

OVERVIEW OF 2017/18



INVESTING IN TRANSPORT SOLUTIONS FOR NEW ZEALAND'S FUTURE

This was the final year of delivery for the three-year 2015–18 National Land Transport Programme. Total direct investment in New Zealand's transport system over the three years ending 1 July 2018 was \$13.7 billion, representing 99 percent of the published forecast. Investment included a direct Crown contribution of \$108 million to accelerate the delivery of regionally important state highways and improve cycling networks in urban areas, as well as borrowing \$357 million from the Crown to advance critical state highway projects in Auckland.

In 2017/18, the total investment from the National Land Transport Fund was \$10.4 billion, which represents 99 percent of the planned amount published in the 2015–18 National Land Transport Programme. Of the National Land Transport Fund investment this year, 48 percent was invested in economic growth and productivity outcomes, 23 percent in safety outcomes and 29 percent in travel choice, health, environment and resilience outcomes.

Over the three years of the programme, National Land Transport Fund investment increased by \$91 million to enable the Transport Agency to respond to natural events that disrupted New Zealand's transport system, disconnected regions and interfered with people's livelihoods. This investment continued during 2017/18, as illustrated by our ongoing Kaikōura earthquake response work. The rail line between Christchurch and Picton was reinstated in September 2017 for freight, State Highway 1 was re-opened to traffic both north and south of Kaikōura in December 2017, and protective seawalls along the Kaikōura coast were completed in May 2018. Emergency works not related to the earthquake also had a significant impact on spend. Significant weather events, including cyclones, storms and floods across Northland, Coromandel and Tasman, resulted in expenditure of \$30 million over the \$50 million budget.

State highway programmes continued to make significant progress with investment in infrastructure to improve travel and safety on the network. Delivery included opening the Rangiriri section of the Waikato Expressway, continuing Auckland's northern and southern corridor improvements, continuing construction on the Transmission Gully section and starting construction on the Peka Peka to Ōtaki section of the Wellington northern corridor, and opening the Western Belfast Bypass and Harewood Road to Yaldhurst Road to traffic (completing the Western Corridor project) and continuing construction on the Southern Motorway Stage 2 and Christchurch's northern corridor.

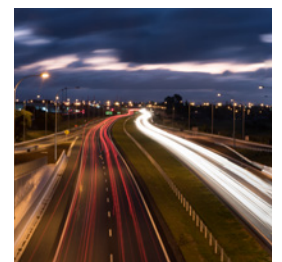
Under a new programme of regional improvements, investment outside the major metropolitan areas took a low-cost, low-risk approach to increasing the safety, resilience and efficiency of the regional state highway network. More of the state highway network was opened up to high productivity motor vehicles, allowing more freight to be carried on fewer trucks. This included improving routes to ports in Napier and Gisborne, the Waikato, the East Coast of the North Island, and the West Coast of the South Island.

Investment in walking and cycling infrastructure for transport purposes continued, supporting the development of cycle paths, cycle lanes, new footpaths, services for crossing roads and cycle parking facilities. This year work focused on implementing primary corridors in strategic walking and cycling networks in major metropolitan and high-growth areas, providing a safer environment for people walking and cycling and making travel by bike faster, more convenient and more pleasant.

Targeted investment to improve safety outcomes remains a strong focus for the Transport Agency. In 2017/18, sadly, we saw the negative trend of transport-related deaths and serious injuries increase by 8 percent. A \$550 million increase in funding was applied to achieve road safety outcomes over the three years of the National Land Transport Programme. The Safer Journeys strategy directed investment in roads and roadsides, speeds, vehicles and road use to the areas where we can have the greatest impact. Likewise, through the Boost Safety Programme, the Transport Agency delivered safety improvements on roads across the country that carry lower volumes of traffic but collectively account for a significant number of deaths and serious injuries each year.



48%
invested in
economic
growth and
productivity
outcomes*



\$10.4b
National Land
Transport
Investment

* National Land Transport Programme investment to outcomes.

Significant investments from the National Land Transport Fund supported the provision of better and more efficient public transport options for commuters in urban areas. In 2017/18, this included investing in public transport services, technology, facilities and infrastructure. The number of passengers using public transport increased this year by about 3 percent to 158 million.

The Transport Agency also introduced an accessibility measure for Auckland, Wellington and Christchurch, where accessibility is expected to increase as new public transport networks are delivered.

A new government was elected in 2017 and a new Government Policy Statement on Land Transport was released in June 2018, setting out four government priorities for the land transport system: safety, access, environment and value for money. The policy statement also signals a rebalancing of national funding allocations, representing a shift away from building new state highway capacity and toward greater investment in public transport, regional improvements, local road improvements, road safety and traffic management, and supporting active modes of transport.

The 2018–21 National Land Transport Programme, published on 31 August 2018, will give effect to the latest policy statement. The Transport Agency's investment will be guided by its Investment Proposal, which provides a whole-of-system view across all modes of transport. This proposal allows the Transport Agency to respond to the policy statement, which has established new activity classes relating to rapid transit and transitional rail, both of which will be completely funded from the National Land Transport Fund.

The Transport Agency is well positioned to continue working with its co-investment partners to create a transport system that delivers the greatest benefits to people and communities. This means improving safety and developing better connections for public transport, private vehicles, walking and cycling, freight and tourism to create more liveable communities and thriving regions.



MICHAEL STIASSNY
Chair



FERGUS GAMMIE
Chief Executive



23%
invested in
safety outcomes



29%
invested in
travel choice,
health,
environment
and resilience
outcomes

ABOUT THIS REPORT

Under the Land Transport Management Act 2003, the Transport Agency is responsible for allocating and investing the National Land Transport Fund and preparing the National Land Transport Programme. The Transport Agency must prepare an annual report on the National Land Transport Fund, including how the funding of activities under the National Land Transport Programme contributes to the Government Policy Statement on Land Transport.

The outcomes and achievements presented in this report are the result of a collective investment in land transport and the efforts of all those delivering the activities in and around the National Land Transport Programme. The activities in the National Land Transport Programme are planned, invested in and delivered in partnership between the Transport Agency, local and regional authorities, the New Zealand Police and other transport sector stakeholders. Where the Transport Agency is funded to deliver activities in the National Land Transport Programme, performance is also reported in the Transport Agency annual report.

This is the third and final annual report against the Government Policy Statement on Land Transport 2015/16 – 2024/25.

STATEMENT OF PERFORMANCE FOR ACTIVITY CLASSES FUNDED BY THE NATIONAL LAND TRANSPORT FUND

The following information forms the statement of performance for the activity classes funded by the National Land Transport Fund (required under section 11 of the Land Transport Management Act 2003).

Activity class	Page
State highway improvements	191
Local road improvements	192
Regional improvements	193
State highway maintenance	194
Local road maintenance	194
Road safety promotion	197
Road policing	197
Public transport	205
Walking and cycling	206

In some cases the Transport Agency delivers these activities, in others it partly delivers them along with local authorities, and in others it invests in the activities (through the National Land Transport Programme), but does not deliver them.

In total, investments through the National Land Transport Fund achieved 63 percent of forecast results where trend information was available (excluding the Road Policing Programme).

ABOUT THE LAND TRANSPORT INVESTMENT SYSTEM

GOVERNMENT POLICY STATEMENT ON LAND TRANSPORT

The Government Policy Statement on Land Transport sets out the priorities, objectives and funding levels for land transport, establishing funding ranges for different land transport activities and identifying the results the government expects from this investment over the next 10 years. It provides guidance on how the Transport Agency will invest over \$4 billion each year from the National Land Transport Fund, signals how about \$1.1 billion each year will be invested by local government, and sets out the details of further Crown investment of around \$200 million per year.

The Government Policy Statement on Land Transport 2015/16 - 2024/25 had three strategic priorities for the land transport system:

- economic growth and productivity
- road safety
- value for money.

NATIONAL LAND TRANSPORT FUND

The National Land Transport Fund is a dedicated fund for maintaining and developing local and national transport services (see figure 1).

NATIONAL LAND TRANSPORT PROGRAMME

The National Land Transport Programme is a three-year programme of all land transport activities, including public transport, road maintenance and improvements, and walking and cycling activities, that the Transport Agency anticipates funding to give effect to the Government Policy Statement on Land Transport.

The National Land Transport Programme represents:

- committed funding for transport improvements from previous National Land Transport Programmes that are generally large scale and works in progress that the Transport Agency is still funding
- continuous programmes the Transport Agency delivers every day, such as public transport and road maintenance
- upcoming activities the Transport Agency will consider funding, which are developed collaboratively using the Government Policy Statement and Regional Land Transport Plans.

Investment comes from the National Land Transport Fund along with funds from local government and the Crown (see figure 1).

FIGURE 1 – REVENUE SOURCES AND ACTIVITY CLASSES FOR THE 2015–18 NATIONAL LAND TRANSPORT PROGRAMME

FUNDING COMES FROM...

AND IS INVESTED IN...

FUNDING COMES FROM...	AND IS INVESTED IN...
Local share of National Land Transport Programme activities Local residents through the rates and charges paid for local provision of transport infrastructure and services	
Fuel excise duty (net)¹ Excise collected at source (fuel shipments and refinery) and recharged in petrol, LPG and CNG prices	Road improvements
Road user charges (net)¹ End customers of freight carriers in the prices paid for goods and services. Light diesel vehicle owner payments	Road maintenance
Motor vehicle registry fees (net)¹ Public road users through registration and licence fees for vehicles to access the road system	Public transport
State highway property Rentals and other charges on state highway property and sale of land surplus to transport requirements	Walking and cycling improvements
SuperGold card Taxpayers through the subsidies paid to fund the SuperGold card for off-peak public transport travel via Ministry of Transport	Road policing and road safety promotion
Christchurch earthquake recovery loan Crown loan to fund recovery of Christchurch's transport system from earthquake damage	System development and management
Accelerated Auckland Transport Programme loan Crown loan to fund acceleration of key Auckland roading projects targeted to reduce congestion	Miscellaneous ²
Accelerated Regional Transport Programme Crown appropriation to fund earlier delivery of regional state highway projects	
Urban Cycleway Programme Crown appropriation to accelerate delivery of urban cycleways by leveraging National Land Transport Fund and local funding	
Short-term debt movement Movement in short-term debt to balance to Government Policy Statement expenditure target	

¹ Net of refunds and administrative costs.

² Covers costs for bad debts, search and rescue, recreational boating safety awareness and revenue system management.

TRANSPORT AGENCY'S INVESTMENT ROLE

Under the Land Transport Management Act 2003, the Transport Agency's primary objective is to undertake its functions in a way that contributes to an effective, efficient, and safe land transport system in the public interest. The Transport Agency's investment role is to allocate funding, across transport modes, in line with the Government Policy Statement on Land Transport to build an affordable, integrated, safe, responsive and sustainable land transport system. This funding allocation role involves balancing national, local and regional short-, medium- and long-term priorities. The Transport Agency works closely with stakeholders and investment partners (whether local communities or national policy makers: to determine the transport solutions that will work best for New Zealand.

When considering the best mix of activities to receive investment funding, the Transport Agency follows eight principles.

- A **partnership** approach, founded on trust, clarity and accountability, aligns regional and local investments with the Transport Agency's national priorities to optimise the shared investment and deliver whole-of-network benefits.
- A **business case** approach supports planning and investing for outcomes, achieves value for money and supports stakeholder collaboration early in the investment process.
- An **integrated** approach to land use and transport planning optimises existing and new investments in the transport network, support access to social and economic opportunities, and fosters liveable cities and thriving regions.
- A **whole-of-network** approach, targeting areas of greatest need, achieves an optimised, integrated transport network that is fit for purpose and provides best value for money.
- A **value-for-money** approach delivers the right outcomes, at the right time and at the right cost.
- The **Safe System** approach to planning, improving, maintaining, renewing and operating components of the land transport system that supports the achievement of a land transport system that is free of death and serious injury.
- A **socially and environmentally responsible** approach results in land transport investments that improve overall community wellbeing and avoid or mitigates the adverse environmental effects of transport.
- Users of the land transport system who provide revenue into the National Land Transport Fund will benefit from its investments; other beneficiaries, should **pay for the benefits** they receive (as a general principle).

When approved organisations (such as local and regional councils and parts of the Transport Agency) develop proposals for the National Land Transport Programme, they must follow a business case approach. At each investment decision point during the development of a proposal, the Investment Assessment Framework is used to check the proposal still meets the investment criteria including priority for further investment.

The Investment Assessment Framework used to develop the 2015-18 National Land Transport Programme contains three criteria to determine whether a proposal would be suitable for investment from the National Land Transport Fund (see figure 2).

- **Strategic fit** assesses whether the benefits identified from a proposal's business case align with the desired results of the policy statement. This assessment 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.
- **Cost-benefit** assesses projects that have reached the detailed business case stage. This is a quantitative assessment of the whole-of-life benefits and costs of the proposal based on the Transport Agency's *Economic evaluation manual*. This assessment ranks projects according to priority. Projects 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 maintain a consistent approach.

How the Transport Agency assesses contribution to Government Policy Statement outcomes

Transport investments have long lead times and leave lasting legacies. It can take many years to realise their benefits. To determine the progress of delivering on the government's goals for land transport, the Transport Agency first looks at the strategic priorities in the Government Policy Statement – economic growth and productivity, road safety and value for money – and at the short-, medium- and long-term results.

The Transport Agency also looks at performance across both planned benefits and actual benefits from investment, as well as potential new investment within the National Land Transport Programme. Lastly, the Transport Agency looks at how and where local, regional and national strategies, plans and outcomes align with the Government Policy Statement.

The Transport Agency conducts post-implementation reviews every year on a small sample of completed projects or packages that it has invested in. The Transport Agency uses an appropriate monitoring and auditing framework across funded activities in the National Land Transport Programme. Post-implementation reviews are part of this framework.

Their scope is on reviewing improvement projects and packages from within the following National Land Transport Programme activity classes:

- new and improved state highway infrastructure
- new and improved local road infrastructure
- public transport infrastructure
- walking and cycling.

Reporting on the Government Policy Statement

This report demonstrates the performance of the Transport Agency's investment of the National Land Transport Fund by setting out the:

- contribution of the Transport Agency's investments to the priorities specified in the Government Policy Statement
- use of the National Land Transport Fund compared with the planned funding allocation in the published National Land Transport Programme.

The Transport Agency's reporting systems are being improved so it can provide a more detailed picture of the benefits realised from its investments and provide consistency and continuity across multiple government policy statements.

FIGURE 2 - NATIONAL LAND TRANSPORT FUNDING AND ASSESSMENT SYSTEM

