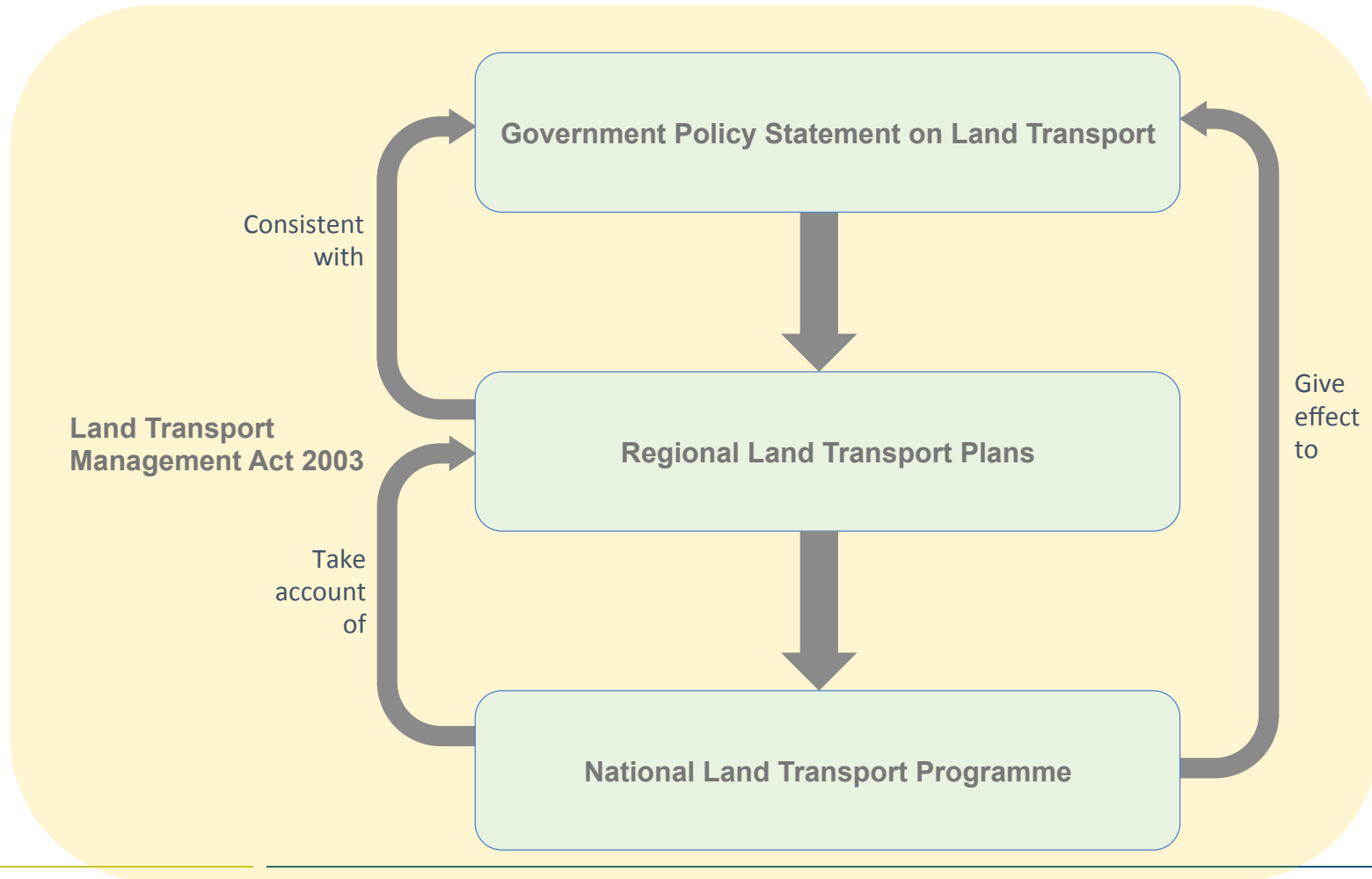




GPS 2018: What has changed since last time?

RCA Forum
17 March 2017

What is the GPS?



A quick reminder – GPS's role

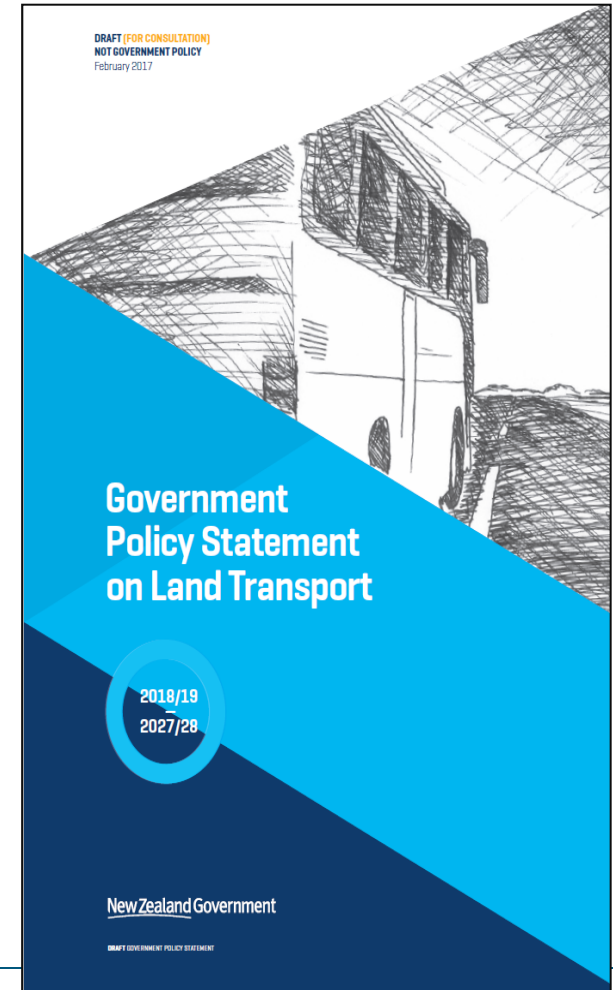


The GPS is the Government's primary tool to set out its priorities and expectations for land transport

The GPS sets:

- ▶ The strategic priorities
- ▶ The objectives and long term results
- ▶ The level of investment:
 - ▶ *The size of the National Land Transport Fund (NLTF)*
 - ▶ *Activity classes*
 - ▶ *Funding ranges*
- ▶ Expectations for delivery – setting expectations on how the NZTA delivers and monitors investment within the National Land Transport Programme (NLTP)

The GPS provides direction to the NZTA and local authorities to guide their planning and investment



Listening Sessions



What we heard:

- ▶ freight movement continues to be important for economic growth
- ▶ there should be more opportunity multi-modal solutions
- ▶ support is required for high growth urban areas
- ▶ support is required for economic development in the regions (tourism, freight and resilience)
- ▶ appropriate levels of maintenance are the core of providing customer levels of service
- ▶ the GPS needs to give clearer investment signals

In GPS 2018:

Focus: high growth urban areas

Focus: freight

Focus: regions

Focus: resilience

Focus: safety

Focus: value for money



Future transport demand is uncertain - transport demand is changing and these changes are expected to accelerate with technology changes

One Transport System

A one transport system that considers all modes of transport and coordination between those who are responsible for the different modes of transport

Support new technologies and innovations

Support for new transport technologies and innovations that create new transport options

Focus: Economic Growth and Productivity

High Growth Urban Areas

- ▶ Supporting the Housing Infrastructure Fund
- ▶ Addressing the four critical challenges raised by the Auckland Transport Alignment Project

Freight

- ▶ Optimising the use of the current network
- ▶ Increasing the funding for road improvements and maintenance
- ▶ Increasing network capacity

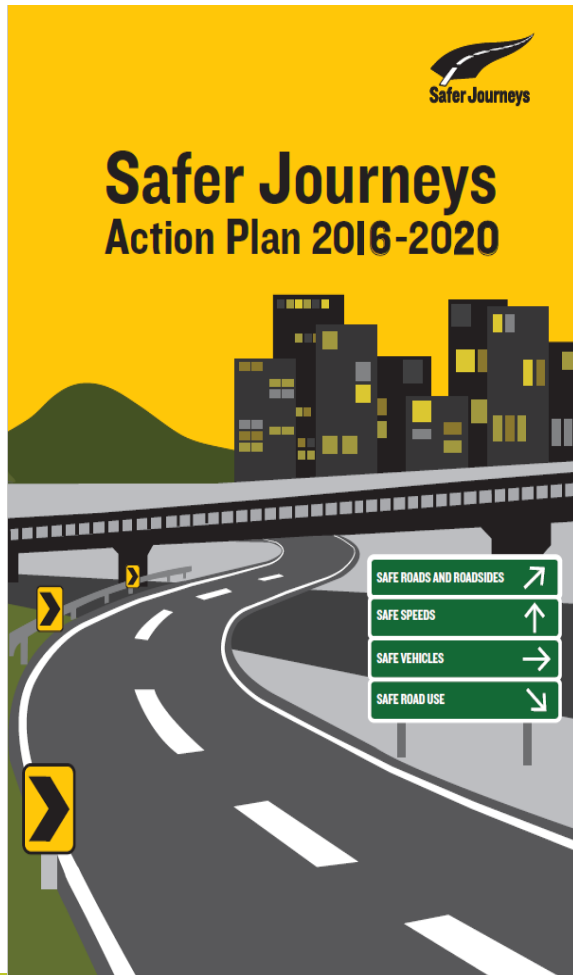
Regional Improvements

- ▶ Tourism
- ▶ Resilience
- ▶ Freight

Resilience

- ▶ Giving priority to investment that improves route resilience where disruptions pose the highest economic and social costs
- ▶ Supporting the development of regional plans to improve resilience

Focus: Safety



Since 2014, road fatalities and injury trends on our roads have worsened.

Safety still remains important for GPS 2018, and it supports Safety by:

- ▶ giving greater emphasis to the Third Safer Journeys Action Plan
- ▶ increasing the funding ranges for Road Policing and Road Safety Promotion

Focus: Value for Money

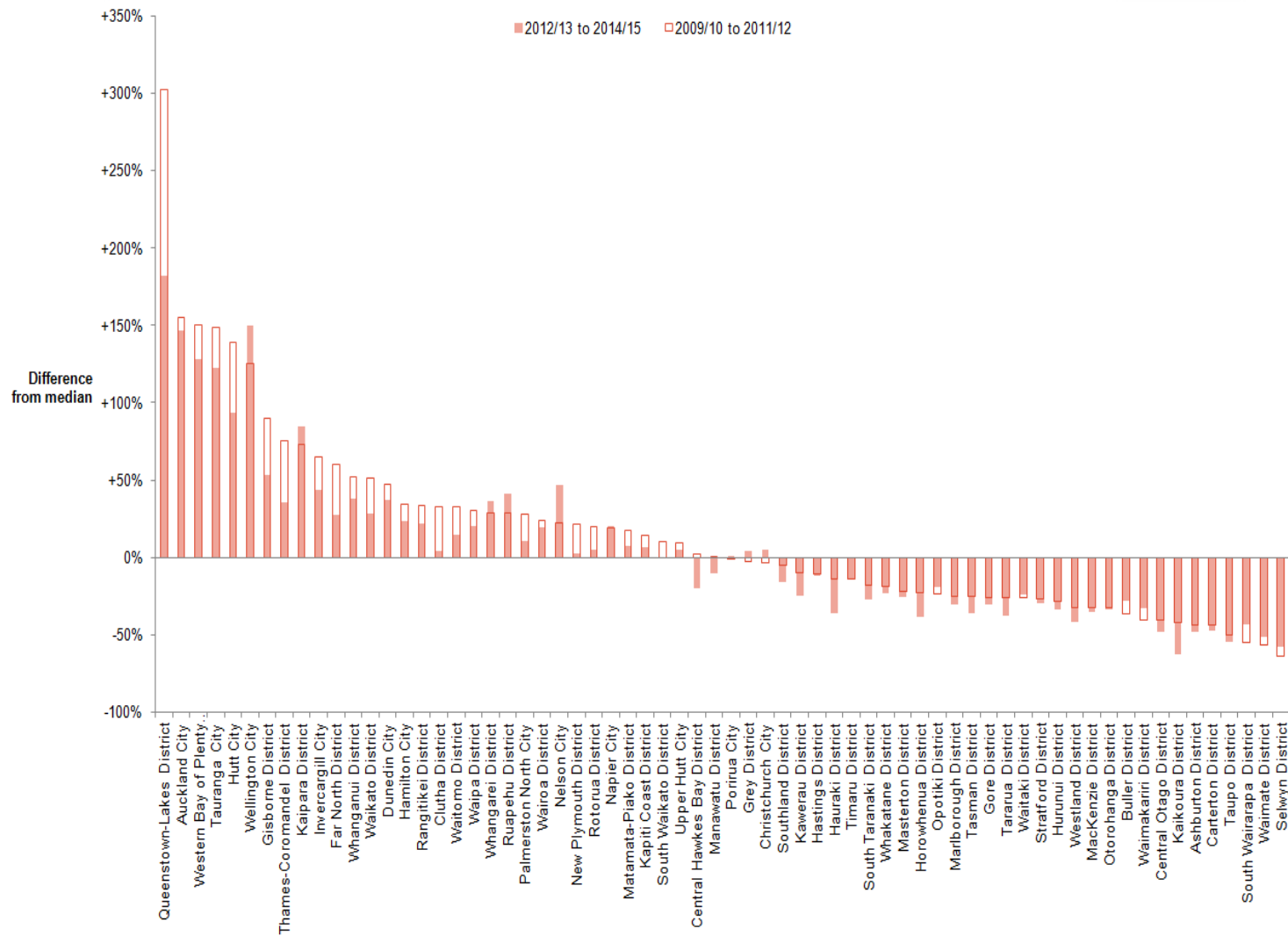
GPS 2015 made significant gains towards value for money by:

- ▶ focusing on investments that deliver the best possible value to New Zealanders
- ▶ allowing roads to be able to carry more high productivity motor vehicles
- ▶ improving rail freight travel time
- ▶ reducing maintenance costs per kilometre for some regions
- ▶ improving farebox recovery
- ▶ delivering projects and programmes on time and on budget

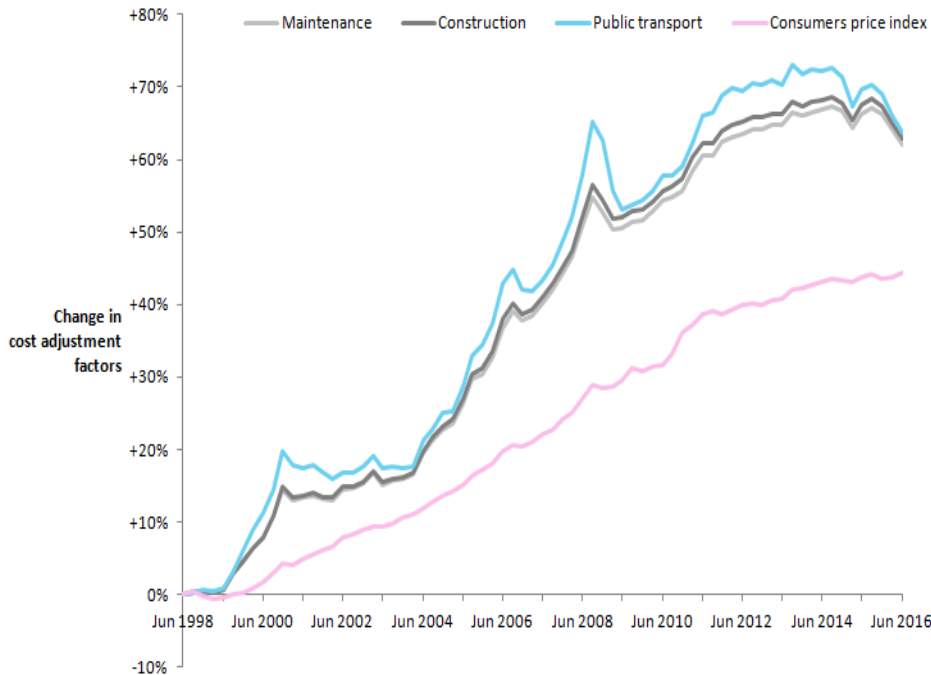
GPS 2018 seeks to continue the progress made in value for money by:

- ▶ supporting the implementation of the One Network Road Classification
- ▶ using innovation and technology to increase net benefits from land transport investment and use.

Maintenance cost variability



Cost inflation

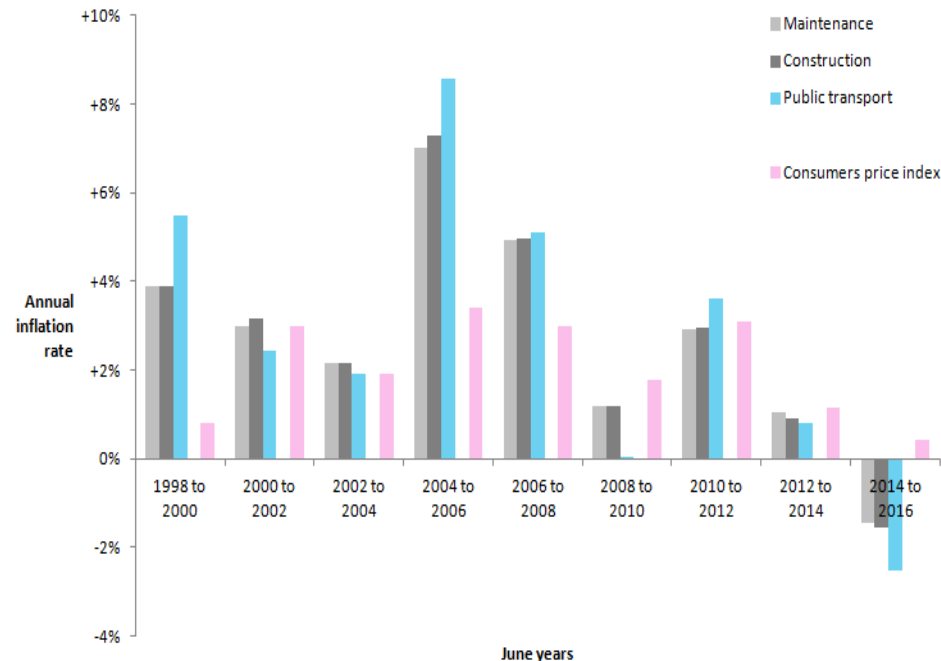


We don't build roads or railway systems out of consumer products but...

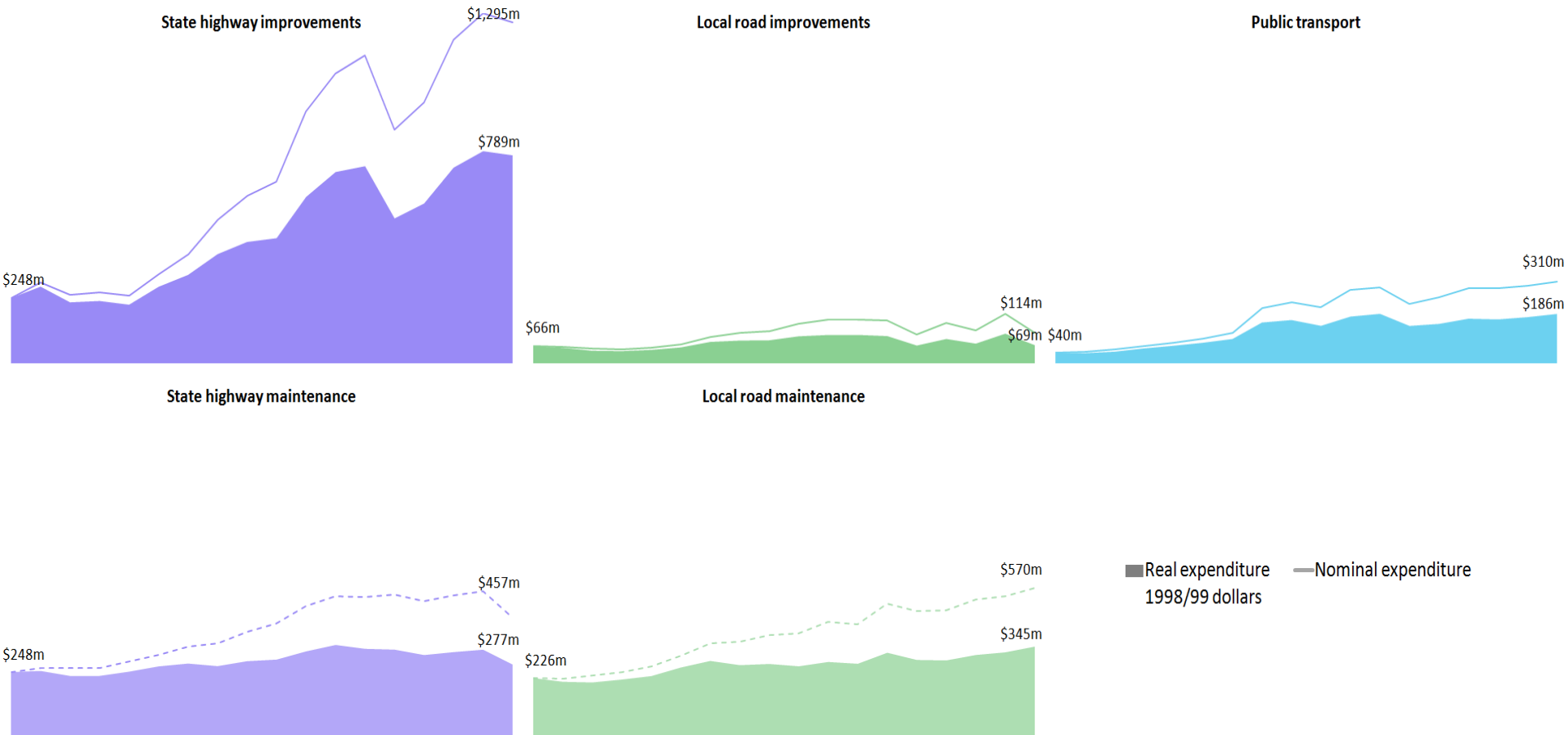
...the more we have to spend on transport just to get the same amount of transport, the less we have for the things we really care about.

The Ministry and NZTA are investigating and responding:

- Construction Industry Report
- International benchmarking (NZIER)
- Road Maintenance Taskforce and Road Efficiency Group
- Service level standards
- Quality of contracts



Cost inflation – nominal and real expenditure



Next Steps

The draft GPS 2018 will be out for public engagement until 31 March 2017

Feedback received during public engagement will help us finalise GPS 2018

GPS 2018 will be released in 2017. Exact timing of the final GPS 2018 has not yet been confirmed.

Submissions can be sent either in hard copy or email to the addresses below:

Attn: GPS Policy Team
Ministry of Transport
PO Box 3175
WELLINGTON 6140

gps2018@transport.govt.nz

The delivery of outcomes through the NLTP and Investment Assessment Framework

Robert Brodnax, Acting GM, Planning and Investment





What are we doing differently for this NLTP?

What's changed?

- We're telling the whole transport investment story
- We'll be working much more closely with you, creating a shared view
- We're responding to your feedback

Your feedback 2015-18

**We're
listening**

- Acknowledge regional differences
- Give our view of the wider strategic picture
- Provide better support for the Business Case Approach
- Be clearer about the links between the State Highway Investment Proposal and the NLTP, and how you can contribute to it
- Be more transparent about our investment decision making process and work more closely and effectively with our partners and stakeholders

Investment Assessment Framework (IAF)

What is it?

- The IAF is being amended in line with partner and stakeholder feedback to make it more customer focused and easier to understand
- Work has centred on aligning the Business Case approach and IAF with a renewed focus on high Cost Benefit Appraisal projects
- An opportunity has been identified to introduce a streamlined assessment for low cost/low risk proposals extending the model for minor improvements.
- We are currently seeking feedback from NZTA staff and a number of investment partners
- We are now in the position to refine and share the updated IAF

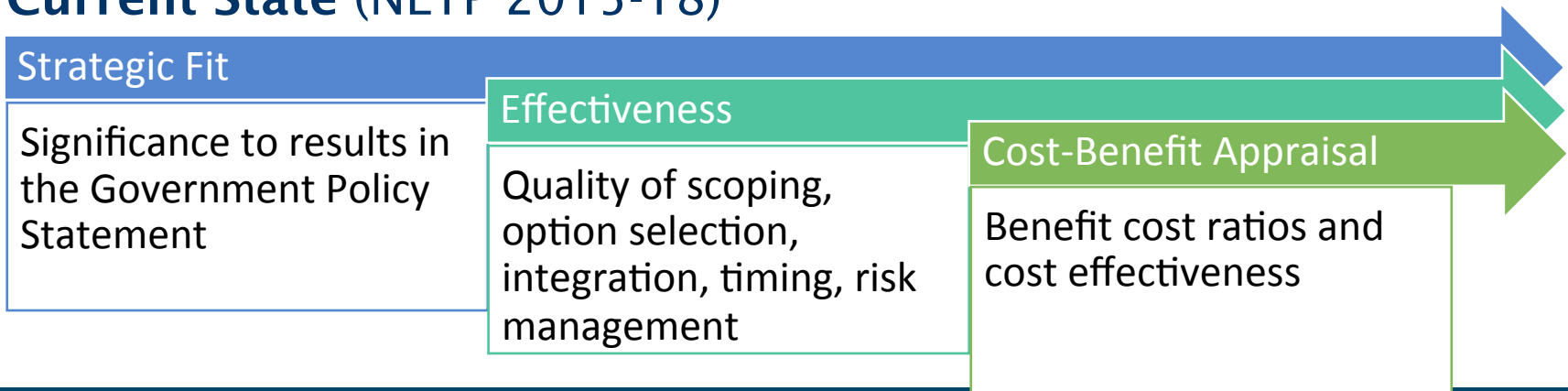
Current State Investment Assessment Framework

The NZ Transport Agency must be satisfied that that proposals are:

- Consistent with the Government Policy Statement
- Efficient and effective

The Transport Agency 'gives effect to' these requirements through the Investment Assessment Framework (IAF).

Current State (NLTP 2015-18)



Proposed Investment Assessment Framework (IAF)

What is it?

Change proposed for 2018-21:

- move from a three to two factor assessment.
- many of the elements of the current effectiveness criteria are being considered within the Business Case Approach

Results Alignment (Previously Strategic Fit)

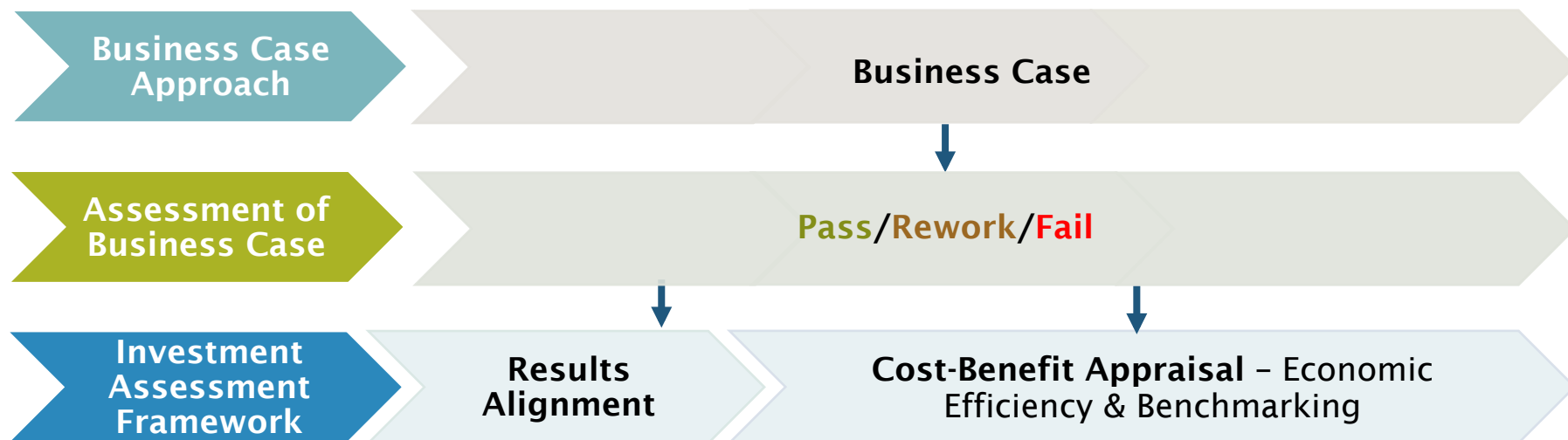
As before with aspects of the effectiveness assessment related to network context

Cost-Benefit Appraisal

Benefit cost ratios and cost effectiveness

Investment Assessment Framework (IAF)

What is it?



Principles of the Business Case Approach (cont.) - programmes



Base funding proposals will not require a separate business case, but will require a business case approach to be developed through the AMP and other documents such as the RLTP.



Any **Increase** in Customer Levels of Service requires a business case approach and will be separately assessed and funded as an improvement.

Principles of the Business Case Approach (cont.)

The Business Case Approach (BCA) is a structured way of developing a proposal.

The components as they apply to complex proposals and the intent are:



Proposed Future State Investment Assessment Framework

Changes proposed for 2018-21:

- Move from a three to two factor assessment
- Many of the elements of the current effectiveness are being considered in the Business Case Approach.

Future State (NLTP 2018-21)

Results Alignment (Previously Strategic Fit)

As before with aspects of the effectiveness assessment related to network context

Cost-Benefit Appraisal

Benefit cost ratios and cost effectiveness

Investment Assessment Framework (IAF)

What is it?

A proposal has **High Results Alignment** if:

- *There is a significant gap to appropriate customer levels of service for (1) safety; (2) journey time reliability; (3) matching capacity and demand; and/or (4) resilience for journeys that support economic growth and productivity for employment, access to economic opportunities and social opportunities, tourism, and/or freight*
- Capacity and demand are mismatched for journeys in major urban and high growth urban areas
- Intermodal connections need improvement
- Safety issues present a *high* crash risk, communities are subject to *high* risk, and/or in Safer Journeys areas of *high* concern

A proposal has **Very High Results Alignment** if:

- Transport access is required for housing development
- It would assist in preparing the network for safer in-vehicle and/or driverless technology
- It would enable data and information that improves transport management and user choice

Working
together

REG | THE ROAD EFFICIENCY GROUP



Where to from here?

Next steps

- We're already talking to you & your teams through regional engagement
- Next round of NLTP Dialogues have been sent out this week – have you seen them?
- BCA training on-going; introductory external/internal training took place late 2016; Q1 2017 training focus on capability development
- More information available at www.nzta.govt.nz/2018-21nltp including a timeline of activities and deliverables