



Investment Prioritisation Method (IPM) frequently asked questions

On the draft Investment Prioritisation Method for the 2024-27
National Land Transport Programme

Waka Kotahi NZ Transport Agency

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What is the draft Investment Prioritisation Method?

The draft Investment Prioritisation Method (IPM) for the 2024-27 NLTP is a key element of the Waka Kotahi [Investment Decision-making Framework](#) (IDMF).

The IPM is used to support Waka Kotahi to give effect to the Government Policy Statement on land transport 2024 (GPS 2024):

- by prioritising activities into activity classes in the 2024–27 National Land Transport Programme (NLTP)
- to confirm priority at the time a National Land Transport Fund (NLTF) investment decision is made.

It's a draft document up until the final GPS is published, then Waka Kotahi will issue a final IPM.

What is the GPS?

The Government Policy Statement on Land Transport (GPS) sets out the Government's priorities for land transport investment over the next 10 years. It's reviewed every 3 years.

Why are we reviewing the IPM?

The IPM is being reviewed to ensure decision-making by Waka Kotahi, in respect of the development and management of the 2024-27 National Land Transport Programme (NLTP 24), gives effect to the Government priorities for transport as set out in the draft Government Policy Statement on Land Transport 2024 (GPS 24).

Who can provide feedback on the draft IPM?

Waka Kotahi is consulting with Approved Organisations and KiwiRail to get feedback on the draft IPM. Government and Māori partners may also provide feedback during the review. Waka Kotahi reserves the right to consider feedback from interested stakeholders. Consultants who use the IPM have provided useful feedback in the past.

The draft IPM review will be open for consultation for 6 weeks from 4 October to 17 November 2023. For more information go to <https://www.nzta.govt.nz/draft-ipm-consultation-2024-27>

When will the IPM become final?

The final IPM will be developed:

- in response to feedback on the draft IPM
- in response to the final published GPS 2024, which is expected in 2024.

We anticipate a final IPM will be published soon after GPS 24 is published.

Who was involved in the development of the draft IPM?

Waka Kotahi primarily developed the draft IPM with input from Te Manatū Waka Ministry of Transport and check-ins with the Transport Special Interest Group representatives from local government.

What key changes to the previous IPM 2021-24 are proposed in the draft IPM 2024-27?

The most significant changes include:

Different criteria for GPS alignment at NLTP development stage and investment approval stage

- **Stage 1 NLTP development:** The draft IPM requires a high-level **qualitative** assessment of how the proposed activity aligns with the GPS strategic priorities. This reflects that at the NLTP development stage there is usually less information available on quantified impacts to support detailed assessment of contribution to strategic priorities. This should simplify the development stage effort for everyone.
- **Stage 2 Investment approval:** Full analysis of **quantitative** contributions to strategic priorities is required to support the investment decision.

GPS alignment rating is informed by consideration of alignment with multiple strategic priorities

Draft IPM 24 proposes requiring all activities to complete an assessment of their alignment with multiple GPS strategic priorities (rather than just determining the GPS alignment score on the highest potential contribution to single GPS strategic priority as in the IPM 2021-24).

Simplification and re-ordering of the IPM criteria and ranking matrix

Draft IPM 24 proposes removal of the current very high-profile factors and their respective criteria for assessment and ranking. Feedback on IPM 2021-24 and its use indicated that it was difficult to substantiate a real difference in potential benefit / contribution / value to be realised between many of the criteria.

Draft IPM 2024-27 also proposes simplifying the criteria and the differences in relative ranking across each IPM factor. IPM 2021 ranks all activities primarily from the perspective of the highest potential GPS alignment, then from various combinations of the scheduling and efficiency criteria.

Continuous programmes assessment and ranking

Draft IPM 2024-27 responds to the draft GPS 2024 priority for maintaining and operating the system. It does this by emphasising that for road maintenance and renewals, and passenger transport services and infrastructure continuous programmes, the priority for allocating available NLTF funds is in effect a cascade downwards from maintaining the current levels of service (within national guidelines). The next tranche of priorities is to address service level gaps based on the One Network Framework corridors.

Increased scope for Waka Kotahi to adjust the ranking of activities

The IPM is a critical tool in guiding the assessment and ranking of individual activities for potential inclusion in the adopted NLTP and ultimately for investment approval. Alongside the IPM there are many factors that need to be considered by the Waka Kotahi Board when it adopts the NLTP and its complex funding environment. This is to ensure the NLTP gives effect to the GPS and will deliver on multiple Government expectations.

The draft IPM 2024-27 proposes several additional aspects that may be considered including:

- consideration of the complex challenge of managing national regional and rural priorities and expectations
- contribution to government commitments
- having regard to the capacity and capability of the applicants and the sector to undertake an activity or programme of activities in an efficient manner
- reinforcing the application of the intervention hierarchy and the potential for digital / technology solutions.

Is the IPM applied to the activity or each phase of an activity?

The IPM is applied to each phase of an activity. While it is usual that the same IPM ranking will be determined for each phase of an activity, it is possible, as the information progressively improves through the business case steps and the readiness to proceed with each phase, that elements of the IPM rating will change and the overall IPM ranking will change as a result. For example, a different scheduling rating may apply if the criticality or interdependency for the phase changes, or the efficiency rating may change as the detailed understanding of the costs and benefits improves.

How do we work out the overall GPS alignment rating if there are different levels of alignment in relation to each of the 6 strategic priorities?

Judgment is required to consider positive and negative alignment with GPS priorities to assess an overall GPS alignment rating. The draft GPS doesn't provide weightings in relation to the strategic priorities. Waka Kotahi will review the assessment the organisation submits for the activity and will undertake moderation sessions to ensure a consistent approach is taken to our assessment across the NLTP.

Is there a choice of using the qualitative or quantitative method for assessing the GPS alignment rating?

At the NLTP development stage, the qualitative method should be used. At the investment approval stage, the quantitative method should be used. If a funding decision is requested to be made at the time the NLTP is adopted (for example, continuous programmes, Low-Cost Low Risk (LCLR) programmes and completed business cases for improvement activities) then both methods are required to be done to inform the approval of investment decisions as part of the NLTP adoption.

How do we assess the efficiency rating if there is no BCR?

For Stage 1 NLTP inclusion the Indicative Efficiency Rating (IER) tool can be used for infrastructure activities. The IPM sets out how to determine the efficiency rating where either a full BCR or an IER rating is not practical. This can be informed by either peer group cost metrics available through the [Te Ringa Maimoa Insights tool](#), or cost efficiency performance metrics as a proxy BCR available through the standard [Safety Intervention toolkit](#).

Will the draft IPM be used before it becomes final?

Yes. Waka Kotahi requires the draft IPM to be used to assess the priority ranking of activities proposed for inclusion in the NLTP 2024-27. Waka Kotahi will outline in an NLTP Bulletin when this is required to be done. The application of the draft IPM will enable Waka Kotahi investment advisors to give feedback to organisations on their draft programmes and activities submitted for inclusion in the NLTP 2024-27.

Will the IPM apply to activities that have been approved for investment prior to 1 July 2024?

The IPM won't apply to phases of activities that were approved for investment before 1 July 2024. Those phases approved for funding are described as committed activities.

If a phase of an activity has been approved for investment, but there hasn't been any progress in the months after approval, then Waka Kotahi may request an assessment of priority using IPM 2024-27.

The IPM will apply to the next phase, so it shouldn't be assumed that the next phase will be included in the NLTP or approved for investment.

Will the IPM changes impact the amount of funding available for land transport activities?

No. The changes will not have an impact on available funding for land transport activities. Funding levels for each activity class and the NLTP are set by the GPS.

How will I find out more about the draft IPM?

As part of our consultation process, we'll run a webinar on the key changes proposed in the draft IPM and how to apply the draft IPM, as well as worked examples.

We'll update you through our usual NLTP bulletins during the NLTP 2024 – 27 development programme.

You can find out more information at <https://www.nzta.govt.nz/draft-ipm-consultation-2024-27> or email the team on: ipmquestions@nzta.govt.nz

The final IPM will be published on the [Waka Kotahi Knowledge base site for the 2024-27 NLTP](#).