputs will be required (at a high level), but not how these will be delivered. Business requirements provide the foundation from which further project details are developed, including Technical, Operational and Functional requirements. Business requirements effectively translate outcomes into high level outputs.

The framework is also based on the principle that it must be clear and place emphasis on ensuring that achieving outcomes are consistently at the forefront throughout project lifecycles across the transport investment system.

5.3.2 Measures

The recommended methodology for measuring value for money to support decision making is illustrated in Figure 7. The model comprises five key assessment elements (1. Impact/Outcomes, 2. Business Requirements, 3 Value Indicators, 4. Benefits Gap Factor, and 5. Capacity and Capability), and is framed within two model dimensions – Efficiency / Effectiveness and Qualitative / Quantitative. For the purposes of this model *efficiency* is defined as delivering optimal outputs with minimal wasted effort or expense and *effectiveness* is defined as successfully delivering outcomes. The nuance in defining what is efficient vs effective and what is measured quantitatively vs qualitatively is reflected in graduated axis of the diagram.

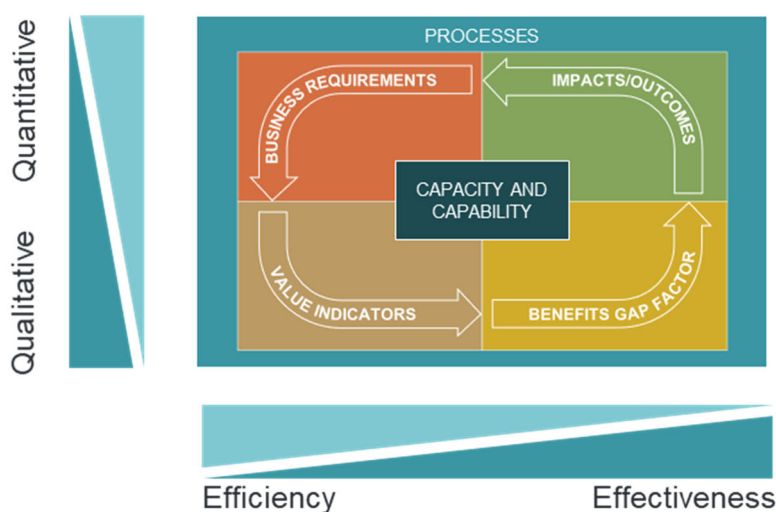


Figure 7 Proposed Value For Money Assessment Model

1. Impact / Outcomes

The assessment model recommends that an initial impact and outcomes assessment is undertaken, to determine whether strategic government policy has been translated into outcomes. To be effective in delivering outcomes through initiatives, projects, and programme, they must first be clearly defined and articulated at the outset.

2. Business Requirements

From this, the next step is to assess whether desired outcomes have been translated into business requirements that are fed down into the organisation from which to derive output solutions. Business requirements are the set of high level technical, operational and functional requirements that the output solution must meet in order to deliver the intended outcomes.

3. Value Indicators

Once output solutions have been defined, it is then recommended that traditional benefit cost analyses and benefit cost ratios are utilised to quantitatively measure how efficient each solution delivers against the business requirements. Retaining the use of benefit cost analysis also allows the model to uphold New Zealand Treasury business case requirements and guidance.

4. Benefits Gap Factor

It is recommended that a 'benefits gap' factor is applied to the total whole life cost estimate of solutions to account for the potential that outcomes and benefits stated in the business case are not achieved from the outputs delivered. Therefore, requiring additional investment to achieve the desired benefits and biases in calculating forecast expenditure. The benefits gap factor can be informed by agency past performance in successfully delivering benefits.

5. Capacity and Capability

The model is underpinned by the capacity and capability of those involved in the complete process, and acknowledges the influence that skills, capabilities, and behaviours have on delivering successful results. As such, it is advised that this is taken account of when appraising initiatives, projects and programmes and the value for money they offer.

5.3.3 Scope and Application

The scope of application is assumed to be across all transport related investments. The Implementation Plan (Beca/HKA, September 2020) details the specific application criteria and how these will be deployed across the transport system.

5.3.4 Mechanism

Figure 8 provides a means to perceive value for money maturity and support the development of the emerging value for money model. Traditional value for money models deal largely with BCR analyses based on quantifiable data and in some instances supplemented with broader Outcomes that are trying to be achieved, and thus giving decision makers real knowledge. In several of the UK examples, and specifically through the Green Book approach, HM Treasury are moving towards developing real insight into a business case by encouraging insight across multiple dimensions. However, it does not account for the capability perspective enough which is where real insight and value can come from.

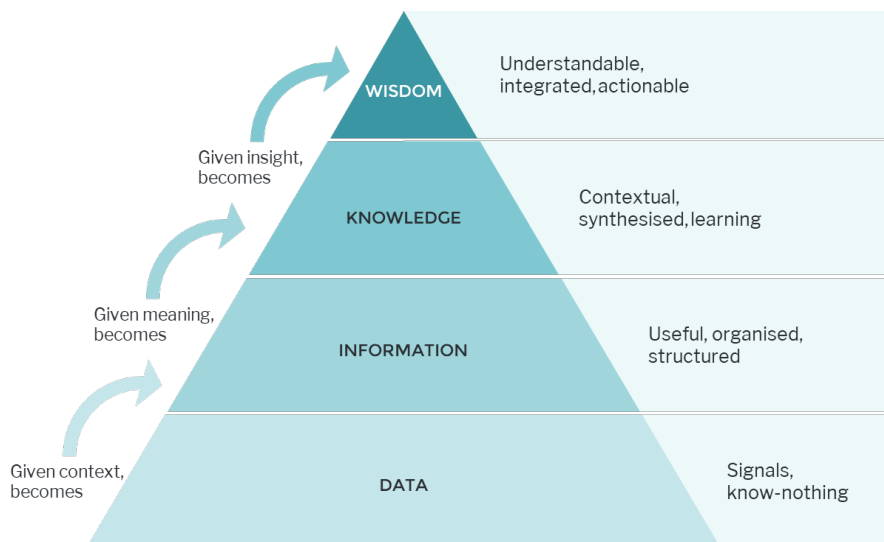


Figure 8 Maturity of Information and Understanding

The ‘mechanisms’ through which the proposed model could be reasonably applied has been addressed in the Implementation Plan (Beca/HKA, September 2020).

5.4 ALIGNMENT TO GPS 2021

GPS 2021 has incorporated some of the main value for money concepts proposed within this framework. The three principles included in GPS 2021 are alignment to strategic direction, effectiveness and efficiency. This is consistent with the high-level elements of the proposed framework. The implementation plan will provide more direction on the delivery and implementation elements of the proposed framework, such as business requirements and capability. This will include the way value for money should be considered and expressed for projects and programmes requesting funding from the Land Transport Fund going forward, and how this will be fed back to Waka Kotahi and Ministers.

A teal triangle is positioned on the left side of the page, pointing towards the right. Two horizontal yellow lines extend from the right side of the teal triangle across the page. The text is centered between these two lines.

**APPENDIX A
NEW ZEALAND
DOCUMENT REGISTER**

DOCUMENT NAME	DOCUMENT TYPE	OWNER	PUBLISHED DATE
Land Transport Management Act	Act	NZ Parliamentary Counsel Office	2003
Crown Entities Act	Act	NZ Parliamentary Counsel Office	2002
GPS 2021 draft for engagement	Policy Statement	MoT	N/A
GPS 2021 Proposal for assessment and prioritisation	PowerPoint	MoT	N/A
GPS 2018	Policy Statement	MoT	2018
Revised reporting measures for the GPS 2018	Policy Statement	MoT	2019
GPS 2015	Policy Statement	MoT	2014
GPS 2015 - amended 2017	Policy Statement	MoT	2017
GPS 2015 questions and answers		MoT	<i>Unknown</i>
To Cabinet Economic Growth and Infrastructure Committee, From Minister of Transport re: THE GOVERNMENT POLICY STATEMENT ON LAND TRANSPORT 2015/16 – 2024/25: FINAL VERSION	Paper	MoT	<i>Unknown</i>
MOT Transport Outcomes Framework and Transport Indicators	Framework	MoT	2018
Statement of intent 2018-2022	Statement	MoT	2018
Statement of intent 2015-2019	Statement	MoT	2015
Statement of intent 2011-2014	Statement	MoT	2011
Statement of intent 2010-2013	Statement	MoT	2010
Statement of intent 2009-2012	Statement	MoT	2009
Revised Reporting measures for the GPS 2018 (as at 10 September 2019)	Policy Statement	MoT	2019
Annual Report 2018/2019	Report	MoT	2019

DOCUMENT NAME	DOCUMENT TYPE	OWNER	PUBLISHED DATE
Living Standards Framework	Framework	NZ Treasury	2018
Investment Management System and Better Business Cases	Website	NZ Treasury	2018/2020
Putting it Together An Explanatory Guide to NZ's State Sector Financial Management System August 2011	Guidance document	NZ Treasury	2011
Managing Benefits from Projects and Programmes: Guide for Practitioners October 2017	Guidance document	NZ Treasury	2017
Guidelines for Setting Charges in the Public Sector	Guidance document	NZ Treasury	2017
CBAX Tool User Guidance -Guide for departments and agencies using Treasury	Guidance document	NZ Treasury	2019
The Treasury – Gateway Reviews	Website	NZ Treasury	2019
State Services Commission Annual Report 2019	Report	State Services Commission	2019
Principles behind good practice	Website	Auditor General	
Procurement Guidance for Public Entities 2008	Guidance document	Auditor General	2008
Auditor General: Spending public money wisely and well: How to put basic principles into practice (2008)	Paper and Presentation	Auditor General	2008
NZTA board meeting minutes	Minutes	NZTA	2019
Development of the Road Policing Programme	Website	NZTA	2020
2015 – 18 Road Policing Programme Incorporating variations for 2016-18	Report	NZTA	<i>Unknown</i>
NZTA Investment Decision-Making Framework review	Website	NZTA	2020
Office of the Minister of Transport to Chair Cabinet Economic Development Committee Update on the New Zealand Transport Agency's investment decision-making framework review	Cabinet Paper	Office of the Minister of Transport	2019

DOCUMENT NAME	DOCUMENT TYPE	OWNER	PUBLISHED DATE
NZTA Arataki – version for engagement	Plan	NZTA	2019
NZTA intervention hierarchy	Website	NZTA	2015
Information sheet: Programme Business Case: Intervention Hierarchy	Information Sheet	NZTA	2017
Investment Decision Making Framework Review: Investigation Stage Report	Report	NZTA	2019
National Land Transport Programme (NLTP) 2018-2021	Plan	NZTA	2018
NZTA - NLTP Investment Assessment Framework (IAF)	Website	NZTA	<i>Unknown</i>
NLTP Investment Assessment Framework 2018-21	Framework	NZTA	2018
Planning and Investment Knowledge Base	Website	NZTA	<i>Unknown</i>
NZTA information about the NLTP value for money priority	Website	NZTA	<i>Unknown</i>
NLTP prioritisation round - November 2019	Website	NZTA	<i>Unknown</i>
Transit New Zealand National State Highway Strategy June 2007	Strategy	NZTA	2007
NZTA Monitoring and reporting on investments	Website	NZTA	<i>Unknown</i>
Procurement Manual For activities funded through the National Land Transport Programme (NLTP)	Framework	NZTA	2019
NZ Transport Agency Roads of National Significance Economic Assessments Review July 2010	Report	NZTA	2010
NZ Transport Agency assessment of behaviour change advertising programme		NZTA	<i>Unknown</i>
Activity Management Planning: A Guide to integrating the NZTA's Business Case Approach & Self-assessment - Draft	Guidance document	Road Efficiency Group	2016
Upper North Island Freight Story – Summary of Critical issues And Upper North Island Freight Story – Shared Evidence Base April 2013	Report	Upper North Island Strategic Alliance	2013

DOCUMENT NAME	DOCUMENT TYPE	OWNER	PUBLISHED DATE
Auckland RLTP 2018-2028	Plan	Auckland Transport	2018
ATAP supporting information	Report	Auckland Council and Government	<i>Unknown</i>
ATAP evaluation report	Report	Auckland Council and Government	<i>Unknown</i>
2018 update to the Waikato RLTP 2015-2045	Plan	Waikato Regional Council	2018
Waikato Regional Land Transport 2014/15 Annual Monitoring Update	Report	Waikato Regional Council	2015
Wellington RLTP 2015	Plan	Greater Wellington Regional Council	2015
Wellington RLTP 2018 mid-term update – front section	Plan	Greater Wellington Regional Council	2018
Wellington RLTP 2018/19 annual monitoring reports	Report	Greater Wellington Regional Council	2019
Christchurch RLTP2015 – 2025	Plan	Canterbury Regional Council	2015
Initial Otago Southland Regional Land Transport Plans 2015 – 2021	Plan	Otago Regional Council	2015
Updated Otago Southland Regional Land Transport Plans 2015-2021 (June 2018)	Plan	Otago Regional Council	2015
Bay of Plenty RLTP 2018	Plan	Bay of Plenty Regional Council	2018
Bay of Plenty Annual Report Card	Report	Bay of Plenty Regional Council	Various

A teal triangle is positioned on the left side of the page, pointing towards the right. Two horizontal yellow lines extend from the right side of the teal triangle across the page. The text is centered between these two lines.

**APPENDIX B
BENCHMARK FRAMEWORKS
(UK)**

DOCUMENT	SCOPE FO THE FRAMEWORK	DEFINITION	HOW IS VFM MEASURED?	HOW IS IT IMPLEMENTED?	HOW IS IT REPORTED?
HM Treasury Managing Public Money	All projects and services that require public resources in the UK.	The process under which organisation's procurement, projects, and processes are systematically evaluated and assessed to provide confidence about suitability, effectiveness, prudence, quality, value and avoidance of error and other waste, judged for the Exchequer as a whole.	No specific advice regarding a unit of measurement.	VFM is a core element in managing public money and is used to appraise options, track performance against targets in achieving VFM and review experience to improve future value for money. The document describes the various governmental roles in delivering, assessing, managing reviewing assuring value for money throughout.	Departments are required to implement control and reporting systems to provide assurance to the Board, Accounting Officers and Ministers.
HM Treasury: The Green Book: Central Government Guidance on Appraisal and Evaluation	Guidance on appraisal of policies, programmes, and projects to inform decisions that concern public spending, taxation, changes to regulation and changes to the use of existing public assets and resources.	Optimising social value (social, economic, and environmental), in terms of the potential costs, benefits and risks.	VFM is considered within business cases from 5 different dimensions, including: - Strategic - What is the case for change, what outcomes are expected and do they fit with government policy and priority? - economic - What is the comparative net value to society? - commercial - Can a realistic commercial deal be struck? - Financial - What is the impact on public resources? - Management - Are there realistic and robust delivery plans? Net Present Social Value (NPSV)and BCRs commonly used to summarise social cost benefit analysis within the economic dimension (adjusted to account for inflation and Social Time Preference Rate) based on whole life costs and benefits. Summary measures and their construction depend on context of the decision.	Approach is applicable throughout the development of the business case with greater maturity of information and quantification expected as the list of options reduces. It is advised that expected benefits should be set out in a benefits register and used to support assurance of benefits realisation as a project or programme is implemented. Monitoring of costs and benefits during and after implementation is considered necessary, although there are no specific requirements on how this is done.	VFM is demonstrated throughout the business case, and more specific guidance relates to reporting economic appraisal using NPSV and BCR.

DOCUMENT	SCOPE OF THE FRAMEWORK	DEFINITION	HOW IS VFM MEASURED?	HOW IS IT IMPLEMENTED?	HOW IS IT REPORTED?
UK DfT Value for Money Framework: Moving Britain Ahead	Transport related business case decision making where public resources are being sought.	Using public resources (public capital and resources, stewardship of assets and raising revenue) in a way that creates and maximises public value (total well-being of the UK public - economic, social, and environmental).	<p>VFM is driven by economic purchasing, efficient use of inputs to derive outputs and effectiveness of output to achieve outcomes.</p> <p>Focus on quantitatively measuring 'economy' through Benefit Cost Ratio and Net Present Public Value (NPPV). It is advised that assessments should first use data with most confidence in (i.e. monetised data) to categorise overall VFM score. Scores are then adjusted with evolving monetised impacts, then finally considered against whether indicative or non-monetised impacts will influence the overall category of VFM.</p> <p>Where quantification of impacts and expenditure is difficult, VFM can be informed by comparing against similar case studies, national statistics, academic literature, previous monetised appraisals, and evaluation evidence.</p>	Implemented during option development as a means to select options that provide the best value for money and achieve wider objectives.	<p>VFM is reported through categorisation used to express VFM conclusions depending on the output BCR (from very high to very low).</p> <p>For non-monetised assessments categories range from economically positive to negative.</p> <p>VFM statements are then including in any submission requesting an investment decision.</p>
NAO: Successful Commissioning Toolkit	Public sector commissioners working with third party organisations (not-for-profits)	The optimum combination of whole-life cost and quality (or fitness for purpose) to meet the user's requirement.	<p>VFM is assessed against 3 criteria:</p> <ul style="list-style-type: none"> - Economy: Minimising the cost of resources used or required (spending less in delivering inputs). - Efficiency: the relationship between the output from goods or services and the resources to produce them (spending well, inputs vs outputs) - Effectiveness: the relationship between the intended and actual results of public spending (spending wisely, the relationship between outputs and outcomes). - Equity is also sometimes applied: the extent to which services are available to all people that they are intended to (spending fairly). <p>Poor VFM means more needs to be spent to achieve the expected outcomes or the impact of the programme or service is less than expected.</p>	VFM is an underlying principle in which to deliver services throughout the commissioning process.	No specific guidance on how to report VFM.

A teal triangle is positioned on the left side of the page, pointing towards the right. Two horizontal yellow lines are drawn across the page, one above and one below the main text block.

**APPENDIX C
BENCHMARK FRAMEWORKS
(AUSTRALIA)**

DOCUMENT	DEFINITION	SCOPE OF THE FRAMEWORK	HOW IS VFM MEASURED?	HOW IS IT IMPLEMENTED?	HOW IS IT REPORTED?
Transport and Infrastructure Council: Australian Transport Assessment and Planning Guidelines	No specific definition provided.	Transport initiatives in a multi-modal context.	VFM measured as a product of cost benefit analysis using BCR and NPV. Adjusted cost benefit analysis can be used to incorporate non-efficiency objectives. It is a hybrid of multi-criteria analysis and cost benefit analysis. The decision to use adjusted cost benefit analysis should be made by the government agency responsible for developing the investment program.	Cost benefit analysis aims to identify and express, in monetary terms, all the gains and losses (benefits and costs) created by an initiative to all members of society and to combine the gains and losses into a single measure of net benefit (benefits minus costs). It plays a central role in options generations and assessment and influences decisions, especially measuring VFM in delivering economic efficiency objectives. Cost benefit analysis is applied throughout appraisal process. Where costs or benefits amount to or greater than 10% of overall cost or benefit, they should then be quantifiable.	Benefits and costs are brought together in an Appraisal Summary Table (AST) to demonstrate the overall benefits, costs, and net benefits (benefits minus costs) of an initiative.
Infrastructure Australia Assessment Framework 2018	No specific definition provided.	An assessment framework that Infrastructure Australia uses to consider initiatives and projects for inclusion on the Infrastructure Priority List (IPL).	Prioritisation of initiatives and projects are undertaken through assessment in terms of strategic fit, economic, social and environmental merit and deliverability. Economic appraisal is undertaken through cost benefit analysis and involves ranking of options by BCR. Deliverability is addressed through the benefits realisation plan to be included in assessment framework template.	Identifying the most appropriate solutions starts with fully understanding and quantifying the problem or opportunity and these should align to government priorities and other project/programs. Infrastructure Australia recommend reviewing post completion project performance in terms of its strategic fit, economic merit and delivery efficiency (i.e. did the project meet its intended objective, does the output perform well, was the project delivered efficiently against forecast costs).	Specific templates are provided for reporting of ranked options by BCR in the Assessment Framework Template.

DOCUMENT	DEFINITION	SCOPE OF THE FRAMEWORK	HOW IS VFM MEASURED?	HOW IS IT IMPLEMENTED?	HOW IS IT REPORTED?
<p>TfNSW: Principles and Guidelines for Economic Appraisal of Transport Investment and Initiatives</p>	<p>No specific definition provided.</p>	<p>Economic appraisal framework to be applied to proposed projects, programs, and initiatives within the NSW transport portfolio.</p>	<p>Cost benefit analysis is the preferred method for appraising costs and benefits, and to comparatively determine options that offer superior value for money. However, cost effectiveness analysis can be used where benefits are similar and financial analysis should also be used if a project is expected to generate revenue or private funding is involved. Decision criteria in project evaluations are:</p> <ul style="list-style-type: none"> - NPV - BCR - IRR - NPVI - First Year Rate of Return. <p>The document provides accepted approaches and tools to assess broader and wider socio-economic and environmental impacts of projects, including:</p> <ul style="list-style-type: none"> - MCA - Goal Achievement Matrix - Strategic Merit Test - Objective Impact Assessment - Appraisal Summary Technique - Wider Economic Impacts - Wider Economic Benefit 	<p>The investment decision framework shows the causal connections between strategic objectives driven by the goal of providing the greatest social and economic benefit for the whole of NSW and the greatest value for the customers, investments, enablers and transport investment outcomes. Preferred options are identified by ranking of options (according to metrics), results of sensitivity analysis, intangibles and unquantified costs and benefits as well as other factors including board social, environmental and policy objectives. Post completion evaluation is undertaken to examine, cost, benefits design and significant events that can enhance future project development. A selection of projects are reviewed post completion based on; significance; recurrence; exemplary projects; and those most likely to provide learning. Benefits realisation is a key element in delivering VFM and is undertaken in 4 phases:</p> <ul style="list-style-type: none"> - Understand: articulating the vision, objectives and identified high level benefits and measures. Baseline benefits and values are defined in the business case and economic appraisal. - Plan: Identify key stakeholders and establish baseline values, KPIs and their measurement methods. - Manage: Establish a benefit tracking regime and reporting against benefit measures. - Evaluate and report: Evaluating and reporting actual benefits achieved vs. targets. Benefit outcomes are documented, and learnings are identified to inform further strategic decisions and priorities. 	<p>Value for money is reported through the business case and compared to actual performance in the post evaluation report.</p>



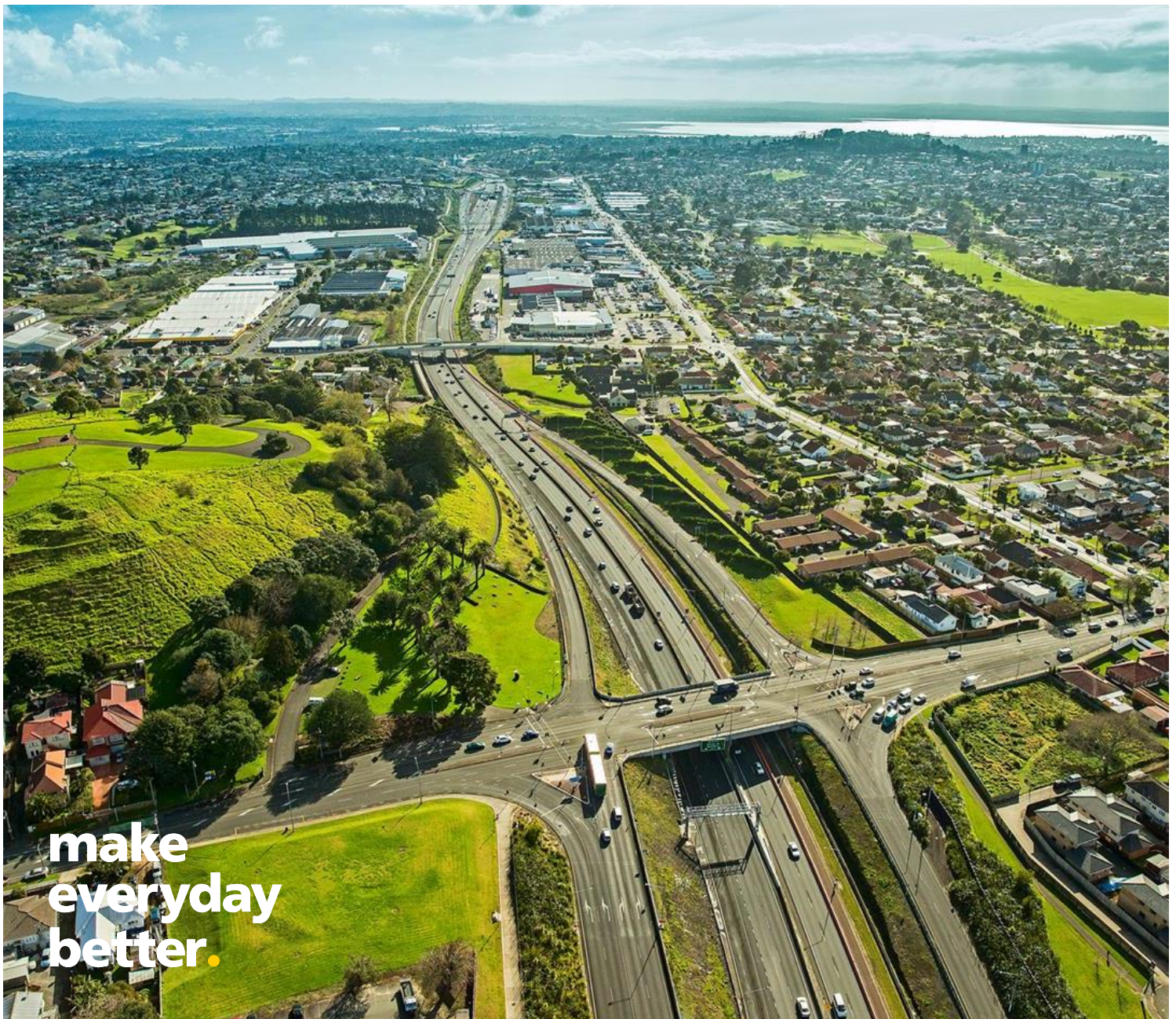
**APPENDIX D
DESKTOP REVIEW OF NEW
ZEALAND DOCUMENTATION**

Value for Money Review Summary

Prepared for Ministry of Transport

Prepared by Beca Limited

17 April 2020



**make
everyday
better.**

Contents

1	Overview	1
2	Literature Summary	3

Revision History

Revision N°	Prepared By	Description	Date
1	Emily Auton	Issued to HKA	17 April 2020

Document Acceptance

Action	Name	Signed	Date
Prepared by	Emily Auton		15 April 2020
Reviewed by	David Silvester & Robert Brodnax		17 April 2020
Approved by	David Silvester		17 April 2020
on behalf of	Beca Limited		

© Beca 2020 (unless Beca has expressly agreed otherwise with the Client in writing).

This report has been prepared by Beca on the specific instructions of our Client. It is solely for our Client's use for the purpose for which it is intended in accordance with the agreed scope of work. Any use or reliance by any person contrary to the above, to which Beca has not given its prior written consent, is at that person's own risk.

1 Overview

Beca Ltd, in conjunction with HKA, was commissioned by Ministry of Transport (MoT) to review and optimise the way in which the MoT defines, monitors and evaluates value for money (the Study). As part of that commission we have collated, and where necessary summarised, information from all relevant New Zealand sources on VFM requirements. This includes past and present frameworks and delivery.

The rest of this document provides an overview, including references, of all relevant New Zealand sources relating to VFM. We have also provided brief summaries of individual sections and highlighted key themes that run through a number of the documents. In brief, we have a number of observations, as follows:

- While there has clearly been an enormous effort go into developing and implementing processes to identify and deliver VFM, there are a number of areas, particularly in post implementation stages, that could be focused on more:
 - Assessment of non transport related outcomes, including jobs created and incremental growth in GDP.
 - Monitoring / Benefit realisation
 - Assessment at a Programme or package level including across staged delivery of multi year programmes
 - Understanding customer / user expectations.

And underpinning all of this is a commitment to the principles of the Treaty of Waitangi, and fulfilling a central and local government partnership with Iwi and commitments made through Treaty settlements. We consider this is critically important because it requires bringing together differing “world views” and values. While much progress has been made there are still instances where these values “clash” rather than working hand in hand.

- There has been a significant progress in defining VFM to be about achieving outcomes rather than just delivering a series of outputs. And while the VFM concepts are relatively simple there is still a short term engineering solutions-focused culture in the transport sector, combined with inconsistent implementation that makes it hard to tell value for money and benefit realisation stories.
- A comment from the updated Otago / Southland RLTP nicely picks up how “the notion of what constitutes value for money needs to take diverse customer needs into account. The shift in emphasis away from asset management to activity management, guided by adoption of the business case approach and the ONRC system, has led to a focus on providing transport systems that meet customer needs.” Local government in New Zealand has made a lot of progress over the last 10 years or more to understand and link their communities desired outcomes (or levels of service), their willingness to pay, and the trade-offs they are willing to make. This outcome and customer benefit story is not always so clear when applied nationally (due to inconsistent use of measures) or for nationally funded activities where the value for individual customers or local communities is harder to articulate.
- At times there appears to be a disconnect between a broad interpretation of value for money based on policy measures such as the Intervention Hierarchy or the focus at a GPS level on outcomes and the

narrower focus on monetised benefit cost ratio calculations as a proxy for value for money that emerges as projects move through their lifecycle.

- In 2018 the Ministry of Transport was asked to develop a comprehensive, mode-neutral transport assessment and evaluation system consisting of four main components. These include:
 - System performance measures – develop measures that can be applied across different transport modes, to show how well strategies and initiatives across the transport system are performing and where intervention is required to deliver on the Government’s priorities and desired outcomes for the transport system. This could include measures for areas in which transport’s impact is currently not comprehensively measured, for example, public health.
 - System values and parameters – build a set of quantified system values and parameters across different transport modes that go across a range of transport outcomes, particularly for those that have not been traditionally sought from transport, such as inclusive access, environmental effects, wellbeing and liveability.
 - System and strategic modelling – develop a system and strategic modelling suite that can be used to design, estimate and evaluate the impacts of changes to policy settings alongside choices for investment, especially related to revenue and investment policy
 - System appraisal methodologies – create a consistent, integrated transport system-wide approach to assessment, which addresses current deficiencies in cost-benefit analysis and expands the range of outcomes that can be considered.

While the proposed transport sector approach looks comprehensive, we would suggest that much of this is getting picked up in the spatial planning work that regional councils are leading often in conjunction with central government agencies and local authorities from a land use/spatial planning perspective (The one transport led example in the literature review is the Auckland Transport Alignment Project). There needs to be better integration between these non transport led planning exercises and the evaluation of value for money from transport perspectives. Initiatives such as an agreed set of performance indicators between central and local government, mechanisms for ongoing collaborative working, and common decision making frameworks (recognising that outcomes can not be delivered by KPIs alone) may help.

- And lastly, given that there is already a lot of good guidance available, it highlights there is an ongoing need for sector training and building capability across the transport sector. Our observation is that sector training and building capability to be effective needs to be shared across the industry in partnership.

2 Literature Summary

Task: Collate and where necessary summarise information into a form that the HKA team can analyse and draw conclusions from Collate, compile into a package of information and summarise all value for money requirements from relevant NZ sources				
Publication	Document reference	Text relating to Value for Money	Is this a summary or direct text?	Shared themes (themes a, b, c, d, e and f are explained at the end of this document)
Legislation				
Land Transport Management Act 2003 (updated as of 22 October 2019)	http://www.legislation.govt.nz/act/public/2003/0118/latest/DLM226238.html	<p><u>Section 3 Purpose</u> – contribute to an effective, efficient and safe land transport system in the public interest.</p> <p><u>Section 20 Approval of activities and combinations of activities</u> (2)(c)(ii) – In approving a proposed activity or combinations of activities the Agency must be satisfied that the activity is efficient and effective and consistent with the GPS on land transport.</p> <p><u>Section 25 Procurement procedures</u> – (1) For the purposes of this Part, the Agency must approve 1 or more procurement procedures that are designed to obtain the best value for money spent by the Agency and approved organisations, having regard to the purpose of this Act. (2) In approving a procurement procedure, the Agency must also have regard to the desirability of— enabling persons to compete fairly for the right to supply outputs required for approved activities, if 2 or more persons are willing and able to provide those outputs; and (b) encouraging competitive and efficient markets for the supply of outputs required for approved activities.</p> <p><u>Section 94 Objective, Section 95 Function</u> – the objective and function of the Agency is to undertake its functions in a way that contributes to an effective, efficient and safe land transport system in the public interest.</p> <p><u>Section 96 Operating principles</u> – In meeting its objective and functions, the Agency must (a) exhibit a sense of social and environmental responsibility, (b) use its revenue in a manner that seeks value for money ((i) if the revenue is part of the national land transport fund, in accordance with section 10(3); and (ii) in all other cases, for the purpose for which it is collected, and ensure it acts and accounts for expenditure in a transparent manner.</p> <p><u>Section 97 - Agency must consider delegating or contracting out functions and powers</u> - The Agency must consider whether it could most efficiently and effectively perform its functions and exercise its powers by means of its own operations, or by delegating or contracting out those operations to appropriate persons.</p> <p><u>Section 115 Principles</u> - Persons with powers or functions in relation to public transport services must be guided by various principles including: (c) competitors should have access to regional public transport markets to increase confidence that public transport services are priced efficiently.</p> <p><u>Section 124 Matters to take into account when adopting a Regional Public Transport Plan</u> include – (c)(iv) the need to obtain the best value for money, having regard to the desirability of encouraging a competitive and efficient market for public transport services.</p>	Summary	

<p>Crown Entities Act 2002 (updated as of 19 December 2019)</p>	<p>http://www.legislation.govt.nz/act/public/2004/0115/latest/whole.html?search=qs_act%40bill%40regulation%40deemedreg_crown+entities+act_resel_25_h&p=1#DLM331125</p>	<p><u>50 Manner in which functions must be performed</u> - The board of a statutory entity must ensure that the statutory entity performs its functions (a) efficiently and effectively; and (b) in a manner consistent with the spirit of service to the public; and (c) in collaboration with other public entities (within the meaning of that term in the Public Audit Act 2001) where practicable.</p> <p><u>51 Entity must operate in financially responsible manner</u> - The board of a statutory entity must ensure that the entity operates in a financially responsible manner and, for this purpose, that it—(a) prudently manages its assets and liabilities; and (b) endeavours to ensure— (i) its long-term financial viability; and (ii) that it acts as a successful going concern.</p>		
<p>Government Policy Statements on Land Transport</p>				
<p>GPS 2021 draft for engagement</p>		<p>GPS strategic priorities are safety, strategic corridors, transport choices and climate change. Value for money underpins the four strategic priorities rather than being a strategic priority in its own right.</p> <p>Para 17 - Value for money is expressed as a principle that applies to all investments, rather than a strategic priority that could change as Government changes.</p> <p>Para 34 - Waka Kotahi will be responsible for advising the Minister of Transport on how KiwiRail's proposed Rail Network Investment Programme (RNIP), and the activities under it, fit with its broader land transport investment programme under the NLTP. This involves confirming that the rail network activities are aligned with the LTMA's purpose and the GPS, and advising the Minister that the activities represent good value for money.</p> <p>Section 3.2 This section sets out principles for investing and how transport investment decisions need to be transparent and provide best possible impact and value to NZers. For investment using the Fund this means seeking value for money through alignment, effectiveness and efficiency.</p> <p>This section discusses the efficiency and effectiveness of decision making and consideration of alternatives. With respect to efficiency, it talks about the principle of efficiency within value for money when procuring goods and services does not necessarily mean lower price by best possible outcome for the total cost of ownership (or whole of life costs). This includes considering appropriate funding sources and whole life costs and benefits (both short and long term and monetized and non-monetised). An established technique supporting this is cost benefit analysis. This is aligned with MoT's system planning, appraisal, investment and evaluation frameworks and business case process.</p> <p>The section talks about value for money through making the most of our existing land transport network. This means applying an intervention hierarchy that considers integrated planning, demand management and optimization of existing networks before constructing new infrastructure as being a critical part of achieving value for money from transport investment. This section also talks about recognizing that sometimes lead investments ahead of demand will be appropriate to achieve value for money, e.g. multi-modal transport corridor ahead of demand while land costs are lower.</p>	<p>Summary</p>	<p>a</p>
<p>GPS 2021 Proposal for assessment and prioritisation</p>		<p>This powerpoint provides an overview of what value for money means. It talks about the international understanding centring on the three E's definition of Economy, Efficiency, Effectiveness.</p> <p>OAG's procurement guidance and NZTA's procurement guidance describe value for money as 'means using resources effectively, economically, and without waste, with due regard for the total costs and benefits of an arrangement, and its contribution to the outcomes the entity is trying to achieve. In addition, the principle of value for money when procuring goods and services does not necessarily mean</p>	<p>Summary</p>	<p>a</p>

		<p>selecting the lowest price but rather the best possible outcome for the total cost of ownership (or whole-of-life cost). Value for money is achieved by selecting the most appropriate procurement method for the risk and value of the procurement, and not necessarily by using a competitive tender.</p> <p>Julian King Associates explains the broadness of value for money as: VfM is a broader construct than efficiency. It is an evaluative question about how well resources are used, and whether a resource use is justified. Something might be worth investing in for efficiency and/or other reasons (Social or distributive justice). Economic methods of evaluation can help answer a question about value for money, but often they are not enough on their own.</p> <p>The GPS will define the three E's as they apply to the NLTF. The 3Es alone do not provide a transparent basis for distinguishing 'good' VfM from 'excellent' or 'poor' VfM. These terms are also definable, and that's where the IDMF comes in and will need to apply judgement and interpretation of the criteria set in the GPS to evaluate projects and programmes.</p> <p>Proposals to the NLTP need to be assessed for:</p> <ol style="list-style-type: none"> 1. how they contribute to the strategic priorities and programmes. 2. Effectiveness – how the investment delivers on results 3. Efficiency – return on investment / investment levers. <p>Ministerial expectations on value for money</p> <ul style="list-style-type: none"> • The NZTA is required to seek value for money when making funding decisions • Having expectations on value for money will assist in clarifying the handling of priorities when there is: <ul style="list-style-type: none"> • High alignment and low efficiency (programme examples) • High efficiency and low effectiveness (project examples) • Prioritisation could have Alignment as the factor with the greatest weighting with Effectiveness and Efficiency as supporting factors 		
GPS 2018	<p>https://www.transport.govt.nz/multi-modal/keystrategiesandplans/gpersonlandtransportfunding/</p>	<p>Pg 9 – GPS 2018 strategic priorities were safety, access, environment, and value for money. Value for money was described as 'delivers the right infrastructure and services to the right level at the best cost'.</p> <p>Pg 10, section 2.1 - Value for money in GPS 2018:</p> <ul style="list-style-type: none"> • increases the emphasis on value for money to maximise the impact of money spent to achieve the Government's outcomes • indicates that decision-makers should take into account the full range of benefits and costs over the whole life of investments, and be cognisant of possible future changes and uncertainty, so that investment is made in options that perform best across a wide range of different scenarios • places greater emphasis on transparent investment decision-making and on enhanced reporting on the outcomes achieved by investment. <p>Pg 22, section 2.5 - Value for money in infrastructure is about delivering the right infrastructure and services to the right level at the best cost. Decision makers should consider a range of options, the costs and benefits (both short and long term) and the GPS strategic direction. They should also consider possible future changes and uncertainties so that investment can be made in options that perform best across different scenarios.</p> <p>In delivering value for money, investment decisions need to transparently demonstrate the:</p> <ul style="list-style-type: none"> • return on the investment – expected benefits compared with expected cost • contribution towards the desired GPS results • reason for the decisions, especially where there is a benefit cost ratio lower than would normally be required for inclusion in the National Land Transport Programme (NLTP). <p>Achieving value for money also requires investments to be made at the right time.</p> <ul style="list-style-type: none"> • In some cases this may require investments to be made ahead of demand, to support future developments (lead investments). For example, building a transport corridor ahead of demand while land prices are cheaper 	summary	b

		<ul style="list-style-type: none"> Value for Money objective: a land transport system that delivers the right infrastructure and services to the right level at the best cost. To deliver value for money, the focus is on investments that provide the best possible value to New Zealanders. The investment decisions made under the GPS must follow a process that delivers value for money (while considering the Government's priorities), allowing for changes in demand, technology and innovations. The GPS requires delivery of the right infrastructure and services to the right level by requiring a rigorous investment appraisal system such as the one used by NZTA to assess projects, as well as enhanced reporting, monitoring and evaluation on how the GPS has been delivered, as well as reporting over longer periods of time. <p>Investments are at the best cost</p> <ul style="list-style-type: none"> Cost benefit analysis should consider the full range of costs and benefits. Evaluation tools need to transparently and robustly capture and evaluate these. Decisions need to demonstrate delivery of net positive benefits that exceed whole of life costs. Evaluations normally occur at project level, but there is flexibility to do this at programme level. <p>Improved return from maintenance</p> <ul style="list-style-type: none"> Ongoing improvements to further improve the returns from maintenance. <p>Innovation and technology are used to increase net benefits from land transport investment and use</p> <ul style="list-style-type: none"> Innovation and technology can support value for money by providing alternatives or better choices in the way investments are made and used. 		
<p>Revised reporting measures for the GPS 2018</p>	<p>https://www.transport.govt.nz/assets/Import/Uploads/Our-Work/Documents/Final-GPS-2018-measures_10-Sept-2019.pdf</p>	<p>Page 12 - Table setting out short term results, proposed measures and reporting requirements for priority 6 – value for money.</p> <p>There is at least one measure for each of the 33 GPS 2018 short-term results, but in several cases the same measure is used for more than one result. The set includes different types of measures:</p> <ul style="list-style-type: none"> Input measures (often focussing on \$ spent) Output measures (including measures from NZTA output class reporting, e.g. "Number of passenger boardings using urban public transport services") <p>Outcome measures (this is where we are moving towards but it is not possible to measure for all aspects at this stage)</p>	<p>Summary</p>	<p>b c</p>
<p>GPS 2015</p>	<p>https://www.transport.govt.nz/multi-modal/keystrategiesandplans/gps/landtransportfunding/previous-government-policy-statements/gps2015/</p>	<p>Executive summary</p> <ul style="list-style-type: none"> GPS2015 prioritised value for money as a key strategic objective, alongside economic growth and productivity, and road safety. It had a strong focus on delivering infrastructure and services to meet current and future needs of communities in the most cost-effective way for households and businesses, putting the wealth-generating capacity of the economy at the top of the agenda, maintained a focus on improving the safety of travel, and the continued the focus on delivery of measurable value from land transport investment. <p>Pg 9-10 - Introduction to GPS - Key messages were:</p> <ul style="list-style-type: none"> Public expenditure in the land transport sector to deliver the right infrastructure and services to the right level and at the best cost. Transport objectives to be achieved without placing an unreasonable funding burden on the population or economy. The sector to deliver results that are clear, achievable and measurable. The Agency to continue work it had started on improving the productivity of the land transport system and the way it invests in the system. <p>Pg 15 -16 - Strategic priority – value for money</p> <ul style="list-style-type: none"> Need a land transport system that is effective in enabling the movement of people and freight in a timely manner, and efficient in delivering the right infrastructure and services to the right level at the best cost. This relies upon a robust and transparent prioritisation of investment. 	<p>Summary</p>	<p>d</p>

		<ul style="list-style-type: none"> All public bodies involved in providing the land transport system, including the Agency and local authorities, to work together to improve the system's performance. The Agency, Government's delivery agent, to continue to take a leading role in securing improved effectiveness and efficiency within the priorities for investment established by the Government. GPS 2015 to continues the process of building and maintaining a sound knowledge base about how the transport system is used, how investment in the network is performing, and the measurable results of those investments on our economic, social and environmental wellbeing. <p>pg 16, pg 24 - Objective: A land transport system that delivers the right infrastructure and services to the right level at the best cost.</p> <p>Primary Long Term Results:</p> <ol style="list-style-type: none"> Delivery of the right infrastructure and services to the right level, Improved returns from road maintenance, Improved returns from public transport. <p>Pg 35 - Reporting Expectation: The Agency will take a lead role in securing prudent activity management, particularly in road asset management and public transport.</p> <p>The Minister expects the Agency will:</p> <ul style="list-style-type: none"> support whole of life asset and service management at standards appropriate to demand from road freight and light vehicles, at the best whole of life cost for the standard ensure ongoing value for money including: <ul style="list-style-type: none"> better aligning the costs of maintaining each part of the network with its use and function, with a focus on improving the network productivity of parts that have higher than average costs due to different asset management practices achieving productivity improvements that are at least in line with those gained in the rest of the economy <p>Pg 42 - Appendix C – Appendix C: Summary of key policy direction (or strategy) documents</p> <p>Connecting New Zealand (see www.transport.govt.nz)</p> <p>Connecting New Zealand contains the Government's broad long-term policy direction for the whole transport sector to assist investment decision making. It is a key document for land transport, and identifies economic growth and productivity, road safety and value for money as areas of focus.</p>		
GPS 2015 - amended 2017		No change from the previous GPS 2015 with respect to key messages around value for money.		d
GPS 2015 questions and answers	file:///C:/Users/eja/Downloads/GPS-2015-Questions-and-Answers.pdf	<p>What are the key changes compared to the GPS 2012?</p> <ul style="list-style-type: none"> GPS 2015 establishes national objectives for the land transport system as a whole, and sets out the results expected to be delivered from the allocation of funding from the National Land Transport Fund, and how these results will be measured. GPS 2015 more clearly links the investment in an activity class, the results to be achieved, and how these results will be measured: <ul style="list-style-type: none"> It merges some activity classes together to make it easier for the NZ Transport Agency to shift resources to the most efficient form of investment It places more emphasis on reporting of the measurable value delivered by investment. In terms of funding, GPS 2015 roughly continues the total amount of spending planned for in GPS 2012. GPS 2015 provides more flexibility to the NZ Transport Agency and local authorities to identify and fund the best projects by increasing the maximum available funding for many activity classes including: <ul style="list-style-type: none"> road policing and road safety promotion public transport, walk and cycleways State highway maintenance, local road improvements and local road maintenance. With greater flexibility and limited funding, the NZ Transport Agency and local authorities will need to do more prioritisation of investment. <p>Why does GPS 2015 have such a focus on value for money returns on investment, and how will this be monitored?</p>	Direct text	d

		<p>An investment of around \$3 billion per year is a substantial investment funded from New Zealanders through the National Land Transport Fund. Ensuring New Zealanders enjoy strong benefits in return depends not only on whether the right activities are invested in, but also on how activities and projects are delivered, how assets are managed, and the extent to which costs are minimised.</p> <p>GPS 2015 identifies a much more direct link between the investment in activity classes, the anticipated results, and reporting measures. Those measures include an increased focus on the reporting of measurable returns, including benefit cost assessments.</p>		
<p>To Cabinet Economic Growth and Infrastructure Committee, From Minister of Transport re: THE GOVERNMENT POLICY STATEMENT ON LAND TRANSPORT 2015/16 – 2024/25: FINAL VERSION</p>		<p>In the paper to cabinet from the Minister of Transport seeking agreement to the GPS 2015, discussion on value for money included the following:</p> <p>Para. 51 - Quality of investment</p> <p>GPS 2015 signals a greater focus on value for money and getting better value from investment, particularly through the quality of investment decision-making. The ongoing commitment to the investment management activity class is designed to secure high quality investment assessment and reporting across the entire investment portfolio.</p> <p>Para 87 - 90 - Improving GPS monitoring</p> <p>When considering the draft GPS 2015, Cabinet decided that it would be looking for improved reporting by the Ministry of Transport on the delivery of the investment strategy within GPS 2015.</p> <p>The Ministry of Transport recognises the vital importance of monitoring how effectively the Government's transport investment strategy delivers on the desired results, including how the Agency gives effect to the GPS. Consequently there has been significant consideration of the manner in which GPS 2015 will be measured going forward, reflecting a substantial change in approach to the development of GPS 2015 from previous GPSs. GPS 2015 sets out the Government's investment strategy for the land transport planning and funding and the returns (results) that the Government, as funder, expects to yield over its short, medium and long term horizons.</p> <p>The effectiveness of the investment strategy's delivery needs to be monitored within the context of long term goals. As long run investments, there can be substantial lag between investment and benefit realisation within the land transport sector. It is important therefore to ensure an appropriate mix of indicators is monitored; indicators that not only inform how effectively the current investment strategy is driving long term results, but will also inform future investment strategy, in particular the next GPS.</p> <p>To do this, the Ministry will provide performance and investment oversight of the GPS function.</p>	Direct text	d
<p>Summary of GPS Information:</p> <ul style="list-style-type: none"> The GPS 2015, 2018 and 2021 all refer to value for money, the need for quality decision making and the need for monitoring the effectiveness of decisions. The language around value for money appears to have changed slightly across time from 'Delivery of the right infrastructure and services to the right level', optimisation, efficiency and effectiveness to the broader term of 'value for money.' <p>There seems to be greater definition for the GPS 2021 around how value for money is to be determined, centred around the three Es and linked to the investment decision making framework.</p>				
<p>Ministry of Transport Documents</p>				
<p>MOT Transport Outcomes Framework and Transport Indicators</p>	<p>https://www.transport.govt.nz/multi-modal/keystrategiesandplans/transport-outcomes-framework/</p> <p>https://www.transport.govt.nz/multi-modal/keystrategiesandplans/transport-indicators/</p>	<p>The purpose of this framework is to define a set of outcomes for New Zealand's transport system and explain how government should work toward these outcomes through a guiding principles of mode neutrality. This framework does not identify how government will deliver on the outcomes. This framework gives broad direction to the transport system, across the five connected outcomes.</p> <p>Part One: Outcomes for the transport system</p> <p>The overall purpose of transport system is to improve people's wellbeing, and the liveability of places. It does this by contributing to the following five key outcomes:</p> <ul style="list-style-type: none"> Inclusive access - Enabling all people to participate in society through access to social and economic opportunities 	Direct text	a

		<ul style="list-style-type: none"> ○ Health and safe people - Protecting people from transport-related injuries and harmful pollution, and making active travel and attractive option ○ Environmental sustainability - Transitioning to net zero carbon emissions, and maintaining or improving biodiversity, water quality and air quality ○ Resilience and security - Minimising and managing the risks from natural and human-made hazards, anticipating and adapting to emerging threats and recovering effectively from disruptive events ○ Economic prosperity - Supporting economic activity vis local, regional, and international connections, with efficient movements of people and products <p>Part Two: Mode neutrality</p> <p>Mode neutrality involves two important aspects:</p> <ol style="list-style-type: none"> 1. Making sure all modes and options are considered and evaluated to find the best system solution. 2. Making users and decision-makers more aware of the benefits and costs of transport choices, to incentivise robust decision-making and smart travel choices. <p>Transport Indicators</p> <p>To support the Transport Outcomes Framework MoT has produced a set of quantitative indicators to track transport's contribution to wellbeing and liveability via the five outcomes over time.</p> <p>The Transport Indicators provide a system view of the state of the transport system and can be used by a wide range of audiences in many different ways. The indicators are not intended to be a 'scorecard' of the transport system. Some indicators will be more significant than others in terms of their impact, and all of the indicators are influenced by a wide range of factors. The intention is that people will use the indicators to draw their own conclusions about where the system is performing well, and where we need to focus more of our efforts.</p> <ol style="list-style-type: none"> 3. 		
<p>Statement of intent 2018-2022</p>	<p>https://www.transport.govt.nz/about/governance/statementsofintent/statement-of-intent-2018-2022/</p>	<p>The Statement of Intent sets out the Ministry of Transport's work programme over a three-year period by providing a full outline of work and priorities.</p> <p>Particular areas of focus - Two guiding principles for the transport sector. Firstly, transport planning and investing should be mode neutral. Secondly, urban transport systems should be modern and efficient.</p> <p>These guiding principles underpin each of the seven priorities for the transport sector over the three-year period. These are:</p> <ul style="list-style-type: none"> • Delivering a mode neutral transport system to provide a more sustainable New Zealand • Delivering liveable cities • Ensuring that transport supports regional development outcomes • Transport plays a key role in transitioning New Zealand to a low carbon future • Enabling affordable and easy access to allow all New Zealanders to make the most of opportunities • Delivering a transport system which is resilient, safe to use, and manages and promotes health and other social benefits • Ensuring investment and regulatory settings further government priorities <p>The 2018-2022 statement of intent introduces the transport outcomes framework (discussed above).</p> <p>Outcomes management: The Ministry monitors the progress that the whole transport sector is making. The Ministry will publish new outcome measures and indicators in 2019, based on our refreshed outcomes framework. Published outcome indicators are used as a measure of the overall progress being made, and to help identify further opportunities for the Ministry to contribute. We will report on these measures annually The Ministry will publish these indicators in its annual report each year to assess its cost-effectiveness and identify areas for improvement.</p> <p>Goal: Enabling New Zealanders to flourish</p>		<p>a</p>

<p><i>Statement of intent 2015-2019</i></p>	<p>https://www.transport.govt.nz/about/governance/statementsofintent/statement-of-intent-2015-2019/</p>	<p>The Statement of Intent is consistent with the policies and performance expectations of the Government.</p> <p>Three overarching priorities:</p> <ul style="list-style-type: none"> • Supporting economic growth and productivity • Delivering greater value for money • Improving safety <p>Delivery on Results Area:</p> <p>The following results areas support the Government’s priority for economic growth and value for money:</p> <ul style="list-style-type: none"> • Improved management of the transport asset base • Higher returns from new transport investment • More open and efficient markets 	<p>Summary</p>	<p>b d</p>
<p><i>Statement of intent 2011-2014</i></p>	<p>https://www.transport.govt.nz/about/governance/statementsofintent/statementofintent2011-2014/</p>	<p>The Statement of Intent sets out what measures the Ministry of Transport will take to support the government and how it plans to go about it over the next three years (2011– 2014).</p> <p>Government’s Long-Term Outcomes:</p> <ol style="list-style-type: none"> A. An efficient transport system B. A sustainable funding basis for transport infrastructure investments and use C. A high-quality transport system for Auckland D. An accessible and safe transport system that contributes positively to the nation’s economic, social and environmental welfare <p>Implementation:</p> <p>To achieve these long-term outcomes, the Ministry has a number of planned programmes of action targeting different operating intentions, including multimodal, road, rail, aviation and maritime.</p> <p>For multimodal operating intention, there are two planned programmes related to value for money.</p> <ul style="list-style-type: none"> • The Ministry plans to facilitate effective governance, performance and capacity of transport Crown agencies (to achieve long term goal ABD) <ul style="list-style-type: none"> ○ As a result, MoT will contribute to value for money from improved decisions, better government services and reduced costs for the transport sector. • Work with the NZTA and local governments to deliver better value for money from the National Land Transport Fund (to achieve long-term goal ABC) <ul style="list-style-type: none"> ○ As results, MoT will deliver greater value for money by revising funding and procurement policies with regard to public transport and active modes, as well as regulations and legislation applying to public transport. <p>Goal of MoT</p> <p>The Ministry wants to be more effective and meet the need to drive greater value for money in a fiscally constrained environment. They have six goals to achieve in their organisational development programme. One of goal is to have business systems that support MoT so they can use the smart business systems to maximise staff’s productivity in terms of delivery of value for money products and services.</p>	<p>Direct text</p>	<p>d</p>
<p><i>Statement of intent 2010-2013</i></p>	<p>https://www.transport.govt.nz/about/governance/statementsofintent/statement-of-intent-2010-2013/</p>	<p>The statement of intent sets out what the Ministry will be doing to support the government and how it plans to go about it.</p> <p>Goal of MoT:</p> <p>Improve the performance of transport Crown agencies and achieve better value for money for the government from its investment in the transport system.</p>	<p>Direct text</p>	

		<p>The government's long-term outcomes for transport are the same to MoT's 2011-2014 Statement of Intent.</p> <p>For multimodal operating, there is one planned programme of action relating to value for money:</p> <ul style="list-style-type: none"> • Facilitate effective governance, performance and capacity of transport Crown agencies (ABD) <ul style="list-style-type: none"> ○ Impact: Increased value for money delivered by transport Crown agencies <p>For road operating, there is one planned programme of action relating to value for money:</p> <ul style="list-style-type: none"> • Working closely with the NZ Transport Agency and regional councils to identify and deliver options to improve value for money in public transport, walking and cycling funding and investment. <ul style="list-style-type: none"> ○ Impact: Increased value for money in the procurement of public transport infrastructure and services, and walking and cycling infrastructures. <p>Outputs of MoT will be:</p> <ul style="list-style-type: none"> • Policy advice, including advice relating to all modes of transport and associated rules programmes • Governance and performance advice and support • Land transport revenue forecasting and strategy • Refund of fuel excise duty • Road user charges collection, investigation and enforcement <p>Airport operation and administration, which is for the operation of Milford Sound/Piopiotahi Aerodrome</p>		
<p>Statement of intent 2009-2012</p>	<p>https://www.transport.govt.nz/about/governance/statementsofintent/statementofintent2009-2012/</p>	<p>The Ministry focuses on improving the overall performance of the transport system, improving the performance of government transport agencies, and enhancing the value for money that the government receives from its investment in the transport system.</p> <p>The Ministry is committed to delivering value for money throughout the transport system, including Road, Rail, Aviation and Maritime.</p> <p>The Ministry's outcomes relating to value for money: Improved performance of transport sector</p> <p>To achieve a road transport system that moves people and freight more efficiently, safely and cost effectively, the Ministry has the following actions:</p> <ul style="list-style-type: none"> • Examine ways to improve the operation of the National Land Transport Fund (NLTF) through simplification, efficiency improvements and other changes that will deliver value for money. <ul style="list-style-type: none"> ○ Contribution to outcomes: A more rational, economical and efficient gathering and allocation of funds. ○ Target: Increased value for money from the NLTF. • Investigate barriers to improve performance in public transport, including the degree of regulation required to improve competition and achieve better value for money. <ul style="list-style-type: none"> ○ Contribution to outcomes: The public transport system achieves optimal productivity and value for money, and there is healthy and fair competition for contracted public transport services. ○ Target: Increased competition for contracted public transport services. <p>1.</p> <p>To achieve a rail system that moves people and freight more efficiently, safely and cost effectively, the Ministry has the following actions:</p> <ul style="list-style-type: none"> • Establish a transparent funding framework for commercial and subsidized rail activities <ul style="list-style-type: none"> ○ Contribution to outcomes: It supports the efficiency of the transport system as a whole and provides value for money from government investment in rail. 	<p>Direct text</p>	
<p>Revised Reporting measures for the GPS 2018 (as at 10 September 2019)</p>	<p>https://www.transport.govt.nz/assets/Import/Uploads/Our-Work/Documents/Final-GPS-2018-measures_10-Sept-2019.pdf</p>	<p>This document explains that there is at least one measure for each of the 33 GPS 2018 short-term results, but in several cases the same measure is used for more than one result. The set includes different types of measures:</p> <ul style="list-style-type: none"> • Input measures (often focussing on \$ spent) • Output measures (including measures from NZTA output class reporting, e.g. "Number of passenger boardings using urban public transport services") • Outcome measures (this is where we are moving towards but it is not possible to measure for all aspects at this stage) 	<p>Summary</p>	<p>b c</p>

		<p>Page 12 - Table setting out short term results, proposed measures and reporting requirements for priority 6 – value for money. Measures include:</p> <p>Long-term result: Better informed investment decision-making</p> <ul style="list-style-type: none"> • 29. A more rigorous and transparent investment appraisal system <ul style="list-style-type: none"> ○ 29A. \$ investment in investment management ○ 29B. Total cost of managing the funding allocation system as a % of the National Land Transport Programme expenditure ○ 29C. Investment aligned to GPS priorities (assessed strategic case benefits) ○ 29D. Projected benefits for implementation activities at time of funding approval ○ 29E. Projected versus realised benefits and costs of funded activities ○ 29F. Reporting of the assessment used in investment decisions ○ 29G. \$ investment in activities with a benefit cost ratio of less than one • 30. Enhanced reporting, monitoring and evaluation of GPS 2018 investment <ul style="list-style-type: none"> ○ 30A. A monitoring and evaluation system is in place for investment decisions ○ 30B. Release of an annual GPS assessment report • 31. Better integrated transport research across government <ul style="list-style-type: none"> ○ 31A. % alignment of funded research to the NZ Transport Research Strategy <p>Long-term result: Improved returns</p> <ul style="list-style-type: none"> • 32. More effective and efficient investment from innovation in systems, standards, procurement and technology <ul style="list-style-type: none"> ○ 32A. Realised benefits relating to innovation for internal and external projects (size and scope appropriate) • 33. Improved returns from maintenance <ul style="list-style-type: none"> ○ 33A. \$ investment in: <input type="checkbox"/> State highway maintenance <input type="checkbox"/> Local road maintenance ○ 33B. Maintenance cost per lane kilometre delivered for: <input type="checkbox"/> State highway <input type="checkbox"/> Local roads 		
<p>Annual Reports</p>	<p>https://www.transport.govt.nz/about/governance/annualreports/</p>	<p>The Annual Reports provide information about the Ministry of Transport, reports on the Ministry's achievements over the course of the year against its targets, and provides financial statements and management information.</p> <p>The 2018/19 Annual Report notes that:</p> <p>The Ministry of Transport has been working with agencies and stakeholders over the past 12 months to implement an outcomes framework for the transport system. This framework identifies the five key outcomes that transport contributes to, namely; inclusive access, healthy and safe people, economic prosperity, environmental sustainability, and resilience and security.</p> <p>The framework provides a way to assess how policies and programmes will impact on these outcomes in the context of the Government's priorities. It forms an important part of the Ministry's strategy and is increasingly being supported by strategic plans and initiatives that help shape the direction of change in the transport system. For example, the Future of Rail policy, the Clean Car Standard and the Road to Zero strategy.</p> <p>The New Zealand Transport Agency (NZTA) is in the process of integrating the framework into its business case approach, requiring all future investment cases to demonstrate alignment to the five key outcomes. The application of the outcomes framework is also being integrated within other Crown transport agencies and is an important tool to guide our regulating and monitoring performance across the transport network.</p> <p>To help quantify and measure MoT's progress towards improving wellbeing and liveability for all New Zealanders, they consulted with an extensive range of stakeholders to refine a set of indicators for each outcome. These proposed outcomes have now been finalised, and MoT will be implementing a reporting system shortly. The first set of reporting on the outcomes is expected to be released in early 2020. The reporting will be matched by an increasing focus on using these outcomes in the Ministry's ongoing work and decision making.</p>	<p>Direct text</p>	<p>c</p>

		The Annual report notes the outputs achieved and sets out financial management information for the ministry.		
Summary of Ministry of Transport information <ul style="list-style-type: none"> The statements of intent show that over time there has been a strong Ministry of Transport focus on value for money. The most recent statement of intent has moved away from value for money being a priority in itself. This aligns with the change to the draft GPS 2021 also. There is currently a strong focus on the transport outcomes framework focussed on five key outcomes for transport, with supporting transport indicators that look at measuring progress towards the transport outcomes. 				
New Zealand Treasury guidance on value for money				
<i>Living Standards Framework</i>	<p>The Treasury Approach to the Living Standards Framework</p> <p>https://treasury.govt.nz/publications/tp/treasury-approach-living-standards-framework-html</p>	<p>Living Standards Framework (LSF) has been developed by the New Zealand Treasury to consider the collective impact of policies in intergenerational wellbeing. This framework is an overview of an approach to understanding and measuring living standards.</p> <p>Here are the four capitals that should be taken into consideration.</p> <ul style="list-style-type: none"> Natural Capital - This refers to all aspects of the natural environment needed to support life and human activity. Social Capital - This describes the norms and values that underpin society. Human Capital - This encompasses people's skills, knowledge and physical and mental health. These are the things which enable people to participate fully in work, study, recreation and in society more broadly. <p>Financial/Physical Capital - This includes things like houses, roads, buildings, hospitals, factories, equipment and vehicles. These are the things which make up the country's physical and financial assets which have a direct role in supporting incomes and material living conditions.</p>	Direct text	a c
<i>Investment management system and Better Business Cases</i>	<p>https://treasury.govt.nz/information-and-services/state-sector-leadership/investment-management-system</p> <p>https://treasury.govt.nz/information-and-services/state-sector-leadership/investment-management/better-business-cases-bbc</p>	<p>Investment Management System</p> <p>Owning the right assets, managing them well, funding them sustainably, and managing risks to the Crown balance sheet are all critical to the ongoing provision of high-quality and cost-effective public services that New Zealanders value. This means that the quality of investment management is vital to maintaining New Zealanders' living standards now and in the future. It explains why the Government is committed to ensuring investment management and asset management practices remain fit-for-purpose.</p> <p>The investment management system aims to optimise value from new and existing investments and assets for current and future generations of New Zealanders. The government is committed to ensuring that investment management and asset performance policies, processes and practices remain fit-for-purpose.</p> <p>The Treasury leads the government's investment management system and is responsible for developing and maintaining the integrity of the system as a whole. In 2014, the Treasury established the Investment Management and Asset Performance (IMAP) team, with a specific focus on improving the effectiveness of investment management and asset performance in the State sector.</p> <p>Better Business Cases</p> <p>The objective of Better Business Cases is to provide objective analysis and consistent information to decision-makers, to enable them to make smart investment decisions for public value. The Treasury sets out requirements around the Better Business Case process.</p> <p>A business case is the vehicle to demonstrate that a proposed investment is strategically aligned, represents value for money, and is achievable. A business case turns an idea (think) into a proposal (plan). It enables decision makers to invest with confidence knowing that they have the best information available at a point in time. It is also a reference point during the "Do" phase to support delivery, and used in the "Review" phase to determine whether the benefits in the business case were realised.</p>	Some direct text, some summary	e f
<i>Putting it Together An Explanatory Guide to NZ's State Sector Financial Management System August 2011</i>	<p>https://treasury.govt.nz/sites/default/files/2018-01/pit-2011.pdf</p>	<p>The purpose of this document is to introduce New Zealand's state sector financial management system. The state sector includes the offices of Parliament, departments, Crown entities, state-owned enterprises (SOE) and their subsidiaries. The Explanatory Guide sets out how different aspects of the financial management and performance reporting systems work together, promote flexibility within constraints, and ensure that public expenditures deliver the expected benefits to New Zealanders.</p> <p>Page 11 - Explaining Key Concepts</p>	Direct text	f






		<p>The financial management system focuses on performance and value-for-money to help the Government translate its strategy into action, promote informed decision-making and accountability, encourage a responsive and efficient state sector, and deliver benefits to the public. Aspects of performance the state sector must focus on include:</p> <ul style="list-style-type: none"> • coordinating what the Government does and ensuring it achieves its policy goals (which may or may not require collective action) • improving outcomes and value for money • cost-effective delivery against performance expectations • ethical behaviour, including the fair treatment of all New Zealanders • improving efficiency (and avoidance of waste) • compliance with legal obligations, rules and budgets • proper supervision, maintenance and use of the State's assets • awareness of the operating environment, what is working, what is not working and the need to shift priorities, spending and practices. All these perspectives are embedded in the financial management system. <p>Page 42 – Specifying the performance expected in return for funding</p> <p>Reporting expectations</p> <ul style="list-style-type: none"> • Linkage should ensure the reporting of information shows or can be used to show value of money. • Appropriation and reporting systems are most useful when they produce needed value-for money information. The Government can use such information to channel the funding for services that under-delivered into services that improves lives of citizens in more cost-effective ways. <p>Page 46 – Expectations of Fiscal Prudence and Value-for-money</p> <p>Value for money is particularly important when having a dominant supplier limits Minister's ability to compare products and costs.</p> <p>Page 49 - Periodic Review of Costs and Value for Money</p> <p>Budget – Inputs – Outputs – Outcome</p> <p>Accurate output costing is needed. One of reason is that it can improve decision makers' information about value for money.</p>		
<p>Managing Benefits from Projects and Programmes: Guide for Practitioners October 2017</p>	<p>https://treasury.govt.nz/sites/default/files/2016-03/managingbenefits-guidance.pdf</p>	<p>Improving benefits management is important for the NZ government to:</p> <ul style="list-style-type: none"> • optimise the value generated from existing resources and new investments • increase the efficiency and effectiveness of the investment management system • enable investments to achieve their intended investment objectives • manage within its fiscal strategy and priorities. <p>It is especially important due to the poor track record of change initiatives demonstrating that the benefits they were established to deliver have been realised. International studies have shown that organisations with high benefits management maturity have greater success with their projects and programmes.</p> <p>Raising benefits management maturity will increase the value obtained from change investments and enable the government to invest more in critical areas.</p> <p>In today's environment the Treasury expects Chief Executives to ensure that finances of significant projects and programmes are managed, value is optimised, the objectives of the projects and programmes are achieved, and the benefits are realised.</p> <p>Amendments to the State Sector Act and Public Finance Act in 2013 reinforce taking a longer-term perspective and not just managing current financial performance. This is strongly aligned with the concept of benefits management.</p>		<p>C</p>

		<p>The Treasury, as lead for the investment management system, has responsibility for leading benefits management across government.</p> <p>The Treasury Cost Benefit and Better Business Case guidance has a <u>preference (for State Sector expenditure) to analyse benefits from a national economy perspective rather than a narrower project, programme, agency or all-of-government perspective</u>. It is helpful to keep this in mind when identifying benefits as it will assist later in the process.</p> <p>Cabinet Office circular CO(15)5 3 (Investment Management and Asset Performance in the State Services) sets out the expectations Cabinet has for agencies in regard to benefits management.</p> <p>The Government Rules of Sourcing principles state that agencies should:</p> <ul style="list-style-type: none"> • “Get best value for money – account for all costs and benefits over the lifetime of the goods or services, and • Make balanced decisions – consider the social, environmental and economic effects of the deal.” <p>Therefore the procurement process should consider the wider benefits that could be generated from investments and build these wider benefits into the business case, benefits realisation plan and procurement strategy.</p>		
<p><i>Guidelines for Setting Charges in the Public Sector</i></p>	<p>https://treasury.govt.nz/publications/guide/guidelines-setting-charges-public-sector-2017-html</p>	<p>The purpose of this guidance is to assist government agencies in designing and advising on cost recovery regimes and to effectively manage and monitor cost recovery.</p> <p>Page 24 – Demonstrating efficiency</p> <p>Agencies need to demonstrate that their service offering is efficient, in that it meets the needs of stakeholders, and represents value for money.</p> <p>Efficiency is not necessarily about making the service as low cost as possible. Agencies should test with stakeholders the way which they should be charged.</p>	<p>Direct text</p>	<p>f</p>
<p><i>CBAx Tool User Guidance</i> <i>-Guide for departments and agencies using Treasury</i></p>	<p>https://treasury.govt.nz/publications/guide/cbax-tool-user-guidance</p>	<p>This document helps agencies complete fit-for-purpose cost benefit analysis (CBA) by using CBAx tool. CBAx tool is an excel-based spreadsheet model with a database of quantified impact values. It is an important element to ensure that robust wellbeing and value for money assessment is applied to investment and budget decisions.</p> <p>Page 42 – How is cost benefit information used in budget decision-making?</p> <ul style="list-style-type: none"> • CBAx informs value for money advice when considering different options for investment. • The initiatives are not ranked and prioritised exclusively on the Return on Investment (RoI). The RoIs are considered in the context of the assumptions and the evident base, as well as unmonetised impacts. For example, an initiative with a lower RoI and a solid evidence base may be considered better value for money than a high RoI initiative with optimistic assumptions and limited evidence based. <p>In the budget context, the CBAx analysis is used primarily by the Treasury vote team in developing value for money advice.</p>	<p>Direct text</p>	<p>f</p>
<p><i>The Treasury – Gateway Reviews</i></p>	<p>https://treasury.govt.nz/information-and-services/state-sector-leadership/investment-management/gateway-reviews/process-planning</p>	<p>Gateway is an assurance methodology for major investments which was developed by the United Kingdom's Office of Government Commerce (OGC) in 2001. It is an independent and confidential peer review process that examines projects and programmes at key points in their lifecycles to assess their progress and to rate the likelihood of successful delivery of their outcomes. A Gateway review takes one week.</p> <p>Gateway is not an audit and does not stop a project or programme. The Gateway process:</p> <ul style="list-style-type: none"> • adds a third level of assurance • increases confidence in alignment of projects with Government strategic objectives • increases confidence in investment decisions 	<p>Direct text</p>	<p>e</p>

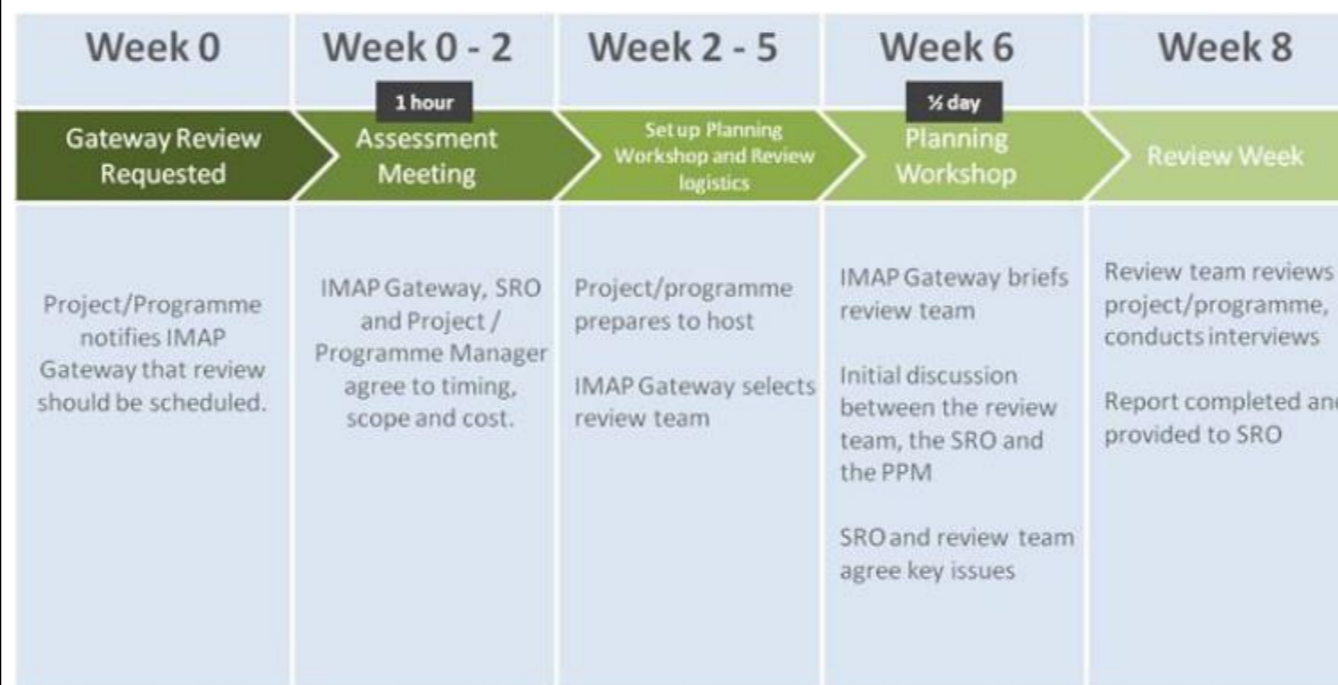
		<ul style="list-style-type: none"> • increases confidence in delivery of required project benefits to time and budget <p>Gateway is applied in a number of international jurisdictions including the United Kingdom, the Netherlands and Australia. It was implemented in New Zealand in 2008 on the direction of Cabinet, and to date more than 250 reviews have been completed.</p> <p>The following agencies are in scope for Gateway peer reviews:</p> <ul style="list-style-type: none"> • all departments (including departmental agencies) as defined by the Public Finance Act 1989 (PFA) • the following types of Crown entities: <ul style="list-style-type: none"> ○ Crown agents ○ Autonomous Crown entities ○ Independent Crown entities ○ Crown entity companies, including Crown Research Institutes • companies listed on Schedule 4A of the PFA. <p>These agencies must complete risk profile assessments for all significant investments identified on multi-year plans. Agencies must provide to Treasury any RPA for any investment proposal that has a medium or high risk profile. The RPA must be completed as soon as practicable, to enable early central agency involvement with a programme or project if required.</p> <ul style="list-style-type: none"> • All investment proposals that are determined to be high risk by the RPA will have the appropriate investment review applied, including Gateway peer reviews • The responsible Minister may also request that a project or programme be subject to Gateway peer reviews. <p>Programmes and projects should allow the entire process, from notification that a review is required to receipt of the final report, to take two months. The Gateway review itself takes one week including presenting the final report.</p> <p>The first step in the review process is for a project/programme to assess their schedule to determine when a Gateway review would be appropriate. A Gateway review should be held some weeks before key decision points, to enable review findings to be incorporated in the material for decision.</p> <p>At the conclusion of a review the Programme/Project SRO will be provided with a Review Report summarising key findings and recommendations.</p> <p>The report will contain:</p> <ul style="list-style-type: none"> • a summary of findings, including an overall delivery confidence RAG rating • key recommendations, categorised by urgency • suggested timing of the next Gateway review. 		
--	--	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--

Definition of delivery confidence

Expand the table below

Rating	Criteria description
	Successful delivery of the project/programme to time, cost and quality appears highly likely and there are no major outstanding issues that at this stage appear to threaten delivery.
	Successful delivery appears probable. However, constant attention will be needed to ensure risks do not materialise into major issues threatening delivery.
	Successful delivery appears feasible but significant issues exist requiring management attention. These appear resolvable at this stage and if addressed without delay should not impact delivery or benefits realisation.
	Successful delivery of the programme is in doubt with major risks or issues apparent in a number of key areas. Prompt action is needed to address these and whether resolution is feasible.
	Successful delivery of the project/programme appears to be unachievable. There are major issues on definition, schedule, budget, quality or benefits delivery, which at this stage do not appear to be manageable or resolvable. The project/programme may need to be re-baselined and/or its overall viability re-assessed.

Gateway reviews do not stop programmes or projects. However, if an initiative has significant issues it is useful to bring these to the attention of individuals and groups who will be able to assist in their resolution. Therefore, if a programme or project receives an Amber-Red or Red delivery confidence rating in their Review Report, an enhanced notification and escalation process is triggered.



<p>Summary:</p> <ul style="list-style-type: none"> • Treasury has a strong focus on making value for money decisions. • The Better Business Case model has had a strong influence on the transport sector to inform smart investment decisions for public value. 				
<p>State Services Commission guidance on value for money</p>				
<p><i>State Services Commission Annual Report 2019</i></p>	<p>https://ssc.govt.nz/assets/SSC-Site-Assets/Corporate-Services/SSC-Annual-Report-2019.pdf</p>	<p>This report provides the Commissioner's report on the performance of the State services and information to Parliament and the public on the performance of the State Services Commission.</p> <p>SSC's strategic vision: A leading edge, unified, trusted Public Service that serves Aotearoa and its people.</p> <p>SSC's strategic outcomes:</p> <ul style="list-style-type: none"> • Strong constitutional role • Diverse and inclusive • Commitment to Māori and Te Tiriti o Waitangi • Modern, agile and adaptive • Better outcomes and services <p>No specific reference to value for money.</p>	<p>Summary</p>	<p>c</p>
<p>Auditor General documents on value for money</p>				
<p><i>Principles behind good practice</i></p>	<p>https://oag.parliament.nz/good-practice</p>	<p>There are some fundamental principles that apply to most aspects of managing public resources.</p> <p>This section summarises the most important aspects of good practice for a range of topics (with further guidance provided in other documents, such as the procurement guidance for public entities):</p> <ul style="list-style-type: none"> • Accountability: Public organisations should be accountable for their performance and be able to give full and accurate accounts of their activities. They should have in place governance and management arrangements suitable to address any concerns. • Fairness: Public organisations have a fundamental public law obligation to always act fairly and reasonably. What public organisations do should be open and impartial. • Integrity: Anyone who is managing public resources should do so with the utmost integrity. • Lawfulness: Public organisations must act within the law, and meet their legal obligations. • Openness: Public organisations should act in a way that is – and is seen to be – transparent. • Value for money: Public organisations should use resources effectively, economically, and without waste in achieving their policies and delivering services to New Zealanders 		
<p><i>Procurement Guidance for Public Entities 2008</i></p>	<p>https://oag.parliament.nz/2008/procurement-guide/docs/procurement-guide.pdf</p>	<p>Public entities need to be clear about the overall objective of the procurement and select a procurement method that will give them the best value for money. To do this, public entities must have a detailed understanding of what they are procuring, the value and risk of the procurement, and how important the procurement is to achieving their overall goals and business strategy.</p> <p>The Glossary of this guide states that Value for money means using resources effectively, economically, and without waste, with due regard for the total costs and benefits of an arrangement, and its contribution to the outcomes the entity is trying to achieve. In addition, the principle of value for money when procuring goods or services does not necessarily mean selecting the lowest price but rather the best possible outcome for the total cost of ownership (or whole-of-life cost). Value for money is achieved by selecting the most appropriate procurement method for the risk and value of the procurement, and not necessarily by using a competitive tender.</p>		<p>f</p>
<p><i>Auditor General: Spending public money wisely and well: How to put</i></p>	<p>Whole Document:</p> <p>https://oag.parliament.nz/report/s/speeches-and-</p>	<p>On 29 August 2008, Nicola White (Assistant Auditor-General, Legal) presented slides and a supporting paper at the New Zealand Law Society's CLE Ltd Administrative Law Intensive. It set out:</p> <ul style="list-style-type: none"> • The basic principles • The different types of funding arrangements • The life cycle of the funding arrangements • The advice on choosing an appropriate type of arrangement 	<p>Direct text</p>	<p>f</p>

		<p>Page 121 – Six basic principles which are considered to be relevant to the use of all public funds.</p> <ul style="list-style-type: none"> • Accountability • Openness • Value for money <ul style="list-style-type: none"> ○ Public entities should use resources effectively, economically, and without waste, with due regard for the total costs and benefits of an arrangement, and its contribution to the outcomes the entity is trying to achieve. Where practical, this may involve considering the costs of alternative supply arrangements. • Lawfulness • Fairness • Integrity <p>Page 124 – The seven categories of funding arrangements</p> <ul style="list-style-type: none"> • Minor conventional purchases • Major conventional purchases • Minor relational purchases • Major relational purchases • Conditional grants • Grants with limited conditions • Gifts <p>In the text content of conventional purchases, it says that ordinary market-based procurement techniques and competitive processes are likely to be effective as a way of managing the price and value for money.</p>		
Road policing information relating to Value for Money				
NZTA board meeting minutes	https://www.nzta.govt.nz/about-us/about-the-nz-transport-agency/our-board/board-meeting-minutes/	<p>Interim chief executive noted in 23 August 2019 meeting minutes that the Transport Agency had worked with NZ Police to develop an outcomes-based framework that allows progress to be monitored and outcomes measured. This is a change from the more recent process that has been focussed on inputs only. The Board noted that 2013 had been a year with low DSIs and at that time the Police were measured for outcomes.</p> <p>There is a regular item on agenda's about financial performance and the NLTF.</p>		
Development of the Road Policing Programme	https://www.nzta.govt.nz/planning-and-investment/planning-and-investment-knowledge-base/developing-programmes/development-of-the-road-policing-programme/	<p>The NZTA website sets out the steps by which the road policing programme is developed and the parties involved.</p> <p>The Transport Agency expects a range of requirements to be met when developing the road policing programmes. This includes:</p> <ul style="list-style-type: none"> • Planning and investment principles • Use of the Business Case Approach • Evidence-based justification - Road policing activities that are proposed for funding assistance under the NLTP must be supported by robust evidence. <p>The Investment Assessment Framework needs to be used to assess and prioritise activities.</p>		
2015 – 18 Road Policing Programme Incorporating variations for 2016-18	https://www.nzta.govt.nz/assets/resources/road-policing-programme/docs/2015-18-Road-Policing-Programme-incorporating-2016-18-variations.pdf	<p>The Road Policing Programme is a programme based on NZ Police's response to the Transport Agency 2015-18 Road Policing Investment Framework. This report provides an outline of the strategic context, and the investment, delivery and monitoring and reporting arrangements. The outcome investment approach has been used by the NZTA and NZ Police to develop the RPP.</p> <p>The 2015-18 RPP outlines how much NLTP investment will be allocated to different road policing activities over three years, what are key performance indicators that NZ Police will achieve and how NZ Police will deliver them.</p>	Summary	d
NZ Transport Agency Waka Kotahi Documents relating to Value for Money				
NZTA Investment Decision-Making Framework review	Website information: https://www.nzta.govt.nz/planning-and-investment/planning/invest	The IDMF is used by NZTA to assess and prioritise investment in land transport. It is used to identify, assess and prioritise NLTP investment proposals.	Summary	a e

	ment-decision-making-framework-review/	<p>The IDMF is being reviewed, prompted by changes in the GPS 2018 which places more emphasis on social, economic, cultural and environmental outcomes in transport planning. The GPS 2018 also required an investigation of the NZTAs evaluation methods and this has been incorporated as a core part of the review.</p> <p>The review will result in changes to investment decision making principles and policies, processes, tools and systems to ensure:</p> <ul style="list-style-type: none"> • A shift to a system-based approach to identify, assess and prioritise proposals for future transport investment. • All transport modes and alternatives (including walking, cycling, public transport and new transport options such as electric scooters and the use of technology) are considered when planning and investing in land transport. • The inclusion of social, economic, cultural, and environmental outcomes in transport planning and investment, and consideration of the wider impact of transport proposals on communities, the environment and surrounding transport infrastructure. • A revised system that is robust and easy to use. <p>The review focuses on 5 key workstreams:</p> <ul style="list-style-type: none"> • Improved strategic alignment - providing a clear link between investment proposals and long- and short-term plans. We also want to understand how the Transport Agency can better co-ordinate urban development and infrastructure changes to mitigate climate change challenges and contribute to public health improvements. • Building the case for investment - developing tools and process that allow flexible development of investment proposals, making sure the right level of effort is put into proposals, and providing clarity on building the case for investment. • Assessing a wider range of impacts of transport proposals - making sure our evaluation methods are consistent with whole-of-government, the GPS, and that they are informed by research and international best practice. This will mean a wider view of costs, impacts and benefits to be considered in investment decision-making. • Prioritising investment proposals - improve and simplify the method of prioritising proposals, and looking at how to include social, environmental and economic benefits and impacts in that prioritisation. • Building sector capability and confidence - making sure the Transport Agency advice and use of the decision-making framework is consistent, looking at how to build staff and sector capability, and providing information, guidance, tools that are easy to find, understand, and use. <p>Outputs will be:</p> <ul style="list-style-type: none"> • New and updated investment principles and policies. • Updated and new monetised benefits. • Better understanding, measurement, and consideration of how transport investment impacts social, environmental, cultural, and economic outcomes. • Changes to how investment proposals are assessed and prioritised. • Improvements to website navigation and new or updated resources <p>It is intended to be implemented in June 2020, in time for the NLTP 2021-24 to be developed.</p> <p>Implementation will include updated investment policies, processes, tools, and guidance (including updates to the business case approach, criteria for prioritisation and assessment, and evaluation methodologies).</p>		
Office of the Minister of Transport to Chair Cabinet Economic Development Committee Update on the New Zealand Transport Agency's investment decision-making framework review	https://www.transport.govt.nz/assets/Import/Uploads/Research/Documents/Cabinet-Papers/709ba4509b/Update-on-the-NZTAs-investment-decision-making-framework-review.pdf	<p>The Government Policy Statement on land transport (GPS) 2018 signalled a stepchange in the priorities for land transport investment in New Zealand.</p> <p>Decisions on activities included in the National Land Transport Programme (NLTP) are informed by the NZ Transport Agency's investment decision-making framework. This uses a number of tools and assessment approaches including the IAF and EEM:</p> <ul style="list-style-type: none"> • The IAF is used by NZTA to prioritise projects, based on how they align with the strategic direction we set. • The EEM sets out the values and procedures used to value investments in cost-benefit analysis. It is used across the transport sector as the industry standard. 		

		<p>On releasing the GPS 2018, Cabinet recognised the importance of changing the NZ Transport Agency investment decision-making framework to <u>recognise the wider costs and benefits that land transport investment can have</u>. This work is key to ensuring that the Government’s vision for transforming the land transport system can be realised.</p> <p>The NZ Transport Agency has initiated a review across its investment decision making framework to ensure that the direction set in GPS 2018 is properly embedded at all levels of the investment process. This work also provides a comprehensive basis for significantly improving how the transport investment system operates and performs.</p> <p>The improvements will:</p> <ul style="list-style-type: none"> • Align transport investments to Government outcomes including the Living Standards Framework and Transport Outcomes Framework. • Improve the methodology and frameworks for how investments are made and managed (e.g. good portfolio management and business case process). • Build capability in the sector to use and apply investment tools in a more consistent manner. <p>Initial changes to the IAF have:</p> <ul style="list-style-type: none"> • Ensured that proposed safety-related investments will be given highest priority. • Introduced performance indicators to allow a wider range of objectives to be recognised in the business case process, such as access and public health. <p>Initial changes to the EEM have:</p> <ul style="list-style-type: none"> • Updated and clarified the way that the benefits and costs of specific safety-related interventions are valued. • Improved the accuracy of the costs used to account for factors including vehicle emissions, value of time, reliability and comfort. <p>The Ministry of Transport (the Ministry) is playing both a monitoring and governance role in the review. As the responsible monitoring agency, the Ministry is partnering with the NZ Transport Agency to refine the approach to the wider investment decision-making framework review, in particular, to ensure that the review:</p> <ul style="list-style-type: none"> • Is properly coordinated, and that the focus on the IAF/EEM is not diluted. • Encompasses a monitoring and reporting approach in respect of benefits realisation throughout the investment process. • Is sufficiently resourced, particularly to support the sector to adapt to changes made at the implementation stage. <p>The complexity of the assessment and evaluation system means that, to properly ensure that Government can deliver on the outcomes identified in the Transport Outcomes and Living Standards Frameworks, we need an overarching, comprehensive assessment and evaluation framework. It is important that this can be applied consistently across the transport system, and used to weigh up all possible interventions, and all modes.</p> <p>The assessment and evaluation frameworks used by transport sector entities, including the NZ Transport Agency, are underpinned by numerous key values, assumptions and approaches. These are used to measure costs and benefits, assess the likely impacts of different options, weigh up trade-offs, and, ultimately, inform the decisions that we take. The quality of our decisions, and the delivery of desired outcomes, therefore depends on the robustness of these different components of the system and how well they work together.</p> <p>I (the Minister) am concerned that there are currently shortcomings in these underpinning factors that limit our ability to drive positive outcomes across the system. These include:</p> <ul style="list-style-type: none"> • Inconsistent data and inputs being used across transport modes. • Out-of-date and narrow values being used in cost-benefit analysis. • A lack of appropriate evaluation processes. <p>Because these shortcomings are system-wide, they will not be fully addressed by the NZ Transport Agency’s review of its investment decision-making framework.</p> <p>A better-aligned system of assessment and evaluation would: P</p>		
--	--	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--

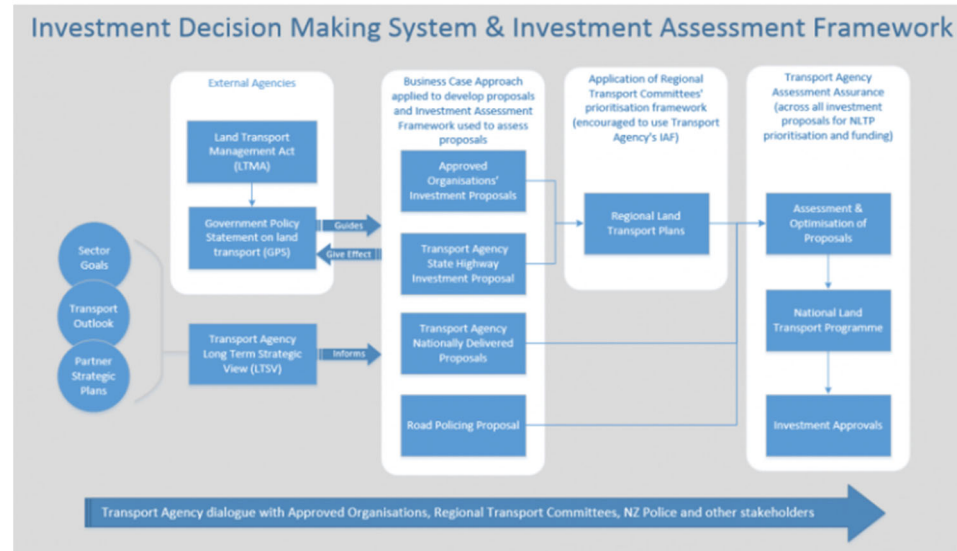
		<p>Use values, parameters, methodologies and inputs for assessment and evaluation models that are consistent across transport modes. Have an agreed, clear and broad set of social, economic, and environmental measures to be included in cost-benefit analysis. Support the collection of comprehensive data to be used for informing high quality policy-making and investment decisions.</p> <p>The Ministry of Transport will develop a comprehensive, mode-neutral transport assessment and evaluation system consisting of four main components. These are:</p> <ul style="list-style-type: none"> • System performance measures – develop measures that can be applied across different transport modes, to show how well strategies and initiatives across the transport system are performing and where intervention is required to deliver on the Government’s priorities and desired outcomes for the transport system. This could include measures for areas in which transport’s impact is currently not comprehensively measured, for example, public health. • System values and parameters – build a set of quantified system values and parameters across different transport modes that go across a range of transport outcomes, particularly for those that have not been traditionally sought from transport, such as inclusive access, environmental effects, wellbeing and liveability. • System and strategic modelling – develop a system and strategic modelling suite that can be used to design, estimate and evaluate the impacts of changes to policy settings alongside choices for investment, especially related to revenue and investment policy. • System appraisal methodologies – create a consistent, integrated transport system-wide approach to assessment, which addresses current deficiencies in cost-benefit analysis and expands the range of outcomes that can be considered. 		
<p>NZTA Arataki – version for engagement</p>	<p>https://www.nzta.govt.nz/planning-and-investment/planning/arataki/</p>	<p>Arataki is the Transport Agency’s 10-year view of what is needed to deliver on the government’s current priorities and long-term objectives for the land transport system 2021 – 2031. It is currently open for feedback that is intended to be incorporated into the document around April 2020.</p> <p>Arataki includes a national and regional summary of the issues facing the land transport system. It sets out:</p> <ul style="list-style-type: none"> • Five step changes – where we see there is the need for a change (over and above maintaining base levels of service) to meet the government’s short-term priorities and long-term outcomes. <ul style="list-style-type: none"> ○ Improve urban form ○ Transform urban mobility ○ Significantly reduce harms ○ Tackle climate change ○ Support regional development • Six key drivers – trends that influence the choices we make today and the future land transport system. <ul style="list-style-type: none"> ○ demographic change ○ climate change ○ technology ○ customer desire ○ changing economic structure, and ○ funding and financing challenges. This states that the way vehicle-based infrastructure is funded is no longer affordable or feasible. We must prioritise our investment to deliver the most effective, long-term solutions to move people and freight. This needs to recognise the other drivers affecting funding such as climate change, ageing populations, growth, investment required in other sectors (eg the three waters), change in way people pay for and use transport. A more sophisticated approach to planning, developing and managing the land transport system is needed with a focus on desired outcomes rather than assets. • Six levers – actions to be taken directly and in partnership with others to deliver the government’s objectives for the land transport system. <ul style="list-style-type: none"> ○ Policy and regulation ○ Spatial and place-based planning ○ Network design, management and optimisation (Changing the form and function of the current land transport system so that it delivers the most effective and efficient transport solutions for the movement of people and goods) ○ Investment (in infrastructure, platforms and services) ○ Economic tools ○ Education, engagement and awareness 		<p>a</p>

		<p>Page 31 - We will apply the 'intervention hierarchy' to shape the appropriate mix of interventions for any opportunity or challenges. With our co-planning and investment partners we need to consider the full range of options to implement the right combination of responses. Our priority will always be to get the most from existing infrastructure and different travel options that are available and avoiding or delaying the need to invest in new infrastructure.</p> <p>The intervention hierarchy is to consider first:</p> <ul style="list-style-type: none"> • Integrated planning - Plan and develop an integrated land-use and transport pattern that maximises use of existing network capacity, reduces travel demand and supports transport choice • Then managing demand - Keep people and freight moving and reduce the adverse impacts of transport, such as congestion and emissions at peak times, through demand-side measures eg supporting mode shift or road pricing • Then make best use of the existing system - through optimised levels of service across networks and public transport services, and allocation of network capacity • Then invest in new infrastructure - Consider investment in new infrastructure, matching the levels of service provided against affordability and realistic need 		
<p>NZTA intervention hierarchy</p>	<p>NZTA website information: https://www.pikb.co.nz/home/the-way-we-work/nz-transport-agency-planning-and-investment-principles/optimize-the-provision-and-use-of-the-land-transport-network</p> <p>Information sheet: Programme business case: Intervention Hierarchy https://www.nzta.govt.nz/assets/resources/The-Business-Case-Approach/PBC-intervention-hierarchy.pdf</p>	<p>The NZTA planning and investment principles include optimising the provision and use of the land transport system.</p> <p>In order to achieve value for money, the Transport Agency seeks an integrated, multi-modal network that will optimise the use of and investment in the network.</p> <p>This approach should be fundamental and is applicable to all steps in the planning and investment process. It comprises:</p> <ul style="list-style-type: none"> • Firstly, planning and developing an integrated land use and transport pattern that stages growth to coincide with available capacity on the network • Then identifying opportunities to manage traffic growth to utilise the network more efficiently and provide appropriate mode choice. • Then optimising the use of the existing network through road marking, signage, phasing of signals, ramp metering, etc • And finally, considering investment in new infrastructure, matching the levels of service provided against affordability and realistic need. <p>The Transport Agency will work with its investment partners to take a whole-of-network approach to land transport investments to maximise the opportunities to improve efficiency and integration across the network.</p> <p>Optimisation is a core component of the Transport Agency's State Highway Network Strategy and Network Access and Use Strategy. While the Transport Agency aims to improve optimisation across the whole land transport network, the Agency's immediate focus will be on major urban areas under growth pressure and key strategic freight networks.</p> <p>Investment that optimises the provision and use of the land transport network will focus on two key areas:</p> <ul style="list-style-type: none"> • Network provision: Optimising the way the network is provided to users to manage the network more efficiently and improve safety, for example allocating space within corridors to high priority modes at peak times, providing for public transport, walking and cycling facilities, and utilising new and emerging technologies, • Network use. Optimising the way the network is used by road users to get the most out of the network, for example providing real-time traveller information, implementing pricing and charging measures, and initiating marketing and education to influence the choices that road users make about their trip making. 	<p>Direct text</p>	<p>e</p>
	<p>Text about NZTA intervention hierarchy from Investment decision-making framework review:</p>	<p>Pg.15</p> <p>The team found the current application of the intervention hierarchy is not fit-for purpose as it:</p> <ul style="list-style-type: none"> • Cannot be applied to all transport outcomes, such as safety and resilience • Is not effective for Transport Agency policies, such as mode neutrality • Does not facilitate line of sight from strategy through to the business case 	<p>Direct text</p>	

	https://nzta.govt.nz/assets/planning-and-investment/docs/Investment-Decision-Making-Framework-review-investigation-stage-report-October-2019.pdf			
National Land Transport Programme (NLTP) 2018-2021	Whole document https://www.nzta.govt.nz/planning-and-investment/national-land-transport-programme/2018-21-nltp/	<p>The NLTP contains a three-year programme of planned activities and a 10-year forecast of revenue and expenditure prepared by NZTA to give effects to the GPS.</p> <p>The latest NLTP was prepared in 2018 for the time period 2018 – 2021. NZTA needs to ensure its investment decisions in the NLTP will support the Government’s priorities for a land transport system, based on GPS 2018. The Government has following priorities:</p> <ul style="list-style-type: none"> • Safe • Access • Environmental • Value for money <p>The NLTP outlines the Government’s requirement of each priority, and NZTA’s corresponding response.</p> <p>Page 21-23 Value for money This section outlines the requirements of the GPS with regard to value for money and NZTA’s practices.</p> <ul style="list-style-type: none"> • Deliver the right infrastructure and services <ul style="list-style-type: none"> ○ The development of the Investment Assessment Framework (IAF) ensures NLTF investment aligns with the GPS 2018 and investment is consistent across the country for all modes of travel. • Investments are at the best costs <ul style="list-style-type: none"> ○ Using frameworks and practices of procurement techniques ensures the proposed land transport activities to achieve value for money. NZTA applies cost efficiency benchmarking to assess the costs and benefits of programmes. • Improved returns from maintenance <ul style="list-style-type: none"> ○ NZTA works with local governments through Road Efficiency Group (REG). To improve value for money, REG has developed the One Network Road Classification (ONRC) system and is continuously improving the ONRC to make it more fit for purpose. ○ In addition, REG shares examples of best practice procurement to local governments and helps them to make smart procurement decisions. ○ NZTA is reviewing its current investment decision making system. • Innovation and technology are used to increase the net benefits from land transport investment and use <ul style="list-style-type: none"> ○ Ongoing advances in data collection and sharing will ensure a better understanding of customers’ experiences and needs. ○ NZTA will continue to invest in digital technologies and use and develop the latest traffic operations technology. 	Summary	e
NZTA - NLTP Investment Assessment Framework (IAF)	IAF website information: https://www.nzta.govt.nz/planning-and-investment/planning-and-investment-knowledge-base/2018-21-nltp-investment-assessment-framework-iaf/about-the-2018-21-nltp-investment-assessment-framework/	<p>This page briefly introduces IAF’s functions, roles and features. It summarises how IAF can help NZTA to achieve value for money. All contents can be found in the official document.</p> <p>Functions of IAF:</p> <ul style="list-style-type: none"> • Approve organisation and NZTA to assess and prioritise activities to be submitted for funding considerations. • To assist NZTA in developing the NLTP and to make investment decisions <p>Role of IAF:</p> <ul style="list-style-type: none"> • It is the framework used to develop an integrated prioritised NLTP that gives effect to the GPS by translating GPS priorities and expectations <ul style="list-style-type: none"> ○ It is used to develop land transport activities for inclusion in RLTPs 	Summary	e

○ NZTA uses IAF to determine what proposals the RLTPs will be prioritised for inclusion in the NLTP and what proposals should be funded.

- It forms part of the **Investment Decision-Making Framework**



Key principles of the IAF:

- The IAF must help the Transport Agency give effect to the GPS and it must ensure there is a visible pathway from GPS priorities and results through to investment.
- The Transport Agency gives effect to the GPS by partnering with approved organisations and other sector stakeholders.
- The IAF is a translation of the GPS priorities and results into a prioritisation framework rather than a simple reiteration of the GPS which does not provide the granularity required for investment decision making.
- The GPS defines the outcomes and results from the sector which the government is looking for. The IAF interprets those results by defining the investment outputs which have been prioritised in the programme of work delivered under the NLTP.
- The IAF aims to achieve value for money by prioritising investment proposals which are targeted to achieve the GPS priorities and make efficient use of the available resources.
- Efficient use of available resources requires cost-benefit appraisal which is tailored for the type of interventions required and the context of those interventions to achieve the GPS outcomes sought.
- Any activity already approved for local authorities is treated as committed ie they will not be required to be reviewed under the 2018-21 IAF.
- Any investment proposal seeking funding approval in the 2018-21 NLTP must be assessed and prioritised under the IAF by the Transport Agency.

Main features of IAF:

- Use of the Business Case Approach
- Results alignment - rates the degree of alignment with the results specified in the GPS
- Cost-benefit appraisal - considers how well the proposed solution maximises the value of what is produced from the resources used, and the timeliness of intervention
- Programme support - assesses urgency to address the problem in the time frames of the GPS

		<p>Business case</p> <p>Assessment of the Business Case (Pass / Rework / Fail) <i>Is there evidence that the issue and its benefits justifies investment and that the proposed response best solves the result identified (Is it effective)?</i></p> <p>IAF</p> <p>Results Alignment (Low / Medium / High / Very high) <i>What is the significance of the case for change to the desired results in the GPS (Is it in the public interest)?</i></p> <p>Cost-Benefit Appraisal (Low / Medium / High / Very high) <i>How efficient is the proposal?</i></p> <p>Supported by</p> <p>Programme Support (3 / 10 / 10+ years) <i>What is the urgency?</i></p> <p>Value for money: NZTA uses the IAF to help it achieve value for money in selecting the right investments. This section briefly introduces how IAF can assist to achieve better value for money, by:</p> <ul style="list-style-type: none"> • building off the business case for the programme or activity that has a clear understanding of the problems being addressed, the investment objectives and benefits to be realised, and ensures solution alternatives and options have been appropriately considered • assesses the contribution that programmes and activities make against the results sought by the GPS and wider purpose of the Land Transport Management Act 2003 • provides a consistent means of comparing and prioritising land transport activities based on their relative contributions to results • takes into account the potential offering of proposed activities and considers the benefits and costs of solutions in a balanced way. 		
	<p>IAF document:</p> <p>https://www.nzta.govt.nz/planning-and-investment/national-land-transport-programme/investment-assessment-framework-2018-21-nltp/</p>	<p>Investment Assessment Framework (IAF) was updated ahead of NLTP 2018-21 to reflect the 2018 GPS on land transport and the key priorities of safety and access. IAF is the framework that NZTA uses to assess and prioritise land transport activities for inclusion in the NLTP. Prioritisation is based on the two assessment factors of results alignment and cost benefit appraisal.</p> <p>Page 6 – Key principles IAF have a number of key principles to ensure it can achieve what the government seeks from investments in the transport sector. Here is a principle with regard to value for money:</p> <ul style="list-style-type: none"> • The IAF aims to achieve value for money by prioritising investment proposals which are targeted to achieve the GPS priorities and make efficient use of the available resources. <p>Page 9 – Cost benefit appraisal The cost benefit appraisal is the current evaluation tool used to assess the efficiency of proposed investments. Coast benefit appraisal and results alignment ratings determine what projects and programmes are included in the NLTP and inform priority for investment.</p> <p>Page 10 – 12 Prioritisation for programmes Activities are prioritised and classified to three groups:</p> <ul style="list-style-type: none"> • Improvement activities • Continuous programmes • Other programmes and activities <p>Activities relating to value for money:</p>	e	

		<p>Investment management is prioritised as one of other programmes and activities. Page 26 provides detailed information of investment management. This activity covers transport planning, sector research and Investment in the Funding Allocation System (IFAS). A single factor Results Alignment assessment is applied for this activity.</p> <p>The purpose of sector research is to acquire new knowledge that can be applied by transport decision makers to deliver a more effective and efficient transport system.</p>		
Planning and Investment Knowledge Base	<p>https://www.nzta.govt.nz/planning-and-investment/planning-and-investment-knowledge-base/</p>	<p>The Planning & Investment Knowledge Base sets out the policies, principles and processes for all investment from the National Land Transport Fund in land transport. This guides all organisations to plan, develop and manage the activities for which they seek funding assistance from the Transport Agency.</p> <p>Planning and investment principles include</p> <ol style="list-style-type: none"> 1. A partnership approach to planning and investment 2. Development of a robust, evidence based investment case 3. An integrated approach to land use and transport planning 4. Optimising the maintenance, use and provision of the land transport network 5. Right outcomes, at the right time and at the right cost 6. Risk-based approach 7. A safe system approach 8. Working in a socially and environmentally responsible manner 9. Those who pay should benefit from land transport investment 10. Scrutiny principle <p>Value for money is a key component of principles 2 and 4.</p> <p>A business case approach forms the basis for activity and programme development for investment from the National land Transport Fund (NLTF). Early in the business case approach, the performance measures will need to be developed. When the activity or programme has been implemented, its performance will be tracked against those measures. This will ensure an ongoing evaluation of the success of investments.</p>		e
NZTA information about the NLTP value for money priority	<p>Website Information: https://www.nzta.govt.nz/planning-and-investment/national-land-transport-programme/2018-21-nltp/responding-to-government-priorities/value-for-money/</p>	<p>The content has been covered and summarised in NLTP 2018-2021 Page 21-23 Value for money section.</p>		
NLTP prioritisation round - November 2019	<p>Website Information: https://www.nzta.govt.nz/planning-and-investment/national-land-transport-programme/2018-21-nltp/nltp-prioritisation-november-2019/</p>	<p>The prioritisation funding round was completed using the Investment Assessment Framework.</p> <p>NZTA relocated \$57 million of walking and cycling funding to new projects and \$18 million for local road improvements to new projects.</p>	Direct text	
Transit New Zealand National State Highway Strategy June 2007	<p>Whole document https://www.nzta.govt.nz/assets/resources/national-state-highway-strategy/docs/national-</p>	<p>The strategy sets out how Transit will move towards and manage the state highway network as an integral part of a multi-model transportation network. The strategy identifies the likely long-term direction for New Zealand's highway network (30 years).</p> <p>Goals for the SH system:</p> <ul style="list-style-type: none"> • Ensure state highway corridors make the optimum contribution to an integrated multi-model land transport system. • Provide safe state highway corridors for all users and affected communities. 	Summary	

	state-highway-strategy-2007-ARCHIVED.pdf	<ul style="list-style-type: none"> • Ensure state highways enable improved and more reliable access and mobility for people and freight. • Improve the contribution of state highways to economic development. • Improve the contribution of state highways to the environmental and social wellbeing of New Zealand, including energy efficiency and public health. <p>Underpinning these goals is needed to make the best possible use of government funding and to ensure value for money for all activities.</p> <p>Pg.11 Funding and affordability Affordability impacts on a wide range of activities, from ensuring that the existing network provides good value for money to costing maintenance on a whole-of-life basis, to the selection of practical and cost-effective options for road improvements and mitigation measures.</p> <p>Affordability is about what to do, how to do, how to develop the best solutions for the transport network as a whole and a matter of timing and planning for the longer term, which is why a 30-year view of how the state highway network should develop.</p> <p>Pg.27 Concepts for New Zealand's State Highways The maps showing the proposed carriageway standards for New Zealand highways over the next 30 years can be found in this section. The map shows the state highways which are proposed 4 or more laning within 30 years, possible 4 or more laning or 2+1 within 30 years and possible passing and overtaking opportunities within 30 years.</p> <p>Following by the large maps, state highway concepts for selected regions (Auckland region, Waikato expressway and Wellington region) and selected urban areas are explained in detail.</p>		
NZTA Monitoring and reporting on investments	Website Information: https://www.nzta.govt.nz/planning-and-investment/planning-and-investment-knowledge-base/monitoring-and-reporting-on-investments/	<p>About monitoring and reporting on investments The purpose of monitoring and reporting on investments is to closely monitor costs and show that services and infrastructure the NZTA has invested in fulfil their intended purpose and achieve their expected outcomes and benefits.</p> <p>Annual Achievement Reports Each approved organisation and the Transport Agency (state highways) must provide an annual achievement report to the Transport Agency. The information in the reports provides feedback on the delivery of the programmes the Transport Agency has invested in. The reports are used for benchmarking and comparing the performance of the transport network across New Zealand.</p> <p>Investment assurance framework The investment assurance framework provides assurance about the services and infrastructure the Transport Agency invests in. It also systematically identifies opportunities to improve both the Transport Agency's and the transport sector's performance.</p> <p>The framework covers three audit and monitoring activities:</p> <ul style="list-style-type: none"> • Investment audits • Benefit realisation reviews • Investment performance measurement (including performance measures, and closely linked to benefit realisation reviews) <p>The Transport Agency's benefit realisation assessment has two parts:</p> <ol style="list-style-type: none"> 1. Benefit realisation reviews 2. Performance measures <p>Investment Audits The Transport Agency has a legal obligation to audit organisations that are funded through the National Land Transport Programme. The audits take place on a cycle of two to four years. This section introduces the audit process, and what is included in the audit.</p> <p>Benefit Realisation Reviews</p>	Direct text	c

		<p>The Transport Agency conducts benefit realisation reviews every year on a small sample of completed projects or packages that it has invested in. The reviews allow the Transport Agency to compare the planned benefits of a project with the actual outcome achieved. This section outlines the scope, the purpose and selection of activities for reviews.</p> <p>Investment performance measurement This monitoring activity includes performance measures and forms part of benefit realisation reviews. The Transport Agency has developed a list of performance measures to be used through the Business case process.</p> <p>Approved organisations and the Transport Agency (state highways) need to provide performance measures for the following activities in order to receive funding approval from the Transport Agency:</p> <ul style="list-style-type: none"> • road improvement activities with a total cost of \$10m or more • public transport improvement activities with a total cost of \$4m or more • walking and cycling improvement activities with a total cost of \$4m or more • all activities with funding contribution from the Urban Cycleways Fund (UCF) <p>Why did the Transport Agency introduce requirements for performance measures?</p> <ul style="list-style-type: none"> • To help demonstrate that we are achieving value for money with land transport investments • enable us to learn from our investments and apply what we learn to future investments • align our investment review process with the Transport Agency’s business case approach • facilitate more efficient and effective post-implementation reviews by providing more comprehensive performance/benefits information. 		
<p><i>Procurement Manual For activities funded through the National Land Transport Programme (NLTP)</i></p>	<p>Whole document https://www.nzta.govt.nz/resources/procurement-manual/</p>	<p>This manual contains a framework and tools to help approved organizations and NZ Transport Agency to:</p> <ul style="list-style-type: none"> - Take a long-term, strategic approach to procurement by developing a procurement strategy for activities funded through NLTP. - Obtain the best value for money spent. <p>Page 28 – Chapter 3 Best value for money spent This chapter provides an overview of how procurement ensures that best value for money spent can be obtained when purchasing goods or services to deliver activities approved under s20 of the Land Transport Management Act 2003 (LTMA). This chapter provides guidelines on the:</p> <ul style="list-style-type: none"> • Identify best value for money at the activity selection stage • Maintain or enhance value for money spent through the procurement process • Financial and non-financial attributes that are appropriate to value during the procurement process <p>Page 38 – Chapter 4 Strategic approach to procurement This chapter sets out how a strategic approach to procurement will enable an approved organisation more likely to obtain best value for money. The strategic approach has the following steps:</p> <ol style="list-style-type: none"> 1. Document the policy context (strategic objectives and outcomes, procurement objectives and outcomes, compliance with other relevant policies) 2. Document the procurement programme 3. Document the approved organisation’s understanding of the procurement environment 4. Develop an approach to delivering the work programme 5. Implement the procurement strategy <p>Page 60 – Chapter 5 Supplier selection process The supplier selection process is the means of obtaining the preferred supplier to deliver the outputs based on best value for money principles.</p> <p>Chapter 6 – 9 Procurement procedure 1, 2, 3 &4 Procurement procedures provide guidelines, rules and tools that will enable approved organisations to obtain best value for money from procurement activities they undertake. Each procurement procedure can deal with a broad range of activities and are expected to encompass most activities across the land transport sector.</p>		<p>e f</p>

		<p>Chapter 6 – 9 contain the following procurement procedures:</p> <ol style="list-style-type: none"> 1. Infrastructure 2. Planning and advice 3. Public transport services 4. Public transport fare subsidy schemes 		
<p>NZ Transport Agency Roads of National Significance Economic Assessments Review July 2010</p>	<p>https://www.nzta.govt.nz/assets/resources/rons-economic-assessment-2010-05/docs/full-report.pdf</p>	<p>The purpose of undertaking the assessment is for NZTA to be able to answer two fundamental questions, namely:</p> <ol style="list-style-type: none"> 1. Are there quantifiable wider economic benefits associated with the portfolio of RoNS projects? 2. If such benefits exist and are quantifiable, are they of sufficient scale to demonstrate the economic worth of an aspirational RoNS implementation program? <p>Key conclusions from the economic assessment are:</p> <ul style="list-style-type: none"> • Conventional assessments undertaken for each RoNS assessed at a portfolio level, indicate that the RoNS portfolio generates substantial economic benefits with an NPV of the portfolio of over \$4.5bn and a BCR of approximately 1.8 (in other words, for every \$1 of capital invested, the portfolio generates approximately \$1.80 in return); • Estimates of regional WEBs and of national economic and productivity benefits indicate that the potential exists for further additional benefits to the economy generated by the RoNS over and above conventional transport economic benefits; • There is not a materially significant difference between the outcomes of implementing the RoNS under an aspirational versus compliant timetable – the inclusion of WEBs does not change this outcome; • Notwithstanding this, the results indicate that the total benefits remain larger than total costs for the RoNS portfolio as a whole, whether delivered as an aspirational program, or a compliant program; • The results indicate that there is no major difference in economic outcome in substantially delivering the RoNS within a ten year timeframe (an aspirational scenario) compared to a longer delivery timeframe. Indeed if funds are available to invest sooner, economic benefits generated by the RoNS, both conventional and wider, can be realised sooner. 		c
<p>NZ Transport Agency assessment of behavior change advertising programme</p>	<p>Various websites:</p> <p>https://www.nzta.govt.nz/safety/our-advertising/analysis-and-evaluation/</p> <p>https://www.nzta.govt.nz/planning-and-investment/planning-and-investment-knowledge-base/assessment-of-activities-by-activity-class/assessment-of-road-safety-promotion-programmes/</p> <p>https://www.nzta.govt.nz/planning-and-investment/planning-and-investment-knowledge-base/assessment-of-activities-by-activity-class/assessment-of-road-safety-promotion-programmes/</p>	<p>The purpose of the National Advertising and Education Programme is to influence road user behaviour. It comprises multiple interventions/campaigns that support specific strategic priorities within New Zealand’s Road Safety Strategy 2010–2020, <i>Safer Journeys</i>. The programme works in conjunction with other parts of the Transport Agency business and with key external stakeholders such as the New Zealand Police to support key safety messages, to influence road user behaviour, support enforcement and to ensure alignment of messaging across the sector.</p> <p>The programme contributes to achieving the Safe System vision, which is ‘a safe road system increasingly free of death and serious injury’. The programme focuses effort on key areas of concern identified in the strategy, and emerging issues of public concern, such as visiting drivers and keeping left on multi-laned roads to influence and encourage the correct behaviours on our roads.</p> <p><u>Evidence-based research-driven advertising</u></p> <p>The national road safety advertising and enforcement campaign is based on a very high level of research. Crash data analysis forms the statistical basis of the entire campaign. Crash data is analysed to identify who is crashing and where they’re crashing. This information is used to form the basis of each advertising brief.</p> <p>Using these detailed briefs, the contracted advertising agency develops creative concepts. They use realistic scenarios to reach specific target audiences. To ensure that the correct message is taken from each individual campaign, all advertising is highly researched and tested with the relevant target audience from concept stage through to the end product.</p> <p><u>Measuring effectiveness</u></p> <p>The effectiveness of the campaign is determined by a set of intermediate and overall outcome measures. Both enforcement and advertising contribute to these outcome measures.</p> <p>Output measures</p> <ul style="list-style-type: none"> • Media space purchased and delivered, eg target audience rating points (TARPs) delivered, website visits and magazine readership. • Offence notices issued. <p>Intermediate outcomes</p> <ul style="list-style-type: none"> • Audience recall and relevance. 	Summary	c

		<ul style="list-style-type: none"> • Key public attitudes to road safety, eg drink-driving, speed. <p>Behavioural outcomes</p> <ul style="list-style-type: none"> • Reduced drink-driving and speeds. <p>Overall outcomes</p> <ul style="list-style-type: none"> • Reduced road deaths and injuries. 		
<p>Summary:</p> <ul style="list-style-type: none"> • The NZ Transport Agency has a significant process dedicated to achieving value for money, from the high level investment decision making framework and planning documents such as Arataki, through the business case approach for programmes or projects, and the Investment Assessment Framework as it relates to the National Land Transport Plan. • There appears to be some reporting against benefits of business cases, and financial management of the NLTP. 				
<p>Road Efficiency Group publications related to value for money</p>				
<p><i>Activity Management Planning: A Guide to integrating the NZTA's Business Case Approach & Self-assessment - Draft</i></p>	<p>Whole Document:</p> <p>https://www.nzta.govt.nz/assets/Road-Efficiency-Group/docs/Activity-Management-Planning-A-Guide-to-integrating-the-NZ-Transport-Agency's-Business-Case-Approach-Self-assessment.pdf</p>	<p>The purpose of the guide is to help Road Controlling Authorities (RCAs) to develop their current Activity Management Plans (AMP) to incorporate the NZTA Business Case Approach (BCA). The self-assessment tool is used to identify areas of learning and development for imbedding BCA into an RCA activity management planning.</p> <p>Page 3 – What is a business case approach? The business case approach seeks at the earliest stage of the process, to clearly define the problems and contextual state of the district, with engagement of key partners and stakeholders where necessary.</p> <p>The business case approach also seeks to make sure during the lifecycle of a programme or project that the reason for doing it are still sound, and that it has a clear link back to organisational priorities and issues.</p> <p>Key questions the AMP should answer under a business case approach:</p> <ul style="list-style-type: none"> • Does the AMP demonstrate the proposed programme represents value for money by doing the right thing in the right place at the right time for the right place and in the right way to achieve the desired outcomes and benefits for addressing key issues and/or the contextual state of play in the district. <p>Page 4 - Why do we have to do the business case approach? It is important all investments are able to clearly show the value they would have in addressing RCAs strategic problems and undertaking core business activities, and how this will provide benefit to customers and represent value for money. Applying the business case principles is about demonstrating a compelling investment story with rational logic.</p> <p>GUIDE</p> <p>The following steps should be followed to develop AMP (can be found in Appendix E – Guidance steps to imbed a business case approach into AMPs)</p> <p>For <u>Maintenance, operations, renewals and minor improvements</u>, here are the steps to follow:</p> <ol style="list-style-type: none"> 1. Point of Entry Discussion – Discussions about what information you already have and what information you don't have and work out what you need to do to complete the BCA AMP. Early engagement meeting between RCA & NZTA. 2. Strategic case – Provides information on the RCAs operating environment, strategic issues and future aspirations. Identifies the case for change or maintaining the status quo. Contains the strategic context and assessment. Early engagement with key stakeholders. 3. Programme business case – Provides the strategic response of the planned future state. Identifies a programme of works or activities that deliver on the strategic case. Assets management identifying maintenance, operations, renewals and improvements/new work programme. It is the current activity management plan for all councils. <p>For <u>new and improvement projects</u>, here are the steps to follow:</p>	<p>Direct text</p>	<p>e</p>

		<p>4. Point of entry – Agree approach and starting point in the business case approach process for identified capital projects. Meeting between RCA & NZTA. Capital projects not identified in the BCA AMP may require the development of a strategic and programme case.</p> <p>5. Indicative business case – The point where individual activities are progressed. Provides the basis for telling the investment story on the long list of options, risks and trade offs on risk reverse benefits. Allow decision makers an early opportunity to choose a preferred option to progress for further investigation in the detailed case.</p> <p>6. Detailed business case – Detailed analysis of costs, risk and benefits on the preferred option. Provides decision makers with evidence that the preferred option is the best feasible option, addresses the problems and delivers the outcomes identified in the strategic cases and is affordable.</p> <p>7. Implementation & Post implementation – Delivery of maintenance and operations. Delivery of capital projects/activities. Review performance and delivery against the strategic case.</p>		
Regional publications				
<p>Upper North Island Freight Story – Summary of Critical issues – April 2013</p> <p>And Upper North Island Freight Story – Shared Evidence Base April 2013</p>	<p>https://www.unisa.nz/wp-content/uploads/2017/09/summary-of-critical-issues.pdf</p> <p>https://www.unisa.nz/wp-content/uploads/2017/09/Upper-North-Island-Freight-Story-Shared-Evidence-Base-Document-FINAL-April-2013.pdf</p> <p>https://www.unisa.nz/wp-content/uploads/2017/09/NISA-Upper-North-Island-Story-28032017.pdf</p>	<p>The purpose of the Story is to take a collective partnership approach within an upper North Island ‘freight lens’ to determine issues or areas that are limiting our ability to ‘reduce the cost to do business in New Zealand’.</p> <p>The purpose of the Upper North Island Freight Story is for key partners in the upper North Island to work together on:</p> <ul style="list-style-type: none"> • a Story, based on ‘reducing the cost to do business in New Zealand – through an upper North Island lens’ to support informed decision making on key land use, infrastructure and investment, to improve the economic performance of the upper North Island and New Zealand • a shared approach for key partners to make decisions together. <p>The Story is about stakeholders and partners identifying those critical freight related issues within the upper North Island and then developing a shared evidence base to support future discussions and decision making.</p> <p>Seven critical freight related issues were identified in the Story:</p> <ul style="list-style-type: none"> • Strategic Road and Rail Network Constraints • Delivery of the High Productivity Motor Vehicle (HPMV) programme • Utilisation of industrial land • Lack of strategic, integrated land use and transport planning and investment • Lack of shared and accurate data • Need to understand costs of freight supply chains for critical industries in the upper North Island • Challenging local government and central government funding structures <p>Strong emphasis was placed on sharing of information and evidence, and on adding value to the Upper North Island in order to reduce the cost to do business. This is to be achieved through collective evidence and shared decision making. No discussion on value for money specifically.</p> <p>The Evidence Base is the support document to the Summary of Critical Issues and includes the ‘shared evidence base’ for each of the identified critical issues. This document provides decision makers with a greater depth of information relating to the critical issues identified in the Story and will be used as a key reference for any relevant freight-related decisions by the partner organisations. To ensure that the shared evidence base remains current the responsibility for ensuring the currency of each critical issue’s evidence set will sit with the organisation that has the lead role.</p> <p>The Upper North Island Story has been updated in 2019/2020 from 2016/17 which can be used to understand how the statistics/evidence has changed.</p>	Summary	c
Auckland RLTP 2018-2028	<p>Website Information:</p> <p>https://at.govt.nz/about-us/transport-plans-strategies/regional-land-transport-plan/</p>	<p>The RLTP has a 10-year programme which focuses on improvements to public transport, rapid transit, walking and cycling. It also includes network initiatives to help to address congestion, safety and support for greenfield and urban redevelopment.</p> <p><u>Chapter 3: The Purpose and Scope of the RLPT</u></p> <p>The GPS on Land Transport is referenced including the following four priorities:</p> <ul style="list-style-type: none"> • Safety 	Summary	b

		<ul style="list-style-type: none"> • Access • Environment • Value for money <p>The RLTP supports this approach, “Safety and access are the two key strategic priorities for the Government and these are supported by the priorities of environment and value for money”.</p> <p>Each strategic priority has a number of objectives; “Value for money: a land transport system that delivers the right infrastructure to the right level at the best cost.”</p> <p>The ATAP (Auckland Transport Alignment Project) is referenced, discussing the funding priorities outlined in ATAP and that it identifies further funding priorities once investment is secured.</p> <p>p.28 outlines the importance of value for money and the challenges faced such as rising construction costs, changing environments and cross coordination between interested parties.</p> <p>For this RLTP, AT has undertaken a comprehensive review of its asset renewals programme to ensure that it is delivering a fit-for-purpose level of service and achieving value for money.</p> <p><u>Chapter 8: Measuring Outcomes</u> A table that sets out performance measures and targets to track progress. Value for Money Two areas: Public Transport Subsidies and Achieving Project KPI’s. Public transport subsidy - Public transport farebox recovery - Calculated monthly by AT - 47-50 per cent Achievement of project KPIs - Proportion of major project KPIs that have been achieved - Utilising results from post implementation reviews completed by AT and the Transport Agency - Measure to create baseline and future targets</p> <p><u>Chapter 9: Funding and Expenditure</u> Outlines where funds are coming from</p> <p><u>Appendix 1: Auckland Transport Capital Programme</u> Outlines the projects, timelines and expenses. No mention however of how these are prioritised.</p> <p><u>Appendix 5: Significance Policy</u> The Significance Policy determines the significance of variations in relation to the Auckland RLTP</p>		
ATAP supporting information	https://www.transport.govt.nz/assets/Uploads/Land/Documents/ea31ecd02a/ATAP-Supporting-Information.pdf	<p>The Auckland Transport Alignment Project (ATAP) is a joint effort by the Government and Auckland Council recognising the need to improve alignment on a long-term strategic approach to transport in Auckland.</p> <p>The focus of the ATAP is to test whether better returns from transport investment can be achieved in the medium and long-term, particularly in relation to the following objectives:</p> <ol style="list-style-type: none"> i. To support economic growth and increased productivity by ensuring access to employment/labour improves relative to current levels as Auckland's population grows ii. To improve congestion results, relative to predicted levels, in particular travel time and reliability, in the peak period and to ensure congestion does not become widespread during working hours iii. To improve public transport's mode share, relative to predicted results, where it will address congestion iv. To ensure any increases in the financial costs of using the transport system deliver net benefits to users of the system. <p>This report supports the Auckland Transport Alignment Project: Recommended Strategic Approach. A number of objectives have been listed in the document, the following are relevant:</p> <p>Objective:</p>		

		<p>Increased financial costs deliver net user benefits Measure: Net benefits to users from additional transport expenditure Headline KPI: Increase in financial cost per trip compared to savings in travel time and vehicle operating cost</p> <p>Objective: Ensure value for money Measure: Value for money Headline KPI: Package benefits and costs</p> <p>The document analyses data based on the Auckland Plan Transport Network (APTN) looking at challenges facing Auckland transport.</p> <p>Section 5.8 New Transport Technologies Intelligent network management: Further investment in this area could lead to material accessibility and congestion improvements by enabling more comprehensive real time information and analytics, better traffic management tools (such as smarter traffic signals) and preparation for the roll-out and management of new vehicle technologies through vehicle-to-infrastructure communication. Additional investment is likely to deliver good value for money, by enabling more efficient use of existing infrastructure.</p> <p>Section 9. Indicative Package Development The three stages of option testing informed development of the strategic approach outlined in the Recommended Strategic Approach. This is an integrated approach that aims to balance transport demand with the capacity of our infrastructure and services. It requires a fundamental shift to a greater focus on influencing travel demand through smarter transport pricing and accelerating the uptake and implementation of new technologies, alongside substantial ongoing transport investment, and getting more out of existing networks.</p> <p>Target Investment to the most significant challenges – prioritise investment to achieve best value for money, enable and support growth, strengthen strategic transport networks.</p> <p>Section 10. Prioritisation Framework Framework for identifying early priorities considered two broad factors, both of these are used as prioritisation methodology, being rated as low, medium or high; The extent to which investment targets the most significant first decade challenges, and The potential to deliver value for money in the first decade</p> <p>To enable a consistent comparison of potential value for money, a framework was developed that enabled measurement of the main value for money components, alongside the intervention’s estimated cost. See pg 64 for table outlining this.</p> <p>Section 12.4 Value for Money The project’s Terms of Reference require consideration of the costs and benefits of alternative combinations of interventions and whether better returns can be achieved from transport investment than current plans. Value for money is normally assessed through cost benefit analysis, which compares the level of benefits against the size of an investment. Outputs from Auckland’s regional transport models were used to estimate the total quantum of benefits from the Indicative Package (relative to a base investment). In undertaking this value for money assessment, large differences between the cost benefit calculations at a 'package-wide' level and at a 'project' level became clear. In particular, more refined project level analysis appeared to capture project benefits to a much greater degree than the package wide analysis. Limitations of the strategic modelling tools were considered to be the likely cause of this difference and therefore we did not rely on package wide cost benefit assessment based on modelling outputs.</p> <p>Instead, focus was on assessing the Indicative Package's value for money in the following ways:</p>		
--	--	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--

		<p>1. Ensuring identified 'early priorities' are likely to provide value for money if they are implemented over the next decade. Our prioritisation framework assessed the likely relative costs and benefits of major investments.</p> <p>2. A number of identified early priorities have existing value for money assessments indicating they deliver benefits that exceed their costs.</p> <p>3. Analysis against our evaluation framework showed the Indicative Package will deliver better region-wide outcomes than current plans and significantly better results than a higher investment package that did not include smarter pricing. This finding suggests that the inclusion of smarter pricing is key to achieving value for money.</p> <p>Beyond these early priorities it becomes more challenging to assess value for money, as uncertainties relating to project costs, the location and quantum of growth, and the impacts of smarter pricing and new technologies become increasingly significant. The most substantial uncertainty relates to large, longer-term infrastructure investments. The timing and scope of these investments should be monitored over time, particularly with regard to whether they provide value for money as we shift to a greater focus on influencing demand.</p>		
ATAP evaluation report	https://www.transport.govt.nz/assets/Uploads/Land/Documents/a4288f6c7e/ATAP-Evaluation-Report.pdf	<p>The purpose of the Evaluation Report is to present the results obtained from the testing of the transport packages and tools that were prepared to achieve the objectives of the Auckland Transport Alignment Project ("the project").</p> <p>pg 15 Value for Money</p> <p>1. The APTN is the benchmark against which other packages or strategic approaches are assessed in terms of value for money. The parties to the project are seeking better performance in relation to the project objectives having regard to the cost to users and the amount of investment required for the 30 year programme.</p> <p>2. Overall, analysis of the APTN suggested that many of Auckland's most significant transport challenges appear to occur over the next 10 years, with planned investments beyond the next decade appearing to result in improvements. Auckland's significant growth since 2013, the base year for analysis, means that much of this challenge is likely to have already occurred.</p> <p>Multiple packages of work were evaluated, using a value for money framework using the following method: Value for money assessments considered both network wide effects and isolating the contribution of projects at a sub-regional level, through an assessment of their impact on throughput and travel times relative to cost. These proxies for value for money were used to identify projects worth taking forward into the next round of evaluation.</p> <p>Appendix A: Evaluation framework The purpose of this paper is to record and explain the framework used to evaluate transport packages in the Auckland Transport Alignment project to enable a robust and transparent analysis of different transport investments.</p> <p>This is a useful document understanding how 'value for money' was defined and used to prioritise projects/packages of work.</p>	Direct text	
2018 update to the Waikato RLTP 2015-2045		<p>The 2018 update to the Waikato RLTP 2015-2045 includes three strategic priorities that had been confirmed and weighted through an ILM process of:</p> <ul style="list-style-type: none"> • Road safety (40%) • Economic development / strategic corridors (35%) • Access and mobility (25%) <p>There are also three unweighted underpinning objectives of:</p> <ul style="list-style-type: none"> • Integration and forward planning • Affordability • Environmental sustainability and resilience. <p>RLTP priorities are summarised on page 50 and include: Maintaining what we have</p> <ul style="list-style-type: none"> • maintenance of existing transport assets • maximising efficiencies/value for money 	Summary	b

		<p>Page 63 includes an Affordability underpinning objective template, as summarised below. This is broader than value for money but included the concept within the wider affordability objective.</p> <p>Issues: The regional land transport system needs adequate maintenance and development funding. Rising costs, declining national and local revenue and constrained funding have resulted in and will continue to present funding challenges.</p> <p>Objective: An efficient land transport system where collaborative funding options result in optimal delivery of transport outcomes that best meet our communities' needs in an affordable way.</p> <p>Priorities</p> <ol style="list-style-type: none"> 1. Continue to maximise efficiencies and value for money across the transport system. 2. Maximise new opportunities to uplift funding through the National Land Transport Fund by identifying and targeting projects that support tourism and regional development outcomes. 3. Focus on how we sustainably fund access and mobility initiatives in rural communities. 4. Advocate for new models of cross agency funding. 5. Maximise new funding sources as they become available. 6. Maintain existing assets. <p>Policies</p> <p>P29 Support collaborative arrangements that maximise efficiencies across the regional transport system.</p> <p>P30 Pursue new and alternative funding sources and co-investment opportunities to fund regional and interregional transport activities.</p> <p>P31 Support integrated modal funding and advocate for integrated road and rail funding.</p> <p>Key implementation measures</p> <p>M47 - Waikato Mayoral Forum and transport partners to continue advancing the roading workstream through the Road Asset Technical Accord work programme underpinned by the One Network Road Classification and Roding Efficiency Group, and through other shared service arrangements.</p> <p>M48 Local authorities and approved organisations to continue to advance internal efficiencies in integrated land use and transport planning, roading maintenance and development.</p> <p>M49 The RTC to advocate for integrated national road and rail funding and to advocate for significant central government funding subsidy for a start up Hamilton to Auckland interregional passenger rail service.</p> <p>M50 The RTC and transport partners to explore innovative and collaborative alternative transport funding solutions, including co-investment arrangements, and including supporting investigations for the application of a future regional or subregional fuel tax.</p> <p>M51 Local authorities and approved organisations to target alternative funding sources for cycling and to work collaboratively with cycling stakeholders to fund cycle infrastructure, uptake and supporting activities.</p> <p>M52 WRC to uptake opportunities as alternative transport funding measures become available.</p> <p>Long term results we are seeking</p> <ul style="list-style-type: none"> • The Regional Land Transport Plan is fully funded. • Increasing the efficiency and effectiveness of transport solutions. • Value for money in regional land transport planning, maintenance and development. • Innovative collaborative funding and investment arrangements. • Better informed decision making. <p>Monitoring measurements:</p> <p>KPI 1: Increase funding from sources other than the National Land Transport Fund from 2015 levels.</p> <p>KPI 2: Reduce costs from 2015 levels in delivering road maintenance activities through improved asset management practices across the Waikato region.</p>		
--	--	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--

		<p>Pg 71 - Replacement, maintenance and renewal activities The LTMA requires Regional Land Transport Plans to prioritise regionally significant activities, however, replacement, maintenance and renewal activities are not required by the LTMA to be included as a regionally significant activity. They are, however, a key priority for our region and account for a significant proportion of investment in order to maintain our existing network.</p>		
<p>Waikato Regional Land Transport 2014/15 Annual Monitoring Update</p>	<p>https://www.waikatoregion.govt.nz/assets/WRC/WRC-2019/4647-Annual-Transport-Report-Card_UPDATED_PR.pdf</p>	<p>This is the latest monitoring report specific to land transport in the Waikato. The purpose of this report is to demonstrate progress in the 2014/15 financial year against the 'connected communities' performance measures in the 2012-2022 Long Term Plan, and the targets in the following strategies, programmes and plans:</p> <ul style="list-style-type: none"> • Regional Road Safety Strategy 2013-2016 • Regional Land Transport Programme 2012/13-2014/15 • Regional Walking and Cycling Strategy 2009-2015 • Regional Stock Truck Effluent Strategy 2010-2016 • Regional Public Transport Plan 2011-2021 • Regional Land Transport Strategy 2011-41. <p>Some of this information is shown as snapshot data, others such as road safety show trend information.</p> <p>Waikato Regional Council has prepared Annual Regional Transport Monitoring reports in a different format in previous years but these were unavailable online.</p>	Summary	c
<p>Wellington RLTP 2015</p>	<p>Whole document http://www.gw.govt.nz/rltp/an/</p>	<p>The RLTP 2015 sets out the strategic direction for land transport in the Wellington region over the next 10-30 years and provides a programme of all land transport activities in the region between 2015 and 2021.</p> <p>The overall national strategic direction for land transport (as described in GPS 2015) is to improved performance from the land transport system by focusing on:</p> <ul style="list-style-type: none"> • Economic growth and productivity • Road safety • Value for money <p><u>Pg.9 Summary of strategic approach</u></p> <p>Long-term vision: 'To deliver a safe, effective and efficient land transport network that supports the region's economic prosperity in a way that is environmentally and socially sustainable'</p> <p>To achieve a high quality, reliable public transport network, here are the key improvement areas for public transport:</p> <ul style="list-style-type: none"> • Continued modernising of public transport vehicles • Measures to improve journey times and service reliability • Enhancing the quality of stations, stops and interchanges • Improving pedestrian access to public transport stops and stations • Improving public transport fare, information and ticketing systems • Improving the design of public transport networks to be more effective and efficient • Ensuring value for money through new performance based operating contracts • Maintaining and enhancing park and ride facilities • Using customer feedback to improve the network • Promoting public transport use <p>Pg. 44 Corresponding polices for this strategic objective: PT 1. The wide benefits of public transport will be recognised when planning the transport network including network efficiency, land use and transport integration, and contribution to environmental, social, economic and health outcomes. PT 2. The public transport network will be continually improved to ensure that public transport services: a. go where people want to go, at times they want to travel</p>	Summary	d

		<p>b. provide competitive journey times c. provide value for money d. are easy to understand and use e. are safe, comfortable and reliable f. provide flexibility, allowing people to change their plans.</p> <p>PT 3. The public transport network will include core, local, and targeted services. PT 4. Public transport will be increasingly accessible through the provision of improved information, facilities, and services that are available to all members of the public.</p> <p>Pg.9 Other key strategic objectives</p> <ul style="list-style-type: none"> • A reliable and effective strategic road network • An effective network for the movement of freight • A safer system for all users of our regional transport network • An increasingly resilient transport network • A well planned, connected and integrated transport network • An attractive and safe walking and cycling network • An efficient and optimised transport system that minimises the impact on the environment <p>Pg.37-43 Outcomes, measures and 2025 targets under each strategic objective area Tables under this section will be used in the Annual Monitoring Report to monitor the progress of the target.</p> <p><u>Chapter 1 – 14</u> Outlines corridor strategies, network plans and other action areas.</p> <p><u>Chapter 15 - 20</u> The regional programme sets out all the land transport activities in the Wellington region proposed to be funded over July 2015 – June 2021. Chapter 20 explains funding resources and estimated costs for 6-year programme and 10-year programme</p> <p><u>Appendix E</u> The RLTP includes assessment of the RLTP (appendix E). It outlines legislative requirements, what RLTP contributes to the purpose of the Land Transport Management Act and consistency between the draft GPS 2015 and draft RLTP 2015. Here is one point that relates to value for money:</p> <ul style="list-style-type: none"> • Draft GPS 2015 has the objective of ‘A land transport system that delivers the right infrastructure and services to the right level at the best cost’ and seeks for the result of improved returns from public transport. Correspondingly, the RLTP seeks to grow public transport mode share which will result in more efficient use of transport infrastructure and better value for money. 		
Wellington RLTP 2018 mid-term update – front section	Website Information: http://www.gw.govt.nz/rltplan/	<p>The 2015 RLTP was reviewed in 2018 and updated the programme of land transport activities for the period between 2018 and 2021. The purpose of the review is to ensure the overall policy direction is fit for purpose for the second half of its six-year duration and to update the programme for the next three years (2018-2021). The reviewed RLTP reflects changes of planned transport activities since 2015 and the new national direction in draft GPS 2018.</p> <p>The draft GPS 2018 recognises value for money as one of four strategic priorities. Correspondingly, the RLTP aligns with national priorities by setting up the regional strategic issues and objectives including a well-planned, connected and integrated transport network, which aligns with the priority of value for money.</p>	Summary	b
Wellington RLTP 2018/19 annual monitoring reports	https://www.gw.govt.nz/annual/	<p>Greater Wellington Regional Council has information on their website showing reporting on an annual basis over a 5 year period since the 2015 RLTP was adopted, showing progress towards Wellington Regional Land Transport Plan (RLTP) indicators and targets.</p> <p>The report presents data and information on 20 RLTP outcomes, each with at least one measure and target. This enables GWRC to make comment against short and longer term trends and to provide observations about progress towards the measures and targets and whether the target has been reached.</p>	Summary	b d
Christchurch RLTP		Canterbury RLTP was unavailable on the website at the time of compiling this summary.		d

2015 – 2025	https://www.ecan.govt.nz/our-region/plans-strategies-and-bylaws/canterbury-transport-plans/			
Initial Otago Southland Regional Land Transport Plans 2015 – 2021	https://www.orc.govt.nz/media/3622/otago-southland-regional-land-transport-plans-2015-2021-june-15.pdf	<p>This document is an amalgamation of both the Otago Regional Land Transport Plan 2015–2021 and the Southland Regional Land Transport Plan 2015–2021.</p> <p>The Regional Transport Committees have developed a common transport strategy for the two regions. This strategy focuses on maintaining established transport networks, while making key improvements to transport services and infrastructure, focusing on: reducing the social cost of crashes; supporting economic productivity and growth by enabling freight journeys and visitor journeys; increasing network resilience; enabling all modes of transport appropriate access to the network; and ensuring value for money investments.</p> <p>The long-term goal set by the Committee for land transport in Otago Southland is: To provide accessible transport connections, giving users an appropriate choice of modes, and to gain improved performance from the land transport system, by focusing on: road safety; economic growth and productivity; value for money.</p> <p>Objective 2.3 Decision-making leads to infrastructure and services that are appropriate to function and demand, taking into account whole-of-life costs and benefits.</p> <p>Primary policies</p> <p>P.2.19 Provide infrastructure and services for roading, active transport and public transport that are affordable and appropriate to function. Infrastructure and services: reflect population densities, so that in less densely populated areas, transport services may be less convenient and frequent; take into account the possible need for in-built flexibility or slight “over-sizing” in transport infrastructure, based on foreseeable needs.</p> <p>Supporting policies</p> <p>P.2.20 Approved Organisations competently use Business Cases planning techniques, ensuring that the benefits to be gained from projects are really worth the cost.</p> <p>P.2.21 Approved Organisations develop cost-benefit analysis on first principles (or access the expertise to do this).</p> <p>P.2.22 Advocate for economic evaluation methodology that better recognises the benefits of walking, cycling, public transport, and new bridges. P.2.23 Advocate for public funding to be available for transport related changes with clearly substantive wider benefit (possible examples include increased walking and cycling, or getting more freight on rail).</p> <p>P.2.24 Advocate for more national public funds to be invested to keep infrastructure “fit for purpose” where there is clear wider benefit (e.g. economic productivity benefitting the whole country), and a low rating base.</p> <p>Section 3.5 outlines a summary of how and what projects are determined and categorized through Priority Bands.</p> <p>Many of the projects listed in the programme identified efficiency and value for money as a key project outcome. A main focus however was on the Public Transport and the Maintenance, Operations and Renewals Programmes, where value for money for ratepayers/taxpayers was highlighted.</p>	Summary	d
Updated Otago Southland Regional Land Transport Plans 2015-2021 (June 2018)	https://www.orc.govt.nz/media/5761/updated-otago-southland-regional-transport-plans-2015-2021.pdf	<p>The benefits that the update to the RLTPs seeks to realise are:</p> <ul style="list-style-type: none"> • improved network performance and capability, and network resilience • improved safety and reduced social impact of fatalities and injuries • a focus on areas of regional development, productivity and connectivity • increased customer voice on connectivity, accessibility and mode shifts • optimisation of the transport system through communication technology, innovation and improved people capability • greater value for money delivered by transport investments <p>The outcome associated with enabling the benefits mentioned above is: Greater value for money of transport investments: Enhance system performance, and cost.</p>		b

		<p>Appendix 2. Putting customers' voices and needs to the fore Increasingly, the voice of customers is becoming more important: the diversity of their requirements, modality shift and integration with technology to add value for money. Tourists want increased accessibility to information and facilities, e.g. communities need increased support for resiliency and cohesion and freight flows are increasing to meet customer and export growth.</p> <p>The notion of what constitutes value for money needs to take diverse customer needs into account. The shift in emphasis away from asset management to activity management, guided by adoption of the business case approach and the ONRC system, has led to a focus on providing transport systems that meet customer needs.</p>		
<p>Bay of Plenty RLTP 2018</p>	<p>https://cdn.boprc.govt.nz/media/760427/bay-of-plenty-regional-land-transport-plan-2018-web.pdf</p>	<p>The 2018 Plan sets out the priorities and activities the region will work towards in the next six years with a long term view of what might happen in the next 30 years.</p> <p>Page 37: The Bay of Plenty has followed an Investment Logic Mapping (ILM) process to identify the region's priority land transport problems and benefits. The ILM process involves key stakeholders⁸ working together to develop an investment logic map that tracks the relationship between identified problems and the benefits of resolving them. The Bay of Plenty ILM identifies three key benefits of addressing the region's priority land transport problems: 1 Better quality of life for Bay of Plenty residents (45%). 2 Increased safety for users of the region's transport network (30%). 3 Improved economic performance (25%).</p> <p>These benefits form the high level transport priorities for the region. Each benefit is supported by one or more objectives and key performance indicators designed to measure whether the anticipated benefits are being realised (Figure 18). While the key performance indicators have been arranged according to the primary objective they measure, many of them address more than one objective. Together the benefits and objectives align with the GPS priorities of:</p> <ul style="list-style-type: none"> • Safety; • Access; • Environment; and • Value for money <p>Objective 3.3.7 Economic efficiency (20%) The transport system is integrated with well planned development, enabling the efficient and reliable movement of people and goods to, from and throughout the region. Achieving this objective will mean ensuring development occurs in the most efficient and accessible locations to minimise transport costs and impacts on the functioning of the transport system. The design and operation of major transport corridors will maximise the throughput of people and goods using the most efficient means available. Key performance indicators</p> <ul style="list-style-type: none"> • Maintain a register of significant new commercial developments and their potential impacts on transport demand. • Increase in regional contribution to national Gross Domestic Product above 2016 levels. • Reduce delay per kilometre on key routes to the Port of Tauranga from 2016 levels. • Reduce delay per kilometre on key routes between Rotorua Airport and Rotorua CBD from 2018 levels. • Increase the volume of freight on the East Coast Main Trunk line above 2016 levels. <p>Policy 5.7 Economic efficiency 7 Policies relating to specific investments/projects.</p> <p>Objective 3.3.8 Affordability (5%) Investment in the transport system maximises use of available resources and achieves value for money. Achieving this objective will mean transport infrastructure assets are maintained to fit for purpose levels of service. Future sources of revenue and whole of life costs will be taken into account to ensure that current decisions do not compromise the region's ability to maintain its assets in the future. Key performance indicators</p>	<p>Mostly direct text</p>	<p>b</p>

		<ul style="list-style-type: none"> • No decline in local road network condition/cost indices from 2016 levels. • No decline in State Highway condition/cost indices from 2016 levels. • No adverse movement in the rail network Track Quality Index on National Strategic Routes from 2016 levels. <p><u>Policy 5.8 Affordability</u> 35 Develop and implement activity management plans that deliver fit for purpose and affordable levels of service consistent with the One Network Road Classification. (NZTA, city and district councils) 36 Ensure that rail assets are maintained to protect the integrity of the network and minimise operating costs. (KiwiRail) 37 Work collaboratively to identify efficiencies and improve value for money in the delivery of road network maintenance activities. (NZTA, city and district councils).</p> <p>Page 88. Prioritising significant activities. Significant activities have been prioritised using a methodology based on the region’s desired benefits and objectives identified in sections 3.2 and 3.3. The prioritisation process is summarised in Figure 23. This was a collaborative process undertaken by representatives of the regional council, city and district councils and the NZTA.</p> <p>Chapter 9: Monitoring and Review</p>		
Bay of Plenty Annual Report Card	https://www.boprc.govt.nz/your-council/plans-and-policies/plans/regional-plans/regional-land-transport-plan/	<p>Bay of Plenty Regional Council has been preparing annual RLTP report cards since 2011/12, with the most recent 2018/19.</p> <p>The RLTP Annual Report Card tracks a range of transport indicators to enable trends to be measured over time, for example, traffic flows, public transport usage, and the amount of freight carried by road and rail.</p> <p>This is visually demonstrated with data, as well as a summary card showing progress towards each target.</p>	Summary	c
<p>Summary</p> <ul style="list-style-type: none"> • The RLTPs refer to value for money as it was a strategic objective of the GPS for Land Transport in 2018. • Many have used an ILM process to identify regional strategic priorities and guide investment • There is some reporting against transport indicators in the RLTPs to enable trends to be measured over time, however this doesn’t appear to be consistent across the board. 				
<p>International publications</p>				
Value for money framework – Moving Britain Ahead	https://www.gov.uk/government/publications/dft-value-for-money-framework	<p>Purpose of this framework is to ensure that decision-makers receive straightforward, clear and consistent messages on value for money which guide them through the evidence to arrive at a judgement. This promotes sound decision-making and helps provide the Permanent Secretary with assurance that this duty is met.</p> <p>The document has the following major sections:</p> <ul style="list-style-type: none"> • Principles of value for money assessment <ul style="list-style-type: none"> ○ This chapter explains what a value for money assessment is and how value for money is assessed through three elements: <ul style="list-style-type: none"> ➢ Option development ➢ Measuring costs and impacts ➢ Consideration of risks and uncertainties • Value for money assessment <ul style="list-style-type: none"> ○ This chapter introduces two value for money metrics : the Benefit Cost Ratio and Net Present Public Value. ○ This chapter also introduces how to assess value for money by taking considerations of three types of monetised impacts, non-monetised impacts and uncertainty. • Value for money categories <ul style="list-style-type: none"> ○ This chapter introduces the various categories used by the Department and explains how they correspond to the value for money metrics. • Reporting value for money <ul style="list-style-type: none"> ○ This chapter focuses on how value for money conclusions should be presented in a Value for Money Statement. 	Summary	

		<ul style="list-style-type: none"> • Non-monetised assessment <ul style="list-style-type: none"> ○ This chapter explains when to undertake a non-monetised assessment, how to undertake a non-monetised assessment and how to report outcomes of a non-monetised assessment. • Analytical assurance statements and value for money 		
<p>NOTE: Some other international examples identified during the literature review include Axelos⁹, the UK Office of Government Commerce (OGC), the Investment Logic Mapping (ILM)¹⁰ process developed by the Victoria State Government and Managing Benefits by APMG¹¹.</p>				

Shared Themes:

a = documents sharing a similar strategic focus and largely the same time period (2020)

b = documents sharing a similar strategic focus and largely the same time period (influenced by 2018 GPS)

c = monitoring focus

d = documents sharing a similar strategic focus and largely the same time period (influenced by 2015 GPS)

e = decision making tools

f = financial management / procurement

		<p>Page 88. Prioritising significant activities.</p> <p>Significant activities have been prioritised using a methodology based on the region’s desired benefits and objectives identified in sections 3.2 and 3.3. The prioritisation process is summarised in Figure 23. This was a collaborative process undertaken by representatives of the regional council, city and district councils and the NZTA.</p> <p>Chapter 9: Monitoring and Review</p>		
Bay of Plenty Annual Report Card	https://www.boprc.govt.nz/your-council/plans-and-policies/plans/regional-plans/regional-land-transport-plan/	<p>Bay of Plenty Regional Council has been preparing annual RLTP report cards since 2011/12, with the most recent 2018/19.</p> <p>The RLTP Annual Report Card tracks a range of transport indicators to enable trends to be measured over time, for example, traffic flows, public transport usage, and the amount of freight carried by road and rail.</p> <p>This is visually demonstrated with data, as well as a summary card showing progress towards each target.</p>	Summary	c
<p>Summary</p> <ul style="list-style-type: none"> • The RLTPs refer to value for money as it was a strategic objective of the GPS for Land Transport in 2018. • Many have used an ILM process to identify regional strategic priorities and guide investment • There is some reporting against transport indicators in the RLTPs to enable trends to be measured over time, however this doesn’t appear to be consistent across the board. 				
<p>International publications</p>				
Value for money framework – Moving Britain Ahead	https://www.gov.uk/government/publications/dft-value-for-money-framework	<p>Purpose of this framework is to ensure that decision-makers receive straightforward, clear and consistent messages on value for money which guide them through the evidence to arrive at a judgement. This promotes sound decision-making and helps provide the Permanent Secretary with assurance that this duty is met.</p> <p>The document has the following major sections:</p> <ul style="list-style-type: none"> • Principles of value for money assessment <ul style="list-style-type: none"> ○ This chapter explains what a value for money assessment is and how value for money is assessed through three elements: <ul style="list-style-type: none"> ➢ Option development ➢ Measuring costs and impacts ➢ Consideration of risks and uncertainties • Value for money assessment <ul style="list-style-type: none"> ○ This chapter introduces two value for money metrics : the Benefit Cost Ratio and Net Present Public Value. ○ This chapter also introduces how to assess value for money by taking considerations of three types of monetised impacts, non-monetised impacts and uncertainty. • Value for money categories <ul style="list-style-type: none"> ○ This chapter introduces the various categories used by the Department and explains how they correspond to the value for money metrics. • Reporting value for money <ul style="list-style-type: none"> ○ This chapter focuses on how value for money conclusions should be presented in a Value for Money Statement. • Non-monetised assessment <ul style="list-style-type: none"> ○ This chapter explains when to undertake a non-monetised assessment, how to undertake a non-monetised assessment and how to report outcomes of a non-monetised assessment. • Analytical assurance statements and value for money 	Summary	

NOTE: Some other international examples identified during the literature review include Axelos©9, the UK Office of Government Commerce (OGC), the Investment Logic Mapping (ILM)10 process developed by the Victoria State Government and Managing Benefits by APMG11.

Shared Themes:

a = documents sharing a similar strategic focus and largely the same time period (2020)

b = documents sharing a similar strategic focus and largely the same time period (influenced by 2018 GPS)

c = monitoring focus

d = documents sharing a similar strategic focus and largely the same time period (influenced by 2015 GPS)

e = decision making tools

f = financial management / procurement

A teal triangle is positioned on the left side of the page, pointing towards the center. Two horizontal yellow lines are present: one above the text and one below it, both extending across the width of the page.

**APPENDIX E
MOT STAKEHOLDER
WORKSHOP NOTES**

STAKEHOLDER WORKSHOP RECORD

WORKSHOP DETAILS

MEETING DETAILS	
TITLE	DATE
MoT Value for Money Review - Stakeholder Workshop	Thursday 23 rd April 2020

STAKEHOLDER BRIEFING NOTES

VFM within GPS

- The Government Policy Statement (GPS) 2018 utilised similar approach to Value for Money (VFM) as the GPS 2009 and 2012, where VFM was considered a priority area rather than an underlying principle that addressed how the GPS was delivered.
- GPS 2009 first introduced concept of VFM as a concept. The four priorities sat alongside each other but were not well integrated.
- GPS 2012 sought to better integrate the priorities with mixed success.
- Previously, VFM has been interpreted more as a reporting requirement. Insufficient emphasis on VFM in underpinning investment decisions.
- GPS 2018 more effectively integrated the priorities, however, VFM was still treated as a 'standalone' requirement rather being cross cutting.
- Opportunity to be clear on what VFM means in relation to the results, and how to measure the value of money spent.
- GPS 2021 is therefore seeking to establish VFM as a means of evaluation across priorities.
- Previously NZTA made an effort to make VFM more of an underlying principle but this has not taken root.

Interpreting VFM

- VFM often has different meanings for different areas of investment and therefore difficult to consistently interpret.
- Clear and consistent definition of VFM can help improve differences of interpretation.

Assessing VFM

- NZ Treasury's preferred method for assessing VFM is through Cost Benefit Analysis (CBA) measured using Benefit Cost Ratios (BCR). This is the official Treasury position.
- Reliance on BCR seems juxtaposed to the outcomes sought in the Living Standards Framework i.e. approach to appraisal has not kept pace with the policy drivers.
- This is a challenge that needs to be considered as part of this Review.
- GPS 2021 still needs to resolve the question of VFM 'measures'.
- MoT visibility of decision making (and supporting evidence) as projects progress through lifecycle stage gates is insufficient and is decreasing.

- VFM is often not monitored or assessed during program / project delivery, or at completion by reporting on achieved benefits and comparing these to benefits set out at the outset.
- MoT is seeking greater transparency in project reporting.
- NZTA currently implementing an initiative to create a cultural shift in terms of benefits management etc and is trying to consolidate language used.
- Evaluation VFM with respect to road policing is considered very important. The revised framework should seek consider expenditure of this nature.
- Revised VFM framework should provide sufficient guidance without being too prescriptive.

Other points

- Program versus project reporting and management considerations to be carefully considered i.e. when to treat an initiative as a project and when to treat it as a program.

Key actions

- Beca/HKA Review team to make contact with NZTA representatives involved in the benefits management initiative when appropriate (note, on hold until further notice).
- Beca/HKA Review team to follow up Ministry attendees w/c 4th May as required to discuss specific point as Review solutions start to formulate.

A teal triangle is positioned on the left side of the page, pointing towards the center. Two horizontal yellow lines extend from the right side of the triangle across the page, one above and one below the text.

**APPENDIX F
STAKEHOLDER
WORKSHOP NOTES**

MEETING DETAILS		
TITLE		DATE
MoT Value for Money Review Stakeholder Workshop – Central Government		Wednesday 22 nd July 2020 13:00 – 15:00 (NZST)
AGENCY REPRESENTATIVES		
Ministry of Transport	Infrastructure Commission	Waka Kotahi
Treasury		

WORKSHOP NOTES	
ITEM	NOTES
3	<p>General feedback</p> <p>The elements are all relevant to determining value for money, however, may not be easily applicable to the system level.</p> <p>The Review team should consider how the framework can apply at the system level across the portfolio investment and how agencies interact. It may be useful to describe the framework on a spectrum with different measurement instruments used at a project level to a system level.</p> <p>Some of the framework explanations need to be strengthened for those who have not had involvement in its development.</p> <p>Query how the framework fits in to the overall investment, assurance and policy landscape. Need to consider how this relates to Investment Decision Making Framework (IDMF) for example.</p> <p>Impact/Outcomes Analysis</p> <p>MoT has to report on its contribution to the Living Standards Framework.</p> <p>The link between the National Land Transport Program and GPS outcomes needs to be strengthened.</p> <p>Capability</p> <p>The capability concept was generally well received and accepted as a key contributor to value for money. An example was provided of the UK Infrastructure and Projects Authority (IPA) that assesses maturity to inform funding decisions.</p> <p>Capability can be used by the MoT to give the Minister a more informed position on the relative deliverability of programs or projects.</p> <p>Review team need to consider the complexity of assessing capability at different levels of the system. Measuring capability at the GPS level may be difficult</p> <p>Capability may be interpreted as solely people capability, therefore greater level of definition is required to encompass all different elements including process, systems and people as well as a consideration of capability within the supply chain. Approved Organisations mostly contract their work out therefore important to understand supply chain capability.</p> <p>Value Ratio</p> <p>Existing value for money statements are generally centred around Benefit Cost Analysis (BCA) which doesn't necessarily provide visibility of trade-offs.</p>

	<p>TOTEX Ratio</p> <p>The introduction of a new term is confusing. Opportunity to leverage the term Whole Life Cost (WLC) which is already widely used and understood. Additionally, whether an output delivers the stated benefits can be influenced by external events/changes (e.g. demographic changes) not in the control of the agencies.</p> <p>TOTEX ratio is enabled by clear articulation of desired outcomes.</p> <p>The denominator in the TOTEX ratio is benefits therefore benefits realisation should be the cornerstone of TOTEX. There also needs to be consideration as to how long term, and unintended outcomes are monitored and measured.</p> <p>Quantitative vs. Qualitative</p> <p>Categorisation of impact/outcomes analysis as qualitative is questionable due to the need to articulate outcomes quantitatively. The distinction between quantitative or qualitative may not be necessary.</p>
4	<p>Many tools are in existence but not always applied well.</p> <p>Existing tools that may contribute to the framework include:</p> <p>Impact/Outcomes</p> <ul style="list-style-type: none"> • Investment Assurance Framework (IAF) / IDMF (being revised – due August 2020) • Living Standards Framework – implementation to be defined • Benefits Framework and Benefits Management Approach • Non-monetised Benefits Manual • Quantitative measures <p>Business Requirements Analysis</p> <ul style="list-style-type: none"> • Domestic Transport Cost and Charges (DTCC) (quantitative) • REG Excellence Framework • Procurement guide – ongoing • Alternative delivery model work • Waka Kotahi manuals and guidance material – refreshing business case learning support. • Treasury business case guidance • Treasury Risk Profile Assessment (RPA) and gateway processes <p>Value Ratio</p> <ul style="list-style-type: none"> • Economic Evaluation Manual (EEM)
5	<p>The framework is in development and the workshop outputs will be used to inform the further development of the framework.</p> <p>The framework should take account of the different levels of investment, including the system, program and project levels.</p> <p>The framework needs to find the right balance between complexity and practicality to enable implementation.</p>

MEETING DETAILS		
TITLE		DATE
MoT Value for Money Review Stakeholder Workshop – Business Case Practitioners		Thursday 23 rd July 2020 10:00 – 12:00 (NZST)
ORGANISATION REPRESENTATIVES		
Ministry of Transport	QSP	NB Consulting
GHD	AECOM	Beca

WORKSHOP NOTES	
TEM	NOTES
3	<p>General</p> <p>Queries regarding the level at which the framework is intended to focus, i.e. whether it is system level, or program and project level. If it applies to all levels the Review team will need to work through how it will work in practice, ensuring all levels of the hierarchy are linked and consistent with each other.</p> <p>At present there is a business case approach for considering value for money at the program and project level that focuses on the why, what and how questions around investment. This works well in practice.</p> <p>Conceptually the framework applies to portfolio, program and project level, and will assist in creating a common language around value for money. The framework promotes a top down approach and how the framework manifests itself at a practical level is to be worked through with agencies.</p> <p>Overall, the conceptual framework is considered a positive step, especially the introduction of capability.</p> <p>Capability</p> <p>Placing capability at the centre of value for money considerations is well supported as it moves away from traditional benefit cost ratios. However, capability is necessarily complex.</p> <p>Need decision makers to become more familiar with uncertainty and effect a shift away from reliance on the BCR. Therefore, a large scale cultural shift that targets the decision makers and practitioners is required. Don't underestimate the scale of the cultural change required.</p> <p>Impact/Outcomes Analysis</p> <p>The hierarchy of outcomes between the Living Standards Framework (LSF), Transport Outcomes Framework (TOF) and GPS is not clear. There is a link with the LSF as MoT needs to report on contribution to the Living Standards Framework, but this is not evident to practitioners. Link between National Land Transport Fund (NLTP) and GPS needs to be strengthened.</p> <p>View that GPS locks in transport output solutions but it may be advantageous to consider non-transport interventions/investments to achieve the stated outcomes.</p> <p>Many activities are underway across agencies and organisations e.g. LSF, TOF, GPS, Arataki etc, and articulating the outcomes can be quite fragmented and challenging at a national level. The system needs to consider how outcomes are translated into programs at a national level.</p>

	<p>Perception that GPS has a short term (3 year) focus and view that positive work initiated in GPS 2015 was discarded with introduction of GPS 2018.</p> <p>Value for money is often included in business cases as a line item with a focus on the impact of options rather than outcomes. The proposed framework helps to elevate and change the perception of value for money across practitioners and decision makers.</p> <p>Overall, linking benefits realisation to outcomes is a good thing. Clearly articulating all outcomes/benefits may help to discourage reliance on benefit cost ratios. However, the current benefits framework needs to be further developed. The Investment Decision Making Framework (IDMF) is revising the benefit framework and management approach. As part of this, a non-monetised benefits manual is being drafted. Adopting approaches like the UK Appraisal Summary Tables (ASTs) may offer advantages; multi-criteria analysis and environmental and social impact statements may also contribute to considering wider outcomes.</p> <p>TOTEX</p> <p>TOTEX introduces optimism bias into upfront operational considerations and signals that benefits realisation is important, and agencies need to evidence how they have achieved benefits previously.</p> <p>Monitoring and tracking of outcomes going forward requires an enduring investment stream to support.</p> <p>Long term ongoing monitoring requirements need to be factored in. Whilst they are required as part of the Management Case within business cases, historically this has not been done well.</p> <p>Benefits realisation needs to be strengthened to ensure benefits are delivered.</p> <p>Potential for TOTEX ‘gaming’ – need to consider how to mitigate this.</p>
4	<p>Existing tools that may contribute to the framework include:</p> <p>Impact/Outcomes Analysis</p> <ul style="list-style-type: none"> • Benefit Management Approach and Framework – IDMF • New guidance for Economic Evaluation Model (EEM) • Regional Land Transport Plans, ATAP, Arataki <p>Business Requirements</p> <ul style="list-style-type: none"> • Non-Monetised Benefits Management Manual • Appraisal Summary Tables (AST) • Better Business Case • Treasury Investor Confidence Rating • REG Excellence • Right Sizing Business Cases / Procurement • Investment Objectives • Risk Analysis/Uncertainty (throughout lifecycle) <p>Value Ratio</p> <ul style="list-style-type: none"> • New Guidance for EEM • WEB • Non-Monetised Benefits Management Manual • AST <p>Totex Ratio</p> <ul style="list-style-type: none"> • Benefits Realisation

	<ul style="list-style-type: none"> Strengthening of the Management Case (funding sources and responsibilities)
5	<p>The link between TOTEX and Impact/Outcome Analysis demonstrates a gap in how uncertainty is managed, and there is an opportunity to make better use of shared evidence.</p> <p>Encouraging a common language and linking outcomes to benefits realisation is good.</p> <p>There are many strategies that support the consideration of capability, however it needs to be clear.</p> <p>Capability should focus on decision makers in terms of understanding cost and benefits.</p>

MEETING DETAILS		
TITLE		DATE
MoT Value for Money Review Stakeholder Workshop – Regional and Local Government		Thursday 23 rd July 2020 13:00 – 15:00 (NZST)
AGENCY REPRESENTATIVES		
Ministry of Transport	Waka Kotahi	Auckland Transport
Waimakariri District Council	Christchurch City Council	Hamilton City Council
Greater Wellington Regional Council	Palmerston North City Council	Environmental Southland Regional Council
Upper Hutt City Council		

WORKSHOP NOTES	
ITEM	NOTES
3	<p>General</p> <p>Queries regarding how the conceptual framework aligns with the GPS 2021 text (specifically section 3.2 Principles for Investing).</p> <p>The framework should clarify the level of detail that will be required for evaluation.</p> <p>The framework should consider how it responds to the requirements / perspectives of the different agencies (i.e. central government vs. regional government vs. local government).</p> <p>There needs to be consideration on how lessons learnt are shared and made publicly available.</p> <p>The framework is a move in the right direction - currently there is a good culture of delivery, but less so in checking whether outcomes were delivered.</p> <p>Query regarding whether the framework will create an opportunity to remove duplicate reporting, and other reporting now considered redundant.</p> <p>Outcomes</p> <p>Outcomes are a key element in value for money assessments. The GPS directs 'short term' investment focus – 10-year plan but emphasis is on 3 yearly increments. However, the time horizon for the realisation of benefits and outcomes can be much longer.</p> <p>Capability</p> <p>Capability considerations should include the whole system, including the Ministry's role and involvement and should reflect how much experience an agency, organisation or team has in delivering outputs and outcomes.</p> <p>Developing the right tools and resources to assess and report on capability effectively may be difficult. There are currently gaps in behavioural, cultural change, collaboration mechanisms and innovation.</p> <p>Risks arising from capability that could impact value for money should be accounted for in the risk profile of a program or project business case.</p>

	<p>Culture is as important as capability – what can be done to stress culture of value for money/benefit realisation etc.?</p> <p>TOTEX ratio</p> <p>Understanding this aspect is currently an area of weakness in the system. Benefits realisation process is not well established or implemented and requires longer term view of how and when benefits will be managed.</p>
4	<p>Existing tools that may contribute to the framework include:</p> <p>Impact/Outcomes Analysis</p> <ul style="list-style-type: none"> • Long Term Plan (LTP) Customer Management Measures, stakeholder benchmarking (Roading Authority Technical Accord (RATA)) • Quality of Life Survey • Benefit Management Approach and Framework • Investment Decision Making Framework (IDMF) • REG performance measures reporting tools (Root Cause Analysis report, Asset Management Competency Framework, Data Quality Management etc.) <p>Business Requirements</p> <ul style="list-style-type: none"> • Activity Management Planning • Council Mark and REG Road Controlling Authority Reports • REG tools (delivery models and procurement) • Waka Kotahi audits (Infrastructure Commission, National Infrastructure Pipeline) • OAG reporting • Better Business Case <p>Value Ratio</p> <ul style="list-style-type: none"> • Cost performance benchmarking • Transport Investment Online (TIO) but needs to be fixed to capture right information • Infrastructure Sustainability Council of Australia (ISCA) rating <p>TOTEX Ratio</p> <ul style="list-style-type: none"> • Benefits Management Framework (TIO) • Waka Kotahi audit processes • Post Implementation Reviews (PIR) <p>Capability</p> <ul style="list-style-type: none"> • Waka Kotahi strategic procurement (procurement planning, maintenance management plans and intervention) • REG Competency Framework • Council Mark (primarily Asset Management but plans to expand to procurement, service delivery etc.) • Treasury Investment Confidence Rating (ICR) • Broader Outcomes Framework • P3M3

	<p>There needs to be consideration on how lessons learnt are shared and made publicly available.</p> <p>The framework is a move in the right direction - currently there is a good culture of delivery, but less so in checking whether outcomes were delivered.</p> <p>Query regarding whether the framework will create an opportunity to remove duplicate reporting, and other reporting now considered redundant.</p> <p>Outcomes</p> <p>Outcomes are a key element in value for money assessments. The GPS directs 'short term' investment focus – 10-year plan but emphasis is on 3 yearly increments. However, the time horizon for the realisation of benefits and outcomes can be much longer.</p> <p>Capability</p> <p>Capability considerations should include the whole system, including the Ministry's role and involvement and should reflect how much experience an agency, organisation or team has in delivering outputs and outcomes.</p> <p>Developing the right tools and resources to assess and report on capability effectively may be difficult. There are currently gaps in behavioural, cultural change, collaboration mechanisms and innovation.</p> <p>Risks arising from capability that could impact value for money should be accounted for in the risk profile of a program or project business case.</p> <p>Culture is as important as capability – what can be done to stress culture of value for money/benefit realisation etc.?</p> <p>TOTEX ratio</p> <p>Understanding this aspect is currently an area of weakness in the system. Benefits realisation process is not well established or implemented and requires longer term view of how and when benefits will be managed.</p>
4	<p>Existing tools that may contribute to the framework include:</p> <p>Impact/Outcomes Analysis</p> <ul style="list-style-type: none"> • Long Term Plan (LTP) Customer Management Measures, stakeholder benchmarking (Roading Authority Technical Accord (RATA)) • Quality of Life Survey • Benefit Management Approach and Framework • Investment Decision Making Framework (IDMF) • REG performance measures reporting tools (Root Cause Analysis report, Asset Management Competency Framework, Data Quality Management etc.) <p>Business Requirements</p> <ul style="list-style-type: none"> • Activity Management Planning • Council Mark and REG Road Controlling Authority Reports • REG tools (delivery models and procurement) • Waka Kotahi audits (Infrastructure Commission, National Infrastructure Pipeline) • OAG reporting • Better Business Case <p>Value Ratio</p> <ul style="list-style-type: none"> • Cost performance benchmarking

	<ul style="list-style-type: none">• Transport Investment Online (TIO) but needs to be fixed to capture right information• Infrastructure Sustainability Council of Australia (ISCA) rating <p>TOTEX Ratio</p> <ul style="list-style-type: none">• Benefits Management Framework (TIO)• Waka Kotahi audit processes• Post Implementation Reviews (PIR) <p>Capability</p> <ul style="list-style-type: none">• Waka Kotahi strategic procurement (procurement planning, maintenance management plans and intervention)• REG Competency Framework• Council Mark (primarily Asset Management but plans to expand to procurement, service delivery etc.)• Treasury Investment Confidence Rating (ICR)• Broader Outcomes Framework• P3M3
--	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------