



**Survey of the Swedish Transport
Administration's proposal for
construction starts, 2014**

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Summary

Background and methodology

Since 2013 Sweden has had a new infrastructure planning process. Each year the government decides which projects in the long term transport plan will start construction during the next three years (years 1-3) and which projects will be prepared for a construction start in years 4-6. Only projects with a construction cost of 50 million SEK (approx. 5 million euros) or higher are involved in this process. One of the objectives is to tie the financial and physical planning processes closer together. Each year the Swedish Transport Administration proposes to the government which projects should start construction in years 1-3 and which should be prepared for construction start in years 4-6. The government places stricter requirements on the basis of decision for projects that are proposed for construction start in years 1-3.

In light of the new infrastructure planning process Transport Analysis has quality reviewed the Transport Administration's May 2014 proposal indicating which projects should start construction in 2015-2017 (years 1-3) and which ones should be prepared for construction start in 2018-2020 (years 4-6). The audit covers both processes and projects and aims to strengthen the government's decision support. Transport Analysis has analysed the process used to determine when construction cost estimates and overall impact assessments are to be carried out within the physical planning process according to guidelines set by the Transport Administration. In addition, new construction cost estimates and overall impact assessments have been quality reviewed.

Dialogue with civil servants at the Transport Administration has been ongoing throughout the review process. Focus interviews have been conducted regarding the construction cost for a selection of projects. The documentation of the proposal that was available at the proposal's publication, including the underlying material on which the proposal was based, has formed the basis for the analysis. The review focuses primarily on the 21 projects proposed to change period from 4-6 years to 1-3 years.

The proposal and the physical planning process

The Administration's proposal includes 47 projects that are proposed to start construction in 2015-2017 (years 1-3), 21 of which have already been slated to be prepared for construction start in 2017-2019. Furthermore, the Transport Administration is proposing that 37 items be prepared for construction start in 2018-2020 (years 4-6).

Transport Analysis believes that the Administration report on how the projects have been placed in each period is clearer than in the previous year's start of construction proposal. The Transport Administration has explained that, in addition to the economic scope, the focus was on how the project planning was progressing. It is not possible to see how projects' anticipated contribution to the Swedish transport policy objectives has affected the prioritization between projects. The Transport Administration emphasizes that the transport policy objectives were a basis for placing the projects in the overall long-term national transport plan, and thus implicitly the objectives were included in the prioritization criteria.

Transport Analysis' earlier review of the national transport plan proposal pointed out that it was not possible to assess whether the proposal was socio-economically efficient when cost-benefit analyses were missing for a large number of projects that were not selected for the plan. Furthermore, a change in a project's design may lead to a different cost estimate and thus a project that was considered socio-economically sound might come to be viewed as socio-economically unviable. Thus it is always valuable to look over a project's contribution to the transport policy objectives. Transport Analysis is concerned that transport policy achievement has too little importance in the planning process.

Although the Transport Administration focused on level of planning progress, a clear deviation from the government's directives is that only two projects of those proposed for construction start have a physical plan that has gained legal force.

Quality control of construction cost estimates

Transport Analysis has done an overall review of the construction cost estimates for the 21 projects that are proposed to change period from years 4-6 to years 1-3. A review of the calculations shows not only that there is a large spread in the total costs, but also in the calculated risks. This highlights the complexity and distribution that exists. A major part of the total standard deviation is attributable to a few projects.

The review also shows that it is not possible to see that the calculated risk decreases as the planning process progresses. For projects with a new uncertainty analysis and where a previous calculation has been made, the risk has increased or remained unchanged.

Generally, for the past year compliance with the quality assurance process has been good, including uncertainty analysis as required by the planning process. The review also shows that about half of the projects' calculations are up to date. For a number of objects, however, there is reason to update the calculations, and for a few projects the Transport Administration has confirmed that new calculations are needed.

Six of the 21 projects have new or updated construction cost estimates. A review of the spreadsheets shows the following:

- New calculations made according to the so-called successive method are detailed and prepared in accordance with the guidelines. Risks and uncertainties are highlighted in a credible way. An improvement in quality of successive calculations in late planning stages can be observed compared with the audit done in 2013.
- Calculations done with the 'rough cost indication' (GKI) method are less reliable than successive calculations. There are still some calculations done by this method for projects that are proposed to start construction in years 1-3, albeit to a lesser extent than in the examination in 2013.
- There are projects for which the calculation updates have not been made in the templates that should be applied according to the Transport Administration's guidelines.

Quality review of overall impact assessments

Eleven overall impact assessments have been made or revised since the Transport Administration presented its previous proposal regarding construction starts.

Transport Analysis believes that the intent of a uniform overall impact assessment per project is good, and in most cases it gives a good overview of the project. However, Traffic Analysis' review shows that the templates are not being used to their full potential. People making the assessments left only very short comments, or in some cases, none at all, although the template instructions request that comments be included. A majority of comment fields are left empty, and references to the underlying documentation are poor. This makes it difficult to interpret some of the information in the impact assessments.

Transport Analysis believes that the Transport Administration has a clear process and calculation method for the traffic forecasts and socio-economic calculations where guidelines are stipulated by ASEK. The Transport Administration has also developed a good process to be followed when preparing or revising an overall impact assessment. In contrast, the review shows that the routines have not yet been fully implemented throughout the organization. E.g. there are cost benefit calculations that have not been updated even though the construction cost estimates have been adjusted.

Transport Analysis' review reveals no clear improvements in quality of the overall impact assessments since the previous audit cycle. Possibly this can be explained by the fact that the Transport Administration applied the same basis of calculation for the traffic forecast as the previous year, which means that no major changes have been made.

Concluding remarks

Transport Analysis' study shows that the Transport Administration has developed several new procedures to adapt the organization to the new planning process. This is positive and Transport Analysis believes it creates opportunities for better quality control and quality management. In contrast, the review shows that the new procedures have not yet been fully implemented throughout the organization. There is a possible improvement in checking that processes and guidelines are applied in practice. Throughout Transport Analysis' review the Transport Administration has been open about shortcomings in its approach, and in the dialogue the Administration demonstrated good insight into the problems.

One shortcoming is the fact that the projects have not come as far in the physical planning process as the government's directive stipulates they should have. It is important that the Transport Administration come in phase with the physical planning process in order to meet the objectives with the new long-term planning process. Transport Analysis' view is that as long as projects do not have plans that have gained legal force, the basis for decisions will be more uncertain than would be the case if the process had gone further. The Transport Administration has declared that they apply a transitional period and intends to be in phase with the planning in two years, i.e. when the proposal for construction start is presented in 2016.

Furthermore, Transport Analysis is worried that the Transport Administration does not sufficiently take into account the difference in the requirements in the directives regarding the basis for projects proposed to start construction in years 1-3 and projects that are proposed to be prepared to start construction in years 4-6. One example is that, for some projects proposed to start construction in years 1-3, the physical planning process has not yet started.

For Transport Analysis' own future work, it is important to continue developing the forms of analysis and review, particularly in light of the experience of this year's review.



Transport Analysis is a Swedish agency for transport policy analysis. We analyse and evaluate proposed and implemented measures within the sphere of transport policy. We are also responsible for official statistics in the transport and communication sectors. Transport Analysis was established in April 2010 with its head office in Stockholm and a branch office in Östersund.