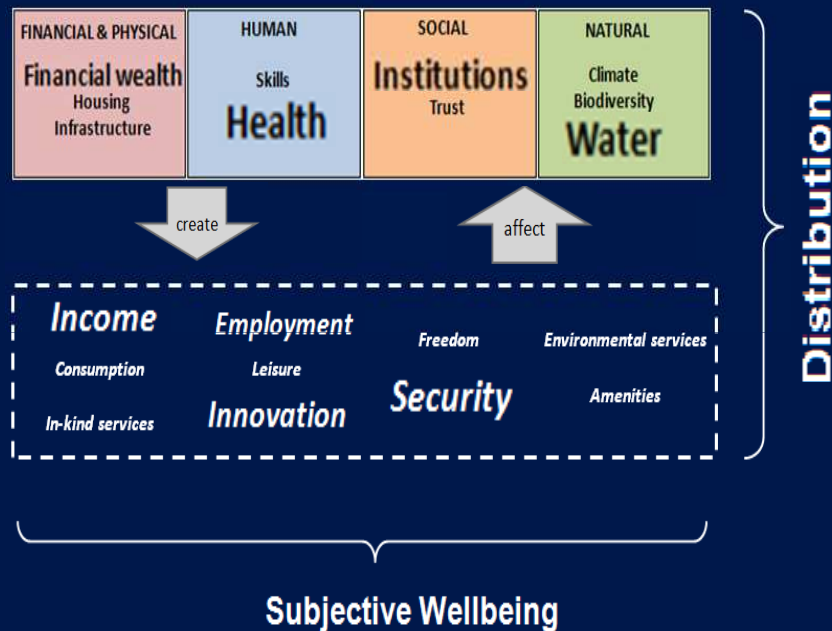


Hazard substances and new organisms



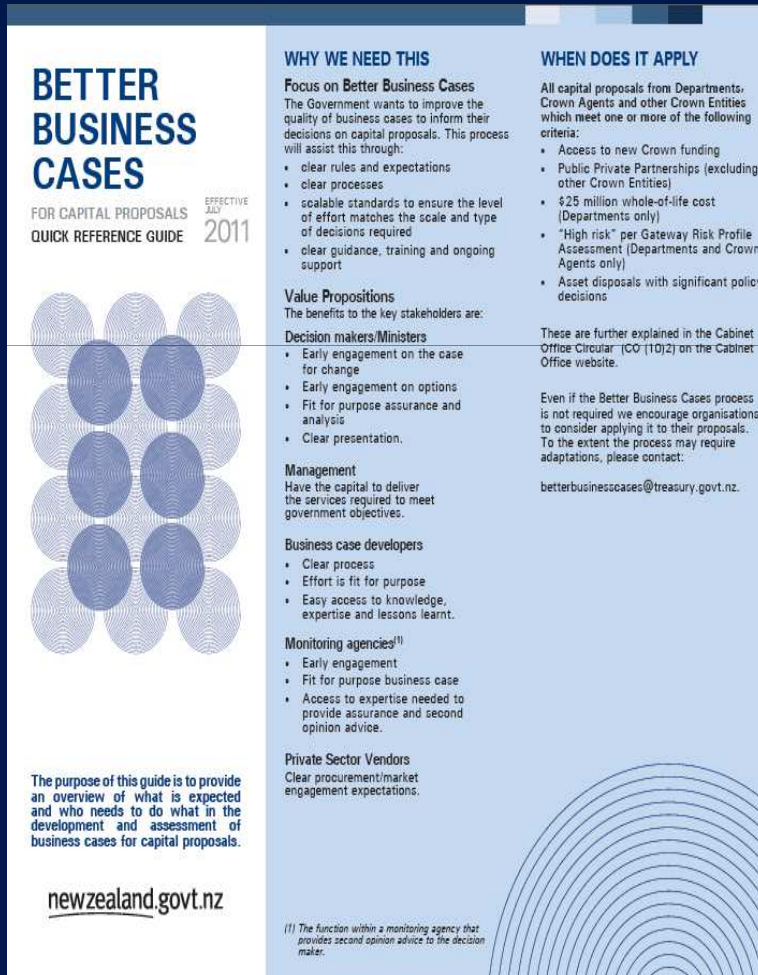
Framework

1. Relationship between financial, social and natural dimensions – trade-offs and synergies.
2. Consideration of subjective-wellbeing.
3. Distributional analysis is important to identify possible winners/losers.

Policy implications

1. Factor in both the positive and negative implications of changing regulations.
2. How public feel about the level of risk is necessary to factor in.
3. Advice should not just be the outcome of a CBA – identify the winners and losers.

Better business case (BBC) guidance



BETTER BUSINESS CASES
FOR CAPITAL PROPOSALS
EFFECTIVE JULY 2011
QUICK REFERENCE GUIDE

The purpose of this guide is to provide an overview of what is expected and who needs to do what in the development and assessment of business cases for capital proposals.

newzealand.govt.nz

WHY WE NEED THIS

Focus on Better Business Cases
The Government wants to improve the quality of business cases to inform their decisions on capital proposals. This process will assist this through:

- clear rules and expectations
- clear processes
- scalable standards to ensure the level of effort matches the scale and type of decisions required
- clear guidance, training and ongoing support

Value Propositions
The benefits to the key stakeholders are:

Decision makers/Ministers

- Early engagement on the case for change
- Early engagement on options
- Fit for purpose assurance and analysis
- Clear presentation.

Management
Have the capital to deliver the services required to meet government objectives.

Business case developers

- Clear process
- Effort is fit for purpose
- Easy access to knowledge, expertise and lessons learnt.

Monitoring agencies⁽¹⁾

- Early engagement
- Fit for purpose business case
- Access to expertise needed to provide assurance and second opinion advice.

Private Sector Vendors
Clear procurement/market engagement expectations.

WHEN DOES IT APPLY

All capital proposals from Departments, Crown Agents and other Crown Entities which meet one or more of the following criteria:

- Access to new Crown funding
- Public Private Partnerships (excluding other Crown Entities)
- \$25 million whole-of-life cost (Departments only)
- "High risk" per Gateway Risk Profile Assessment (Departments and Crown Agents only)
- Asset disposals with significant policy decisions

These are further explained in the Cabinet Office Circular (CO (10)2) on the Cabinet Office website.

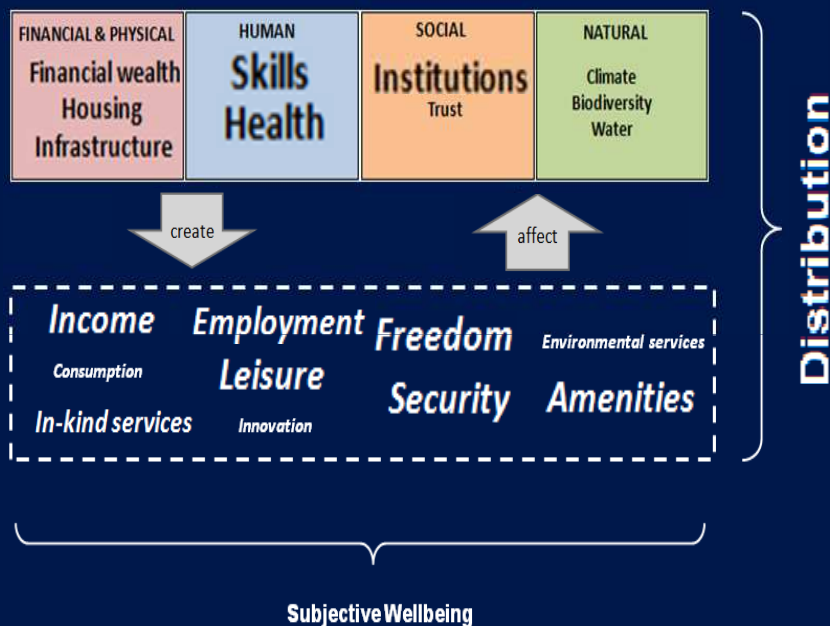
Even if the Better Business Cases process is not required we encourage organisations to consider applying it to their proposals. To the extent the process may require adaptations, please contact:

betterbusinesscases@treasury.govt.nz

(1) The function within a monitoring agency that provides second opinion advice to the decision maker.

- **Purpose:** “provide an overview of what is expected and who needs to do what in the development and assessment of business cases for capital proposals.”
- New Crown funding of > \$25m
- Areas such as roads, buildings, IT infrastructure, public transport, prisons etc.
- Potentially updating guidance incorporating new Living Standards Framework.

BBC guidance – Christchurch re-build



Framework

1. Infrastructure and housing – create a broad flow of benefits – but come at fiscal cost.
2. Regulatory setting can impact on security and freedom, and in turn incomes and wealth.
3. Distributional analysis allows assessment of the potential winners/losers of investment.

Possible guidance

1. Recognise the wider-benefits of infrastructure investments, as well as fiscal costs.
2. When investing consider regulatory options that better manage risk *and* maintain freedoms.
3. Consider *who* benefits from an investment - target those who will benefit most.

Measurement, reporting and policy

- Linkages between M R P essential – focus of agenda.



- Information on results across state sector and the progress towards them could be made publicly available.
- Possible next step: National Progress Report (NPR) – help set strategic policy direction and engage with public.



THE TREASURY
Kaitohutohu Kaupapa Rawa

Treasury's Living Standards Framework: Putting wellbeing frameworks at the heart of policy making

Ben Gleisner: Head, Living Standards Project Team, New Zealand Treasury