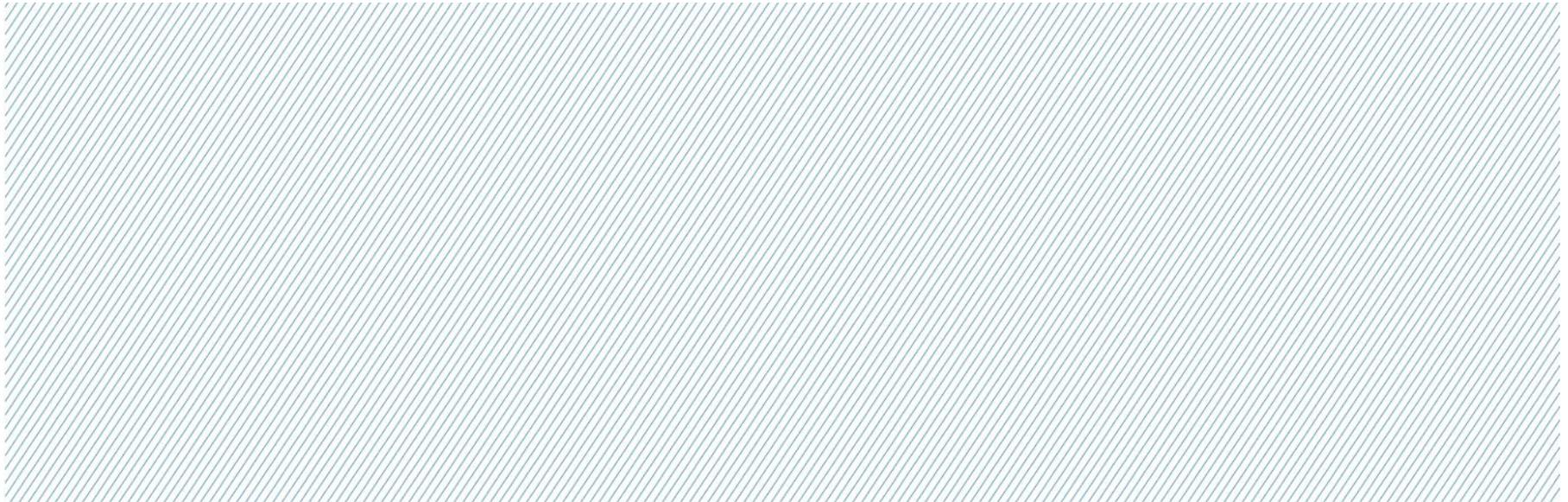

The Business Case approach-two years on and guiding our approach to 30 Year Major Infrastructure Outlook

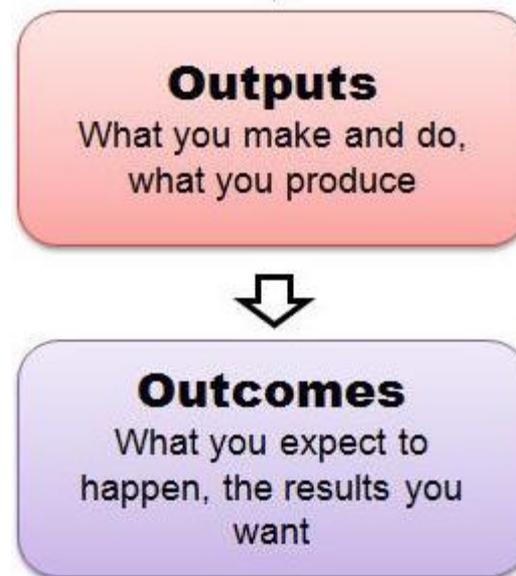
Kevin Reid National Manager Network Outcomes



Drivers for Change

- Clarity of organisational priorities
- Engagement
- Project steps aligned to risks
- Clarity of ownership & leadership
- Forces us to explain and understand WHY we are (or are not) investing
- Rebalance of focus between output and outcome

A more effective, efficient and customer-focused approach to project planning and development



Overview of the Process



- Structured approach to building an investment story
- Fit for purpose
- With quality analysis
- No surprises for stakeholders
- Aligned to other processes

Five Key Lessons

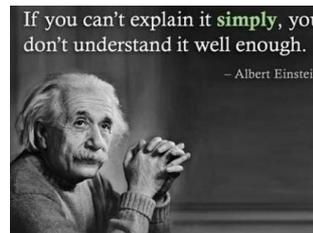
Break the Myth

Role Clarity & Participation

What does it mean?

Outcomes

What Options?



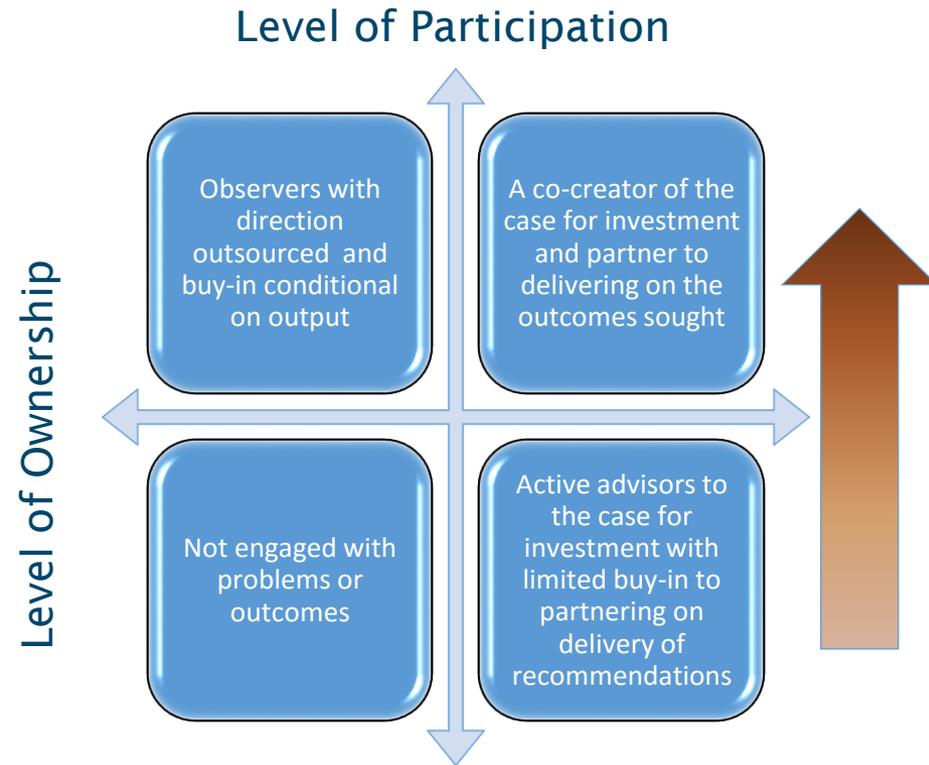
Lesson 1- Right Sized Does Not Mean Quick

- Myth has arisen that the Business Case Approach will be quicker-faster-cheaper across all phases.
- Programme Business Case is the evidence based foundation against which all subsequent investment is judged
- Speed and efficiency comes in latter phases once the fundamentals and foundations are sound
- Effort required to:
 - Understand the context
 - Understand the evidence
 - Agree outcomes; and
 - Gain stakeholder alignment
- Business Cases are “non-technical” summaries but appropriate expertise, rigour and QA is essential to support it.



Lesson 2- Role Clarity and Participation

- Business Cases should be a collaboration between key stakeholders who have skin in the game by benefiting from the outcome and potentially becoming a contributor to the optimal solution.
- More effort is required to be clearer with our partners on their role
- We need to be more purposeful in working with our partners to get high levels of participation and ownership before we start business cases – or at least clearly understand where they sit on the spectrum from the outset.



Lesson 3- What does it Mean? Understanding the Evidence Base

- We are not seeing the value add or deep dive from data analysis of issues/ opportunities/ uncertainties.
- An in depth understanding can have a significant impact on the shape and form of a solution.

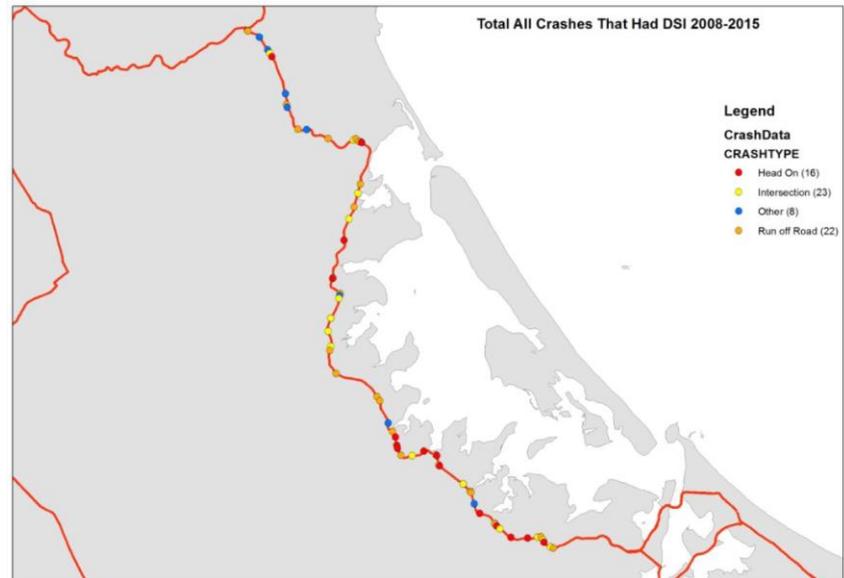


Figure 10 All fatalities and serious crashes

Lesson 4 – Outcomes- Agree what Good looks Like

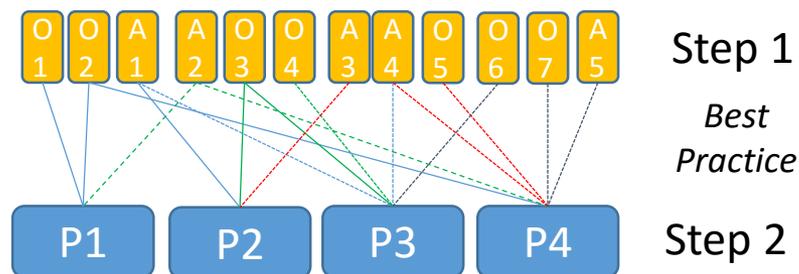
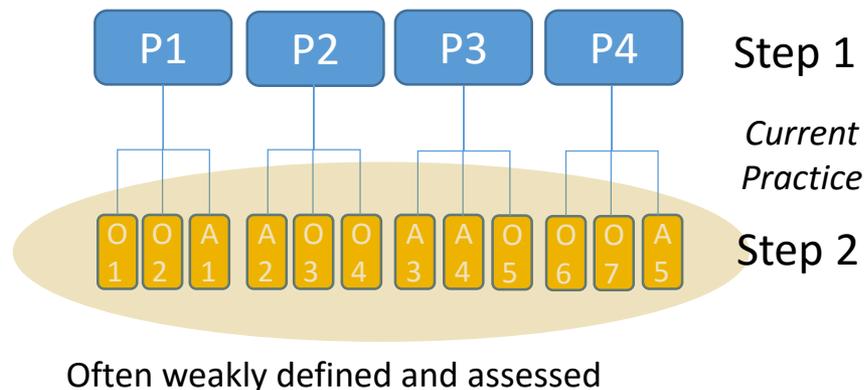
- Cynically and traditionally the recommended option has always been the second most expensive option
- The BCA sets the framework for agreeing what good looks like BEFORE looking for solutions for a great outcome
- Requires investor input
- Key to the investment case
- Provides a tangible framework for explaining the change that customer will see

Benefit	Investment Benefit KPI	Measure	Description
Improved Safety (80%)	Increase Safety	Deaths & Serious Injuries	No. deaths and Serious injuries
Improved journey times (20%)	Improve journey speed	Average speed	Average speed for a regional route in difficult terrain

Benefit	Investment Benefit KPI	Outcome
Improved Safety (80%)	Increase Safety	Reduce the 5-year average no. of deaths & serious injuries between Waihi and Tauranga by 80% by 2020 as compared to 2010-2014.
Improved journey times (20%)	Improve journey speed	Raise the forecast 2020 peak hour average speed between Waihi and Tauranga from 55kph to 70kph

Lesson 5- Assessment of Options and Alternatives

- Require to demonstrate consideration of a broad range of alternatives and options
- Analysis gives confidence we are targeting root cause of problems and we are genuinely meeting our LTMA s.20 obligations
- Presently focusing on alternatives – issue being how do we know the impacts and outcomes without knowing what the underlying options are.



Why is Getting it right Important?

- The NZ Transport Agency has 35 Programme Business Cases to commence this year.
- Historically we have delivered half a dozen or so per year.
- If we don't get it right it will take longer and cost more.
- Programme Business Cases are the genesis of all subsequent project investments.
- With the sector we need to become more effective at business case development in order to deliver a sustainable investment programme.

Business Case assists in identifying the need

Long term view

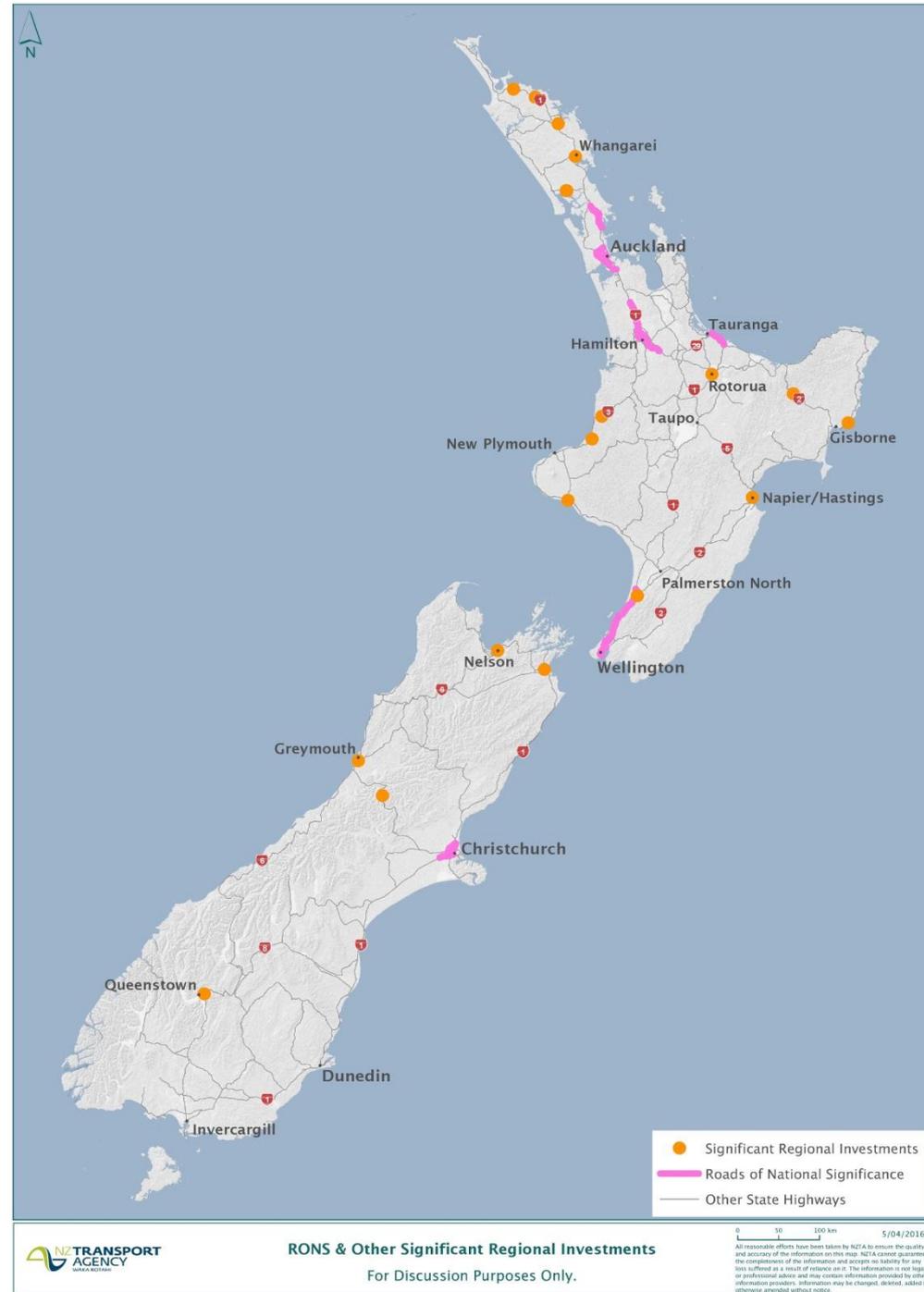
- To shape the future of the land transport network and ensure it supports a thriving New Zealand, the Agency needs a clear view of what land transport outcomes are most important in different parts of New Zealand, through a place based lens.
- We need to provide confidence to the Government that we have a long term plan that is adaptive to changing scenarios.
- We need to effectively influence the planning and investment decisions made by other agencies and clearly demonstrate the outcomes we seek and deliver for NZ.

The business case contribution to Long Term outlook

- The Business case is a valuable tool in helping to articulate the problems and opportunities that need to be addressed within a corridor within the context of an overall journey.
- We have undertaken a high level assessments of the deficiencies in Level of Service on our network over the next 30 years and we will be using the business case approach to identify the strategic alternatives and the detailed approach to addressing the problems and opportunities

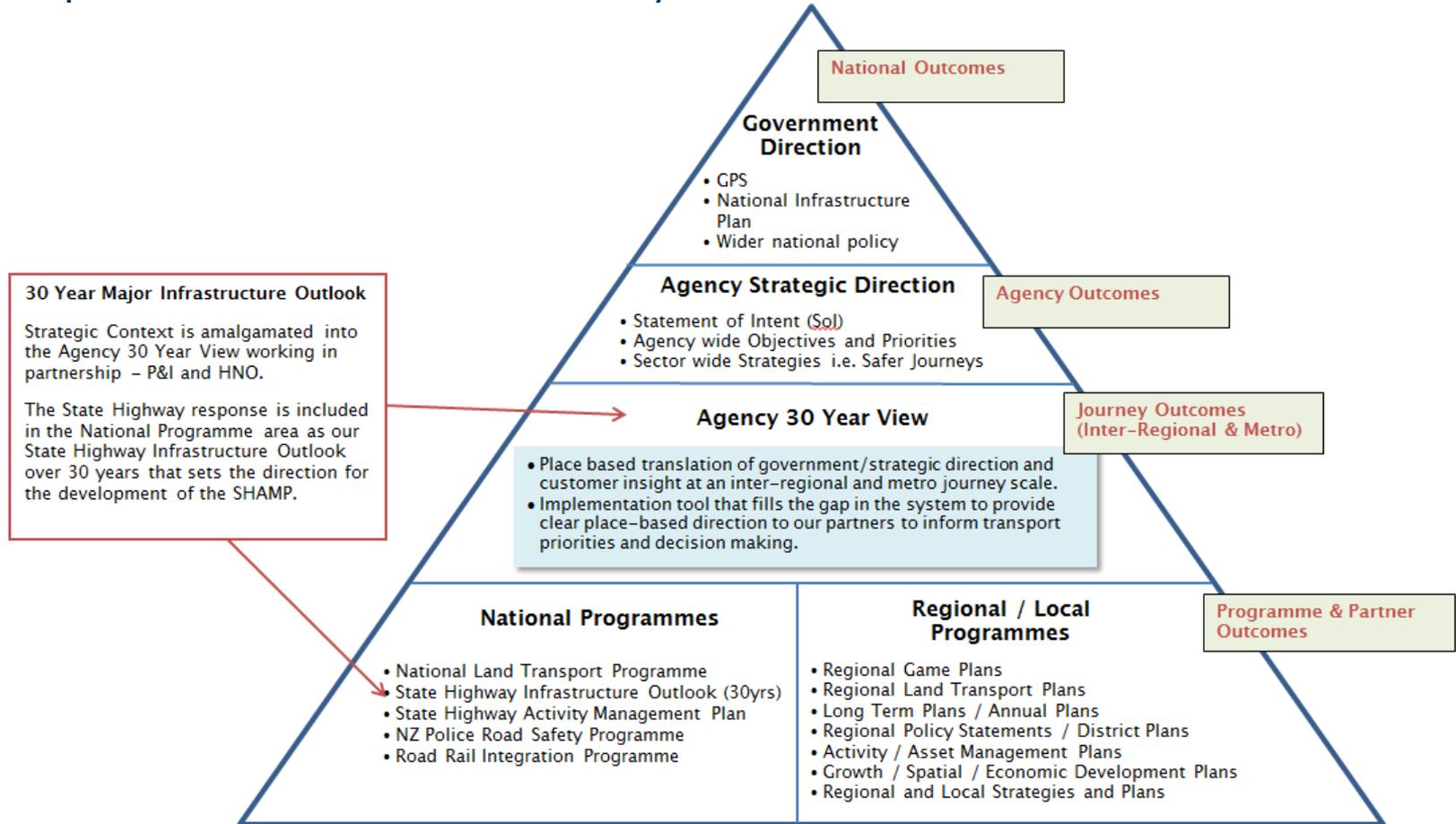
Existing Key Investments

- Current NLTP has targeted key corridors and regional stress points across the country
- The map show where we are currently investing at selected locations.
- This is supported by a maintenance programme



Where these fit within the system

The 30 Year Outlook fills a gap that exists between national outcomes and local place based outcomes that is necessary to ensure customer journeys that span multiple regions and partners are treated consistently



The Journey Approach and the ONRC

Journey Approach

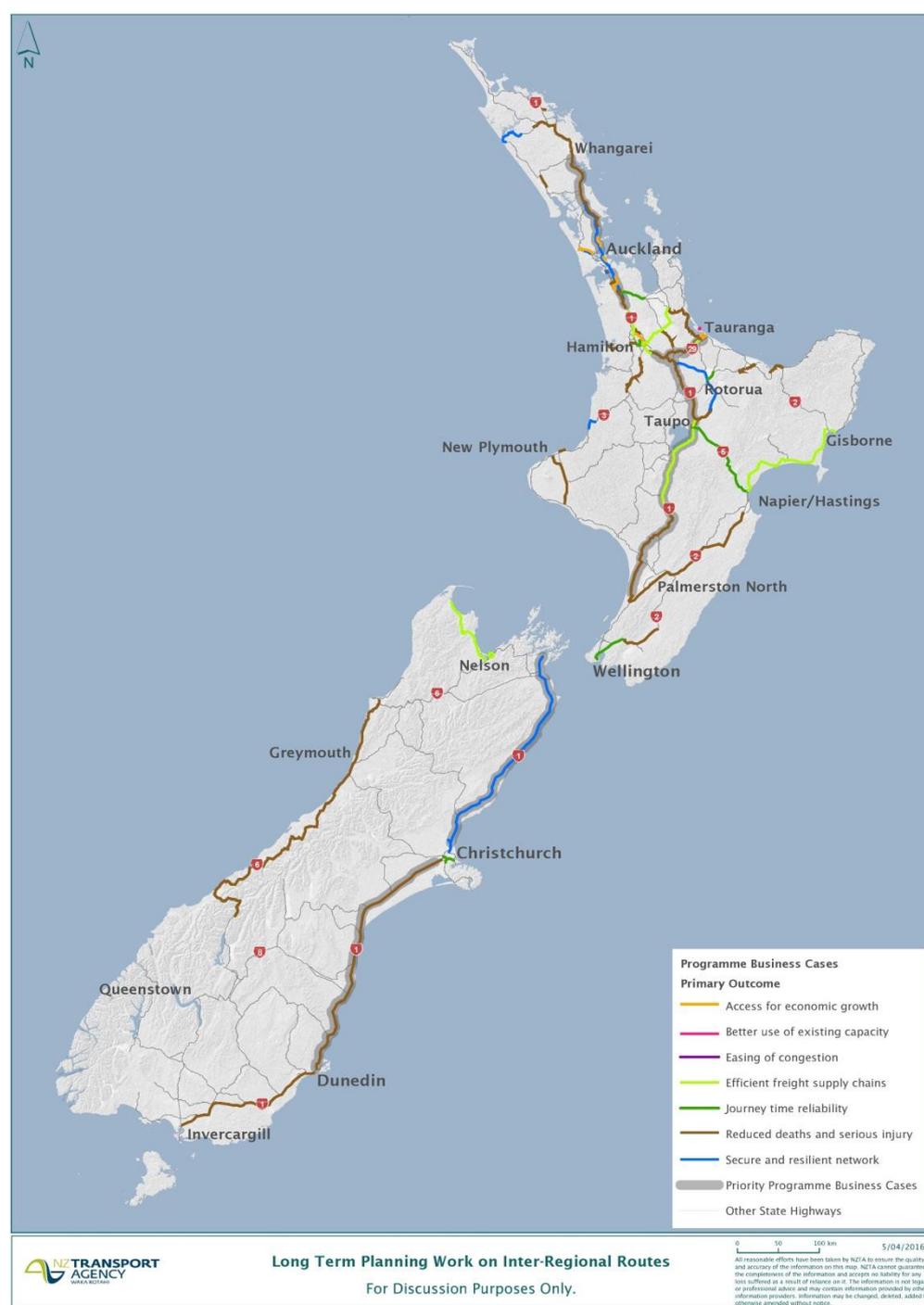
- Strategic principle based view of the transport system (road, rail and all modes) from the context of its purpose in delivering future customer outcomes.
- It enables us to better understand the ‘whole Journey’ to support optimisation of planning and investment.
- The Approach primarily sits at a national and pan-regional strategic level, developed with wider partners including local government, KiwiRail and the NZ Police.

One Network Road Classification (ONRC)

- Classifies roads based on their function in the national network and sets customer levels of service to support the delivery of this.
- Will support local government and the Transport Agency to plan, invest in, maintain and operate the road network in a more strategic, consistent and affordable way throughout the country.
- This primarily sits at a local level within an organisation’s AMP and within the Agency’s SHAMP.

Programme Business Cases Corridors

- As part of our planning we have taken the identified deficiency corridors and undertaking a Programme Business Case along the main corridors in a co-ordinated approach
- These PBC will identify strategic alternatives to address the problems and opportunities along these corridors
- We have 9 priority PBC underway as well as PBC for selected issues elsewhere

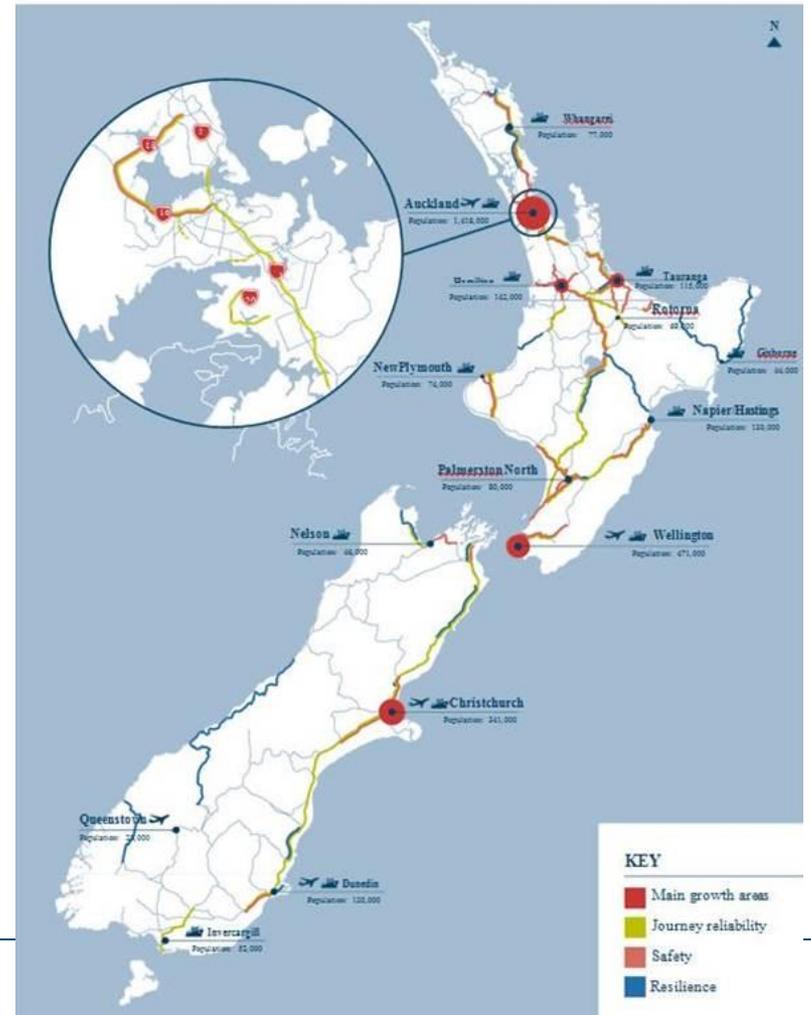


State Highway 30 Year Outlook

What did this tell us about LoS?

- Previous assessments were used to determine the level of service gaps for:
 - Freight reliability & Safety
 - An informed Group of experts were used to identify resilience level of service gaps
- These were reviewed and overlaid against key journeys to identify priorities
- Traffic growth projections assumed:
 - SHAMP for the first 10 years
 - years 10 to 30 based around what we knew from MOT futures and 2013 NZTA futures - cross checked with 2015 NZTA futures
 - a view on the initial work developed for NZTAs 30 Year View

FIGURE 1: FORECAST SIGNIFICANT LEVEL OF SERVICE DEFICIENCIES 2015-2045





THE END

For more information, visit <http://hip.nzta.govt.nz>