

# APPRAISAL SUMMARY TABLE: USER GUIDANCE

DATE JUL 2021

The appraisal summary table (AST) provides a structured way of presenting decision-makers with an overview of monetised, quantitative and qualitative benefits and costs at both the short list and preferred option stage.

The appraisal summary table (AST) must be completed in full for any new business case including programme business case (PBC), single-stage business case (SSBC), single-stage business case lite (SSBC lite), indicative business case (IBC), or detailed business case (DBC) that starts after 30 June 2020, to align with the mandatory use of the [benefits framework](#) from this time. For business cases already under development at 30 June 2020 the AST is recommended for use, except where this would involve re-work.

The AST for preferred option replaces the cost benefit analysis summary pages in Transport Investment Online and therefore the summary of financial and monetised impacts sections in the AST must be completed for all business cases regardless of start date.

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## INTRODUCTION

The appraisal summary table (AST) summarises the impacts of an option (both positive and negative) compared with the do minimum. It provides decision-makers with a consistent and transparent overview of monetised, quantitative and qualitative benefits and costs at the shortlist and preferred option stage of a programme business case (PBC), indicative business case (IBC), detailed business case (DBC), single-stage business case (SSBC) or single-stage business case lite (SSBC lite).

The AST should include a summary of all relevant benefits (including disbenefits), both monetised and non-monetised, to allow informed decision-making. The number and level of assessment of benefits should be proportionate to the risk and scale of the activity. The source of monetised benefits information is the economic evaluation that is done in the economic case as part of the business case process.

## WHEN SHOULD AN AST BE USED?

The same AST template will be used at the short list and preferred option stage. As an example, if there are three shortlisted options, an AST should be prepared for each of the options to enable informed trade-off decisions to be made. Consistent with current guidance, the shortlist of options needs to be selected before detailed appraisal is undertaken and summarised through an AST. A rich narrative should be captured within the documentation for the economic case as to the reasons why decisions have been made to get from the short list to preferred option. The economic evaluation methodology used at the short list and preferred option stage will be the same however it will be commensurate to the stage of the business case development and available evidence. 'Not material' can be entered into a field after it has been considered and found not to be relevant to an investment decision, and rows added/deleted to reflect the breadth of the costs and benefits considered.

The AST helps support the economic case at the shortlist and preferred option phase, as part of a PBC, IBC, DBC, SSBC or SSBC Lite. The AST for preferred option replaces the previous economic summary table that was uploaded to TIO.

## THE BENEFIT OF USING AN AST

The benefit of using an AST is:

- It presents both monetised benefits and costs and non-monetised benefits, describing all relevant impacts to decision makers
- It clearly demonstrates a proposal's alignment to outcomes
- Properly calibrated, the AST reduces the incentive of those developing business cases to inflate benefits and underrepresent monetised costs to get a 'project over the line' (i.e. it tempers optimism bias)
- It illustrates all benefits so trade-offs can be more effectively made between options and then between proposals for different projects (the latter by decision makers).

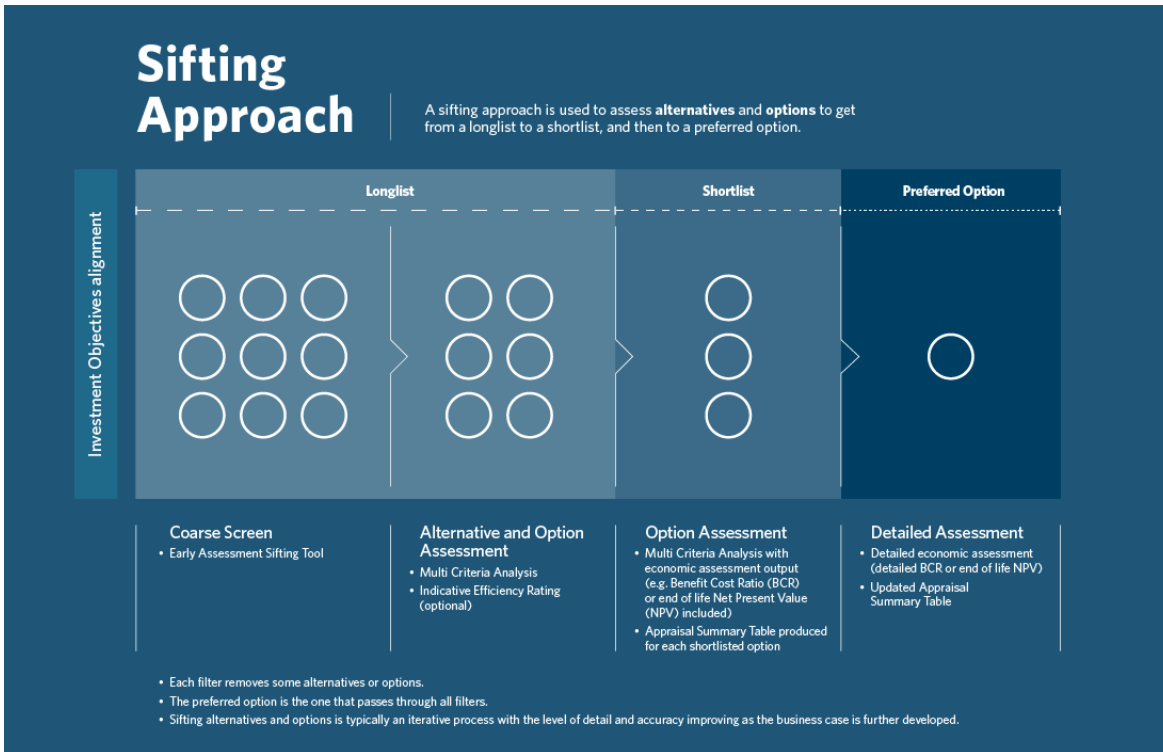


Figure 1: Sifting approach

## INFORMATION COVERED BY THE ECONOMIC CASE:

In the business case, the AST replaces the *Economic Summary TIO upload* which previously focused on monetised benefits only. As such, the following components must still be included in the economic case alongside an AST, in line with existing published guidance ([Business Case Approach \(BCA\) guidance](#); [Monetised Benefits and Costs Manual](#)):

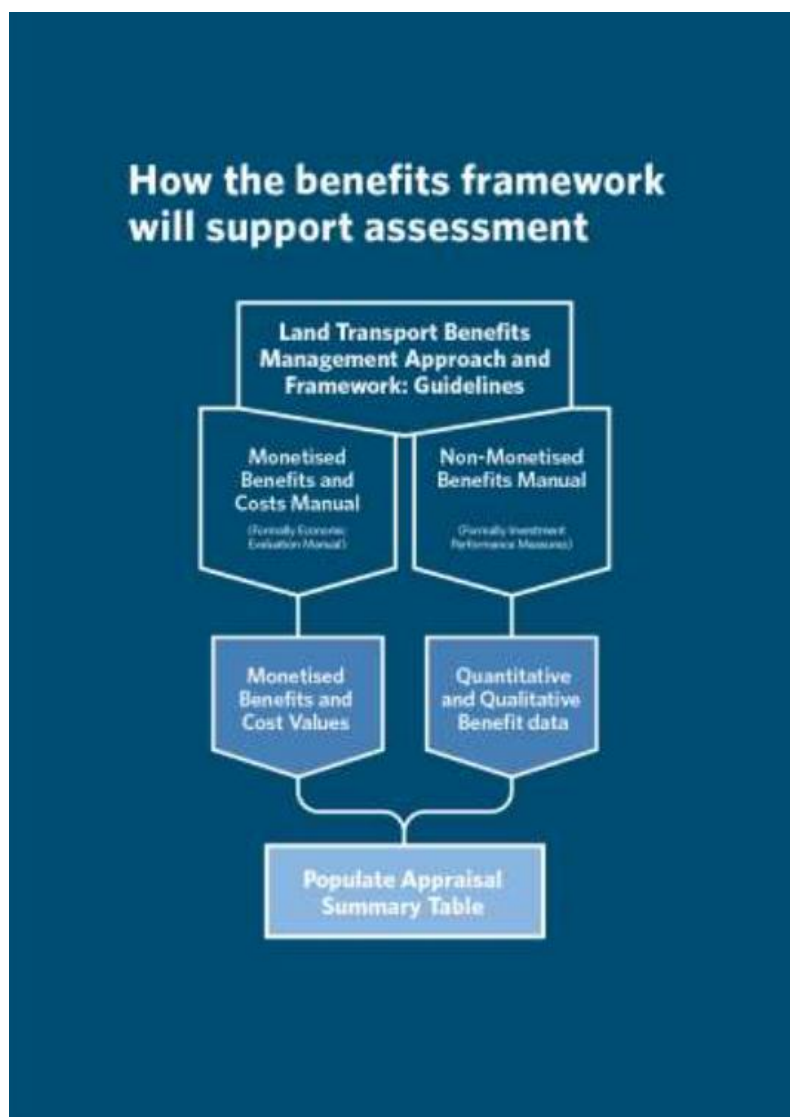
- Do minimum description – i.e., conditions that would exist without the activity being progressed.
- Optioneering and identifying the preferred option, including the rationale for this choice.
- Cost benefit analysis methodology, incorporating detailed forecasting/modelling overview, including assumptions, model used etc.
- Sensitivity analysis.
- Incremental analysis
- First year rate of return (to help make decision on when we need something in place by e.g. now or in 5 years' time).
- Identification, assessment and management of risk and uncertainty, including confidence in accuracy of quantitative estimates.
- Equity issues (particular groups/stakeholders that benefit or are negatively impacted).

## WHO SHOULD COMPLETE AN AST?

The AST should be completed by the practitioner undertaking the economic case.

## COMPLETING THE APPRAISAL SUMMARY TABLE

The AST will be completed for each of the shortlisted option and the preferred option using the results from the assessment of benefits and costs undertaken while developing a PBC, IBC, DBC, SSBC, or SSBC Lite. Waka Kotahi expects that benefit information will be drawn from the benefits framework, as much as possible.



**Figure 2: How the benefits framework will support assessment**

As per the above diagram, the project owners can use the monetised benefits and costs manual and non-monetised benefits manual to guide the assessment of their proposal and to assist with completion of the AST.

The “Impact on social cost and incidents of crashes”, “Impact on greenhouse gas emissions”, and “Impact on Te Ao Māori” are mandatory benefits and pre-filled in the worksheet. These need to be considered; however, if any is truly not relevant to the project, fill in “not relevant”.

The summary of financial impacts only requires the nominal, non-discounted total financial costs provided for context only ahead of financial case. Unlike the total economic costs, the financial costs should not be subtracted by the Do Minimum option cost thus representing the full capital and operating costs. Note that the BCR is calculated based on the total economic costs not the financial costs.

## TRANSPORT INVESTMENT ONLINE

Only the AST for the preferred option will need to be entered/automated within TIO. Currently, for a preferred option, the completion of the economic summary table is required and is uploaded to TIO. The AST would replace the economic summary table.

For clarity, The EAST and MCA tool are used during optioneering. Optioneering phases are documented, as part of the economic case, within a business case, which will be attached as supporting information within TIO.

## AST TEMPLATE AND INSTRUCTIONS FOR USERS

The AST template and accompanying instructions for users are available to download from InvestHub and website resource page.

<https://invest.nzta.govt.nz/course/view.php?id=26>

<https://www.nzta.govt.nz/resources/appraisal-summary-table/?category=&subcategory=&audience=&term=ast>

The *Assessment tools templates: instructions for users* provides step-by-step instructions for completing the AST template.