



# Business Case Refresh: proposed changes to the Business Case Approach

Consultation document  
23 May 2022

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# About this consultation

We are seeking your feedback on proposed changes to the Business Case Approach (BCA). Where we can, we want to simplify the process to help reduce the time and cost of developing business cases.

We are proposing several changes to the business case pathway, particularly at the early stages of business case development. We are proposing changes that will better align the BCA to environmental planning and community engagement processes, and that recognise the importance of early technical assessments and testing when risk is high. We are proposing to take a closer look at the mix between the business case development tasks that are performed inhouse and the tasks that are contracted out. Perhaps most importantly, we are proposing a number of changes to improve capability, and change both the culture and behaviour associated with developing business cases.

We encourage you to take the time to provide feedback on the proposed changes by completing the consultation survey to let us know if there are any areas that still need our attention.

## What is outside the scope of this consultation

This consultation is focused on the development of business cases for investment in the transport sector. The Waka Kotahi NZ Transport Agency BCA sits within the wider context of Cabinet Office Circular CO (19) 6: *Investment management and asset performance in the state services*, which requires the use of the Treasury business case guidance for all significant investment proposals from relevant state sector agencies. Alternatives to business cases or changes to Treasury's Better Business Case™ framework are not within the scope of this review.

Other areas that can impact the investment decision-making process, such as National Land Transport Fund (NLTF) funding requirements, National Land Transport Programme (NLTP) prioritisation methodology, the Investment Decision-Making Framework, information systems (such as Transport Investment Online) related to NLTP management and approval processes, procurement activities and strategic system planning activity are also outside of the scope.

We have been making ongoing changes to our investment decision-making rules, tools and processes to better consider climate change mitigation and adaptation. These changes, and any changes in response to the recently published Emissions Reduction Plan, are outside the scope of this consultation.

## **How to provide feedback**

To provide feedback on the Business Case Refresh, please take the time to first read this consultation document. This document outlines the problems identified with the BCA, what we are proposing to change and why.

After reading this document, you'll be able to provide feedback through our online survey. There will be a range of questions about each of the proposed changes. You can choose to answer some or all of the questions. There will also be the opportunity to provide additional comments.

It would be helpful for us to know your interest in the Business Case Refresh, so there are also some questions about your background.

The online survey about the consultation is open from Monday 23 May until 5pm on Thursday 23 June.

### **You can provide your feedback through the online survey**

For any questions, please contact [businesscaseprocess@nzta.govt.nz](mailto:businesscaseprocess@nzta.govt.nz)

## **How your feedback will be used**

All submissions received from 23 May to 23 June 2022 will be considered and used to form the next steps in the Business Case Refresh.

With your feedback, we will be able to address the issues identified with the BCA where possible, and potentially other areas that you raise as part of the consultation process.

The final proposed changes will be endorsed by the Waka Kotahi Board once the feedback has been considered.

We aim to fully implement agreed changes by December 2022.

# Summary

## Background

The Waka Kotahi BCA is a principles-based approach for developing business cases for investment in the transport sector.

Business cases are critical to decision making and the success of the investment process. They present analysis which includes rationale around the need for investment, costs, benefits and options for delivery.

The BCA was launched in 2013 and while some improvements have been made, the approach remains largely the same since it was implemented.

Primarily, the BCA is used by Waka Kotahi and its partners to guide planning, investment and project development for activities seeking funding from the NLTF. Since 2013, a large number of tools, forms, templates, guidance notes and learning modules have been developed and refined to support these processes. Increasingly, the BCA is being applied to transport activities accessing other funding sources, such as the NZ Upgrade Programme. The benefits of using the BCA are also being extended to a broader range of problems and opportunities, such as urban development, education campaigns, information technology projects and innovation. Navigating this landscape has become complex.

[Learn more about the BCA](#)

## The Business Case Refresh

Waka Kotahi is reviewing the BCA to address ongoing frustration with the framework and related processes.

We've had feedback about what causes the greatest concern with the BCA from the 2021 Stakeholder Survey, the 2020 Investment Decision Making Framework review, various other reviews and workshops, the Business Case Community of Practice Survey, the Minister and our Board.

'The business case process at times is overly complicated and time consuming...' (Stakeholder Survey 2021)

'Waka Kotahi can be very bureaucratic to deal with, many decisions appear to be rule based (ie, the system people work in doesn't necessarily set them up to succeed).' (Stakeholder Survey 2021)

We have identified a range of problems with the BCA across four categories.

## **Clarity of roles and responsibilities**

**Problem statement 1: failing to clearly define the roles and responsibilities of those at Waka Kotahi involved in the BCA process has resulted in a lack of ownership for the process and quality of information provided.**

Expectations about what should be included in a business case are unclear, making it difficult to scope what is required. This has often resulted in unnecessarily large business cases.

There are multiple locations for accessing business case information (Highway Information Portal, Planning and Investment Knowledge Base, InvestHub, Waka Kotahi website) with no one source of the truth or owner of the information. This has meant those seeking guidance can receive conflicting advice from different sources.

## **Understanding of BCA**

**Problem statement 2: a lack of understanding of the purpose of business cases and an increasing focus on compliance with the process rather than concentrating on a clear rationale for investment has led to inefficiencies in the development of business cases.**

Business cases are critical to decision making, and subsequently, the success of the investment process. These present the analysis on rationale around the need for investment, costs, benefits and options for delivery. Business cases are not the means to justifying a predetermined project.

## **Investment management process**

**Problem statement 3: problems with the investment management process, including poor transparency and lack of flexibility, has resulted in a lengthy and cumbersome business case approvals process, even for small-scale, low-risk investments.**

The Waka Kotahi approval process for business cases can be lengthy adding time to the business case process. We have heard from our partners that they do not always have oversight of the Waka Kotahi approvals process making it seem like a 'black box' without two-way feedback on where things are at in the process and why things are not approved

The funding approval process sits outside the scope of this refresh, though this is being looked at within the Our Map 5 Priorities Programme of activity that will take place over the next 12 to 18 months at Waka Kotahi.

## **Integration of the business case with statutory processes**

**Problem statement 4: failing to consider the integration of business cases with other business processes has resulted in inefficient whole-of-life cycle development.**

The BCA is not well integrated with other statutory processes, such as engagement and planning requirements, sometimes resulting in re-work later in the process. This will become increasingly important in the future, with changes to the Resource Management Act and climate change requirements. It remains a statutory requirement for Regional Land Transport Plan and NLTP development.

# Workstreams for change

To date the thinking and development work has been categorised into four interrelated workstreams:

- **Recalibration** focuses on putting the principles ahead of process and re-examining the business case pathways.
- **Risk-based rightsizing of process** focuses on when, and to what level, certain investigations and sub-processes take place within the pathways.
- **Insourcing** focuses on the people and organisations that complete the various steps along the pathways.
- **Capability, culture and behaviours** focus on improving sector-wide capability to maximise the benefits of the BCA.

## Recalibration

The changes proposed by the recalibration workstream address problem statement 2: A lack of understanding of the purpose of business cases and an increasing focus on compliance with the process rather than concentrating on a clear rationale for investment has led to inefficiencies in the development of business cases.

The focus on the BCA being a means to justify a project for immediate funding, rather than a statement of the value proposition of an investment, is resulting in business cases following a process rather than applying business case principles.

The recalibration workstream includes:

- Emphasising the principles of the BCA.
- Emphasising the critical steps of the business case pathways, including the purpose of hold points and decision points and raising the profile of the five-case model.
- Providing examples of how to practically work through real issues.
- Improved integration with the wider transport planning environment that considers the impact of the transport system and enables broader social, economic, cultural, and environmental outcomes.
- Re-examining the role and form of the point of entry (PoE) process.

The purpose of these changes is to help focus business case users on the critical steps of the BCA and how to work through practical issues where critical thinking and the business case principles are currently not well applied.

## Proposed change 1: emphasise the critical steps of the business case pathways

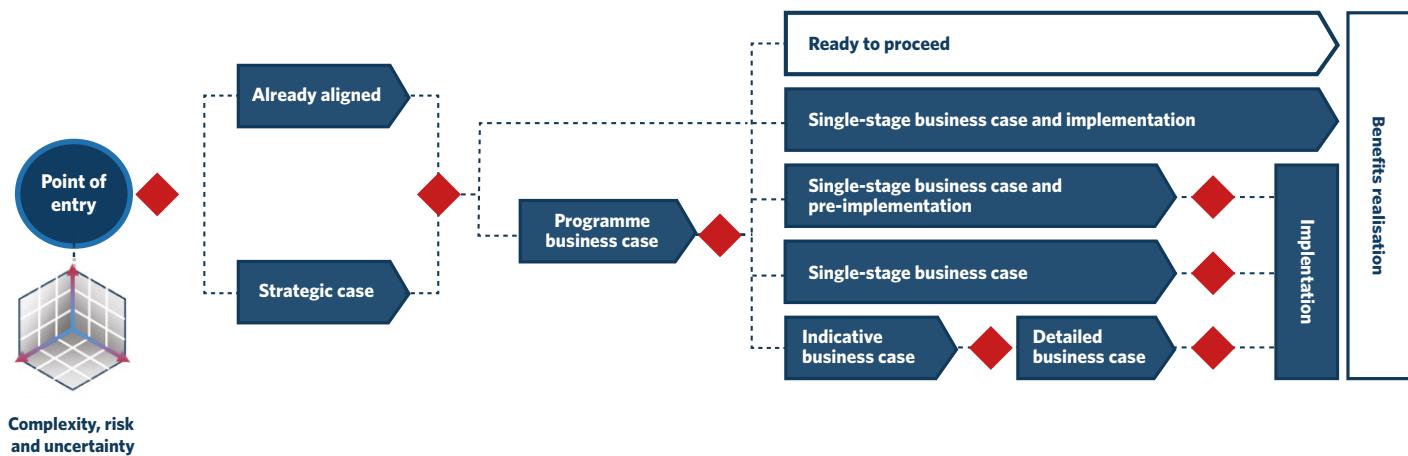


Figure 1 Business case pathways – current state

The [current pathways diagram](#) is complex and focuses on the names of the documents being produced rather than the critical steps in the pathway.

Feedback has told us that many people new to the pathways believed the strategic case is a common step, or even a required step. Similarly, the programme business case step is used less frequently than might be expected from the diagram.

We propose to emphasise the critical steps along the pathway, rather than the documents that are produced, to encourage critical thinking and fit-for-purpose effort.

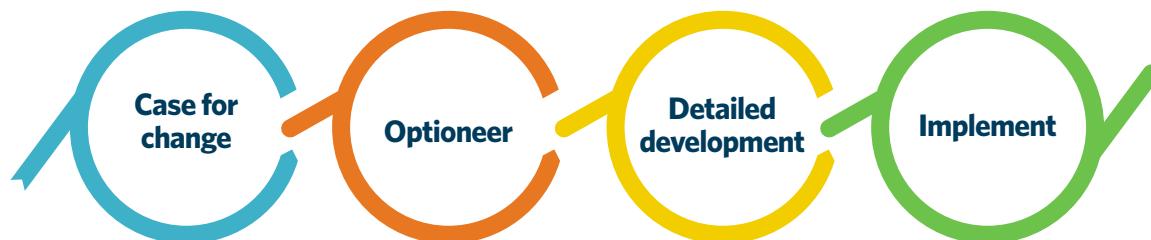


Figure 2 Potential critical steps on the business case pathway

The **case for change** step aligns to the point of entry (PoE), strategic case and even programme business case (for long-term strategic business cases) but also encompasses previous work, known evidence and strategic documents that have been developed. We are proposing to make changes within this step (see proposed change 3).

The **optioneer** step aligns most closely to the indicative business case. By emphasising that this step is about developing a wide set of options, then refining down to a preferred way forward, we can see the importance of programme business cases and asset management plans for interrelated activities.

The **detailed development** step aligns to the detailed business case.

The **implement** step includes pre-implementation or final preparedness for an agreed option.

Between each of these steps is a hold point. It is critical decision-makers are satisfied the previous step has been completed in a robust manner, and that the next step is adequately scoped.

Single-stage business cases combine the optioneer and detailed development steps into a single document, but the hold point between these two steps remains critical.

We also propose re-emphasising the value of this hold point and investigating ways to make this hold point more explicit by sub-delegating the authority to proceed past this hold point down to the appropriate level. The business case pathway for core continuous programmes and low-cost low-risk activities is a supported Activity Management Plan or Regional Public Transport Plan. These documents can, and should, contain the information needed to address the **16 questions** used to assess business cases. These may also be suitable as the PoE for larger investments.

The business case pathway for capital activities above the low-cost low-risk threshold will continue to depend on the level of risk and complexity of any proposed investment. The case for change step needs to define who should bear the risk, the extent to which information already exists to meet the business case requirements, and the gaps that remain. The significance of the gaps will continue to determine the stage of the business case where work should begin and the pathway to implementation.

#### **The implications of this proposed change will be:**

- Highlighting the principles-based approach for business case development.
- Emphasising the hold point between indicative business case and detailed business case.
  - Investigate adding a sub-delegation regarding the hold point when approving the use of a single-stage business case.
- Emphasising that scoping the next phase is critical at decision/hold points.
- By emphasising the building blocks of business case development, we can provide more targeted and easier to use information and resources. Critical investment and technical requirements, or useful optional tools, will be less tied to individual documents.
- Promoting the use of tools such as the early assessment sifting tool, the appraisal summary table, and the benefits framework.
- Support for more flexibility in the timing of sub-processes (see the rightsizing workstream).

#### **We are not changing:**

- The principles-based approach of the BCA.
- The principles of the BCA, or
- What a good business case looks like.

## Proposed change 2: increase the profile of the five case model within the BCA

### What is the five case model?

The five cases provide a framework for business cases. Each case answers a key question:

**Strategic case** – What is the compelling case for change? What are the benefits?

**Economic case** – What are the options? What is the best option to achieve the sought benefits?

**Commercial case** – Is the proposed procurement commercially viable? Can the market deliver?

**Financial case** – Is the investment proposal affordable? How will we fund it?

**Management case** – How will the project organise for successful delivery?

A core principle of the five case model is that the five cases are developed in increasing detail at each business case stage.

The five case model has been the required standard for government business cases in the UK since the early 2000s. In 2018, the G20 adopted it as an international standard for infrastructure projects. In New Zealand, the Treasury's Better Business Cases framework aligns the five case model to the Cabinet-required two-stage approvals process for major investments.

The Waka Kotahi BCA was developed with the five case model in mind, but the links were not explicit. Since 2013, we've seen the five case model grow in prominence across the government and consultancy sectors when developing business cases. Completed business cases are now typically structured around the five case model, and decision makers are increasingly using the language of the five case model when discussing aspects of a business case.

We are proposing to make more explicit the linkages between the BCA and the five case model. The benefit of this change is to make business case development more efficient by increasing the use and understanding of a common language between developers, advisors, and decision makers. A further benefit of this proposed change will be to make skills and experience more transferable across sectors and other international infrastructure approaches and frameworks. This will make upskilling new entrants into the New Zealand transport sector faster and increase the applicability of a wide range of learning and development resources that are based on the five case model.

### The implications of this proposed change will be:

- Existing guidance and learning resources will be updated to explicitly embed the five case model.
- Investment quality assessments of business cases will be structured according to the five cases.
- Language will be clarified to reduce confusion between cases and phases of work (ie, the strategic case phase in the pathway versus the strategic case of the five case model).

### We are not changing:

- Business cases will not be required to be structured according to the five cases (in accordance with principles-based approach).

### Proposed change 3: refresh the point of entry

The PoE is the first step in the NLTP business case pathway. It involves discussion and agreement on the approach and the effort required to progress an investment proposal, including developing or reconfirming an initial view on alignment of a potential investment with strategic priorities, and whether to progress to business case development.

#### Current guidance on the PoE

This phase is intended to be a brief exercise using a minimal amount of resource; the main focus is on discussion, storytelling and critical thinking. An endorsed record of the PoE is required for funding applications for any further business case phases to be considered

First, the PoE establishes the rationale behind a proposed investment – where the activity came from, why we need to invest in this problem, is it aligned with the outcomes we are wanting to achieve in the Government Policy Statement on land transport (GPS) and has the project been programmed through the Regional Land Transport Plan and other work or is it new.

Second, it is used to decide the appropriate starting phase and likely pathway needed to develop the business case, through to implementation, based on how complex, risky or uncertain the investment appears.

Finally, it is where decisions are made about the amount of work needed to complete the business case. This is informed by whether the investment is simple or complex, and what levels of risk and uncertainty are involved. It's also informed by what we already know about the investment, for example, has some work already been done that will help us write the business case?

We want to ensure that the PoE process is reflective of its role in the BCA and that it is doing what it is intended to do.

Currently, regardless of scale and significance of different activities, the same information is required. This often means there is too much resource and detail around some elements, and key information is not included.

Type of project	Information requirements (current standard template)
New project (ie not in NLTP)	<ul style="list-style-type: none"> <li>▪ Background</li> </ul>
Project up to \$15m in NLTP	<ul style="list-style-type: none"> <li>▪ Problem or opportunity</li> </ul>
Project over \$15m in NLTP	<ul style="list-style-type: none"> <li>▪ Outcomes sought</li> <li>▪ Alignment with strategy</li> </ul>
Low risk, complexity and uncertainty	<ul style="list-style-type: none"> <li>▪ Level of risk, uncertainty and complexity</li> </ul>
High risk, complexity and uncertainty	<ul style="list-style-type: none"> <li>▪ Previous work</li> <li>▪ Related work</li> <li>▪ Scope of next phase</li> <li>▪ Target completion date</li> <li>▪ Funding requirements</li> <li>▪ Business case pathway</li> </ul>

Through the work to date, we have also found that:

- There is a lack of clarity across all users about the role of the PoE.
- Unease with a PoE is often perceived as a need for more information, when it may be investment priority, stakeholders, scope of work, funding affordability, wider system impacts, or other many varied reasons for unease (clarity of role).
- The time taken to get the PoE agreed, submitted and funding released varies, often adding unnecessary delays to projects.
- The template is lengthy, resulting in unnecessary information being provided, or the duplication of information already provided elsewhere such as in Transport Investment Online.
- Some key information that is critical for high-risk and complex projects is not a key requirement in the standard PoE template.
- Users are unclear when, why and what is required as part of the PoE process regarding endorsement and unlocking funding.
- Once a PoE is submitted, the process is not visible and it often takes a long time to get endorsed and funding released.

### Proposed changes to PoE

- Clarifying the role of PoE in end-to-end investment decision making.
- Merging duplicate and related work fields.
- Ensure articulation of the key gaps in our understanding of the problem and when these will be resolved, especially key assumptions.
- Changing the PoE template to be based on the scale and significance of the project and reflective of risk, uncertainty, and complexity.
- Investigate ways of reducing timeframes to get an endorsed PoE once submitted, including delegation to the appropriate level.
- Consider the right time and process to request the information sought in a PoE.
- Clarify and confirm that funding requirements are embedded and satisfied in the final PoE requirements.

## **Risk-based rightsizing of process (including consenting and engagement processes)**

The risk-based rightsizing of process workstream links to the problem: Lack of integration of the business case with the rest of the investment and project life cycle results in inefficient whole of lifecycle development.

Throughout the project lifecycle there are several sub-processes that are routinely completed, such as technical testing, consenting and community engagement.

Over time, these sub-processes have tended to be pushed closer to the implementation phase. This means increasing amounts of effort for developing the business case is being incurred before the uncertainty of these sub-processes are resolved.

In order to reduce the risk of late-stage cost and scope increases, we need to get better at identifying (screening tools) and resolving (best practice advice) residual risks early in the business case lifecycle.

## **Proposed change 4: encourage more flexible timing of when technical assessments and testing occurs**

Typically, site investigations do not occur until the pre-implementation phase of project development. This means significant work can be put into project development, the identification and development of a preferred option before site walkovers and technical testing occur.

This approach can result in significant issues to the project being uncovered late in project development and subsequent late-stage cost and scope increases.

Ensuring appropriate early-stage technical assessments, identifying and understanding risks, and appropriately bringing technical testing (including more detailed designs) forward to include within a business case has always been possible, however it is not something that occurs often in practice.

We propose to develop guidance of how and when to include technical testing within the scope of business cases whilst also balancing the cost and risk of completing this work in advance of a preferred option being approved by decision makers.

This will reaffirm the role of the indicative business case in determining the preferred option and detailed business case in confirming and risk mitigating the option, prior to commitment to the implementation.

## **Proposed change 5: align the BCA with environmental planning and consenting sub-process**

Where consenting is likely to be a factor in activity development, we propose to better align the BCA with the environmental planning process to reduce the likelihood of repeating work and any undermining of either process.

The three key deliverables to effect this proposed change are to:

- Update current guidance around when and how to involve environmental planning resources (proposed touch points with the Environmental Planning Team (for Waka Kotahi projects), or other specialist resource).
- Review when and how the planning process interacts with BCA – eg, at what stage should resource or building consents be lodged, the role of designations.
- Update the multi-criteria assessment (MCA) guidance following recent user testing.

Each deliverable is examined in more detail below.

### **Proposed touch points with specialist environmental planning resource (where applicable) during the BCA**

<b>Case (five case model)</b>	<b>Proposed touch points</b>
<b>Strategic case</b>	<p>Strategic case should demonstrate case for change (need), in particular:</p> <ul style="list-style-type: none"><li>• Investment objectives, and test/alignment with potential Resource Management Act objectives.</li><li>• Context eg, National Policy Statements or other policy/legislation that may apply? Existing planning or Resource Management Act implications?</li></ul>
<b>Economic case</b>	<p>Economic case should be sufficiently robust to inform the planning phase, particularly during:</p> <ul style="list-style-type: none"><li>• generating alternatives and options</li><li>• development of assessment criteria and weightings</li><li>• evaluating alternatives and options, eg, through input to early assessment sifting tool, MCA</li><li>• completion of environment and social responsibility screen, including incorporating into MCA and the appraisal summary table.</li></ul>

<b>Commercial case</b>	Commercial case should focus on and collaboratively develop consenting strategy, and consenting collateral, including required scope of work for any technical assessment needing procurement.
<b>Financial case</b>	Financial case cost estimates must include consenting costs, including mitigation costs. Depending on stage of development, consenting risk may result in financial trade-offs (proactive vs reactive mitigation, risk pricing, contingencies, etc).
<b>Management case</b>	Management case should look at future delivery requirements and conditions, including stakeholder engagement requirements, risk management for consenting, monitoring requirements, residual risks, protection until delivery, etc.

#### **Review of when and how the planning process interacts with BCA – at what stage should consents be prepared and lodged**

Notice of requirement and other consents are generally prepared and lodged during the pre-implementation phase of project development. This means large amounts of business case and design work is being completed before project risks identified through the planning process are accurately understood.

We are progressing a lessons learnt review of a number of projects where Notice of Requirements and consents have been prepared and lodged during different stages of the project life cycle. This will include projects with a range of implementation timelines.

This review will be developed into guidance around when these processes are best to occur in the BCA, under different scenarios. The hope is that bringing the technical assessments and development of the consent applications forward in the process will identify uncertainty/expectations earlier in the lifecycle resulting in time, cost and risk reductions for all partners.

Further reviews of past examples are required to quantify this.

#### **Updated MCA guidance following user testing**

We also propose to update the MCA guidance following user testing. The current MCA guidance was released in 2020, to better align with the planning process. User testing was recently undertaken to consider if any further improvements needed to be made. We will update the MCA guidance once this user testing is complete.

## **Proposed change 6: refresh the engagement sub-process within the BCA**

Engagement has been identified as a common source of cost increases and delays in the BCA. Analysis of the problem shows this can happen for a number of reasons, some of which include:

- Engagement being left until later stages of business case development, when the investment is nearing implementation.
- Engagement being limited to consulting on well-defined options with little ability to influence outcomes.
- Not being clear on why people are being engaged with, or what ability they have to influence the outcome.
- Problems with reliably estimating the cost of engagement.
- Not engaging early enough to allow meaningful collaboration, for example, when defining problems and benefits or understanding the wider context for the investment.

The current approach to BCA engagement means:

- Business cases may not capture important stakeholder perspectives until it's too late to influence the outcome.
- Stakeholders may feel disengaged and may be more likely to oppose options that they have not felt involved in.
- Engagement can set unrealistic expectations about 'what can be influenced'.
- Engagement can place high demands on stakeholders' time and resources, leading to consultation fatigue.
- The true engagement costs involved in the business case are often underestimated, leading to cost-scope adjustment requests. This means that often the true cost of the business case isn't clear when decisions are made about whether to allocate or approve funding.
- Engagement is very specific to individual business cases.

When the BCA was introduced, one of the aims was to enable earlier, more meaningful engagement in how transport investments are developed and implemented. To achieve this, the way we develop business cases needs to be retested.

### **Proposed changes to engagement**

We are proposing a principles-based approach to outline a clear vision for engagement across the BCA.

Our vision for BCA engagement is that:

**'Throughout the BCA, engagement is genuine, meaningful and targeted in each step of development to support great transport outcomes for all New Zealanders.'**

## Draft principles for BCA engagement

The following principles have been drafted to support BCA engagement practice:

1. Engagement supports a partnering for outcomes approach that is consistent with the principles of Te Tiriti o Waitangi.

Where we need to partner with others to achieve a system level outcome, this will be identified early and planned for intentionally (supports informed discussion).

2. Engagement is considered at all stages of business case development, starting at the PoE.

Before a funding decision is made at each development phase, the developer must consider the level of engagement that will be needed in the next phase and allow for this in their scope.

3. Engagement is targeted and fit-for-purpose.

Targeting means engaging with the right people, at the right time/s and in the right way/s the level and nature of engagement must match the reasons for engaging, linked to the specific steps in the development cycle that we are engaging for.

It's also important to align engagement to the levels of complexity, risk and uncertainty associated with the investment.

4. Engagement is transparent.

Transparency means that it's clear to everyone involved why we are engaging, what can and what can't be influenced through each engagement step.

5. Engagement is consistent with Waka Kotahi principles, policies and guidance, or the relevant council requirements.

For example, Waka Kotahi engagement must be:

- Culturally sensitive, for example, by being consistent with Hononga Ki Te Iwi - our Māori engagement framework.
- Aligned with our environmental and sustainability standards (Z19 standard).
- Capable of reflecting other government requirements, for example, the need for large/urban projects to consider the financial impacts on business owners.

By applying these principles to improve our application of engagement throughout the development of business cases we aim to improve the effectiveness and efficiency of the BCA.

## Insourcing

The insourcing workstream aligns to the problem identified around clarity of roles and responsibilities

Failure to clearly define accountability for the current business case process and information has led to poor quality business case information and oversized business cases.

Within Waka Kotahi we are embedding the Transport Services Revitalisation project that, among other things, clarifies the roles and responsibilities for Waka Kotahi internal processes. However, as a sector, we operate a primarily outsourced model with consultants developing business cases on behalf of clients as a professional service offer.

## **Proposed change 7: conduct trials to explore whether some tasks that are currently outsourced could be better performed in-house**

During 2022/23, we propose to trial increased inhouse development of business cases with the benefit of:

- Increasing ownership, and emphasis on scope adaption and risk targeting (rather than procured fixed scope).
- Increasing the price tension (value for money) for business case development work.
- Providing a deeper inhouse understanding of the developer's perspective on our guidance and frameworks.

The insourcing trials will focus initially on Waka Kotahi, with lessons learnt expanding in collaboration with the transport sector. The purpose of the trials is to better test whether we have the balance of in-source/out-source effort right.

It is proposed that effort will focus on:

- Increase Waka Kotahi (and other approved organisations) ownership of these business cases and focus on scoping for the next phase (including strategic case/evidence baseline, rightsizing effort through scope of works and improving the management case for next steps). This will also consider the trade-off of scope adaption and risk transfers in the procurement of business case phases.
- Consider early-stage business cases (strategic case and programme business case) for state highway and national activities recognising their function as key direction setting documents.
- Seek opportunities in lower risk activities, such as a single-stage business case lite, to complete inhouse.
- For larger or higher risk activities, trialling alternate procurement models that create better client ownership, scope flexibility, and reduced price risk for consultants.
- Each stage of this business case development via insourcing trial would be accompanied by lessons learnt to share internally and externally (perhaps via the BCA community of practice or practice notes).

It is important to note that any insourcing will still require specific outsourced assistance for specialist technical input, such as project economics, geotechnical investigation and transport modelling as applicable.

## **Capability, culture and behaviours**

When the focus for the business case is to justify a project for funding, we have lost the value of the BCA. Rather the approach is to understand and then optimally seek to solve a problem or opportunity. The result is a focus on providing information to get funding rather than finding the best solution for a problem. The focus should be on applying the business case principles and critically thinking about the scope required for a business case to be fit-for-purpose.

A new Future Investments Learning and Development Team has been created within Waka Kotahi. This team will assist us with developing training resources and supporting integrated learning opportunities to build investment capability within Waka Kotahi and across the sector. This will also support behavioural changes to move away from a compliance mindset to one of critical thinking, building progressively through partnership and rightsizing of effort.

## **Proposed change 8: include a debriefing/lessons learnt step in the BCA**

We are proposing to include debriefing in the BCA. It provides an opportunity to reflect on how the business case went, celebrate success (which empowers behaviour change) and learn from challenges.

## **Proposed change 9: review the clarity of intent principle statement**

The principles that guide the BCA are currently outlined in InvestHub for users to gain insight into the process. We propose revisiting the clarity of intent.

Clarity of intent – the intention driving an investment must be clear and logical. Simple concepts and plain language will provide a clear understanding of the problems and benefits.

## **Proposed change 10: review capabilities and behaviours**

Capabilities refer to the knowledge, skill, and ability to perform tasks. 'I know how to do this.' Behaviour relates to executing and applying these consistently. 'I act this way.'

### **Existing behaviour statements**

- Gathering information through informed discussions with the appropriate stakeholders.
- Building the case for investment progressively.

### **Existing capability statements**

- Groundwork and context
- Relationship management
- Structure

We propose:

**Having a clear purpose or outcome** to address the problem: 'Users must apply the BCA to build evidence-based business cases with clear investment logic to ensure quality investments for benefits.' The updated capabilities and behaviours (noted below) should help to achieve this outcome.

**Updating the competencies** to be (1) critical thinking, (2) crafting an investment logic and (3) multi-disciplinary teamwork.

**Updating the behaviours** to be (1) thinking critically to analyse and evaluate evidence, (2) crafting a clear investment logic and (3) partnering with stakeholders in multi-disciplinary teams.

**Including a support package** - this includes a plan with processes and systems that help support the performance of critical behaviours on the job. Examples could include a community of practice support, celebrating success (debriefing/lessons learnt), coaching, peer support, sharing new learning with peers, follow-up refresher learning, regular communications. We could organise this into an annual plan or learning campaign with planned activities and interventions.

## Proposed change 11: refresh existing learning opportunities

**Refreshing existing modules** to improve the user experience, considering accessibility needs for those with vision impairment, updating scenarios to make them more interactive with choice moments for learners to practice new knowledge, embed power skills to drive critical behaviours, add reference material for completed modules.

**Refreshing our visual brand** of existing modules to align them with the updated Waka Kotahi branding and include bilingual titles in line with Te Ara Kotahi – Our Māori strategy.

**Reviewing communities of practice** includes an organisation-wide framework and guidance for how communities of practice will work at Waka Kotahi. Currently, this is in the design phase. We will work with the BCA community of practice to align with this new framework. We will leverage this community to support competencies and behaviours such as debriefing sessions.

### Online BCA 101 facilitated workshops

This introductory workshop covers BCA 101 content and supports online learning. It covers a basic understanding level for anyone who interacts with the BCA. The pilot phase is now complete and a review underway.

**Reviewing InvestHub:** This work aims to clarify what content type belongs on which platform, identify content owners for current content, and identify user experience improvements.

## Proposed change 12: create new learning opportunities

We propose the following new online learning supported by social learning opportunities (for example, community of practice):

**BCA process:** it will include the end-to-end process, terminology, strategic and outcomes alignment and using the BCA as a tool and not a means to an end.

**Debriefing/reviewing (lessons learnt):** introductory learning with a support package.

**Critical thinking and investment logic:** introductory learning with a support package.

**Fit-for-purpose effort/rightsizing:** introductory learning with a support package.

# Acronyms

The following acronyms are used in this document:

<b>BCA</b>	Business Case Approach
<b>NLTP</b>	National Land Transport Programme
<b>RLTP</b>	Regional Land Transport Plan
<b>NLTF</b>	National Land Transport Fund
<b>GPS</b>	Government Policy Statement on land transport
<b>PoE</b>	Point of entry
<b>MCA</b>	Multi-criteria assessment

# Appendix 1: mapping problem statements to proposed changes

Problem statement 1: failing to clearly define the roles and responsibilities of those at Waka Kotahi involved in the BCA process has resulted in a lack of ownership for the process and quality of information provided.

Problem statement 2: a lack of understanding of the purpose of business cases and an increasing focus on compliance with the process rather than concentrating on a clear rationale for investment has led to inefficiencies in the development of business cases.

Problem statement 3: problems with the investment management process, including poor transparency and lack of flexibility, has resulted in a lengthy and cumbersome business case approvals process, even for small-scale, low-risk investments.

Problem statement 4: failing to consider the integration of business cases with other business processes has resulted in inefficient whole-of-life cycle development.

Proposed change	Problem statements addressed by the proposed change
1 Emphasise the critical steps of the business case pathways	2, 3
2 Increase the profile of the five case model within the BCA	2
3 Refresh the point of entry	2, 1, 3, 4
4 Encourage more flexible timing of when technical assessments and testing occurs	4
5 Align the BCA with environmental planning and consenting sub-process	4
6 Refresh the engagement sub-process within the BCA	4
7 Conduct trials to explore whether some tasks that are currently outsourced could be better performed in-house	1
8 Include a debriefing/Lessons learnt step in the BCA	2

<b>Proposed change</b>	<b>Problem statements addressed by the proposed change</b>
<b>9</b> Review the clarity of intent principle statement	2
<b>10</b> Review capabilities and behaviours	2
<b>11</b> Refresh existing learning opportunities	2
<b>12</b> Create new learning opportunities	2