

## TSIG Submission on Waka Kotahi's Investment Prioritisation Method (IPM)

28 October 2020

Note: these submission points will be transposed into Waka Kotahi's online submission form when completed.

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Your name: Bill McMaster

Your organisation: Transport Special Interest Group

### Are you providing this feedback as an individual or organisation?

I am providing this feedback on behalf of the Local Government NZ, Regional Sector, Transport Special Interest Group (TSIG). TSIG is made up of Regional Council, Unitary authority and Auckland Transport Officers. The feedback reflects the view of officers and has not been formally endorsed by the member Councils, or senior leadership teams.

TSIG would be happy to meet with Waka Kotahi to further elaborate on our submission points.

### Prioritisation factors

Waka Kotahi has reviewed its approach to prioritising investments (formerly set out in the Investment Assessment Framework). It is proposing to move from two prioritisation factors to three (as was the case before 2018), to better differentiate activities.

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How can we improve the prioritisation factors?	The <b>GPS alignment</b> and <b>Efficiency</b> factors are well established and align to the GPS principles for investing. TSIG believes that the two aspects of the <b>Scheduling</b> factor (ie. <b>Interdependency</b> and <b>Criticality</b> ) are more difficult to measure and need more guidance on how to apply.	The proposed IPM contains the following 3 prioritisation factors: <ul style="list-style-type: none"><li>• GPS alignment</li><li>• Scheduling</li><li>• Efficiency.</li></ul> The <b>Scheduling</b> factor is broken down into Interdependency and Criticality.

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<p>What challenges, if any, do you see in applying the prioritisation factors?</p>	<p>A key challenge and point of concern in applying the prioritisation factors is the short timeframe available for Approved Organisations (AOs) to prepare their improvement projects by 30 October 2020. TSIG notes with concern that the IPM is still in draft and could be subject to change as a result of the consultation process. All the initial Improvements activities will have been submitted by 30 October which is in advance of the submissions on IPM closing.</p> <p>The <b>GPS Alignment</b> factor is important. The detailed L/M/H/VH rating benefits (in the table in Appendix 1) are very specific and we question how accurately these benefits can be measured, given that it may be difficult to source appropriate evidence. Two examples that illustrate this within the Investment Prioritisation Tables are:</p> <ul style="list-style-type: none"> <li>• “Target medium or high collective risk corridors or intersections to achieve a death and serious injury reductions of ≥40% (to score a VH rating)”</li> <li>• “6% change in domestic freight mode share to rail or coastal shipping-measured in tonne-km could also be estimated by \$\$ value (to score a VH rating)”</li> </ul> <p>The criteria in the GPS Alignment table do not indicate at what level (local or regional) they need to be applied. A different spatial scope may be used for assessing these impacts for different activities, resulting in incompatible assessments.</p> <p>It is also unclear if the vkt reduction will take into account population growth (and therefore an increased trip demand). If not, this will disadvantage growth areas.</p>	<p>The tables in Appendix 1 provide</p> <ul style="list-style-type: none"> <li>• an investment prioritisation table for the <b>GPS Alignment</b> factor, to determine the degree to which proposals align with the priorities and results sought in the GPS 2021</li> <li>• a similar table for the <b>Scheduling</b> factor.</li> </ul> <p>The <b>Scheduling</b> factor indicates the Criticality or Interdependency of the proposed activity (or combination of activities) with other activities in a programme or package or as part of a network.</p> <ul style="list-style-type: none"> <li>• <b>Criticality</b> is defined as the significance of the activity's role as part of the network and the degree of impact to users, particularly due to availability or not of alternatives.</li> <li>• <b>Interdependency</b> with other activities is defined as the degree to which the</li> </ul>

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	<p>Another area of concern relates to behaviour change/TDM activities, which are hard to measure under the proposed <b>GPS Alignment</b> factor. The highest score a behavioural change/TDM activity can get using descriptive/qualitative criteria listed in the current table is M, there is no mention in the H or VH scale for TDM activities.</p> <p>At the RLTP submission stage there may be insufficient information to make a useful assessment and a qualitative approach will need to be taken.</p> <p>The <b>Scheduling</b> factor introduces a new scoring method which is somewhat untested. We note the comment in the draft IPM that this factor draws on information in RLTPs about interdependencies and criticality to show that the IPM takes activities in RLTPs into account.</p> <p><u>Submission points:</u></p> <p><b>GPS Alignment</b></p> <ul style="list-style-type: none"> <li>• It may be challenging to distinguish between <b>GPS Alignment</b> and the <b>criticality</b> of an activity (or activities). An activity that can demonstrate high alignment with a GPS criteria would probably also achieve a high rating in terms of criticality.</li> <li>• We would like to see investment to support behaviour change be included in the H and VH categories.</li> </ul> <p><b>Scheduling</b></p> <ul style="list-style-type: none"> <li>• There will be some projects in a region that have limited interdependency with other activities but are still of very high importance to a region. TSIG is concerned that these 'stand-alone' activities, ie those that are not part of a package, will be scored L even though they may be of critical importance to a region.</li> <li>• It may become increasingly challenging for local road improvements to obtain funding through the NLTF given the possibility that these</li> </ul>	<p>activity is necessary to unlock the benefits of another related or integrated investment (which may be art of the same programme or package or major housing or industrial development or international event.</p>

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	<p>projects will have low criticality or interdependency with other projects.</p> <ul style="list-style-type: none"> <li>• TSIG has concerns about how the <b>Scheduling</b> factor will be scored. Appendix 1 outlines the scoring process for the <b>Scheduling</b> factor and there is concern with how the scoring will be done. The scoring is not easily understood and could be quite subjective.</li> </ul>	
<p>What further guidance is needed to help you apply prioritisation factors to your activities?</p>	<p>The timeframes for delivery of transport activities may be impacted by funding availability, planning and property purchases or consultation. <b>Scheduling</b> in this context is likely to be misinterpreted. The guidance refers to criticality and interdependence which are not scheduling factors.</p> <p><u>Submission points:</u></p> <ul style="list-style-type: none"> <li>• We recommend Waka Kotahi review the guidance to minimise the likelihood of misinterpretation.</li> <li>• We seek further guidance on the Indicative Efficiency Rating and how it is applied. At present the spreadsheet is not easily understood.</li> <li>• The Investment Management activities are following the same assessment process, and are normally hard to identify a BCR/IER. Further guidance is needed here for scoring Investment Management activities eg RLTP Management.</li> </ul>	<p>When a proposed activity does not yet have a calculated BCR, the Indicative Efficiency Rating (IER) tool can be used to calculate an indicative efficiency rating for the activity. The IER tool provides a high-level estimate of monetised costs and benefits</p>

## Investment Prioritisation Method

Waka Kotahi has created the draft Investment Prioritisation Method, including the 3-factor priority order matrix and the indicative efficiency rating tool, to help you prioritise your activities for inclusion in the 2021 – 2024 NLTP.

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<p>Tell us what you think about the ratings for the 3-factor priority order matrix. Are any changes required?</p>	<p>There are some measures used for demonstrating <b>GPS Alignment</b> where it may be difficult to clearly distinguish between L/M/H/VH (Refer <b>GPS Alignment</b> Table in Appendix 1).</p> <p>For example when measuring the shift from private passenger vehicles to other modes on an arterial route with 15,000 vkt (up to 1% (L), 2-3% (M), 4-5% (H) or &gt;6% (VH)) the difference between 3% and 6% may be only 450 vehicles per day.</p> <p>We also believe that there are inconsistencies in the priority order matrix. For example where there is the same rating in <b>GPS Alignment</b> but, swapped rating between <b>Scheduling</b> and <b>Efficiency</b>, sometimes it generates the same score and sometimes it does not.</p> <p>For example:            When GPS = M, Scheduling = M, Efficiency = H, the score is 6. This is the same score when GPS = M, Scheduling = H, Efficiency = M.            But when GPS = M, Scheduling = H, Efficiency = L, the score is 7. It is NOT the same score as GPS = M, Scheduling = L, Efficiency = H (the score is 9).</p> <p>In another submission point we believe the threshold of 10+ for a BCR is set too high for proposals with very high benefits, meaning that very few will meet this criterion. We note that the BCR thresholds have significantly changed from a draft earlier this year.</p> <p><u>Submission points:</u></p> <ul style="list-style-type: none"> <li>• We recommend Waka Kotahi undertake some testing of the <b>GPS Alignment</b> criteria to ensure the percentages at each rating level will obtain value for money.</li> <li>• Waka Kotahi consider the use of a bell curve to determine BCR rating rather than relying on the BCR alone.</li> </ul>	<p>Improvement activities are assigned a priority order using each of the three prioritisation factors (<b>GPS Alignment, Scheduling, Efficiency</b>), according to a 3-factor priority order matrix:</p> <table border="1" data-bbox="1505 485 2009 823"> <thead> <tr> <th colspan="7">Proposed 2021-24 NLTP Priority Order</th> </tr> <tr> <th rowspan="2">GPS alignment</th> <th rowspan="2">Scheduling</th> <th colspan="5">Efficiency</th> </tr> <tr> <th>VL* (BCR&lt;1.0)</th> <th>L (BCR 1.0-2.9)</th> <th>M (BCR 3.0-5.9)</th> <th>H (BCR 6.0-9.9)</th> <th>VH (BCR&gt;=10.0)</th> </tr> </thead> <tbody> <tr> <td>VH</td> <td>H</td> <td>7</td> <td>3</td> <td>2</td> <td>1</td> <td>1</td> </tr> <tr> <td>VH</td> <td>M</td> <td>8</td> <td>3</td> <td>2</td> <td>1</td> <td>1</td> </tr> <tr> <td>VH</td> <td>L</td> <td>9</td> <td>4</td> <td>3</td> <td>2</td> <td>2</td> </tr> <tr> <td>H</td> <td>H</td> <td>9</td> <td>5</td> <td>4</td> <td>4</td> <td>3</td> </tr> <tr> <td>H</td> <td>M</td> <td>10</td> <td>6</td> <td>5</td> <td>5</td> <td>3</td> </tr> <tr> <td>M</td> <td>H</td> <td>10</td> <td>7</td> <td>6</td> <td>6</td> <td>4</td> </tr> <tr> <td>M</td> <td>M</td> <td>11</td> <td>9</td> <td>8</td> <td>6</td> <td>5</td> </tr> <tr> <td>H</td> <td>L</td> <td>11</td> <td>8</td> <td>8</td> <td>7</td> <td>7</td> </tr> <tr> <td>M</td> <td>L</td> <td>11</td> <td>10</td> <td>10</td> <td>9</td> <td>9</td> </tr> <tr> <td>L</td> <td>H/M/L</td> <td>12</td> <td>12</td> <td>12</td> <td>12</td> <td>12</td> </tr> </tbody> </table>	Proposed 2021-24 NLTP Priority Order							GPS alignment	Scheduling	Efficiency					VL* (BCR<1.0)	L (BCR 1.0-2.9)	M (BCR 3.0-5.9)	H (BCR 6.0-9.9)	VH (BCR>=10.0)	VH	H	7	3	2	1	1	VH	M	8	3	2	1	1	VH	L	9	4	3	2	2	H	H	9	5	4	4	3	H	M	10	6	5	5	3	M	H	10	7	6	6	4	M	M	11	9	8	6	5	H	L	11	8	8	7	7	M	L	11	10	10	9	9	L	H/M/L	12	12	12	12	12
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Thinking of the activities in your area that could give effect to the GPS, would the draft investment prioritisation method enable you to include that activity in the NLTP? If not, what's missing?	<p>As a general comment, Investment Management activities could be difficult to include in RLTP/NLTP if the <i>Efficiency</i> factor cannot be scored.</p> <p>Further comment to be submitted regionally by TSIG members where considered necessary.</p>	
We have suggested a way to take account of RLTPs. How might this approach impact your RLTP?	<p>The late release of the IPM has made it difficult for AOs to undertake a comprehensive IPM assessment to new improvement projects. This will in turn limit the level of impact the IPM has RLTPs.</p> <p>The draft IPM states that prioritisation is first applied during NLTP development. It would be more accurate to state that the first prioritisation takes place when the RLTP is being developed.</p> <p>We believe that the RLTP priority order should be taken into consideration when distinguishing between all activities that sit within the same NLTP priority order, rather than being simply used as a tool to distinguish between activities that are at the investment threshold for the activity class. Using the RLTP priority order through-out the assessment will enable a stronger link between regional priorities and investment and deliver on the overall intent of the LTMA (2003).</p> <p><u>Submission point:</u></p> <ul style="list-style-type: none"> <li>We recommend Waka Kotahi take into consideration the regional priority given to each activity when assessing the activities that sit at</li> </ul>	<p>The guidance notes that RLTPs are taken into account for the IPM as follows:</p> <ul style="list-style-type: none"> <li>All activities in the 2021 NLTP must be part of an RLTP, except for specified nationally delivered programmes</li> <li>The RLTP must best identify the order of priority of significant activities for the first 6 years. The IPM applies to activities in the first 3 years</li> <li>The IPM <b>Scheduling</b> factor draws from information in RLTPs about interdependency and criticality</li> <li>The RLTP priority order will be considered in distinguishing between activities with the same priority order in the NLTP <u>where such activities are at the</u></li> </ul>

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	<p>the same priority order in the NLTP (rather than just for projects at the threshold).</p>	<p><u>investment threshold for the activity class (our underlining).</u></p>
<p>Do you have any other feedback on the draft IPM?</p>	<p>In general TSIG finds the draft IPM very prescriptive and difficult to follow. We have concerns that applying the IPM could present a problem to those regional council staff developing a RLTP for the first time. We also seek advice on whether all Waka Kotahi staff dealing with the new IPM process will be fully trained and in a position to assist councils through this should the need arise.</p> <p>The draft IPM appears to rely on a substantial and prescriptive evidence base and it is unlikely that AOs will have access to the full evidence, such as transport modelling, required when rating projects for inclusion in the RLTP.</p> <p>Another general concern is that the proposed IPM process may skew funding toward state highway or roading infrastructure projects. For example, the <b>GPS Alignment</b> factor (under Better Travel Options) uses % change in proportion of population who have better access (measured by a travel time threshold), which reflects improved travel time on road corridors. This outcome may not fit the Government's GPS emphasis on mode shift to reduce the need for new infrastructure and it may not place a high enough priority on walking, cycling or public transport activities or the step change that is required.</p>	