

SECTION E

ABOUT THE LAND TRANSPORT INVESTMENT SYSTEM



LAND TRANSPORT INVESTMENT SYSTEM

This section describes the relationship between the National Land Transport Fund and the National Land Transport Programme and the role of the NZ Transport Agency in the land transport investment system. More information about what the Transport Agency does and how its performance is measured is in the statement of performance for investment management (page 56 of the *NZ Transport Agency annual report*).

NATIONAL LAND TRANSPORT FUND

The National Land Transport Fund is a fully hypothecated (ring-fenced) transport fund made up of fuel excise duty, road user charges, a portion of the annual vehicle licensing fee, and income from the sale and lease of state highway property. This means that all the revenue collected from transport users (see figure 4) is dedicated to investment in land transport.

The NZ Transport Agency Board has independent statutory responsibilities for the allocation and investment of the National Land Transport Fund, which occurs through the National Land Transport Programme.

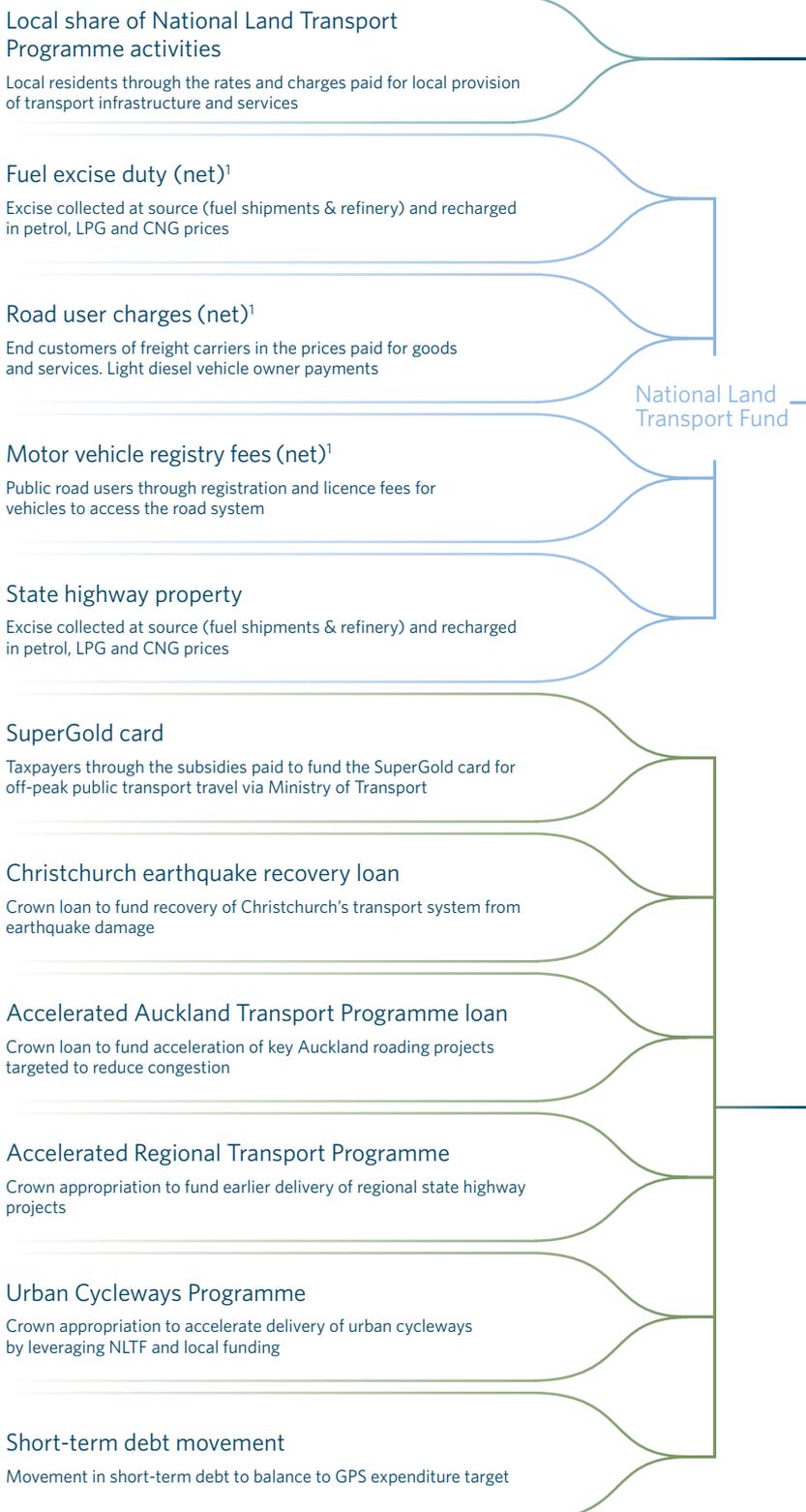
NATIONAL LAND TRANSPORT PROGRAMME

The National Land Transport Programme is a three-year planning and investment partnership between the Transport Agency, local authorities, NZ Police and transport sector stakeholders. It sets out the programme of transport activities the Transport Agency intends to fund to give effect to the Government Policy Statement on Land Transport.

The National Land Transport Programme co-invests funds from National Land Transport Fund, local government and the Crown (see figure 4) and contains all land transport activities that may be considered for investment during the three-year programme under activity classes for public transport, road policing, road safety promotion, walking and cycling, and state highway and local road construction and maintenance. No transport activity can be funded from the National Land Transport Fund unless it is in the National Land Transport Programme.

FIGURE 4 - REVENUE SOURCES AND ACTIVITY CLASSES FOR THE 2015-18 NATIONAL LAND TRANSPORT PROGRAMME

Funding comes from...



and is invested in...



1. Net of refunds and administration costs.
2. Covers costs for bad debts, search and rescue, recreational boating safety awareness and revenue system management.

THE TRANSPORT AGENCY'S INVESTMENT STRATEGY

The Government sets the strategic direction for the investment of the National Land Transport Fund through the Government Policy Statement on Land Transport and determines the funding range allocations to each activity class, thereby shaping the investment across modes and the transport system.

When developing the National Land Transport Programme, the Transport Agency uses an investment assessment framework to ensure that it gives effect to the Government Policy Statement and to determine which activities will receive funding within the overall funding ranges. The investment assessment framework is a prioritisation tool that helps to optimise the mix of investments that represent the best value for money and contribute to the Government's priorities.

When approved organisations, including parts of the Transport Agency and regional partners, develop proposals for the National Land Transport Programme, they are expected to follow a four-stage business case approach. At each stage, the investment assessment framework is used to ensure the proposal identifies the right issues and opportunities and puts forward appropriate responses that are eligible for funding through the National Land Transport Programme.

Specifically, all proposals are assessed against three criteria:

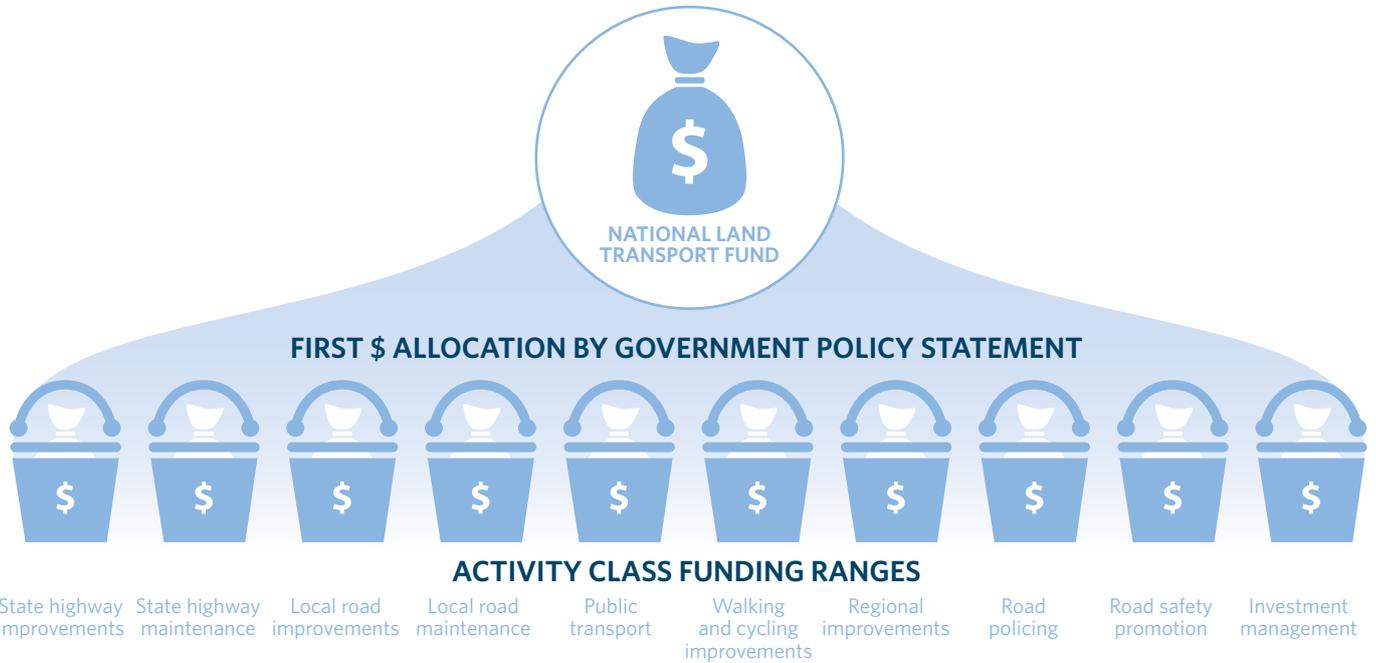
1. **Strategic fit:** whether the benefits identified in a proposal align with the Government Policy Statement results.
2. **Effectiveness:** whether the business case approach has been applied to ensure the best solution is put forward.
3. **Benefit and cost appraisal:** identifies all possible monetised whole-of-life costs and benefits.

This year, the development of the 2015-18 National Land Transport Programme aimed to deliver more value to users of the transport system by:

- being clearer with investment partners about the outcomes to be achieved for users of the transport system
- optimising programmes to deliver these outcomes by working with our partners to do the right things, at the right time, for the right price
- refining the balance of investment between the National Land Transport Fund and local government through a review of funding assistance rates.

The One Network Road Classification, which categorises roads based on the functions they perform as part of an integrated national network, ongoing improvements to the evidence base, and the new business case approach have also supported the drive to deliver more value.

FIGURE 5 - NATIONAL LAND TRANSPORT FUNDING AND ASSESSMENT SYSTEM



INVESTMENT ASSESSMENT FRAMEWORK

- STRATEGIC FIT TEST**
Does the proposal align with the Government Policy Statement on Land Transport?
- EFFECTIVENESS**
Is it an integrated transport solution that delivers on the desired results?
- BENEFIT AND COST APPRAISAL**
What are the whole-of-life costs and benefits?

NATIONAL LAND TRANSPORT PROGRAMME
Implementation of activities

