

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 65 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 3) 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.

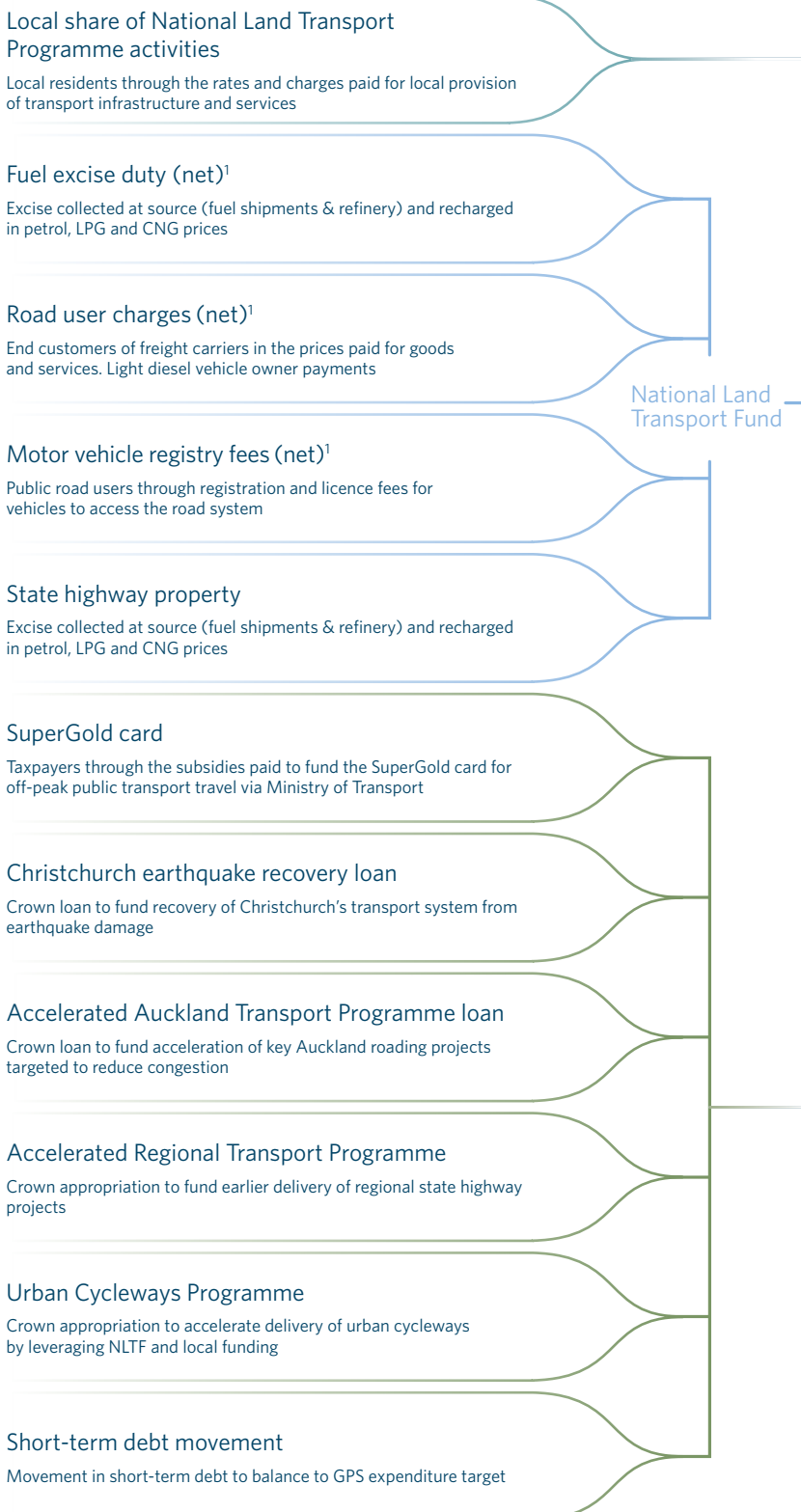
NATIONAL LAND TRANSPORT PROGRAMME

The National Land Transport Programme is a three-year planning and investment partnership between the Transport Agency, local authorities, the New Zealand 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 3) 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 3 - 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 transport modes and the transport system.

When developing the National Land Transport Programme, the Transport Agency uses an investment assessment framework to ensure 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.

For the 2015-18 National Land Transport Programme, all proposals are assessed against three criteria:

Strategic fit assesses whether the benefits identified from a proposal's business case align with the desired results of the Government Policy Statement. This reinforces a focus on results and acts as the initial gateway for further development of the business case.

Effectiveness assesses the consistency of a proposal's business case and how well it delivers on the results identified in the strategic fit assessment.

Benefit-cost appraisal of projects that reach the detailed business case stage. This quantitatively assesses the whole-of-life benefits and costs of the proposal based on the Transport Agency's Economic Evaluation Manual, allowing projects to be ranked according to priority. Those with the highest benefit-cost ratio for the results being sought are funded first. All projects from local government and the Transport Agency's state highway activities are assessed in this way to ensure a consistent approach.

FIGURE 4 - NATIONAL LAND TRANSPORT FUNDING AND ASSESSMENT SYSTEM

