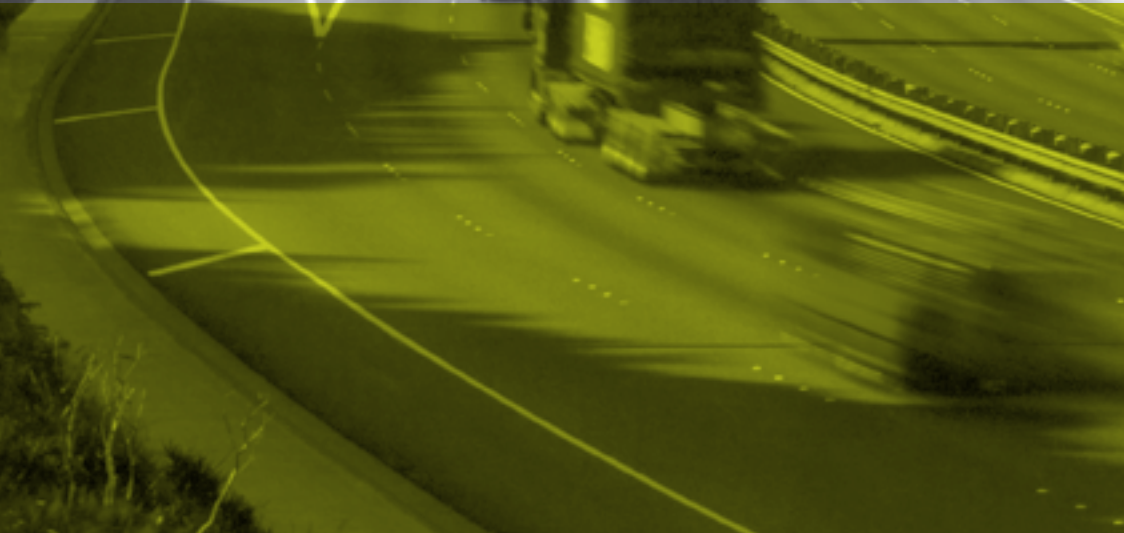
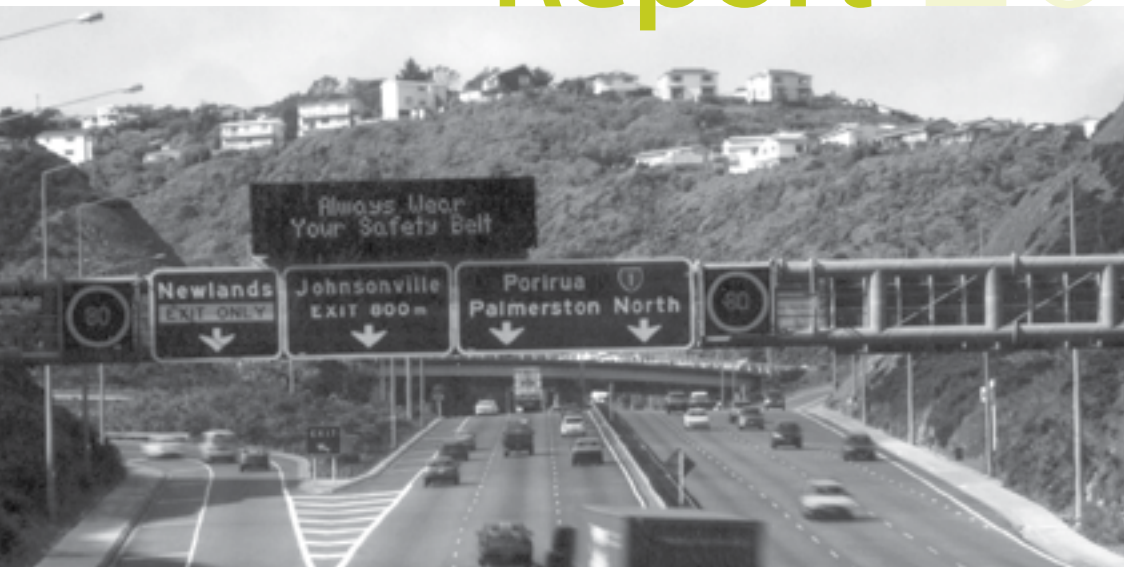


for the seven months to June

Report 2005



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Presented to the House of Representatives pursuant to Section 44A of the Public Finance Act 1989

Our statutory objective is to contribute to an integrated, safe, responsive, and sustainable land transport system.

Dr Jan Wright
Chair – Land Transport New Zealand

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Chair's report

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I am pleased to present Land Transport New Zealand's report for the seven months to June 2005.

Land Transport New Zealand (Land Transport NZ) was established on 1 December 2004 as one of the outcomes of the government's review of the transport sector. Our statutory objective is to contribute to an integrated, safe, responsive, and sustainable land transport system.

We have a broad mandate and many functions. One of those functions is the promotion of land transport sustainability. We are seeking to incorporate long-term thinking into all our activities, including the interaction we have with our funding partners. Another function is the promotion of safe transport on land. We undertake this function in many ways – from controlling access to the road network through the Transport Registry Centre, to efforts to change behaviour through education and advertising.

Land Transport NZ Board members bring a diversity of knowledge and experience, and all have taken up the role with enthusiasm and commitment.

With its infrastructure 'catch-up', the government has significantly increased the funding available for land transport and the sector has already moved towards a new, much higher level of activity. There is no shortage of tasks to be undertaken and decisions to be made.

The Board appointed Wayne Donnelly as Chief Executive in December 2004. Restructuring is always challenging, and we are particularly pleased with the expeditious way in which he has led the design and establishment of the new structure. We also appreciate the dedication and hard work of Land Transport NZ staff during this period of uncertainty.

The Board looks forward to proactive engagement with the wider land transport sector now that the establishment phase is largely complete.



A handwritten signature in black ink, which appears to read 'J. C. Wright'.

Dr Jan Wright

Chair

Land Transport New Zealand

Chief Executive's report

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When I took up the position of Chief Executive of Land Transport New Zealand in January 2005 my immediate focus was on setting up the new organisation.

The primary objective was continuing to meet the needs of our partners and customers while we rearranged ourselves in the background.

The interim senior management team, which comprised the previous management teams of Transfund and the Land Transport Safety Authority, did a first class job in keeping the organisation going while redesigning their own roles – this potentially impacting on their future within the organisation.

Our new structure was operative by mid June and reflects our commitment to meet government, transport and public sector expectations. I believe we now have a functional group structure with a clear customer focus on:

- government agencies
- sector partners
- commercial and private users of the land transport system
- systems that will make accessing our services easier for customers and staff
- people development and organisation culture that will benefit both customers and staff in the way we do business.

We still have a lot to do to implement new business processes but we are now in good shape to be proactive and to reach outward. I am looking forward to being able to focus more on external rather than internal matters over the coming 12 months.

Our organisation provides a vital connection between transport policy making and the operation of the transport sector. We have close working relationships with the Ministry of Transport, the NZ Police and 'approved organisations' including Transit New Zealand, regional councils and territorial local authorities. Land Transport NZ also has direct links to the public. To be effective in our role, the organisation must earn and retain the goodwill of New Zealanders, the trust and respect of the land transport sector and the confidence of government. This is a significant challenge.



We intend to take a strong service ethic into our regulatory and registry functions, and to enhance the quality of data on the performance of the land transport system so that we provide meaningful information to the public and the organisations we work with. Land Transport NZ will also develop its role in enabling, funding and rule-making to meet our principal objective.

Finally, I am pleased to be able to report that we have done everything we set out to do in 2004/05, at the same time as we have been rearranging our business operation – a huge achievement during a time of major changes in funding streams and strategic drivers. Our highlights and achievements for the seven months to 30 June 2005 are listed under each section of this report.

The leadership and guidance of the Board has been inspirational and I thank members for their time and energy in getting Land Transport NZ up and running within a very short time frame.

I would also like to thank Land Transport NZ staff. While the past seven months have not been easy for the organisation generally, the tenacity and goodwill of its staff have been exceptional.

Wayne Donnelly

Chief Executive

Land Transport New Zealand

Land Transport New Zealand Board

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Land Transport New Zealand (Land Transport NZ) is governed by a board of six to eight members appointed by the Minister of Transport, the Hon. Pete Hodgson.

Chair

Dr Jan Wright



Based in Wellington, Jan is an independent policy and economic consultant, working primarily on health, environmental and social policy for a number of government agencies. She has a doctorate in public policy from Harvard University and a Masters degree in Energy and Resources from the University of California. Jan was a member of the inaugural

Transit New Zealand Authority from 1989 to 1991 and a past member of the Energy Efficiency and Conservation Authority. She was Chair of Transfund New Zealand and is a member of the Transit New Zealand and the Accident Compensation Corporation boards.

Board members

Gerry Te Kapa Coates



Based in Wellington, Gerry is an independent professional engineer and consultant. He has been active for many years in the Institution of Professional Engineers New Zealand and was President from 2003 to 2004. Gerry is of Ngai Tahu descent and is particularly concerned about sustainability and ethics. In 1983 he founded the group, Engineers

for Social Responsibility. He comments widely on technology issues and consults in the fields of forensic engineering, governance and conflict resolution.

Paul Fitzharris



Based in Christchurch, Paul retired from the NZ Police in 2001 as an Assistant Commissioner. During the latter part of his career he was Acting Deputy Commissioner and represented the police on the National Road Safety Committee. He is currently a member of the Legal Aid Review Panel and Chair of the Prostitution Law Review Committee.

The leadership and guidance of the Board has time and energy in getting Land Transport NZ

Bryan Jackson

Based in Waikanae, north of Wellington, Bryan holds a number of directorships in the motor trade, education and transport sectors. He has extensive experience in the transport and automotive industry. Bryan is a professional director and the Chair and Managing Director of Jaclan Investments Ltd. He was a member of the Transfund New Zealand Board. Bryan is a Justice of the Peace.

Janet Stephenson

Based in Dunedin, Janet is a planner with 15 years' experience working for local authorities, the Historic Places Trust and as a planning consultant. She currently lectures in planning at the University of Otago and is close to completing her PhD. Janet has a particular interest in sustainability, culture and the environment.

Greg Presland

Based in Auckland, Greg is the principal of Presland & Co, a Waitakere law firm. He practises in a variety of areas but has considerable experience in traffic law and land law. Greg is Deputy Chair of the Film and Censorship Review Board. He has served as a councillor on the Waitakere City Council and has been involved in aspects of Auckland's transport issues.

David Stubbs

Based in Whitianga, David is a professionally qualified land surveyor and civil engineer. He is a fellow of the Institution of Professional Engineers. Now retired, he spent over 30 years with the Auckland City Council. During that period he held positions of Associate Town Clerk, Director of Works and Director of Planning and Development Services. A past chair of Transfund NZ, he is currently Chair of the Transit NZ Board.

been inspirational and I thank members for their up and running within a very short time frame.

Wayne Donnelly
Chief Executive – Land Transport New Zealand

Introduction

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Establishment of Land Transport NZ

Land Transport NZ is a Crown entity governed by a Board appointed by the Minister of Transport.

It was established on 1 December 2004 under the provisions of the *Land Transport Management Amendment Act 2004* after the government had completed its review of the government transport sector. The review resulted in significant changes to the way in which the government transport sector is arranged. Transfund New Zealand and the Land Transport Safety Authority were disestablished on 1 December 2004. The strategic policy resources of these organisations were transferred to the Ministry of Transport.

This report covers the seven months from 1 December 2004 – when Land Transport NZ was formed – to 30 June 2005. During that seven month period, Land Transport NZ operated under the two separate statements of intent and performance agreements pertaining to the predecessor organisations.

Land Transport NZ's functions

Land Transport NZ's statutory objective is to:

Allocate resources and to undertake its functions in a way that contributes to an integrated, safe, responsive, and sustainable land transport system.

Land Transport NZ must also exhibit a sense of social and environmental responsibility and operate in a close partnership with key transport sector stakeholders.

Land Transport NZ has 16 statutory functions. These functions can be grouped into a number of broad categories – promoting land transport sustainability and safety in New Zealand, allocating funds from the National Land Transport Account, assisting and advising the transport sector, managing access and use of the land transport system, and performance monitoring.

Land Transport NZ has three **statutorily independent** functions:

- determining whether particular activities¹ should be included in the National Land Transport Programme
- approving funds for land transport activities
- approving procedures for procurement of activities.

In allocating funds, Land Transport NZ must contribute to the five objectives of the *New Zealand Transport Strategy*:

- assisting economic development
- assisting safety and personal security
- improving access and mobility
- protecting and promoting public health
- ensuring environmental sustainability.

The *New Zealand Transport Strategy* encourages the governance, management and funding of the land transport system to be:

- forward looking
- collaborative
- accountable
- evidence-based.

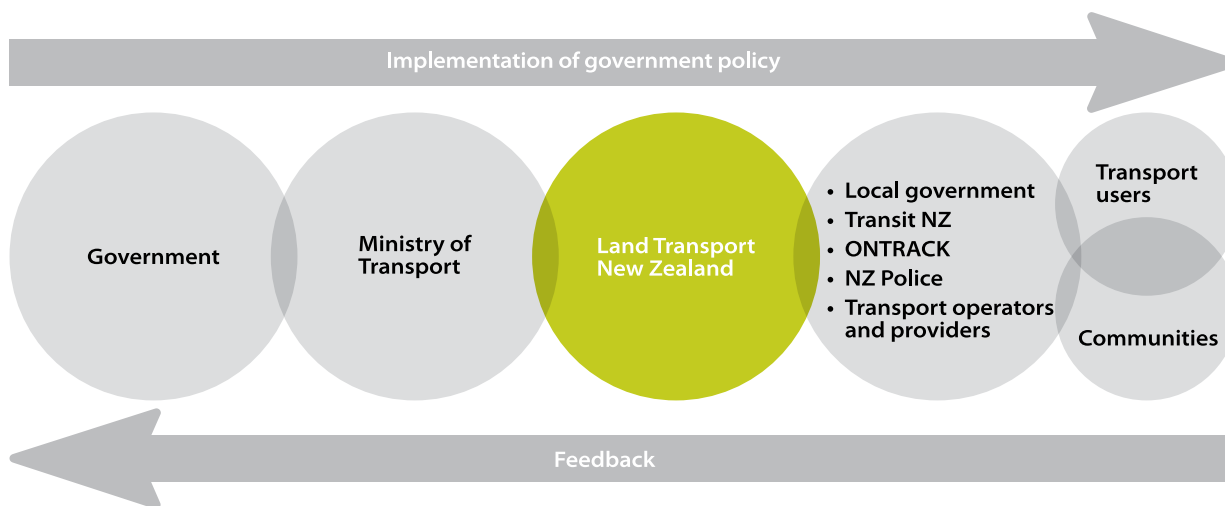
Role and key relationships

Land Transport NZ has a pivotal role implementing government policy and facilitating its continuous improvement through responsive feedback.

Land Transport NZ interacts with and maintains close working relationships with the following organisations (also shown in Figure 1):

- central government, and particularly the Ministry of Transport, which is responsible for developing strategic transport policy
- regional councils, which develop regional land transport strategies and are responsible for planning passenger transport services
- territorial local authorities, which are responsible for the local roading network
- Transit New Zealand, which is responsible for the state highway network
- ONTRACK, which is responsible for managing the rail network
- the NZ Police, which enforces road safety legislation
- transport operators and providers, including industry representative groups, such as the Road Transport Forum
- members of the public who use the transport system or are affected by it
- community groups and consumer groups (such as the Automobile Association).

¹ Activity means a land transport capital project, transport service, a maintenance programme.

Figure 1. Land Transport NZ's role in the transport sector

Statutory context

The *Land Transport Management Act 2003* charges the organisation with the twin responsibilities of promoting land transport sustainability and safe transport on land.

To achieve this, Land Transport NZ will work proactively with partners and communities to plan, maintain, operate and develop the land transport system. Over the next few years, Land Transport NZ's aims are to:

- improve the transport system
- encourage sustainable travel patterns
- increase the availability of mode choice
- improve the efficiency and effectiveness of network management
- improve the safety and integration of transport networks
- promote safer use of networks
- improve vehicle safety
- sustain management of transport assets
- reduce transport environmental impacts
- improve integration of land and transport planning.

Vision, mission and values

Land Transport NZ is in the process of developing its vision, mission and values.

Major drivers of the vision and mission will be the government's objectives for sustainable development, the *New Zealand Transport Strategy* and the *Land Transport Management Act 2003*. Organisational values will be developed in consultation with staff during the last quarter of 2005.

Ways of influencing the sector

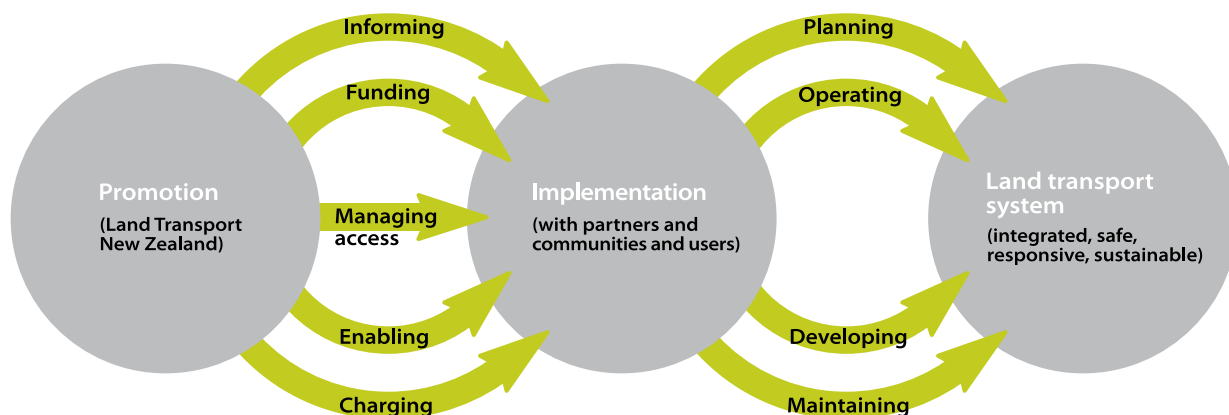
The *Land Transport Management Act 2003*, as amended in 2004, charges Land Transport NZ with promoting land transport sustainability and safe transport on land.

The organisation carries out these responsibilities by working proactively with partners who plan, operate, develop and maintain the land transport system, their communities and transport users.

Land Transport NZ has a number of ways of doing this (also shown in Figure 2):

Informing

- Television safety advertising.
- The Community Road Safety Programme.

Figure 2. Ways in which Land Transport NZ can influence the land transport system

The five promotion arrows are the ways in which Land Transport NZ works with funding partners, communities and users to promote an integrated, safe, responsive and sustainable land transport system.

Funding

- Land transport infrastructure and services funded through the National Land Transport Programme.
- Safety promotion funded through the Safety Administration Programme.

Managing access to the land transport system

- Vehicle inspections.
- Licensing drivers and operators.
- Auditing agents, local authorities and Transit NZ.

Enabling

- Planning assistance to local government (transport and land use planning).
- Application of transport expertise (to local authorities and other stakeholders).

Charging

- Road user charging (road user charge on diesel and registration fees).
- Motor vehicle registration and licensing.
- Supporting road tolling schemes.

Main activities

The sections below are organised around Land Transport NZ's main activity areas.

1 Allocating funds

The National Land Transport Programme

The National Land Transport Programme (NLTP) is the mechanism through which Land Transport NZ allocates funds for land transport activities.

The NLTP, which is published on 30 June each year, has a 10-year funding horizon and is developed from proposals submitted by approved organisations.² Activities and packages of activities within the individual land transport programmes of approved organisations are assessed and prioritised for inclusion in the NLTP. Individual land transport programmes developed by local authorities are either separate to, or incorporated in, each authority's long-term council community plan.

In delivering the government's land transport policies and priorities, the programme must draw a careful balance between national land transport priorities and those at a regional and local level, as well as ensuring that each transport mode is supported in a way that ensures the development of an integrated system. Funds are allocated to planning, operating, developing and maintaining the land transport network.

Land Transport NZ uses funds from the National Land Transport Account to:

- fully fund Transit NZ, which is responsible for the state highway network
- financially assist local territorial authorities, which are responsible for the local road network and walking and cycling facilities, and
- financially assist regional councils, which are responsible for developing regional land transport strategies and providing passenger transport services.

The Safety Administration Programme

The Safety Administration Programme is the programme of road safety education and enforcement activities provided by Land Transport NZ and the NZ Police, designed to achieve the government's *Road Safety to 2010* strategy goals of reducing the number of road deaths per year to no more than 300, and reducing hospitalisations to no more than 4,500.

Highlights and achievements (December 04–June 05)

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Funding programmes

- Produced and published the National Land Transport Programme and Safety Administration Programme for 2005/06.
- Made a decision to keep the National Land Transport Programme and Safety Administration Programme separate for the 2005/06 year and integrate them in 2006/07.
- Prepared guidelines for the 2006/07 National Land Transport Programme.

Activities funded

- Expenditure for the seven month period was \$973.9 million.
- Approvals were given for a range of new projects to start in 2004/05, examples being a stage of the tolls system project, the Auckland motorway traffic management system, Silverstream bridge renewal in Lower and Upper Hutt cities and the replacement of the Boundary Road bridge in Ashburton District.
- Funding continued for some major projects approved in the preceding year, including the North Shore Busway and the Alpurū B2 state highway extension at Orewa.

Land Transport Programmes (LTP) online

- Introduced Land Transport Programmes (LTP) online. Approved organisations were able to apply for NLTP funding electronically for the first time in the 2005/06 funding round. This will allow these organisations to check progress on their projects/programmes and update data when required.

Land Transport NZ's allocation process

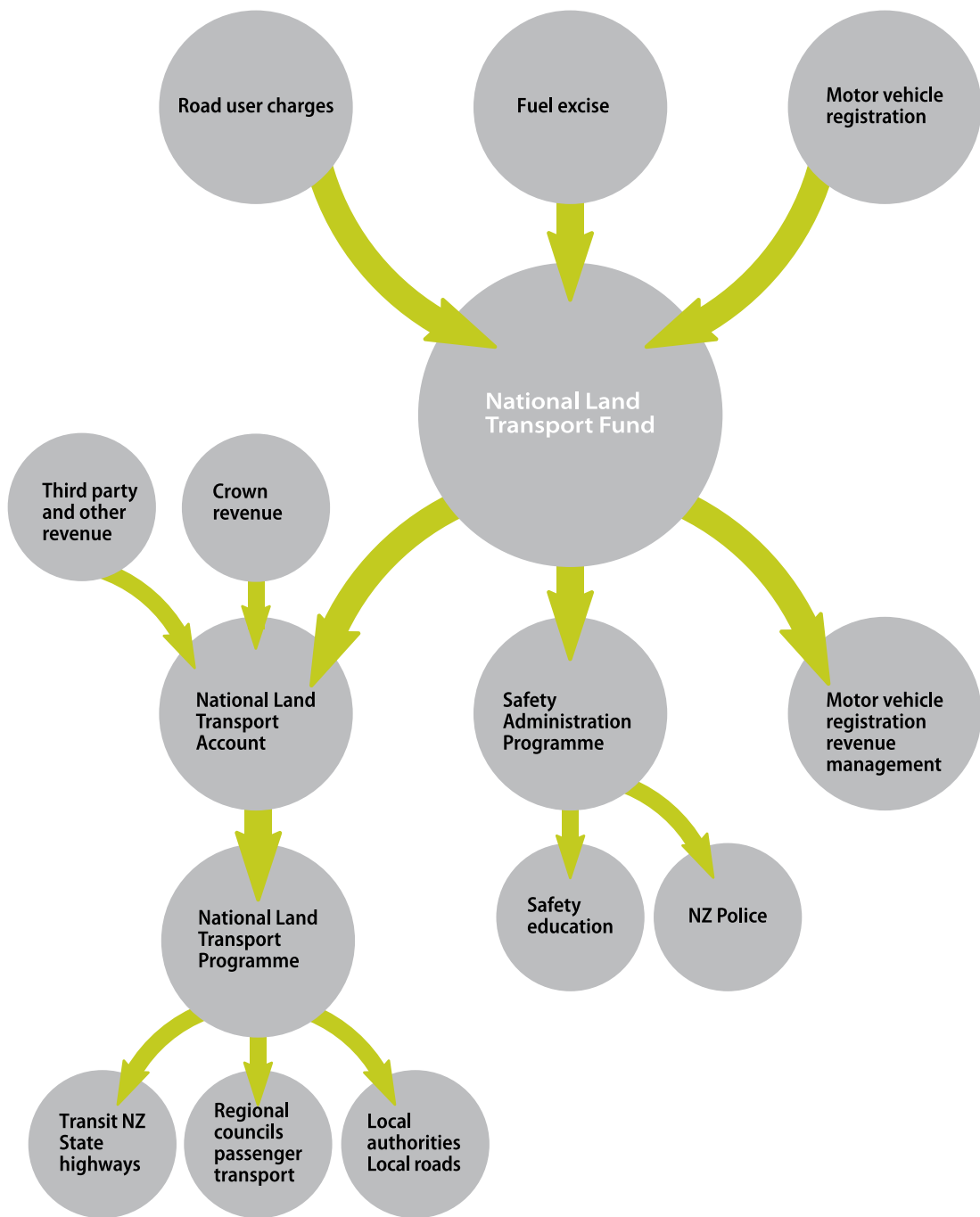
- Revised and republished Land Transport NZ's allocation process.

Economic evaluation manual

- Developed an updated economic evaluation manual for projects involving transport demand management, walking and cycling, and passenger transport, replacing the *Alternatives to roading manual*.

² Approved organisations are able to receive funding assistance from Land Transport NZ, and include: Transit NZ, a regional council, a territorial authority, the Auckland Regional Transport Authority and a number of approved public organisations.

Figure 3. National Land Transport Fund sources and destinations



2 Managing network access and use

Services provided

Land Transport NZ plays a major role in managing access to and use of the land transport system. This is done by providing a range of services, which can be categorized into the following areas:

- compliance services
- revenue collection, auditing and investigation.

Each month, Land Transport NZ's registry centre at Palmerston North:

- deals with 100,000 calls
- registers 25,000 vehicles (new and imported)
- undertakes 400,000 licensing transactions
- issues 20,000 new driver licences
- converts 3,000 overseas driver licences
- issues 7,000 demerit warning letters
- suspends 3,000 licences due to excessive demerit points or court action
- processes 2,000 medical reviews
- processes 400,000 pieces of mail.

Part of Land Transport NZ's service delivery is ensuring drivers and their vehicles comply with statutes and rules. Its activities therefore include the licensing of drivers and operators and the inspection and certification of vehicles to ensure they meet safety standards at entry into the fleet and when in-service.

Compliance services

The compliance services provided by Land Transport NZ include:

- licensing drivers
- licensing transport operators
- auditing road and rail operators
- registering and licensing vehicles
- vehicle inspection and certification
- collecting road user charges for diesel powered vehicles.

Providing compliance services means Land Transport NZ has frequent and regular interactions with the public:

- approximately 2.7 million people have between four and six interactions with Land Transport NZ every year through driver licensing, warrant of fitness, relicencing,

and certifying of vehicles (such as used imports), or buying road user licences. These activities are undertaken with an error rate of less than one percent

- 2.7 million people are licensed to drive on New Zealand's roads
- 86,000 operators are licensed to carry goods and passengers on New Zealand's roads
- there are over 80 licensed rail operators.

Developments in information technology have allowed these interactions to be conducted more efficiently and effectively. From these and other developments has stemmed an ability to provide accurate information for strategic policy development, law enforcement, and the collection of revenue.

Registers

The Motor Vehicle Register and the Driver Licence Register underpin revenue collection, safety, and the provision of compliance services. Land Transport NZ manages the Motor Vehicle Register under a contract with the Secretary of Transport, who owns the Motor Vehicle Register. The Driver Licence Register is owned by Land Transport NZ. The separate ownership requires Land Transport NZ to manage the two registers separately.

Land Transport NZ contracts agents to supply both Motor Vehicle Register-based and Driver Licence Register-based services to the public. Land Transport NZ's agents, the NZ Police and others can access these registers remotely and in real-time through an internet-based system from anywhere in New Zealand.

Land Transport NZ agents

Land Transport NZ's agents operate 4,200 outlets giving the public and businesses ready access to motor vehicle, transport operator and driver licensing services. In 2004, over 13 million customer interactions which provided vehicle registration and licensing services, and over seven million customer interactions to provide vehicle inspections, were undertaken.

Land Transport NZ's agent strategy meets the government's requirements for integrated service delivery and uses information systems and technology that meet the government's needs for e-government.

14**Crown revenue**

Land Transport NZ collects licence fees, road user charges and Accident Compensation Corporation levies). The business and information technology systems underpinning the registers have allowed Land Transport NZ to cope with significant growth of both transactions and revenue since 1999/2000.

Land Transport NZ is also concerned with the identification of evasion of road user charges for both light and heavy vehicles, with the aim of increasing the level of compliance of users paying the correct charges.

Role in regulating railways

The *Railways Act 2005* incorporates the previous *Rail Safety and Corridor Management Act 1992*, as well as sections of the *Land Transport Act 1998* and the *Transport Services Licensing Act 1989* relating to rail activities.

The key provisions for Land Transport NZ are in the areas of safety regulation. The Act requires all rail operators and those providing access to railway lines to be licensed, and to provide a safety case on application for the license. It also sets out requirements for safety assessments and remedial action if it is judged to be needed by the assessment. Safety requirements for the rail corridor, for example at level crossings, are also set out, and Land Transport NZ is enabled to create railway rules under the new Railways Act.

**Highlights and achievements
(December 04–June 05)****Compliance strategy**

- Investigated support for the concept of co-operative compliance. The current compliance strategy is enforcement-focused with all transport operators facing similar compliance costs. The new regime will aim to provide a strong incentive for operators to maintain their vehicles above minimum safety standards and to focus on compliance intervention on operators who perform relatively poorly.

Operator rating system

- Completed a report to the Board on the development of an operator rating system for commercial road users. If adopted the system will facilitate delivery of the compliance strategy.

Railway regulation

- Planning completed for the implementation of the new regulatory regime introduced by the *Railways Act 2005*. This included producing draft guidelines and planning for a roadshow for operators on how to comply with the new Act.

Agents' contracts

- Negotiated new five year contracts with transport service delivery agents.

Transport Registry Centre

- Contracted to install an online knowledge base system to provide customer service representatives with access to an online database giving answers to standard client questions.

Network development

- Commissioned a review of the Australian level crossing assessment method in association with partners ONTRACK, the Ministry of Transport and the Road Controlling Authority Forum, to determine its applicability for New Zealand. This is a method for systematically assessing risk and identifying remedial treatments at level crossings.
- Produced a heavy vehicle selection guide on the safety and efficiency aspects of vehicle purchase and operation and implemented the heavy vehicle stability programme (static roll threshold).
- Completed and launched *A New Zealand guide to the treatment of crash locations*, a New Zealand supplement to the Austroads guide for this topic.

Education and advertising

- Started a community driver licensing trial in Northland for over 25-year-olds.
- Achieved a 20 percent uptake of all 15 to 19 year old learner drivers in the *Practice* novice driver programme (a joint initiative with the Accident Compensation Corporation).

3 Assistance and advice to the land transport sector

Overview

Land Transport NZ works in partnership with approved organisations to maintain and improve the land transport system. Approved organisations, such as Transit NZ, regional councils, territorial authorities and public organisations approved under section 23 of the *Land Transport Management Act*, are able to receive funds directly from Land Transport NZ for these activities.

Input into local and regional planning processes

Land use planning is primarily managed and developed under the *Resource Management Act* (RMA) and land transport planning under the *Land Transport Management Act* (LTMA). While both the *Resource Management Act* and the *Land Transport Management Act* have similar objectives³, the functions are carried out under separate processes and often in isolation from each other.

Land use and transport planning decisions result from a number of statutory and non-statutory processes, eg through regional policy statements, regional and district plans, long term council community plans, regional growth strategies, regional land transport strategies and land transport programmes. These decisions mutually influence and affect each other.

Historically, insufficient alignment between the different agencies has sometimes resulted in land use and transport decisions being made in isolation from each other, with the consequent negative outcomes.

Land Transport NZ is currently developing guidelines for participation in the planning processes of local and regional councils to ensure consistency and collaboration across the country.

Highlights and achievements (December 04–June 05)

Procurement procedures

- Completed consultation with local government, Transit NZ and their suppliers for development of a draft policy for approving procurement procedures for physical works and professional services work.
- Completed preparatory work on a review of procurement of passenger transport services.

Input into local and regional planning processes

- Started developing a policy for Land Transport NZ's participation in the land use planning process of local and regional councils to ensure consistency and collaboration across the country.

Tolling systems project

- Commenced work with Transit NZ on defining conceptual models for an electronic free-flow tolling system for Alport B and Tauranga Harbour crossing.

Regional land transport strategy guidelines

- Published regional land transport strategy guidelines as a resource for use when reviewing regional land transport strategies.

Travel behaviour change guidance handbook

- Published a travel behaviour change handbook to provide guidance to regional councils, territorial authorities, consultants and others on how to submit a funding application to Land Transport NZ for travel behaviour change projects.

Network development

- Continued development of an evaluation of speed zoning to establish policy and criteria for setting speed limits on rural roads based more closely on the operating characteristics of the road. Suitable roads were assessed and recommendations forwarded to the participating road controlling authorities to set the appropriate speed limits in accordance with the *Speed Limits Rule*.
- Started revision of the *Manual of traffic signs and markings* which is the major source of New Zealand specification and guidance for traffic practitioners following changes to the *Traffic Control Devices Rule*.
- Completed 24 road controlling authority safety management systems and 17 innovative implementation projects as part of the safety management systems programme. A national workshop was held in June to share knowledge on current best practice.
- Won New Zealand Planning Institute award for the *Cycle network and route planning guide*, produced in 2004 and based on international best practice.

³ Sustainable management (RMA) and integrated, safe, responsive, and sustainable land transport system (LTMA).

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- Completed an international review of roadside hazard treatment options and relevant first-stage guidelines for good hazard management practice.

Education and advertising

- Developed and released new advertisements for speed and intersection behaviour – ‘Speeders, they’re killing us’ and ‘There’s a time bomb at intersections’ – as part of an ongoing national advertising programme involving speed, safety and drink-driving. A ‘Drive to the conditions’ billboard and radio campaign with the Accident Compensation Corporation, the Ministry of Transport, Transit NZ and NZ Police was also developed.
- Collaborated with the National Association of Resource Teachers and Advisor Maori on a new teaching resource in te reo Maori for kura kaupapa Maori schools.
- Produced the *Real kiwi driver’s guide* (with Automobile Association magazine *Directions* and the Road Safety Trust), a glovebox guide containing tips to deal with a range of driving experiences on New Zealand roads.
- Helped develop an industry-recognised foundation certificate in injury prevention, Te Aho Tapu, with the Accident Compensation Corporation and the Ministry of Health.

Vehicle publications

- Produced and launched the 2005 *Used car safety ratings brochure*.
- Updated and released the latest Australian New Zealand crash analysis programme information.

4 Advice to the Minister

Rules development

The Minister of Transport and the Minister for Transport Safety, through provisions contained in the primary legislation, are empowered to make transport rules. At present this function is delegated to the Minister for Transport Safety. Land Transport NZ develops these rules for consultation within the land transport sector before they are forwarded to the Ministry of Transport for consideration and, if agreed, signed into law following Cabinet noting the Minister's intention to make the rule.

This work occurs within an extended programme that is replacing regulations with rules that are designed to be accurate, clear, detailed, comprehensive, and written in plain language. The development of rules is subject to an extensive process of consultation with other government sector entities, the transport industry, and the wider public.

Land transport rules include provisions on driver licensing, road use, and vehicle equipment and standards. In the future, rules may be produced for rail. Land Transport NZ provides technical expertise to support the implementation and maintenance of rules and regulations. It also contributes to the development of primary transport legislation.

Implementing changes to the total mobility scheme

The total mobility scheme provides a subsidised transport service to people with disabilities by giving them vouchers to use taxis for half the cost of a normal fare. It is administered by regional councils with financial assistance from Land Transport NZ. During 2004/05, Land Transport NZ was closely involved in a Ministry of Transport led review of the scheme, and following decisions made by the Minister of Transport, will be implementing a range of improvements.

Implementing the government's cycling and walking strategy

A joint Ministry of Transport/Land Transport NZ Steering Group has been set up to co-ordinate and lead implementation planning for the government's *Getting there: on foot, by cycle* strategy. This will be a collaborative process involving other government agencies, walking and cycling advocacy groups and Local Government New Zealand. A national inter-agency action plan for 2006–2007 will be completed by December 2005.

The pedestrian and cyclist *Road Safety to 2010* strategy projects, standards and guidelines and safer routes initiatives will continue and Land Transport NZ will be represented on

the cycling and walking steering committees that oversee the \$1.25 million BikeWise and walking suite of initiatives.

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The patronage funding review

The patronage funding scheme governs how Land Transport NZ financially assists regional councils to fund contracted bus and ferry passenger transport services. In April 2005, the Minister of Transport decided to review the scheme. Land Transport NZ is working on the development of practical alternatives. Recommendations from the review should be implemented in 2007/08.

Highlights and achievements (December 04–June 05)

Rules programme development

- Implemented new provisions in the road user, traffic control devices, vehicle lighting, vehicle equipment, heavy vehicles and the revised dangerous goods rules.
- Completed the public consultation process and redrafting of the first *Omnibus Amendment Rule* and the *Heavy Vehicle Load Security Rule*.
- Prepared the *Work Time (Driving Hours) and Logbooks Rule* and *Operator Licensing Rule* for public consultation.
- Continued drafting the post-consultation draft of the *Driver Licensing Amendment No.2 Rule*.
- Consulted further on the *Heavy-vehicle Brakes Rule*.

Strategic policy reviews

- Continued to assist the Ministry of Transport with strategic policy reviews, such as:
 - the Auckland road pricing evaluation study
 - the financial assistance policy review
 - the total mobility scheme review
 - the Planning Task Force initiative
 - the walking and cycling strategy
 - the national rail strategy.

Other activities

- Worked with the Ministry of Transport to develop suitable output classes and activity classes for Land Transport NZ.
- Revised Land Transport NZ's performance measures.

Our people

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Land Transport NZ is organised into five groups under the Chief Executive Wayne Donnelly. Wayne is also the Director of Land Transport. The new structure reflects Land Transport NZ's commitment to meeting government, transport and public sector expectations.

When the new Chief Executive was appointed in January 2005, an Organisational Development Team assisted Land Transport NZ through the formation of a new operational structure. The new business groups were established around the key areas of planning, partnering, providing services, internal support and people development, which allow Land Transport NZ to deliver its key objectives more efficiently and effectively.

The Leadership Team

Policy and Planning Group



General Manager:
Simon Whiteley

Responsible for the development of operational policy, rule making, and provision of information that will contribute to delivering sustainable land transport. The group also develops the organisation's *Statement of Intent* and other accountability documents and facilitates the strategic planning for the organisation.

Partnerships and Programmes Group



General Manager:
Richard Braae

Responsible for developing and delivering land transport programmes, providing for engagement and relationship management with respect to partners and stakeholders, monitoring of organisations that receive funding, and monitoring the effectiveness of Land Transport NZ's programmes.

People and Culture Group



General Manager:
Carolina Gartner

Responsible for the development of business style and the implementation of people management and development strategies. These strategies enhance and increase organisational capability and organisational development and drive the integration of cross-organisational development.

Regulatory Services Group



General Manager:
Ian Gordon

Responsible for implementing regulatory frameworks and revenue collection. In particular, developing strategy, continually improving service delivery, managing agency relationships and contracts, monitoring and reviewing performance, managing entry to, and exit from, the land transport system and, where necessary, ensuring appropriate enforcement. Also responsible for delivering on the contract with the Secretary of Transport for the motor vehicle registry and revenue management activities.

Corporate Services Group



General Manager:
Noel Lee

Responsible for providing service excellence to internal customers in the areas of finance, information systems and technology, information management and business services.

Office locations

Land Transport NZ staff are located in eight offices throughout New Zealand, organised in three broad groups:

National Office

(7–27 Waterloo Quay, Wellington)

The CEO and general managers are located at National Office, along with managers and staff who deal with matters that have a national focus. This includes staff involved with developing the National Land Transport Programme and funding applications, staff managing the Safety Administration Programme, and staff involved in compliance and regulation policy.

Transport Registry Centre

(Palmerston North)

This centre houses the Motor Vehicle Register, the Driver License Register, the main Land Transport NZ server, and handles public enquiries related to licensing, registration and compliance. The Transport Registry Centre employs over 315 people, 118 of whom work in the call centre, responding to enquiries from the general public and agents on matters relating to driver licensing, motor vehicle registration, road user charges, and warrant of fitness issues.

Regional offices

(Auckland, Hamilton, Napier, Palmerston North, Wellington, Christchurch, Dunedin)

The regional offices interact with major stakeholders such as territorial local authorities, regional councils, and licensing and compliance agents. The areas of activity include transport planning and funding, education and information, commercial licensing, safety engineering, and vehicle compliance.

Establishment and recruitment

For the seven months to June 2005 most human resource effort was focused on establishment and recruitment. Human resources staff from the former Transfund NZ and Land Transport Safety Authority joined the organisational development team to lead the recruitment of second and key third tier leadership positions in the new structure.

Recruitment for second tier positions was complete by 14 April. Four of the five general management positions were filled by staff from the predecessor organisations, as were most of the new third tier positions. This reflected a commitment to staff development and continuity. Wherever possible, staff were confirmed into existing positions, especially those below the third tier. Recruitment of non-

managerial positions was delayed wherever possible until the new management structures were in place. As a result, at the end of June, Land Transport NZ was operating with a number of positions vacant.

The full operating establishment of Land Transport NZ is 720 people.

Developing a cultural relationship capability

Under Section 4 of the *Land Transport Management Act 2003* Land Transport NZ is required to provide opportunities for Maori to contribute to land transport decision-making processes.

Land Transport NZ has focused on identifying the cultural practices of its predecessor organisations that it could retain and also the practices of approved organisations it could use for its own purposes. At the same time a scoping study was commenced on how to provide opportunities for these groups to participate in land transport decision-making processes.

Land Transport NZ has also commenced a scoping exercise to assess how it can improve its interaction with Maori, Pacific Island and Asian people.

Highlights and achievements (December 04–June 05)

Established the new structure

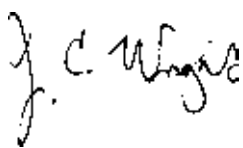
- Appointed a new Chief Executive.
- Developed a new organisational structure and appointed a leadership team to a five-group structure.
- Established new key roles in the regions – partnership managers and transport relationship managers. Partnership managers work with Land Transport NZ's partners and stakeholders in the regions to influence how the transport system is managed and developed. Transport relationship managers are responsible for fostering co-operation with commercial operators.
- Established a corporate logo and brand identity for the new organisation.
- Developed a new statement of intent and performance agreement for 2005/06.
- Maintained the continuity of business with stakeholders, partners and customers.
- Integrated key business systems and processes; for example, the financial and IT systems, from the predecessor organisations into Land Transport NZ without disruption to day-to-day business.

Land Transport New Zealand Statement of responsibility

The Chair, Chief Executive, Board and management of Land Transport New Zealand (Land Transport NZ) acknowledge responsibility for the preparation of the financial statements and the judgements used therein, and for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

The financial statements have been prepared in accordance with generally accepted accounting practice.

In the opinion of the Chair, Chief Executive, Board and management of Land Transport NZ, the financial statements fairly reflect the financial position and operations of the Land Transport NZ for the seven months to 30 June 2005.



Dr Jan Wright

Chair
Land Transport New Zealand

28 October 2005



Wayne Donnelly

Chief Executive
Land Transport New Zealand

28 October 2005

Statement of service performance for the seven months ended 30 June 2005

Introduction

Land Transport NZ was created on 1 December 2004 from the two disestablished agencies, Transfund NZ and the Land Transport Safety Authority (LTSA). During the first seven months of its existence, Land Transport NZ had no statement of intent (SOI) or performance agreement with the government. Instead Land Transport NZ operated under Transfund's and LTSA's accountability documents, with a letter of expectation from the Minister of Transport that augmented rather than superceded the accountability documents.

This is Land Transport NZ's first statement of service performance (SSP). It reports the seven month achievements against 12 month targets and measures in the accountability documents of the two disestablished entities. As there are measures from two separate SSPs, each reporting section is shown separately, under Safety (LTSA) and Funding (Transfund).

Safety

The following section specifies the delivery of Land Transport NZ's commitments against the *Statement of Intent* for 2004/2005 for the seven months to 30 June 2005. Variance analysis is not available as there are no comparative target statistics for the seven month period covered by this report.

The information on these output classes is largely of a quantitative nature, with management commentary provided where figures are not totally self-explanatory. For detailed explanations of our service deliverables and other significant work undertaken by the LTSA (until 30 November 2004) and Land Transport NZ during the year, please refer to the notes on significant activities in each output class.

Summary of output class expenditure

	7 months to ¹ 30-Jun-05 Actual (\$000)	12 months to ² 30-Jun-05 Actual (\$000)	12 months to ³ 30-Jun-05 Budget (\$000)
Policy advice	3,251	6,539	9,223
Safety information and promotion	16,825	27,367	30,479
Grants management	5,021	8,204	8,050
Safety audit	10,506	16,591	17,534
Licensing	16,898	28,081	29,084
Driver testing	9,043	15,691	15,473
Assessments	77	147	210
Vehicle impoundment	138	256	444
Motor vehicle registry and revenue management	32,323	55,349	59,411
	94,082	158,225	169,908

Notes ¹ From Land Transport NZ.

² Includes seven months Land Transport NZ and disestablishment figures from LTSA and Transfund NZ.

³ Budget figures are taken from LTSA and Transfund NZ Statements of Intent (SOIs).
Numbers are GST exclusive.

Output class 1: Policy advice

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Description

Policy advice purchased by the Minister or by third parties, or funded by Crown appropriation.

Under this output class, the Minister of Transport purchases advice from Land Transport NZ on land transport safety issues under the following outputs:

- advice on safety information and promotion – advice on land transport safety information (including road safety strategies) and promotion (including publicity programmes)
- advice on land transport licensing – advice on licensing of drivers, transport service operators, rail operations, vehicle safety inspection agents, and other provisions enabling entry to the land transport sector, including the recommendation of changes to legislation, regulations

and rules (rules development services are provided to the Secretary of Transport under a separate purchase agreement)

- advice on land transport safety auditing – advice on safety audit and compliance issues for drivers, commercial transport operations, driver testing, vehicle standards and road and rail safety
- ministerial servicing – draft and direct responses to ministerial correspondence and draft responses to parliamentary questions.

Output objectives

Contributes to the government's desired outcomes of:

- a safe, sustainable transport system at reasonable cost
- the objectives of the *New Zealand Transport Strategy*.

Key performance measures

1 (a) advice on safety information and promotion

Performance measure	7 months 2004/05 Actual	12 months ² 2004/05 Actual	12 months 2004/05 Target
Quantity			
Priority work for the output is completed as agreed or as subsequently amended by agreement between the Minister and the LTSA. ¹	N/A	100%	100%
Ongoing, reporting quarterly. ¹	N/A	100%	100%
Quality			
Policy advice will conform to the quality characteristics in the Cabinet guidelines for purchasing policy advice. ¹	N/A	100%	100%

1 (b) advice on land transport licensing

Performance measure	7 months 2004/05 Actual	12 months ² 2004/05 Actual	12 months 2004/05 Target
Quantity			
Priority work for the output is completed as agreed, or as subsequently amended by agreement between the Minister and the LTSA. ¹	N/A	100%	100%
Ongoing, reporting quarterly. ¹	N/A	100%	100%
Quality			
Policy advice will conform to the quality characteristics in the Cabinet guidelines for purchasing policy advice. ¹	N/A	100%	100%

Notes ¹ These functions were transferred to the Ministry of Transport from 1 December 2004.

² The results in this column reflect the five months to 1 December 2004 only.

1 (c) advice on land transport safety auditing

Performance measure	7 months 2004/05 Actual	12 months ² 2004/05 Actual	12 months 2004/05 Target
Quantity			
Priority work for the output is completed as agreed, or as subsequently amended by agreement between the Minister and the LTSA. ¹	N/A	100%	100%
Ongoing, reporting quarterly. ¹	N/A	100%	100%
Quality			
Policy advice will conform to the quality characteristics in the Cabinet guidelines for purchasing policy advice. ¹	N/A	100%	100%

Notes ¹ These functions were transferred to the Ministry of Transport from 1 December 2004.

² The results in this column reflect the five months to 1 December 2004 only.

1 (d) ministerial servicing

Performance measure	7 months 2004/05 Actual	12 months 2004/05 Actual	12 months 2004/05 Target
Quantity			
Draft responses to ministerial correspondence ¹	182	397	400–600
within 10 working days ²	74%	82%	80%
within 20 working days	99%	99%	100%
Direct responses to ministerial correspondence ¹	20	49	200–400
within 12 working days	100%	100%	80%
within 30 working days	100%	100%	100%
Draft responses to parliamentary questions ¹	49	107	90–120
100 percent sent within timeframe specified by the Minister's office.	100%	100%	100%
Draft responses to ministerial correspondence and to parliamentary questions accepted by the Minister.	98%	99%	95%

Notes ¹ These activities are demand driven.

² Additional vetting time for new ministerial correspondence process.

24 Output class expenditure

Policy advice	7 months to ¹ 30-Jun-05 Actual (\$000)	12 months to ² 30-Jun-05 Actual (\$000)	12 months to ³ 30-Jun-05 Budget (\$000)
Crown revenue	1,127	2,803	5,663
Third party revenue	2,017	3,181	2,459
Total revenue	3,144	5,984	8,122
Expenditure	3,251	6,539	9,223
Net surplus/(deficit) from operations	-107	-555	-1,101
Funding from retained operating surplus	153	435	435
Output class net surplus/(deficit)⁴	46	-120	-666

Notes ¹ From Land Transport NZ.

² Includes seven months Land Transport NZ and disestablishment figures from LTSA and Transfund NZ.

³ Budget figures are taken from LTSA and Transfund NZ Statements of Intent.

The following note relates to the 12-month actuals that are non-auditable, as they cover the period that combines both Land Transport NZ (seven months from 1 December 2004 to 30 June 2005) and the Land Transport Safety Authority (1 July 2004 to 30 November 2004).

⁴ Improvement in the actual to budget variance mainly reflects higher third party revenue.

Output class 2: Safety information and promotion

25

Description

Under this output class the Minister of Transport purchases, from Land Transport NZ, land transport safety information and promotion under the following outputs:

- safety information – development and provision of information, publications, displays and education resources on land transport safety matters
- safety promotion – conducting publicity campaigns on priority land transport safety issues, and includes, national and regional activity supporting the campaigns, and the promotion of road safety activities of key partners, including the NZ Police.

Output objectives

This output class contributes to the government's desired outcomes of:

- a safe, sustainable transport system at reasonable cost
- the objectives of the *New Zealand Transport Strategy*.

In particular, the provision of these services contributes to the achievement of the road safety targets for 2004/2005 in the areas of:

- alcohol
- speed
- occupant restraints
- driver behaviour.

Land Transport NZ also expects to increase public awareness and change perception relating to road safety by provision of the road safety advertising package, safety information publications, road safety education programmes and vehicle safety promotion.

Key performance measures

2 (a) Safety information

Performance measure	7 months 2004/05 Actual	12 months 2004/05 Actual	12 months 2004/05 Target
Quantity			
The <i>Safety Administration Programme</i> prepared and published in accordance with the requirements of the <i>Land Transport Management Act 2003</i> .	1	1	1
<i>Motor vehicle crashes in New Zealand 2003</i> published by 31 October 2004. ¹	N/A	1	1
<i>Road safety progress</i> published quarterly. ²	N/A	1	4
<i>Road safety New Zealand</i> magazine 11 issues published. ³	6	11	11
Road safety data and issues reports completed as agreed.	0	81	81
75 percent of main users of the above performance measures responding to an annual survey, rate the publications as useful or better. ²	81%	81%	75%
General road safety publications – 10 new, reviewed or developed publications and 30 new or revised factsheets. ⁴	66	72	40
Quality			
Publications, advice and information are legally accurate.	100%	100%	100%
Timeliness			
Requests for publications met within a maximum of 10 working days.	100%	100%	100%

Notes ¹ This report was published prior to 30 November 2004.

² This activity was transferred to the Ministry of Transport from 1 December 2004.

³ This publication has been renamed *Land transport news*.

⁴ Revisions undertaken on the back of Land Transport NZ rebranding.

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Performance measure	7 months 2004/05 Actual	12 months 2004/05 Actual	12 months 2004/05 Target
Quantity			
1,000 schools participating in the Road Safety Education Programme by the 2005 school year.	1,115	1,115	1,000
Final report on a trial of heavy vehicle motor traineeship schemes by 31 December 2004. ¹	1	1	1
Three road codes reviewed, legally accurate and updated by 30 June 2005.	3	5	3
Manuals or standards reviewed, legally accurate or updated for education or assessment of drivers within the transport industry and wider driving sector.	5	5	4
National Community Road Safety Conference held. ²	N/A	1	1
Attendees at National Road Safety Conference who rate the conference as useful or better. ²	N/A	92%	75%
Pilot of the driver education campaign for restricted licence holders completed by 31 October 2004. ³	2	2	1
Vehicle safety publications reviewed, updated or developed.	5	6	4
Minimum number of Australasian New Car Assessment Program (ANCAP) advertising initiatives completed.	1	1	2
Production of annual crashworthiness and aggressivity vehicle ratings incorporating New Zealand crash data by 30 June 2005.	1	1	1
Timeliness			
Percent of new vehicle crashworthiness ratings published and promoted within one week of publication in Australia.	100%	100%	100%

- Notes**
- ¹ The final report was distributed in June 2005.
 - ² This conference was held prior to 30 November 2004.
 - ³ The pilot programme was extended by the LTSA and ACC to 31 December 2004 to allow the completion of the final surveys during November 2004.

2 (b) safety promotion

Performance measure	7 months 2004/05 Actual	12 months 2004/05 Actual	12 months 2004/05 Target
Quantity			
Road safety advertising package:			
– minimum number of themed flights	11.5	20	18
– average targeted audience rating points (TARPs) purchased per month.	757	778	666
Media spend on television.	64%	69%	65%–75%
Total unprompted recall by the target audience of the television commercials, tested quarterly averaged over 12 months.	73%	75%	70%
Relevance measures for the target audience, tested quarterly averaged over 12 months.	56%	56%	60%
Advertising support programme for community road safety projects delivered over 12 months.	100%	100%	100%
Number of community campaigns for Maori and Pacific peoples supported with advertising material targeted to relevant road safety risk.	2	2	2

Output class expenditure

Safety information and promotion	7 months to¹ 30-Jun-05 Actual (\$000)	12 months to² 30-Jun-05 Actual (\$000)	12 months to³ 30-Jun-05 Budget (\$000)
Crown revenue	8,953	18,000	23,108
Third party revenue	2,314	3,779	2,640
Total revenue	11,267	21,779	25,748
Expenditure	16,025	27,367	30,479
Net surplus/(deficit) from operations	-5,558	-5,558	-4,731
Funding from retained operating surpluses	5,003	5,973	5,973
Output class net surplus/(deficit)⁴	-555	385	1,242

Notes ¹ From Land Transport NZ.

² Includes seven months Land Transport NZ and disestablishment figures from LTSA and Transfund NZ.

³ Budget figures are taken from LTSA and Transfund NZ Statements of Intent (SOIs).

The following note relates to the 12-month actuals that are non-auditable, as they cover the period that combines both Land Transport NZ (seven months from 1 December 2004 to 30 June 2005) and the Land Transport Safety Authority (1 July 2004 to 30 November 2004).

⁴ Surplus of \$385,000 and variance to budget reflects the transfer of strategic functions plus budget to the Ministry of Transport, and higher third party revenue.

Output class 3: Grants management

28

Description

Under this output class the Minister of Transport purchases from Land Transport NZ grants management services for the Community Road Safety Programme (CRSP) under the following output:

- Community Road Safety Programme (CRSP) – grants for the undertaking of community development for road safety and community road safety programmes, including those undertaken by Maori, Pacific peoples and other ethnic minority groups. The programme is supported by professional development for all stakeholders and an online information system.

Output objectives

This output class contributes to the government's desired outcomes of:

- a safe, sustainable transport system at reasonable cost
- the objectives of the *New Zealand Transport Strategy*.

Community development and community programmes are funded that contribute to achieving desirable road safety outcomes under the following themes:

- alcohol
- children
- cycling
- driver licensing
- fatigue
- human factors/driving practices
- intersections
- motorcycling
- pedestrians
- occupant restraints
- older road users
- safe driving
- speed
- youth.

Key performance measures

3 (a) community road safety projects

Performance measure	7 months 2004/05 Actual	12 months 2004/05 Actual	12 months 2004/05 Target
Quantity			
Contracts for CRSP delivery.	37	183 ¹	150–180
Quality			
Local authorities and other providers contracted to deliver CRSP ² activities responding to an annual survey, who are satisfied with Land Transport NZ's support for activities agreed as part of the CRSP. ³	82%	82%	N/A
Activities associated with the management of CRSP are in accordance with the New Zealand Road Safety Programme planning and reporting requirements.	100%	100%	100%

Notes ¹ The number of contracts delivered prior to 1 December 2004 has been revised downwards by five and therefore differs from the LTSA cessation report.

² See the funding framework for the CRSP in part 4 of the Safety Administration Programme 2004/2005.

³ No target was established.

Output class expenditure

Grants management	7 months to¹ 30-Jun-05 Actual (\$000)	12 months to² 30-Jun-05 Actual (\$000)	12 months to³ 30-Jun-05 Budget (\$000)
Crown revenue	4,553	7,805	7,805
Third party revenue	232	379	245
Total revenue	4,785	8,184	8,050
Expenditure	5,021	8,204	8,050
Net surplus/(deficit) from operations	-236	-20	-0
Funding from retained operating surplus	40	48	48
Output class net surplus/(deficit)	-196	28	48

Notes ¹ From Land Transport NZ.

² Includes seven months Land Transport NZ and disestablishment figures from LTSA and Transfund NZ.

³ Budget figures are taken from LTSA and Transfund NZ Statements of Intent.

3 (b) Road Safety Trust grants management

The Roads Safety Trust purchases from Land Transport NZ grants management services including administrative support services provided to, and payment of grants approved by, the Trust.

Performance measure	7 months 2004/05 Actual	12 months 2004/05 Actual	12 months 2004/05 Target
Quantity			
Projects funded by the Road Safety Trust.	3	71 ¹	35–55
Quality			
Services in accordance with the service level agreement.	100%	100%	100%
Timeliness			
Approved invoices paid within 20 working days.	100%	100%	100%

Note ¹ The number of projects reported in the LTSA cessation report was overstated by 20 and should have been 68.

Output class 4: Safety audit

30

Description

Under this output class the Minister of Transport purchases from Land Transport NZ auditing services under the output as follows:

- auditing of:
 - vehicle certifiers, vehicle inspection and certifying organisations
 - driver licence administration
 - driver testing officers
 - driver licence course providers
 - agencies involved in the border check process
 - licensed transport service operations
 - transport operator vehicle fleet audits
 - monitoring and review of endorsement holders.
- random roadside audits of transport service vehicles
- joint crash investigations and production of crash reduction studies monitoring, and evaluation reports
- surveys of road controlling authorities (RCAs)
- monitoring of rail operators' annual audits and special focus rail audits
- quarterly reports on actions from Transport Accident Investigation Commission (TAIC) rail recommendations.

Output objectives

This output class contributes to the government's desired outcomes of:

- a safe, sustainable transport system at reasonable cost
- the objectives of the *New Zealand Transport Strategy*.

In contributing to these outcomes Land Transport NZ also expects that:

- all vehicle and operator compliance rates for road and rail will be improved
- poor performing operators are targeted to lift their performance to the required safety levels
- industry awareness relating to the maintenance of safe vehicle and operator practices is increased
- an environment that engenders industry co-regulation is created.

The funding provided will only allow limited achievement of the above outcomes and results.

Key performance measures

Performance measure	7 months to 30-Jun-05 Actual (\$000)	12 months to 30-Jun-05 Actual (\$000)	12 months to 30-Jun-05 Budget (\$000)
Quantity			
Reviews of vehicle certifiers, vehicle inspection and certifying organisations.	1,622	2,765	2,500–2,900
Audits of driver testing officers.	21	42	30
Audits of driver licence course providers.	113	139	140–160
Quarterly reports on audits of agencies involved in the border check process.	4	6	4
Audits of licensed transport service operations.	77	139 ¹	100–120
Audits of transport operator vehicle fleets.	30	46	40–50
Random roadside audits of transport service vehicles.	50	88	20–40
Investigation of complaints.	246	411	On demand
Joint crash investigations.	19	26	15–21
Production of crash reduction studies monitoring and evaluation reports as agreed.	1	1	On demand
Surveys of sample of 30 road controlling authorities (RCAs) on 1–2 topics.	30	30	30–60
Monitoring of rail operators' annual audits.	53	100	65–85
Special focus rail audits on demand.	1	1	On demand
Quarterly reports on actions from TAIC rail recommendations. ²	1	1	4
New safety management systems (SMS) developed.	16	18	15
New safety management systems (SMS) implementation trials completed.	13	16	20
Road network safety risk profiles produced for RCAs. ³	0	0	74
Report on speed zoning and report on issues and options and specifications for field trials completed by 30 June 2005.	1	1	1
Draft guidelines and programme for identification and treatment of roadside hazards completed by 30 June 2005. ⁴	N/A	N/A	1
Quality			
Reviews are carried out in accordance with the Performance Review System manual.	100%	100%	100%
Audits are carried out to specified criteria, or comply with relevant procedures and guidelines.	100%	100%	100%
Timeliness			
Reviews are carried out within the deadlines prescribed in the performance review scoring system.	100%	100%	100%
Audits, reviews and investigations are carried out and reported on within agreed deadlines.	100%	100%	100%

Notes ¹ The number of audits of licensed transport service operators prior to 1 December 2004 has been revised and differs from the LTSA cessation report by three.

² There are no quarterly reports. Recommendations are provided individually.

³ The resources for delivery of this KPI were transferred to the Ministry of Transport in 2004 as part of the transport sector review.

⁴ A draft Stage 1 report was received for comment. A number of minor amendments have been requested and once these have been made, the report will be accepted.

32 Output class expenditure

Safety audit	7 months to¹ 30-Jun-05 Actual (\$000)	12 months to² 30-Jun-05 Actual (\$000)	12 months to³ 30-Jun-05 Budget (\$000)
Crown revenue	779	1,421	1,674
Third party revenue	8,460	15,701	14,125
Total revenue	9,239	17,122	15,799
Expenditure	10,506	16,591	17,534
Net surplus/(deficit) from operations⁴	-1,267	531	-1,735
Funding from retained operating surplus	293	301	301
Output class net surplus/(deficit)	-974	832	-1,434

- Notes**
- ¹ From Land Transport NZ.
 - ² Includes seven months Land Transport NZ and disestablishment figures from LTSA and Transfund NZ.
 - ³ Budget figures are taken from LTSA and Transfund NZ Statements of Intent.
- The following note relates to the 12-month actuals that are non-auditable, as they cover the period that combines both Land Transport NZ (seven months from 1 December 2004 to 30 June 2005) and the Land Transport Safety Authority (1 July 2004 to 30 November 2004).
- ⁴ Surplus of \$531,000 reflects improved third party revenue from certification fees, plus ongoing savings across audit operations.

Output class 5: Licensing

Description

Under this output class the Crown and third parties fund Land Transport NZ to provide licensing services for the land transport sector under the following outputs:

- issuing driver licences – issue and renewal of driver licences, including endorsements. Vetting driving instructor (I), testing officer (O), passenger (P) and vehicle recovery (V) endorsement applicants and holders, and issuing driver identification cards, if applicable
- ongoing maintenance of the Driver Licensing Register (DLR)
- management of appeals to the Director against roadside licence suspension
- approval of driver licence courses and course providers
- issuing transport service licences
- issuing of licences, approvals or certificates required for commercial transport operations (including approval of taxi organisations)
- issuing approvals for requested rail safety system variations for network, industrial and heritage rail operations.

Output objectives

This output class contributes to the government's desired outcomes of:

- a safe, sustainable transport system at reasonable cost
- the objectives of the *New Zealand Transport Strategy*.

In contributing to these outcomes Land Transport NZ also expects the following results:

- a reduction in the number of unlicensed drivers on New Zealand's roads
- new drivers entering the land transport system demonstrate safe driving practices in line with best practice guidelines
- the Land Transport Register is easily accessible to enforcement agencies for improved compliance.

33

Key performance measures

5 (a) issuing driver licences

Performance measure	7 months 2004/05 Actual	12 months 2004/05 Actual	12 months 2004/05 Target
Quantity			
Driver licences issued (new, renewals, licences and endorsements). ¹	395,305	684,210	650,000– 700,000
Timeliness			
Driver licences are issued within 10 working days of applicant being eligible for issue of licence.	100%	100%	100%
Trial of competency-based training and assessment completed by 30 June 2005.	1	1	1

Note ¹ These are demand-driven activities.

5 (b) issuing transport service licences

Performance measure	7 months 2004/05 Actual	12 months 2004/05 Actual	12 months 2004/05 Target
Quantity			
Issuing transport services licences (TSLs). ¹	2,016	3,506	2,500–3,500
Issuing overdimension permits (ODPs). ¹	4,219	7,361	7,500–8,000
Annual review of rail service licences by end February 2005.	0	76	
Review of new licence applicants' rail safety systems.	1	1	on demand
Consider and approve rail safety system variations.	25	56	on demand
Quality			
Appeals on points of law or procedural matters sustained regarding the Director's decisions.	0	0	0
Over dimension permits conform to requirements of ODP policy.	100%	100%	98%
Timeliness			
Transport service licences issued within five working days of completed and approved application being received.	100%	100%	100%
Ordinary overdimension permits issued within three working days.	100%	100%	98%
Special overdimension permits issued within six working days.	100%	100%	98%

Note ¹ These are demand-driven activities.

Output class expenditure

Licensing	7 months to¹ 30-Jun-05 Actual (\$000)	12 months to² 30-Jun-05 Actual (\$000)	12 months to³ 30-Jun-05 Budget (\$000)
Crown revenue	737	1,263	1,263
Third party revenue	16,865	28,166	27,820
Total revenue	17,602	29,429	29,083
Expenditure	16,898	28,081	29,084
Output class net surplus/(deficit)⁴	704	1,348	-1

Notes ¹ From Land Transport NZ.

² Includes seven months Land Transport NZ and disestablishment figures from LTSA and Transfund NZ.

³ Budget figures are taken from LTSA and Transfund NZ Statements of Intent.

The following note relates to the 12-month actuals that are non-auditable, as they cover the period that combines both Land Transport NZ (seven months from 1 December 2004 to 30 June 2005) and the Land Transport Safety Authority (1 July 2004 to 30 November 2004).

⁴ Surplus of \$1,348,000 reflects increase in licensing revenue over budget by \$346,000 due to higher volumes plus operational savings in issuing licences.

Output class 6: Driver testing

Description

Under this output class third parties fund driver testing services for the land transport sector, including:

- driver testing services, including theory and practical tests and services related to database management and the payment of agents.

Output objectives

This output class contributes to the government's desired outcomes of:

- a safe, sustainable transport system at reasonable cost
- the objectives of the *New Zealand Transport Strategy*.

Key performance measures

Performance measure	7 months 2004/05 Actual	12 months 2004/05 Actual	12 months 2004/05 Target
Quantity			
Theory, practical and older driver tests.	219,931	387,752	350,000– 450,000
Quality			
Tests conducted in compliance with the <i>Driver testing officer's manual</i> .	99%	99%	95%
Timeliness			
Tests within the timeliness guidelines agreed in the contract between each driver testing agent and Land Transport NZ.	95%	93%	95%

Output class expenditure

Driver testing	7 months to ¹ 30-Jun-05 Actual (\$000)	12 months to ² 30-Jun-05 Actual (\$000)	12 months to ³ 30-Jun-05 Budget (\$000)
Crown revenue	240	412	412
Third party revenue	8,452	15,069	15,061
Total revenue	8,692	15,481	15,473
Expenditure	9,043	15,691	15,473
Output class net surplus/(deficit)⁴	-351	-210	0

Notes ¹ From Land Transport NZ.

² Includes seven months Land Transport NZ and disestablishment figures from LTSA and Transfund NZ.

³ Budget figures are taken from LTSA and Transfund NZ Statements of Intent.

The following note relates to the 12-month actuals that are non-auditable, as they cover the period that combines both Land Transport NZ (seven months from 1 December 2004 to 30 June 2005) and the Land Transport Safety Authority (1 July 2004 to 30 November 2004).

⁴ Deficit of \$210,000 is accounted for within the driver testing memorandum account which was established to handle minor costs variations year to year.

Output class 7: Assessments

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Description

Under this output class the Crown gives an appropriation to Land Transport NZ that is used to pay drug and alcohol assessment fees, as required under section 65 of the *Land Transport Act 1998*.

Output objectives

This output class contributes to the government's desired outcomes of:

- a safe, sustainable transport system at reasonable cost
- the objectives of the *New Zealand Transport Strategy*.

Key performance measures

Performance measure	7 months 2004/05 Actual	12 months 2004/05 Actual	12 months 2004/05 Target
Quantity			
Budgeted payments. ¹	514	995	1,400
Quality			
Minimum percent of payments that are accurate.	100%	100%	100%
Timeliness			
Minimum percent of payments processed within 10 working days.	100%	100%	100%

Note ¹ This is a demand-driven activity that Land Transport NZ react to.

Output class expenditure

Assessments	7 months to ¹ 30-Jun-05 Actual (\$000)	12 months to ² 30-Jun-05 Actual (\$000)	12 months to ³ 30-Jun-05 Budget (\$000)
Crown revenue	122	210	210
Total revenue	122	210	210
Expenditure	77	147	210
Output class net surplus/(deficit)⁴	-45	-63	0

Notes ¹ From Land Transport NZ.

² Includes seven months Land Transport NZ and disestablishment figures from LTSA and Transfund NZ.

³ Budget figures are taken from LTSA and Transfund NZ Statements of Intent.

The following note relates to the 12-month actuals that are non-auditable, as they cover the period that combines both Land Transport NZ (seven months from 1 December 2004 to 30 June 2005) and the Land Transport Safety Authority (1 July 2004 to 30 November 2004).

⁴ Surplus of \$63,000 reflects lower volume of medical assessments than budgeted.

Output class 8: Vehicle impoundment

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Description

Under this output class the Crown gives an appropriation to Land Transport NZ to pay fees to storage providers for each unclaimed vehicle impounded by the NZ Police under the *Land Transport Act 1998* and which requires disposal.

Output objectives

This output class contributes to the government's desired outcomes of:

- a safe, sustainable transport system at reasonable cost
- the objectives of the *New Zealand Transport Strategy*.

Key performance measures

Performance measure	7 months 2004/05 Actual	12 months 2004/05 Actual	12 months 2004/05 Target
Quantity			
Budgeted payments. ¹	1,480	2,738	4,800–5,000
Quality			
Minimum percentage of payments that are accurate.	100%	100%	100%
Timeliness			
Minimum percentage of payments processed within 10 working days.	98%	98%	98%

Note ¹ This is a demand-driven activity that Land Transport NZ react to.

Output class expenditure

Vehicle impoundment	7 months to ¹ 30-Jun-05 Actual (\$000)	12 months to ² 30-Jun-05 Actual (\$000)	12 months to ³ 30-Jun-05 Budget (\$000)
Crown revenue	259	444	444
Total revenue	259	444	444
Expenditure ⁴	138	256	444
Output class net surplus/(deficit)	121	188	0

Notes ¹ From Land Transport NZ.

² Includes seven months Land Transport NZ and disestablishment figures from LTSA and Transfund NZ.

³ Budget figures are taken from LTSA and Transfund NZ Statements of Intent.

The following note relates to the 12-month actuals that are non-auditable, as they cover the period that combines both Land Transport NZ (seven months from 1 December 2004 to 30 June 2005) and the Land Transport Safety Authority (1 July 2004 to 30 November 2004).

⁴ Lower expenditure reflects the lower than predicted payment volumes.

Output class 9: Motor vehicle registry and revenue management

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Description

This output class involves the provision of an administrative and accounting service for the collection and refund of motor vehicle registration (MVR) fees, road user distance/weight and time licences, and fuel excise duty (FED) credited to the National Roads Fund. Land Transport NZ is currently contracted to provide these services under an agreement with the Secretary for Transport.

This output involves:

- issuing of licences and collection of road user charges (RUC), MVR fees and FED through contracted agencies. This includes the processing of RUC and FED refunds
- the maintenance of the RUC and MVR information database and the provision of information for the collection of road revenue, and to law enforcement agencies, industry groups and the public.

Land Transport NZ delivers the RUC evasion, detection and enforcement output (economic compliance functions) under a separate contract with the Secretary for Transport:

- targeted investigation programmes to identify instances of evasion and non-payment of road user revenues, the auditing of operators' records to validate refund claims, the recovery of revenue evaded, and industry liaison and education to ensure continued compliance.

Output objectives

This output class contributes to the government's desired outcomes of a sustainable transport system. The expected results of the services provided include:

- efficient collection systems
- minimised RUC evasion
- timely and accurate information.

The motor vehicle registry and revenue management (MVR&RM) functions operate under a contract between Land Transport NZ and the Secretary for Transport, with funding provided through the Ministry of Transport departmental output class: Motor vehicle registry and revenue management. MVR&RM is a separately identifiable service within the Transport Registry Centre (TRC). MVR&RM also funds the economic compliance functions of the Economic Compliance Unit (ECU) of Land Transport NZ that aims to reduce the level of RUC evasion.

Significant activities

Collection and refund of roading revenue

The MVR&RM business collected \$940 million (\$1.9 billion for the full year) of Crown revenue in the seven months ended June 2005. Revenue collected comprises fees for registration, licensing, change of ownership, FED, and RUC, ACC levies, Land Transport NZ levies and GST for the Inland Revenue Department.

Motor vehicle registration and licensing

The Motor Vehicle Register (MVR) currently holds details for approximately 3.8 million motor vehicles. During the seven months to 30 June 2005, 190,112 vehicles were registered for the first time, and 2.9 million licensing transactions occurred (326,135 and 5 million respectively for the full year). Approximately 573,000 change of ownership transactions were processed over the same period (982,000 for the full year).

Information provision services

The Motor Vehicle Register is a public register. In the seven months to 30 June 2005, approximately 4.4 million requests for the full name and address of the registered owners of motor vehicles were answered. Land Transport NZ is working closely with the Ministry of Transport and the Office of the Privacy Commissioner to recommend legislative change to align access to personal details held on the Register with the intent of the Privacy Act 1993.

Call centre activities

The TRC provides registry maintenance and a call centre service for its customers with a number of 0800 numbers to call for various types of inquiries. During the seven months ended 30 June 2005, 391,000 (642,000 for the full year) calls were processed through the call centre.

Key performance measures**9 (a) collection and refund of roading revenue**

Performance measure	7 months 2004/05 Actual	12 months 2004/05 Actual	12 months 2004/05 Target
Quantity¹			
Motor vehicle new registrations	190,112	326,135	340,000
Motor vehicle licensing	2,950,297	5,047,782	5,100,000
Motor vehicle change of ownership	573,171	981,636	1,100,000
Other licensing	396,172	668,724	910,000
RUC licensing	1,170,841	1,984,263	1,940,000
RUC refunds	172,999	296,280	290,000
FED refunds	11,752	18,570	14,000
Quality			
Percentage of MVR and RUC licence purchasers who rate the services provided as 'good' based on independent survey. ²	97%	97%	90%
Percentage of vehicle licenses issued immediately upon confirmation by the land transport inspection system of a current safety inspection.	100%	100%	100%
RUC and MVR total cost per transaction.	5.86	5.88	6.12
Timeliness indicators			
Valid FED refunds processed within seven days.	100%	100%	100%
Maximum release time for all valid applications for certificates of registration.	30 hours	30 hours	36 hours

Notes ¹ These activities are demand driven.

² 'Good' is defined as responses that rated the quality of the services provided as 'Neutral', 'Good' or 'Very Good'.

9 (b) maintenance and supply of motor vehicle information revenue

Performance measure	7 months 2004/05 Actual	12 months 2004/05 Actual	12 months 2004/05 Target
Quantity			
Number of information requests. ¹	4,441,321	8,493,673 ²	6.0–6.4 million
Quality			
Percentage of users who rank MVR supplied data as meeting their expectations, based on independent survey.	83%	83%	90%
Timeliness			
Maximum annual unplanned outage hours of LANDATA computer system.	0.36 hours	0.72 hours	48 hours
Accuracy of LANDATA records, by random survey.	98%	98%	95%
Entry of MVR transactions onto LANDATA database within 48 hours of receipt.	100%	100%	100%
Correspondence replied to within seven working days.	99%	97%	95%
Helpdesk grade of service – percentage of calls answered within 30 seconds.	85%	87%	80%

Notes ¹ These activities are demand driven.

² The definition of this measure was reviewed and found to be missing one data set for the LTSA cessation report. The results have been corrected as reported above.

9 (c) road user charges evasion, detection and enforcement

Performance measure	7 months 2004/05 Actual	12 months 2004/05 Actual	12 months 2004/05 Target
Quantity			
Number of RUC investigations	76	113	90–110
Number of RUC audits	1,523	2,942	3,000–4,500
Number of RUC surveys	26	71	60–80
Light vehicle audits ¹	8,713	14,779	2,500–3,000
Forecast of identified and proved RUC revenue evasion.	\$7.3 million	\$12.0 million	\$5–6 million
Quality			
Review the profile of RUC evasion offenders developed in conjunction with the Police by 31 March 2005.	1	1	1
Percentage of RUC investigations/audits and surveys that match the RUC evasion profile identified and prioritised.	100%	100%	100%
The Director will attest in writing each year that all audits, investigations and surveys fully comply with the relevant measurement documents.	100%	100%	98%
Minimum of RUC identified for recovery:			
– ratio of proved RUC evasion to output expenditure as measured by a three-yearly moving average based on total costs	\$1.00 : \$4.36	\$1.00 : \$4.09	\$1.00 : \$2.25
– by two additional staff for LDV purposes and funding for associated campaigns.	\$1.00 : \$11.14	\$1.00 : \$11.47	\$1.00 : \$2.00
Timeliness			
Timeframes in action plans met.	100%	100%	98%
Refund applications processed accurately and within specified time frames. Applications for refunds will be:			
– validated within seven working days of receipt	100%	100%	96%
– approved for payment within 10 working days, where valid	100%	100%	96%
– referred to an audit officer within 10 working days, where not approved	100%	100%	96%
– actioned within 40 working days when referred to an audit officer.	100%	100%	96%

Note ¹ The number of light vehicle user audits exceeded the target during the year as Land Transport NZ took a zero tolerance approach in respect of proven offending. Proven offenders are now subject to a more diligent and expansive follow-up process.

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Output class expenditure

Motor vehicle registry and revenue management	7 months to¹ 30-Jun-05 Actual (\$000)	12 months to² 30-Jun-05 Actual (\$000)	12 months to³ 30-Jun-05 Budget (\$000)
Crown revenue	23,677	45,447	47,430
Third party revenue	6,866	11,764	11,981
Total revenue	30,543	57,211	59,411
Expenditure	32,323	55,349	59,411
Output class net surplus/(deficit)⁴	-1,780	1,862	0

Notes ¹ From Land Transport NZ.

² Includes seven months Land Transport NZ and disestablishment figures from LTSA and Transfund NZ.

³ Budget figures are taken from LTSA and Transfund NZ Statements of Intent.

The following note relates to the 12-month actuals that are non-auditable, as they cover the period that combines both Land Transport NZ (seven months from 1 December 2004 to 30 June 2005) and the Land Transport Safety Authority (1 July 2004 to 30 November 2004).

⁴ Surplus of \$1,862,000 resulted from lower MVR transaction fees, lower take-up of credit card transactions, plus lower postage costs and personnel costs versus budget.

Report on road safety outcomes¹

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	30-Jun-02 Actual	30-Jun-03 Actual	30-Jun-04 Actual	12 months to 30-Jun-05	2005 Target	2010 Target
Road crash data						
Deaths						
Road deaths (quarter to 30 Jun)	106	114	99	119		
Number of road deaths	429	417	447	452	400	300
Number of fatal crashes	376	370	393	379		
Deaths per 10,000 vehicles	1.6	1.5	1.6	1.5	1.5	1.1
Deaths per 100,000 people	11.2	10.6	11.1	11.0	10.2	7.3
Hospitalised casualties²						
Total number hospitalised	6,804	6,340	6,575	6,602 ²	5,870	4,500
Hospitalised more than 1 day	3,098	3,001	3,000	2,978 ²	2,750	2,200
Hospitalised more than 3 days	2,102	1,994	2,068	1,989 ²	1,750	1,400
Behavioural measures³						
Alcohol						
Number of drivers killed with excess alcohol ⁴	55	59	73	69	48	
Proportion of drivers killed with excess alcohol ⁴	21%	24%	28%	27%	21%	
Speed						
Urban speed, mean (km/h)	54.9	54.2	53.7	52.9	55.2	
Urban speed, 85th percentile (km/h)	61	60	60	58	61	
Rural speed, mean (km/h)	101.1	99.1	98.0	97.8	99	
Rural speed, 85th percentile (km/h)	109	108	105	105	107	
Occupant restraints						
Safety belts worn by adults, front	92%	92%	94%	95%	92%	
Safety belts worn by adults, rear	70%	80%	81%	86%	75%	
Children restrained, 0–14 years	94%	94%	94%	94%	90%	

Notes ¹ The targets are shared targets for Land Transport NZ, and its safety partners.

² Injury and hospitalisation data for 2004/05 are provisional and cover the 12 months to 31 March 2005. All other crash data are for the 12 months to 30 June 2005.

³ Behavioural measures are usually taken once a year and are given here as the latest for each June year.

⁴ Driver alcohol measures include all fatal crashes in the 12 months to 31 December each year.

Funding

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Land Transport NZ's activities in the National Land Transport Programme (NLTP) are identified under specific output classes. The Statement of Projected Performance (SOPP) for outputs related to the NLTP in the Transfund NZ 2004/2007 *Statement of Intent* (SOI) detailed Land Transport NZ's targets and performance measures against each of these classes. This Statement of Service Performance (SSP) reports Land Transport NZ's performance against the SOPP.

The budget and target figures relate to a full 12 month period of the operation for the NLTP but the actual achievement figures are for the seven months (1 December 2004 to 30 June 2005) reporting period only. Notes are provided for the financial tables and performance measures on the seven month achievement as against the 12 month budget. Supplementary figures for the 12 month actual achievement of the NLTP are provided for information only

and have no supporting commentary. Supplementary figures are combined from Transfund for the period 1 July 2004 to 30 November 2004 and Land Transport NZ for 1 December 2004 to 30 June 2005.

The services in all output classes were delivered in accordance with Transfund NZ's performance agreement with the Minister of Transport. This report details achievements against the SOPP targets and performance measures within each of the output classes.

Unless otherwise stated all expenditure in this document is goods and services tax (GST) exclusive. Transit NZ expenditure does not include third party revenue or property sales revenue.

Summary of output class expenditure

	7 months ¹ 30-Jun-05 Actual (\$000)	12 months ² 30-Jun-05 Actual (\$000)	12 months ³ 30-Jun-05 Budget (\$000)
1 Maintenance and expensed construction (local roads)	341,366	495,960	459,369
– Maintenance and expensed road construction (local roads)	321,397	470,098	431,249
– Passenger transport infrastructure (local roads)	0	0	0
– Walking and cycling (local roads)	2,439	3,103	2,556
– Regional development (local roads)	17,529	22,759	25,564
2 Maintenance and expensed construction (state highways)	252,273	362,475	352,012
3 Roothing capital improvements (state highways)	291,022	443,085	431,873
– Roothing capital improvements	277,979	428,240	413,049
– Passenger transport infrastructure (state highways)	12,360	13,889	17,256
– Walking and cycling (state highways)	684	956	1,568
– Regional development (state highways)	0	0	0
4 Roothing replacement (state highways)	3,657	3,768	4,305
5 Travel demand management, rail and barging	12,645	18,762	54,275
6 Passenger transport community services	62,847	101,604	100,339
7 Passenger transport social services	2,222	3,482	3,697
8 Contract management	5,198	9,116	10,250
9 Advisory services	2,707	3,640	3,920
Total (GST exclusive)	973,938	1,441,891	1,420,040

Notes The overall expenditure for all output classes for the seven month period under review was \$973.9 million compared to the 12 month budget of \$1,420.0 million, \$446.1 million (31%) under expenditure. This level of expenditure reflects a normal seven month achievement against a 12 month budget.

¹ From Land Transport NZ.

² Includes seven months Land Transport NZ and disestablishment figures from Transfund NZ.

³ Budget figures are taken from Transfund NZ Statement of Intent.

Notes to the statement of service performance

Management of the National Land Transport Programme (NLTP)

Land Transport NZ manages the NLTP by formally reviewing NLTP allocations and priorities on a monthly basis. These reviews provide flexibility to adapt to changing circumstances throughout the year as a result of changes in revenue projections, variations in project costs, project delays and approval of projects awaiting resource consents, property purchase, completion of design work or confirmation of project attributes. The NLTP receives revenue from the National Land Transport Fund (NLTF), income from investments, and third party revenue from property disposals, rentals and interest income. The NLTF also funds the New Zealand Road Safety Programme, motor vehicle registration and road user charges administration. The NLTP receives revenue from fuel excise and customs duty, road user charges and motor vehicle registrations. Any revenue to the NLTF above forecast is received by the NLTP, so the NLTP can increase in value during the financial year to take advantage of increased revenue from the NLTF.

Programme control and monitoring

The key tool for prioritising the allocation of funds for outputs and activities in the NLTP during 2004/05 was Land Transport NZ's allocation process.

The key feature of the allocation process was the profile used to initially prioritise activities within each output. The profile assesses the contribution of each activity to the purpose of the *Land Transport Management Act* and to the objectives of the *New Zealand Transport Strategy*:

- assisting economic development
- assisting safety and personal security
- improving access and mobility
- protecting and promoting public health
- ensuring environmental sustainability.

Standards and guidelines

Land Transport NZ's Standards and guidelines manual contains a list of all the documents that cover Land Transport NZ's policies and procedures. Standards included in this manual are mandatory for all organisations receiving funds from Land Transport NZ.

Annual comparisons

In the financial tables that follow, the seven month actual expenditure from Land Transport NZ expenditure, and the 12 month actual and the 12 month budget from combined Transfund and Land Transport NZ, are provided together with the seven month percentage achieved against budget.

The 12 month actual from the combined Transfund and Land Transport NZ figures are provided for information only. The performance measures report on the quality, quantity, cost and timeliness of outputs contained in the SOI. Given that the achievement for seven months is reported against a 12 month budget, there will be significant variations for the period.

No return is reported for the seven-month actual against a performance measure when the information used to derive the measure needs to be collated from approved organisations. Performance measures with 'no return' indicate that information is sourced from approved organisations. The 2004/05 NLTP funding agreements between Land Transport NZ and approved organisations specify that achievement reports against performance measures will be provided by approved organisations for the six month period from 1 July 2004 to 31 December 2004 (selected measures) and the 12 month period from 1 July 2004 to 30 June 2005 (all measures). As some measures in this SOPP are reporting achievement outside the specified periods there are no returns for performance measures reliant on external data collated from approved organisations.

Expenditure figures

Expenditure figures are prepared in accordance with the Statement of Accounting Policies. The 'actual' figures reported throughout the SSP show accrued Land Transport NZ expenditure on all approved work carried out.

In the following tables, all expenditure details reflect Land Transport NZ's expenditure, not total expenditure. Land Transport NZ provides financial assistance to approved organisations, which varies by type of organisation and activity. Financial assistance for local road maintenance varies from 43 percent to 84 percent, with the average being approximately 50 percent. Local road construction is generally funded at a rate 10 percent higher than that applying to road maintenance for that authority. Maintenance and construction of state highways is generally funded at 100 percent.

Technical terms

Technical terms are defined in the glossary.

Land Transport NZ's performance

For each of the output classes, the table headed 'Achievement of Performance Measures' demonstrates the extent to which the performance measures of that output class have been met. Unless stated otherwise, the performance measures and budgets listed in the tables are those contained in the Transfund NZ 2004/2007 SOI.

Output class 1: Maintenance and expensed road construction (local roads)

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Description

Under this output class, Land Transport NZ purchases maintenance, renewal and improvement of local roads. This includes activities that integrate infrastructure with walking and cycling, and passenger transport. This output also contributes to the regional development of Northland and Tairāwhiti.

Output objectives

- Maintain cost effectively the existing road and passenger transport infrastructure.
- Promote walking and cycling.
- Enhance regional development.
- Manage negative environmental impacts.
- Enhance the economic life of the road and passenger transport infrastructure.
- Maintain or improve road safety.
- Maintain or reduce vehicle operating costs.

Key performance measures

Performance measure	7 months 2004/05 Actual	12 months 2004/05 Actual	12 months 2004/05 Target
Quantity			
Variation in % terms between forecast and actual dollar expenditure on local road maintenance and improvement programme. ^{1,6}	-26%	+8%	between 0 and minus 2%
Percentage and length variation between planned and actual renewal programme (including reseals, area wide pavement treatment and pavement smoothing). ^{2,7}	No return	-16% -750km	+/-2.5% +/-120km
Percentage of improvement activities for which benefits predicted by approved organisations are realised (as determined by Land Transport NZ's post-construction audits).	100%	100%	>95%
Percentage of improvement activities with a total cost greater than \$3 million that are delivered on time and within budget. ³	20%	20%	≥95%
Quality			
Economic effectiveness of Land Transport NZ's investment, as measured by percentage of local roads complying with agreed levels of service and guidelines.	100%	100%	100%
Passenger transport infrastructure			
Quantity			
Percentage variation between forecast and actual year's dollar expenditure. ⁴	NA	NA	between 0 and minus 2%
Quality			
Percentage of passenger transport infrastructure activities that are consistent with regional passenger transport plans and the regional land transport strategy. ⁴	NA	NA	100%
Walking and cycling			
Quantity			
Variance in % terms between forecast dollars approved and actual dollars spent on walking and cycling programmes. ^{1,8}	-5%	+21%	between 0 and minus 2%
Percentage of roading improvement activities that considered the provision of walking and cycling features, where design commenced in the current financial year. ⁵	100%	100%	100%
Quality			
Percentage of walking and cycling infrastructure activities that are consistent with the relevant walking and/or cycling strategy and the regional land transport strategy.	100%	100%	100%
Regional development			
Quantity			
Variance in % terms between forecast dollars approved and actual dollars spent on regional development programmes. ^{1,9}	-31%	-11%	Target of between 0 and minus 2%
Quality			
Percentage of roading or other activities approved in the regional development programme conforming with design statement.	100%	100%	≥95%

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- Notes**
- ¹ Under achievement reflects the seven month reporting period in relation to the 12 month target and the seasonal nature of the activities.
 - ² No return as this measure is determined by information collated from approved organisations for the six month period from 1 July 2004 to 31 December 2004 and the 12 month period from 1 July 2004 to 30 June 2005.
 - ³ One project was completed in time and within budget, four projects were delayed and are planned for completion in July and August 2005.
 - ⁴ No passenger transport infrastructure activities were approved in the seven month reporting period.
 - ⁵ Most local road design is undertaken as an unassisted activity and Land Transport NZ cannot determine in which year design has begun. The actual has taken the percentage of new construction approvals with approved organisations that have acknowledged consideration of walking and cycling features in their design processes.
- The following notes relate to the 12-month actuals that are non-auditable, as they cover the period that combines both Land Transport NZ (seven months from 1 December 2004 to 30 June 2005) and Transfund NZ (1 July 2004 to 30 November 2004).
- ⁶ The over expenditure relates to the level of emergency works (12-month actual 73 percent above 12-month budget) due to the significant storm events and flooding over the North Island in July and August 2004 and May 2005 in the Bay of Plenty.
 - ⁷ Cost increases in materials, contracting and a lack of contracting resources in many regions resulted in less physical construction achievement as programmes were adjusted to make use of available funding.
 - ⁸ This increased expenditure was due to unallocated budget of \$0.6 million from state highway walking and cycling being transferred to local roads walking and cycling.
 - ⁹ Wet weather in Northland, Gisborne and Hawkes Bay delayed construction.

Output class expenditure

1 (a) maintenance of local roads

	7 months 2004/05 Actual (\$000)	12 months 2004/05 Actual (\$000)	12 months 2004/05 Budget (\$000)	7 months 2004/05 % Achieved
Structural maintenance	145,077	211,532	210,201	69
Corridor maintenance	33,384	54,045	53,452	62
Professional services	18,559	30,027	28,390	65
Preventive maintenance	1,890	2,317	4,602	41
Emergency work	40,425	69,080	39,880	101
Total	239,333	367,001	336,525	71

Comment

Local roads maintenance expenditure was \$97.2 million (29 percent) below allocation, reflecting the seven month reporting period in relation to the 12 month budget. Emergency work was above target due to claims arising from major storm events and flooding in the lower North Island in July and August 2004 and May 2005 in Bay of Plenty.

Government grants of \$1.9 million from outside the National Land Transport Account (NLTA) to relieve 50 percent of local share for emergency works were given to authorities in the lower North Island that experienced more than \$1.5 million in road damages as a result of the February 2004 floods.

1 (b) improvement and replacement of local roads

	7 months 2004/05 Actual (\$000)	12 months 2004/05 Actual (\$000)	12 months 2004/05 Budget (\$000)	7 months 2004/05 % Achieved
Minor safety projects	19,397	24,515	27,827	70
Construction (including pavement smoothing)	62,667	78,582	66,897	94
Passenger transport infrastructure	0	0	0	0
Walking and cycling	2,439	3,103	2,556	95
Regional development	17,529	22,759	25,564	69
Total	102,032	128,959	122,844	83

Comment

Total expenditure for the improvement and replacement of local roads was \$20.8 million (16 percent) below budget, reflecting the seven month reporting period in relation to the 12 month budget.

Significant projects approved to start during 2004/05 were:

- McCardle Road reconstruction in Whangarei District
- Central area west bus priority measures in Auckland City
- Investigation of bus priority measures in North Shore City
- Extension of the north western cycleway in Waitakere City
- Cobham to Bader cycleway in Hamilton City
- Waverley Road reconstruction in Waikato District
- Waimata Valley Road reconstruction in Gisborne District
- Ngaruroro stopbank cycle lanes in Hastings District
- Wirimu Road bridge renewals in South Taranaki District
- Camp Road widening in Palmerston North City
- Design of River and Pipiriki Road seal extensions in Ruapehu and Wanganui Districts
- Loop Road reconstruction for the Wanganui Conservancy of the Department of Conservation
- Paetawa Road to Rutherford Drive connection in Kapiti Coast District
- Silverstream bridge renewal in Lower and Upper Hutt Cities
- Silverstream rail crossing upgrade in Upper Hutt City
- Croiselles/French Pass seal extension in Marlborough District
- Paton Road intersections in Tasman District
- Replacement of Boundary Road bridge in Ashburton District
- Clarence/Riccarton/Straven intersection improvements in Christchurch City
- Hagley Ave to Lincoln Road and Bishopdale roundabout cycleways in Christchurch City
- Route IJK road reconstruction in Waimakariri District
- Millerton Track investigation and design in Buller District
- Fernhill Link Walkway in Queenstown-Lakes District
- McInerney, Feldwick and McLeod North bridge renewals in Southland District.

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Output class 2: Maintenance of state highways

Description

Under this output class Land Transport NZ purchases the maintenance of state highways as specified in the NLTP.

Output objectives

- Maintain cost effectively the existing road and passenger transport infrastructure.
- Manage negative environmental impacts.
- Enhance the economic life of the road and passenger transport infrastructure.
- Maintain road safety.
- Maintain or reduce vehicle operating costs.

Key performance measures

Performance measure	7 months 2004/05 Actual	12 months 2004/05 Actual	12 months 2004/05 Target
Quantity			
Variance in % terms between forecast and actual dollar expenditure on state highway maintenance programme. ¹	-28%	+3%	between 0 and minus 2%
Percentage and kilometre variation between planned and actual state highway maintenance programme (reseals, area wide pavement, thin asphaltic surfacing). ²	No return	+2.4% +34km	+/-2.5% +/-40km
Quality			
Percentage of state highway maintenance activities complying with agreed levels of service and guidelines.	100%	100%	100%

Notes ¹ Under achievement reflects the seven month reporting period in relation to the 12 month target.

² No return as this measure is determined by information collated from approved organisations for the six month period from 1 July 2004 to 31 December 2004 and the 12 month period from 1 July 2004 to 30 June 2005.

Output class expenditure

	7 months 2004/05 Actual (\$000)	12 months 2004/05 Actual (\$000)	12 months 2004/05 Budget (\$000)	7 months 2004/05 % Achieved
Structural maintenance	140,516	186,552	182,992	77
Corridor maintenance	48,432	83,945	77,152	63
Professional services	30,591	43,990	45,615	67
Preventive maintenance	5,777	9,072	9,405	61
Property management	6,033	11,038	15,948	38
Emergency work	20,925	27,879	20,900	100
Total	252,273	362,475	352,012	72

Comment

Actual expenditure for this output class was below the budget by \$99.7 million (28 percent), reflecting the seven month reporting period in relation to the 12 month budget.

Emergency work for the seven-month period exceeded the 12 month target, due to claims arising from high rainfall and flooding during May 2005 in Bay of Plenty and coastal erosion on State Highway 6, Bruce Bay on the South Island West Coast during November and December 2004.

Output class 3: Roading capital improvements (state highways)

Description

Under this capital appropriation, Land Transport NZ purchased state highway roading capital improvements. This included activities that integrate infrastructure with walking, cycling and passenger transport. This output class also contributed to the regional development of Northland and Tairāwhiti.

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Output objectives

- Improve the effectiveness and reliability of road and passenger transport services.
- Enhance the capacity and reliability of road and passenger transport infrastructure.
- Promote regional development.
- Improve road safety.
- Reduce congestion.
- Reduce crashes and the road toll.
- Provide improved user services, including rest areas and signage.
- Reduce negative environmental effects, including noise, air emissions from vehicles and road run-off.

Key performance measures

Performance measure	7 months 2004/05 Actual	12 months 2004/05 Actual	12 months 2004/05 Target
Roading capital improvements			
Quantity			
Percentage of improvement activities that have a cost exceeding \$3 million that are delivered on time and within budget. ^{1,5}	No return	50%	≥95%
Variance in % terms between forecast and actual dollar expenditure on state highway improvement programme. ²	-33%	+4%	Target of between 0 and minus 2%
Percentage of improvement activities for which the benefits predicted are realised (as determined by Land Transport NZ's post-construction audits).	100%	100%	≥95%
Quality			
Percentage of state highway improvement activities complying with agreed levels of service and design guidelines. ³	43%	43%	100%
Passenger transport infrastructure			
Quantity			
Percentage variation between forecast and actual dollar planned and actual expenditure on passenger transport infrastructure improvement programme. ^{2,6}	-28%	-19%	between 0 and minus 2%
Quality			
Percentage of passenger transport infrastructure activities that are consistent with regional passenger transport plans and the regional land transport strategy.	100%	100%	100%
Walking and cycling			
Quantity			
Percentage of roading improvement activities, where design commenced in the current financial year, that considered the provision of walking and cycling features.	100%	100%	100%
Quality			
Percentage of construction activities funded that are consistent with the relevant walking and/or cycling strategy and the regional land transport strategy.	100%	100%	100%
Regional development capital			
Quantity			
Variance in % terms between forecast dollars approved and actual dollars spent on regional development programmes. ⁴	NA	NA	Target of between 0 and minus 2%
Quality			
Percentage of roads approved in the regional development programme complying with design statement. ⁴	NA	NA	≥95%

- Notes**
- ¹ No return as this measure is determined by information collated from approved organisations for the 12 month period from 1 July 2004 to 30 June 2005.
- ² Under achievement reflects the seven month reporting period in relation to the 12 month target and seasonal nature of the activities.
- ³ Based on post-construction audits on seven projects completed in the period 1997 to 2002, three of the seven met agreed levels of service as defined by the forecast benefits. Of the four that did not achieve forecast benefits, three were due to cost increases and the last produced better than forecast benefits.
- ⁴ No state highway regional development capital projects were approved or funded in the seven month reporting period.
- The following notes relate to the 12-month actuals that are non-auditable, as they cover the period that combines both Land Transport NZ (seven months from 1 December 2004 to 30 June 2005) and Transfund NZ (1 July 2004 to 30 November 2004).
- ⁵ Six large projects were planned for completion at the beginning of the financial year, three were not completed. One was withdrawn and completed as emergency works due to the urgency of the project, another was absorbed into a larger project, and the third was delayed by wet weather resulting in the site being closed early for winter.
- ⁶ Actual expenditure was slowed down and project budgets were extended out by two years to compensate for resource and cost pressures.

Output class expenditure

	7 months 2004/05 Actual (\$000)	12 months 2004/05 Actual (\$000)	12 months 2004/05 Budget (\$000)	7 months 2004/05 % Achieved
Minor safety projects	26,732	32,980	24,472	110
Construction	212,830	333,292	344,248	62
Property purchase	38,416	61,968	44,329	88
Passenger transport infrastructure	12,360	13,889	17,256	72
Walking and cycling	684	956	1,568	44
Regional development	0	0	0	0
Total	291,022	443,085	431,873	67

Comment

Expenditure on state highway capital improvements was \$140.9 million (33 percent) below budget reflecting the seven month reporting period in relation to the 12 month budget. Transit expenditure in this document does not include third party (7 month \$9.1 million and 12 month \$15.2 million) or property sales revenue (7 month \$0.86 million and 12 month \$4.6 million). Expenditure on minor safety projects was above the 12 month target as \$4.8 million of work has been advanced from the 2005/06 NLTP. Significant projects approved to start during 2004/05 seven month reporting period included:

- toll systems project
- investigation funding for northern and southern motorway traffic management in Auckland

- Newton Road to Western Springs auxiliary lane on SH16 in Auckland
- design of the Kopu Bridge replacement on SH16 in the Waikato
- design of Hewletts Road four laning on SH29 in the Bay of Plenty
- design of the Normanby Overbridge realignment on SH3 in Taranaki
- St Johns Hill cycle and walkway on SH3 in Wanganui
- investigation of Centennial Highway Median Barrier on SH1 in Porirua, Wellington
- investigation of Paekakariki interchange on SH1 in Kapiti, Wellington
- further investigation of Arahura Road and Rail Bridge on SH6 in Westland District
- De Lacy to Jessie Streets cycle and walkway on SH88 in Dunedin.

Output class 4: Roading replacement (state highways)

Description

Under this capital appropriation Land Transport NZ purchases the renewal of state highways.

Output objective

- Reduce negative environmental effects, including noise, air emissions from vehicles and road run-off.

Key performance measures

Performance measure	7 months 2004/05 Actual	12 months 2004/05 Actual	12 months 2004/05 Target
Quantity			
Variance in % terms between forecast and actual dollar expenditure on state highway renewal programme ^{1,3}	-15%	-12%	between 0 and minus 2%
Percentage kilometre variation between planned and actual state highway renewal programme ^{2,4}	No return	+32%	± 2%
Quality			
Percentage of state highway renewal activities complying with agreed levels of service and guidelines.	100%	100%	100%

- Notes**
- ¹ Under achievement reflects the seven month reporting period in relation to the 12 month target.
 - ² No return as this measure is determined by information collated from approved organisations for the six month period from 1 July 2004 to 31 December 2004 and the 12 month period from 1 July 2004 to 30 June 2005. The following notes relate to the 12-month actuals that are non-auditable, as they cover the period that combines both Land Transport NZ (seven months from 1 December 2004 to 30 June 2005) and Transfund NZ (1 July 2004 to 30 November 2004).
 - ³ Wet weather in Waikato, and Hawkes Bay caused some projects to be postponed.
 - ⁴ Quantities were revised downwards based on estimates of contractors' resources and capacity at February review. The achievement was 32 percent above the revised February target but 57 percent below the initial target based on the 12-month budget.

Output class expenditure

	7 months 2004/05 Actual (\$000)	12 months 2004/05 Actual (\$000)	12 months 2004/05 Budget (\$000)	7 months 2004/05 % Achieved
Pavement smoothing	3,657	3,768	4,305	85

Comment

Actual expenditure was under budget by \$0.6 million (15 percent), reflecting the seven month reporting period in relation to the 12 month budget and the seasonal nature of the activities.

Output class 5: Travel demand management (TDM), rail and barging (alternatives to roading)

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Description

Under this output class Land Transport NZ purchases non-roading land transport solutions from approved organisations, including travel demand management, and infrastructure and services for bus, rail, ferry barging, walking, cycling and coastal shipping.

Output objective

- Support for transport that provides an effective alternative to roads.

Key performance measures

Performance measure	7 months 2004/05 Actual	12 months 2004/05 Actual	12 months 2004/05 Target
Quantity			
Percentage of projects that meet Land Transport NZ evaluation criteria that are funded.	100%	100%	100%
Quality			
Percentage of activity approvals where the land transport benefits are greater than Land Transport NZ's contribution to the provision of non-roading transport solutions grouped by mode.	TDM 100% Rail 100% Barging 100%	TDM 100% Rail 100% Barging 100%	100%

Output class expenditure

	7 months 2004/05 Actual (\$000)	12 months 2004/05 Actual (\$000)	12 months 2004/05 Budget (\$000)	7 months 2004/05 % Achieved
Total cost ^{1,2}	12,645	18,762	54,275	23

Notes ¹ Actual expenditure was under budget by \$41.6 million (77%) reflecting the seven month reporting period in relation to the 12 onth budget. The following note relates to the 12-month actuals that are non-auditable, as they cover the period that combines both Land Transport NZ (seven months from 1 December 2004 to 30 June 2005) and Transfund NZ (1 July 2004 to 30 November 2004).

² The budget for this output class was revised from \$53 million to \$25.5 million in January 2005. This was due to the passenger rail infrastructure development in the Auckland region not proceeding due to the rail business plan being under review. An increased allocation has been made in the 2005/06 NLTP budget for this delayed development.

Comment

Significant projects approved to start during 2004/05 seven month reporting period include:

- investigation of Electric Workplace, tertiary and school travel plans for ARTA
- travel Behaviour Change Strategic Plan for ARTA
- passenger Rail rolling stock refurbishment for ARTA
- Auckland Regional Transport Model Upgrade (ART3) for Auckland Regional Council
- East Waikato Integrated Transport Strategy for Environment Waikato
- Kopu aggregate barging for Environment Waikato

- Western corridor study and regional freight movement strategy for Greater Wellington
- Capital and Coast Health Board Travel Plan for Greater Wellington
- Wairarapa Rail Log Transport for Greater Wellington
- cycle Safe education programme for Christchurch City
- Canterbury Freight Transport Study for Environment Canterbury
- West Coast Integrated Regional Transport Infrastructure Plan for West Coast Regional Council
- Southland Integrated Transport Study for Environment Southland.

Output class 6: Passenger transport community services

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Description

Under this output class, Land Transport NZ purchases non-commercial road, rail and ferry services for regional purposes. This does not include services funded under the passenger transport social services output class.

Output objectives

- Enhance the mobility of people who are dependent on public transport.
- Enhance the transport options available to those people in urban areas experiencing congestion.
- Increase the reliability of the transport network.
- Enhance the capacity of passenger transport infrastructure.
- Reduce congestion.
- Provide improved user services for the public.
- Reduce negative environmental effects, such as atmospheric emissions from vehicles and run-off from roads.

Key performance measures

Performance measure	7 months 2004/05 Actual	12 months 2004/05 Actual	12 months 2004/05 Target
Quantity			
Land Transport NZ subsidy per passenger kilometre travelled on non-commercial services. ¹	No return	\$0.13	\$0.11
Patronage on non-commercial services. ¹	No return	72.4 million	70 million
Number of kilometres that passengers travel (purchased passenger kilometres) on non-commercial services. ¹	No return	670.7 million	680 million
Percentage and dollar levels of total costs (fares plus regional council and Land Transport NZ costs) recovered by fares on non-commercial services. ¹	No return	51.2% \$109.6 million	45% \$95.0 million
Percentage and dollar variation between planned and actual year's expenditure on non-commercial services. ¹	No return	+0.3% +\$0.2 million	+/-5% +/- \$5.0 million
Quality			
User satisfaction, as measured by the percentage of users who rate non-commercial services as good or better by an annual independent survey. ^{2,3}	No return	56.2%	≥75%
Patronage funding			
Quantity			
Patronage on commercial and non-commercial services by mode. ¹	No return	84.4 million 4.1 million 14.3 million	87 million bus 5 million ferry 13 million rail
Growth in number of boardings compared with previous year's boardings. ¹	No return	0.6%	4%

Notes ¹ No return as this measure is determined by information collated from approved organisations for the six month period from 1 July 2004 to 31 December 2004 and the 12 month period from 1 July 2004 to 30 June 2005.

² No return as this measure is determined by information collated from approved organisations for the 12 month period from 1 July 2004 to 30 June 2005.

The following note relates to the 12-month actuals that are non-auditable, as they cover the period that combines both Land Transport NZ (seven months from 1 December 2004 to 30 June 2005) and Transfund NZ (1 July 2004 to 30 November 2004).

³ User satisfaction was well below target. A stoppage of services as a result of strike action in Auckland was a main contributor to the large drop in the satisfaction result with patrons who rated Auckland's services good or better dropping to 30 percent. This has had a significant impact on the national return.

Output class expenditure

	7 months 2004/05 Actual (\$000)	12 months 2004/05 Actual (\$000)	12 months 2004/05 Budget (\$000)	7 months 2004/05 % Achieved
Bus services	34,405	55,622	52,751	65
Ferry services	626	1,012	1,445	43
Rail services	20,684	33,440	31,468	66
Minor bus/ferry infrastructure	1,885	3,047	3,150	60
Rail facility maintenance	990	1,600	1,015	98
Total bus/ferry/rail operations	58,590	94,721	89,829	65
Concessions	4,257	6,882	10,510	41
Total community services	62,847	101,603	100,339	63

Comment

The total expenditure for the passenger transport community services output class was \$37.5 million (37 percent) below budget, reflecting the seven month reporting period in relation to the 12 month budget.

Output class 7: Passenger transport social services

Description

Under this output class Land Transport NZ purchases passenger transport social services for the public transport dependent. Services include total mobility services, concessionary fare schemes that provide reduced fares for targeted groups of people and urban school transport services.

Output objective

- Enhance the mobility of people who lack access to private transport and are otherwise transport disadvantaged.

Key performance measures

Performance measure	7 months 2004/05 Actual	12 months 2004/05 Actual	12 months 2004/05 Target
Quantity			
Land Transport NZ subsidy per concessionary fare passenger boarding. ¹	No return	\$0.42	\$0.31
Number of concessionary fare passenger boardings. ¹	No return	7.5 million	12 million
The number of subsidised total mobility boardings. ¹	No return	1.7 million	2 million
The number of assisted wheelchair hoist vehicles in service. ²	No return	104	130
Land Transport NZ subsidy per subsidised total mobility boarding. ¹	No return	\$1.94	\$1.80
Percentage and dollar level of total costs (fares plus regional council and Land Transport NZ costs) recovered through fares on non-commercial school services. ¹	No return	28.1% \$4.6 million	40% \$4.5 million
Percentage and dollar variation between planned and actual year's expenditure on non-commercial school services. ¹	No return	+ 1.5% + \$0.12 million	+/-5% +/- \$0.35 million
Quality			
Percentage of concessionary fare passengers who are satisfied with financially assisted services. ^{2,4}	No return	47.9%	≥75%
Percentage of total mobility passengers who are satisfied with financially assisted services. ³	No return	No return	≥75%

Notes ¹ No return as this measure is determined by information collated from approved organisations for the six month period from 1 July 2004 to 31 December 2004 and the 12 month period from 1 July 2004 to 30 June 2005.

² No return as this measure is determined by information collated from approved organisations for the 12 month period from 1 July 2004 to 30 June 2005.

³ Total mobility user satisfaction was a target introduced after the commencement of the 2004/05 year. Due to timing of this notification and the nature of this target being a survey, Land Transport NZ will commence reporting against this target from 2005/06 onwards. The following note relates to the 12-month actuals that are non-auditable, as they cover the period that combines both Land Transport NZ (seven months from 1 December 2004 to 30 June 2005) and Transfund NZ (1 July 2004 to 30 November 2004).

⁴ Concessionary fare user satisfaction was well below target. In Auckland, patrons who rated the service good or better dropped to 20 percent which has a significant impact on the national return. Strike action was a main contributor to the large drop in satisfaction in this region.

Output class expenditure

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	7 months 2004/05 Actual (\$000)	12 months 2004/05 Actual (\$000)	12 months 2004/05 Budget (\$000)	7 months 2004/05 % Achieved
Total mobility	2,118	3,319	3,423	62
Wheelchair hoists ¹	104	164	274	38
Total social services	2,222	3,482	3,697	60

Note The following note relates to the 12-month actuals that are non-auditable, as they cover the period that combines both Land Transport NZ (seven months from 1 December 2004 to 30 June 2005) and Transfund NZ (1 July 2004 to 30 November 2004).

¹ This was the first full financial year that a specific allocation was made for wheelchair hoists as part of an interim policy created in April 2003 in support of the total mobility scheme. The budget was set at a level of expected demand that was not realised.

Comment

Social services expenditure was \$1.5 million (40 percent) under budget reflecting the seven month reporting period in relation to the 12 month budget.

Output class 8: Contract management

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Description

Under this output class Land Transport NZ manages the National Land Transport Account (NLTA). This includes the development and administration of:

- the NLTP
- Land Transport NZ's allocation process including project evaluation criteria
- procurement procedures
- policy standards and guidelines
- agreements with approved organisations, as service providers, to record the arrangements between the parties for the implementation of the NLTP.

Land Transport NZ audits approved organisations under this output class.

Output objectives

- The provision of clear communication mechanisms.
- The provision of information to assist decision making and assess performance.
- The determination of appropriate cost, quantity, quality and timeliness measures.
- To ensure that approved organisations meet their contractual obligations.
- To improve the performance of approved organisations and increase value for money.

Key performance measures

Performance measure	7 months 2004/05 Actual	12 months 2004/05 Actual	12 months 2004/05 Target
Quantity			
Audit road controlling authorities based on risk profile. ¹	18	25	25
Number of activities subject to post-construction audits. ¹	10	17	9
Audit at least one quarter of all regional councils. ²	3	3	4
Quality			
Percentage of stakeholders satisfied doing business with Land Transport NZ.	79%	79%	>75%
Timeliness			
Audit issues followed up with and resolved by the organisation that has been audited within agreed timeframes.	100%	100%	100%
Percentage of agreements with approved organisations that are in place by 30 June for the following financial year. ³	0%	0%	100%
Publication of NLTP for the following financial year is on time.	30 June 2005	30 June 2005	No later than 30 June 2005

- Notes**
- ¹ The number of audits completed reflects seven months achievement against the 12 month target.
- ² Four audits of regional councils were undertaken during 2004/05. Three reports were finalised. Finalisation of the fourth report was awaiting response from a regional council to the draft report on its passenger transport activities.
- ³ The date for approved agreements was moved to 31 July enabling approved organisations to review their allocations from the published NLTP. By 31 July 72 percent of agreements were in place; outstanding agreements are expected to be in place before 30 September 2005.

Output class expenditure

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	7 months 2004/05 Actual (\$000)	12 months 2004/05 Actual (\$000)	12 months 2004/05 Budget (\$000)	7 months 2004/05 % Achieved
Total cost	5,198	9,116	10,250	51

Comment

This output class covers services provided by Land Transport NZ. Actual expenditure was \$5.1 million (49 percent) under budget reflecting the seven month reporting period in relation to the 12 month budget.

Output class 9: Advisory services

Description

Under this output class Land Transport NZ provides advice on key issues relating to the NLTP, transportation issues, legislative requirements and the requirements attached to receipt of funding from the National Land Transport Account.

This includes:

- advice to the Minister on key issues relating to the NLTP
- advice to approved organisations on relevant legislation and the requirements of the NLTP
- advice to the transport industry on transportation issues
- research and development
- education and training.

Output objectives

All advice provided to the Minister, approved organisations and the transport industry on transport issues will:

- have regard to the objectives of the *New Zealand Transport Strategy*
- have regard to the government's transport policy
- be accurate, timely, transparent and effective.

All parties with a substantial interest are:

- kept informed of Land Transport NZ's policies and decision-making processes
- kept informed on a timely basis of any key issues which affect them
- given the opportunity to be involved in decision-making processes on key issues
- advised of the results of Land Transport NZ's research.

To ensure the efficient and effective development and implementation of government policies, Land Transport NZ will:

- keep the Minister fully informed of the funding requirements of the NLTP, any substantive issues relating to the NLTP, and possible future developments and their impacts
- work with the Ministry and other relevant government agencies to develop and enhance government policies
- ensure the processes governing its expenditure on research and development, education and training are rigorous and transparent.

Key performance measures

Performance measure	7 months 2004/05 Actual	12 months 2004/05 Actual	12 months 2004/05 Target
Quantity			
Publication of research findings in TranSearch. ¹	1 publication	4 publications	4 publications
Quality			
Percentage of approved organisations and transport industry representatives that are satisfied with the quality of advice given by Land Transport NZ.	84%	84%	>75%
Percentage of approved organisations and transport industry representatives that agree that Land Transport NZ's research and industry training programme adds value to the land transport industry.	81%	81%	>80%
Timeliness			
Percentage of final research projects completed on time. ²	70%	70%	75%
Percentage of reports and answers to parliamentary questions provided within the deadlines set by the Minister's Office or the Secretary for Transport.	100%	100%	100%

Notes ¹ The actual reflects seven months achievement against the 12 month target.

² 38 research projects were completed.

Output class expenditure

	7 months 2004/05 Actual (\$000)	12 months 2004/05 Actual (\$000)	12 months 2004/05 Budget (\$000)	7 months 2004/05 % Achieved
Total cost	2,707	3,640	3,920	69

Comment

The expenditure in this output class was below budget by \$1.2 million (31 percent) reflecting the seven month reporting period in relation to the 12 month budget.

Research

Funding for 30 new projects and 10 ongoing projects totalling nearly \$3.6 million in the 2004/05 research programme. Allocation across key topic areas was: asset management (13 projects), natural hazard risk management (1), safety (8), environmental effects (5), travel behaviour (4) traffic management (3) and sustainable land transport (6).

Education and training

Land Transport NZ continued to support industry development through degree programmes from the universities of Auckland and Canterbury, and the New Zealand Institute of Highway Technology. Funding continued for CIVENG to promote engineering in secondary schools. Advanced training on Land Transport NZ's allocation process and project evaluation manual was conducted across New Zealand during December 2004.

Financial information

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Statement of financial responsibility

Schedule 4, clause 7 (2) of the *Land Transport Management Act 2003* requires Land Transport NZ to include in its annual report a statement on the means by which it is acting in a financially responsible manner. Land Transport NZ monitors its financial position monthly, and considers the long term commercial viability of major initiatives. Annual, five-year and 10-year financial forecasts provide a means for Land Transport NZ to maintain its long-term financial viability along with the prudent management of its assets and liabilities.

In practice, the internal systems and controls manage the revenue and expenditure to ensure that Land Transport NZ is not operating in deficit. At 30 June 2005 Land Transport NZ had a retained surplus of \$170 million.

Statement of accounting policies

Reporting entity

Land Transport NZ is a Crown entity established in December 2004 as the result of a re-organisation of the government transport sector, which saw the majority of the activities of the Land Transport Safety Authority and Transfund New Zealand combine to form Land Transport NZ. Land Transport NZ is integrally involved in developing and delivering an affordable, integrated, safe, responsive, and sustainable land transport system in line with the *New Zealand Transport Strategy* vision.

Statutory base

Land Transport NZ's financial statements are prepared in accordance with the requirements of the *Public Finance Act 1989*.

Measurement basis

The financial statements have been prepared on an historical cost basis.

Accounting policies

The following specific accounting policies, which materially affect the measurement of financial performance and financial position, have been applied.

Budget figures

Transition year 2004/05

Sections 11 and 12 schedule 2 of the *Land Transport Management Amendment Act 2004* provided for each former agency's Performance Agreement and Statement of Intent before dissolution date to continue to have effect until 30 June 2005. The budgets for 2004/05 represent the aggregate budget of Transfund NZ and the Land Transport Safety Authority, as expressed in their respective statements of intent, and adjusted by subsequent performance agreement amendments, the supplementary estimates and changes resulting from the transport sector review.

As Land Transport NZ did not have fully constructed budgets for the seven-month period, no budget figures are presented in the Statement of financial performance, Statement of movement in equity and the Statement of cash flows. Budgets and actual outturns for the 12 months to 30 June 2005 are disclosed in the Notes to the accounts to assist readers understand the reported results of Land Transport NZ in the context of the three related entities in 2004/05. As 2004/05 is the inaugural year of Land Transport NZ's operations, there are no prior year comparative figures.

The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Board for the preparation of the financial statements.

Revenue

Land Transport NZ derives revenue from:

- the National Land Transport Fund established under sections 8 to 11 of the *Land Transport Management Act 2003*
- fees and charges from regulatory activities
- the sale of goods and services
- contracts for delivery of motor vehicle registration activities, revenue management and rules development
- Crown revenue
- income from investments.

Revenue from the National Land Transport Fund is equal to the roading revenue collected less any liabilities incurred in relation to the collection of that revenue and the Safety (Administration) Programme, per section 9 (4) of the *Land Transport Management Act 2003*. The National Land Transport Fund statement reports the revenue flows into the fund and the distributions from the fund.

Expenditure

Operating expenses are recognised in the period to which they relate.

Road controlling authorities and regional council claims are recognised as expenditure in the period when the activity has been performed and up to the amount approved by the board for that activity. Revenue received by Transit New Zealand, as per section 10 (6) of the *Land Transport Management Act 2003*, is treated as a reduction to expenditure.

Financial instruments

Land Transport NZ is party to financial instruments as part of its everyday operations. These financial instruments include cash and bank balances, investments, accounts receivable and accounts payable. Investments are stated at the lower of cost or net realisable value. All revenue and expenditure relating to financial instruments is recognised in the Statement of financial performance.

Accounts receivable

Accounts receivable are stated at their estimated realisable value, after providing for doubtful and uncollectable debts.

Inventories

Inventories are stated at the lower of cost or estimated net realisable value.

Fixed asset valuation

Fixed asset purchases are recorded at cost, and depreciated on a straight line basis over their estimated useful lives. The minimum cost value for a purchase to be classified as a fixed asset is \$2,000.

Depreciation of fixed assets

Depreciation is calculated on a straight-line basis at rates that will write off the cost of the assets over their estimated useful lives. The useful lives and associated depreciation rates used in these statements are as follows:

Asset class	Useful lives	Depreciation rate
Leasehold improvements	Estimated life of the lease	
Plant and equipment	5 years	20%
Furniture and fittings	10 years	10%
Motor vehicles	4 years	25%
Office equipment	5 years	20%
Computer hardware	3 years	33%
Computer software	Various	
Driver Licence Register system	10 years	10%

Assets held at the time of transition

Assets held by Transfund NZ and the Land Transport Safety Authority as at 30 November 2004 were transferred to Land Transport NZ at net book value, and are depreciated over their remaining estimated useful life.

Cost of service statements

The Statement of service performance reports the net cost of services for the outputs of Land Transport NZ and is represented by the costs of providing the output less all the revenue that can be allocated to these activities.

Output costing

Basis of assigning indirect and corporate costs to business units who produce outputs

Corporate indirect costs and corporate overhead are assigned to business units based on a number of cost drivers. The cost drivers include floor space occupied by the business unit and volume of effort associated with the business units activity.

For the period to 30 June 2005, corporate indirect and overhead accounts for three percent of Land Transport NZ costs.

Business unit's direct costs and overhead assignment to outputs

Business units are defined as work areas that produce outputs. Where possible, costs incurred by a business unit

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are direct coded to outputs. Business units' direct or indirect costs including salaries and their share of indirect and corporate overhead are assigned to outputs based on the proportion of direct staff time spent on each output.

For the period to 30 June 2005, direct business unit costs account for 97 percent of Land Transport NZ costs.

Taxation

Income tax

Crown entities are exempt from income tax under the provisions of the *Income Tax Act 1994*, and therefore no charge for income tax has been provided for.

Goods and services tax (GST)

The financial statements are prepared on a GST-exclusive basis, with the exception of accounts receivable and accounts payable which are stated with GST included. Where GST is irrecoverable as an input tax, it is recognised as part of the related asset or expense.

Employee entitlements

Provision is made in respect of Land Transport NZ's liability for annual leave, long service leave and retirement leave. Annual leave and other entitlements expected to settle within 12 months of reporting date are measured at nominal values on an actual entitlement basis at current rates of pay.

Entitlements that are payable beyond 12 months such as long service leave and retirement leave, have been calculated on an actuarial basis based on the present value of expected future entitlements.

Statement of cash flows

Cash means cash balances on hand, held in bank accounts, demand deposits and other liquid investments in which Land Transport NZ invests as part of its day-to-day cash management. All demand deposits are held with trading banks registered in New Zealand.

Operating activities include cash received from all income sources of Land Transport NZ and cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in the capital structure of Land Transport NZ.

Operating leases

Land Transport NZ leases office premises, office equipment and motor vehicles. As all the risks of ownership are retained by the lessor, these leases are classified as operating leases. Operating lease costs are charged as expenses in the period in which they are incurred.

Commitments

Future expenses and liabilities to be incurred on contracts that have been entered into at balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

Commitments relating to employment contracts are not disclosed.

Contingent liabilities

Contingent liabilities are disclosed at the time at which the contingency is evident.

Taxpayers' funds

This is the Crown's net investment in the Crown entity, retained surpluses and the balance of all memorandum accounts.

Changes in accounting policies

Land Transport NZ is a new entity in its first year of operations. As such there cannot be any changes in accounting policies.

Land Transport NZ has integrated the accounting policies of Transfund NZ and the Land Transport Safety Authority, including cost allocation accounting policies. All policies are in line with generally accepted accounting principles.

Financial statements

Statement of financial performance for the seven months ended 30 June 2005

The Statement of financial performance details the revenue and expenses to all output classes funded by Land Transport New Zealand.

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	Notes	7 months Actual 2005 \$000
	1	
Revenue		
Crown revenue	2	880,392
Other revenue	3	44,868
Interest income		7,784
		933,044
Expenditure *		
Maintenance and expensed road construction (local roads)		341,367
Roading capital improvements (state highways)	4	290,162
Maintenance of state highways	4	243,155
Passenger transport community services		62,847
Motor vehicle registry and revenue management		32,324
Licensing		16,898
Safety information and promotion		16,824
Driver testing		9,043
Travel demand management, rail and barging (alternatives to roading)		12,645
Safety audit		10,506
Contract management		5,198
Policy advice		3,251
Grants management		5,021
Passenger transport social services		2,222
Advisory services		2,707
Vehicle impoundment		138
Roading replacement (state highways)		3,657
Assessments		77
	5	1,058,042
Net surplus (deficit) for the period		-124,998

* Refer to Supplementary information – National Land Transport Programme for further information.

Statement of movements in equity for the seven months ended 30 June 2005

The Statement of movements in equity sets out the causes and changes to the opening equity during the course of the year.

	Notes 6	7 months Actual 2005 \$000
Public equity as at 1 December 2004		287,444
Net surplus (deficit)		-124,998
Total recognised revenue and expenses for the period		-124,998
Net transfers to/from memorandum account		-519
Net transfers to/from provision to repay surplus to the Crown, surplus approved for retention and adjustments for expenditure funded by retained earnings		7,811
Public equity as at 30 June 2005		169,738

Statement of financial position as at 30 June 2005

The Statement of financial position reports the total assets and liabilities of Land Transport New Zealand. The residual interest in the assets after deducting liabilities is equity.

	Notes	Actual 2005 \$000	Budget 2005 \$000
Public equity	7	169,738	135,778
Represented by:			
Current assets			
Cash and bank		395	400
Short-term deposits	8	355,397	37,312
Receivables and prepayments	9	31,411	5,210
Crown receivable		32,653	312,000
Inventory		461	180
		420,317	355,102
Non-current assets			
Fixed assets	10	21,562	20,613
Total assets		441,879	375,715
Current liabilities			
Payables and accruals	11	266,741	236,082
Employee entitlements	12	2,165	3,340
Provision for repayment of surplus to the Crown		1,692	315
		270,598	239,737
Non-current liabilities			
Employee entitlements	12	1,543	200
Total liabilities		272,141	239,937
Net assets		169,738	135,778

Statement of cash flows for the seven months ended 30 June 2005

The Statement of cash flows summarises the cash movements in and out of Land Transport New Zealand during the year.

	Notes 13	7 months Actual 2005 \$000
Cash flows from operating activities		
Cash was provided from:		
Supply of outputs to the Crown		1,166,505
Revenue from services provided		43,166
Net goods and services tax		32,979
Interest received		6,886
		1,249,536
Cash was applied to:		
Payments to employees		-21,385
Payments to suppliers		-971,929
Payment of capital charge to the Crown		-1,716
		-995,030
Net cash flows from operating activities	14	254,506
Cash flows from investing activities		
Cash was provided from:		
Sale of fixed assets		442
Cash was applied to:		
Purchase of fixed assets		-2,052
Net cash flows from investing activities		-1,610
Cash flows from financing activities		
Cash was applied to:		
Repayment of surplus to the Crown		-190
Net cash flows from financing activities		-190
Net increase (decrease) in cash held		252,706
Plus opening cash		103,086
Closing cash balance		355,792
Cash and bank		395
Short-term investments		355,397
Closing cash balance		355,792

Statement of commitments as at 30 June 2005

This statement records those expenditures to which Land Transport New Zealand is contractually committed and which will become liabilities if and when the contractual terms are met.

	2005 \$000
National Land Transport Programme funding commitments	
Not later than one year	1,309,993
Later than one year and not later than two years	292,270
Later than two years and not later than five years	352,459
Later than five years	0
	1,954,722
Non-cancellable operating lease commitments	
Not later than one year	16,437
Later than one year and not later than two years	2,390
Later than two years and not later than five years	5,134
Later than five years	5,438
	29,399
Total commitments	1,984,121

Statement of contingent liabilities as at 30 June 2005

The statement discloses situations which existed as at 30 June 2005, the outcome of which is uncertain and will be confirmed only on the occurrence of one of more future events after the date of the financial statements.

	2005 \$000
Contingent liabilities	65
Total contingent liabilities	65

Statement of memorandum accounts for the seven months ended 30 June 2005

This statement records the movements in Land Transport New Zealand memorandum accounts.

	Licensing \$000	Driver testing \$000	Assessments \$000	Vehicle impoundment \$000	Total 2005 \$000
Opening balance	1,399	1,530	177	700	3,806
Net surplus (deficit)	704	-351	45	121	519
Closing balance	2,103	1,179	222	821	4,325

Definitions of the memorandum accounts

Licensing

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Crown and third parties fund Land Transport New Zealand to provide licensing services for the land transport sector under the following outputs:

- issuing driver licences
- ongoing maintenance of the Driver Licensing Register
- management of appeals to the Director against roadside licence suspension
- approval of driver licence course providers
- issuing of licences, approvals or certificates required for commercial transport operations (including approval of taxi organisations)
- issuing approvals for requested rail safety system variations for network, industrial and heritage rail operations.

Driver testing

Third parties fund driver testing services for the land transport sector, including:

- driver testing services, including theory and practical tests and services related to database management and the payment of agents.

Assessments

Crown funding used to pay for drug and alcohol assessments related to holding of a driver licence.

Vehicle impoundment

The Crown gives an appropriation to Land Transport New Zealand to pay fees to storage providers for each unclaimed vehicle impounded by the NZ Police under the *Land Transport Act 1998* and which requires disposal.

Notes to the financial statements for the seven months ended 30 June 2005

Note 1. Statement of financial performance for the 12 months ended 30 June 2005	Notes	12 months Actual 2005 \$000	12 months Budget 2005 \$000
Revenue			
Crown revenue		1,401,889	1,357,749
Other revenue		76,755	73,416
Interest income		12,671	5,415
		1,491,315	1,436,580
Expenditure			
Maintenance and expensed road construction (local roads)		495,960	459,370
Roading capital improvements (state highways)		438,489	414,872
Maintenance of state highways		347,252	340,212
Passenger transport community services		101,604	100,339
Motor vehicle registry and revenue management		55,350	59,411
Licensing		28,081	29,084
Safety information and promotion		27,366	30,479
Driver testing		15,691	15,473
Travel demand management, rail and barging (alternatives to roading)		18,762	54,275
Safety audit		16,591	17,534
Contract management		9,116	10,250
Policy advice		6,539	9,223
Grants management		8,204	8,050
Passenger transport social services		3,482	3,697
Advisory services		3,640	3,920
Vehicle impoundment		256	444
Roading replacement (state highways)		3,768	4,305
Assessments		147	210
		1,580,298	1,561,148
Net surplus (deficit) for the period		-88,983	-124,568

Note 2. Crown revenue	2005 \$000
Funding for the National Land Transport Programme	838,082
Funding from movements in the National Land Transport Fund balance ¹	1,863
Funding for Rules development and motor vehicle registry and revenue management	24,268
Funding for the Safety Administration Programme	14,894
Funding for policy advice, driver licensing and assessments	1,285
	880,392

¹ Refer to Supplementary information – National Land Transport Fund to these financial statements on page 82.

Note 3. Other revenue		2005 \$000
Driver licensing fees		14,958
Driver testing fees		9,417
Vehicle standards fees		9,386
Accident Compensation Corporation recoveries		6,600
Transport operator fees		1,988
Miscellaneous revenue		2,519
		44,868
<hr/>		
Note 4. Expenditure net of Transit NZ revenue		7 months Actual 2005 \$000
Roading capital improvements (state highways)		291,022
Less cost of NLTP funded by Transit NZ property sales		-860
Total cost of NLTP funded by Land Transport NZ		290,162
<hr/>		
Maintenance of state highways		252,273
Less cost of NLTP funded by Transit NZ third party revenue		-9,118
Total cost of NLTP funded by Land Transport NZ		243,155
<hr/>		
Note 5. Disclosure of expenditure items		2005 \$000
Expenditure includes:		
Fees paid to auditors for external audit		128
Board members fees		134
Finance charges on finance leases		2
Rental expense on operating leases		2,409
Bad debts written off		3
Change in provision for doubtful debts		94
Depreciation:		
Computer equipment	992	
Furniture and fittings	141	
Leasehold improvements	169	
Office equipment	59	
Software	1,825	3,186

Note 6. Statement of movements in equity for the 12 months ended 30 June 2005	12 months Actual 2005 \$000	12 months Budget 2005 \$000
Public equity as at 1 July 2004	254,917	262,143
Net surplus (deficit)	-88,983	-124,568
Total recognised revenue and expenses for the period	-88,983	-124,568
Net transfers to/from memorandum account	-1,389	0
Net transfers to/from provision to repay surplus to the Crown, surplus approved for retention and adjustments for expenditure funded by retained earnings	5,193	-1,797
Public equity as at 30 June 2005	169,738	135,778

Note 7. Public equity	2005 \$000
Crown investment	19,075
Memorandum account	4,325
National Land Transport Account	136,172
Retained surplus	10,166
	169,738

Note 8. Investments	2005 \$000
Money market term deposits are held with:	
ANZ Bank	76,600
ASB Bank	76,000
Bank of New Zealand	71,285
Citibank	49,600
Kiwibank	8,500
Westpac	73,412
	355,397

Money market term deposits were invested with the following terms:	
Less than 30 days	191,297
30 to 59 days	101,600
60 to 89 days	18,200
90 to 119 days	24,100
120 to 149 days	20,200
	355,397

Note 9. Receivables and prepayments		2005 \$000
Trade debtors		3,464
Less provision for doubtful debts		-782
		2,682
Other amounts receivable		3,037
Prepayments		212
GST receivable		25,480
		31,411

Note 10. Property, plant and equipment	Cost 30-Jun-05 \$000	Accumulated depreciation \$000	Net book value \$000
2005			
Computer equipment	4,072	992	3,080
Furniture and fittings	1,773	141	1,632
Leasehold improvements	2,515	169	2,346
Office equipment	376	59	317
Software	15,655	1,825	13,830
Work in progress: software	357	0	357
	24,748	3,186	21,562

Note 11. Payables and accruals		2005 \$000
Trade creditors		256,300
Accrued expenses		10,441
		266,741

Note 12. Employee entitlements		2005 \$000
Annual leave		2,076
Long service leave		211
Retirement leave		1,421
		3,708
Current		2,165
Non-current		1,543
		3,708

Note 13. Statement of cash flows for the 12 months ended 30 June 2005	12 months Actual 2005 \$000	12 months Budget 2005 \$000
Cash flows from operating activities		
Cash was provided from:		
– Supply of outputs to the Crown	1,632,038	1,343,257
– Revenue from services provided	75,212	74,029
– Net goods and services tax	44,601	14,594
– Interest received	11,046	4,000
	1,762,897	1,435,880
Cash was applied to:		
– Payments to employees	-37,732	-42,094
– Payments to suppliers	-1,534,277	-1,524,674
– Payment of capital charge to the Crown	-1,716	-1,763
	-1,573,725	-1,568,531
Net cash flows from operating activities	189,172	-132,651
Cash flows from investing activities		
Cash was provided from:		
– Sale of fixed assets	462	20
Cash was applied to:		
– Purchase of fixed assets	-4,482	-7,201
Net cash flows from investing activities	-4,020	-7,181
Cash flows from financing activities		
Cash was applied to:		
– Repayment of surplus to the Crown	-2,013	-583
Net cash flows from financing activities	-2,013	-583
Net increase (decrease) in cash held	183,139	-140,415
Plus opening cash	172,653	178,127
Closing cash balance	355,792	37,712
Cash and bank	395	400
Short-term investments	355,397	37,312
Closing cash balance	355,792	37,712

Note 14. Reconciliation of the net surplus (deficit) from operations with the net cash flows from operating activities		7 months 2005 \$000
Net surplus from operations		-124,998
Add (less) non-cash items:		
Depreciation		3,185
		3,185
Add (less) movements in working capital items:		
(Increase) decrease in receivables		-34,177
(Increase) decrease in receivable from National Roads Fund		321,876
Increase (decrease) in payables		88,814
Increase (decrease) in employee entitlements		-194
		376,319
Net cash flow from operating activities		254,506

Note 15. Related party information

Land Transport New Zealand undertakes transactions with other government departments, Crown agencies and state-owned enterprises. These transactions are carried out on an arms-length basis and it is considered that they do not fall within the intended scope of related party disclosure.

The motor vehicle registry and revenue management output class is managed by Land Transport NZ under contract to the Ministry of Transport. The Transport Registry Centre, based in Palmerston North, operates the motor vehicle registry and revenue management business. The other component of this output is the Economic Compliance Unit. This unit is situated in the Land Transport NZ National Office with field staff operating throughout the country from Land Transport NZ regional offices.

Land Transport NZ receives funding from the Road Safety Trust for providing administrative support.

It should be noted that David Stubbs, a member on the Land Transport NZ Board, is Chair of the Board of Transit NZ. Also note that Dr Jan Wright, the Chair of the Land Transport NZ Board, is a member of the Board of Transit NZ.

Schedule 4 of the *Land Transport Management Act 2003* states that section 66 of the *Crown Entities Act 2004* does not apply to a person who is interested in a matter only because he or she is a member of the Board of both Land Transport NZ and Transit NZ.

Note 16. Employees with total remuneration packages in excess of \$100,000

The term 'total remuneration package' is defined as including the following elements: salary, non-monetary benefits, and only those performance payments actually accrued or received.

Total remuneration package	Number of employees 2005
\$100,000 – \$110,000	10
\$110,001 – \$120,000	2
\$120,001 – \$130,000	5
\$130,001 – \$140,000	4
\$140,001 – \$150,000	0
\$150,001 – \$160,000	1
\$160,001 – \$170,000	3
\$170,001 – \$180,000	1
\$330,001 – \$340,000	1
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Wayne Donnelly was appointed the CEO of Land Transport NZ on 21st December 2004.

Note 17. Board fees

No severance payments have been made to Board members. Remuneration through fees is all-inclusive and no consultancy or ex gratia payments or benefits have been provided to Board members other than fees. Board members earned the following fees during the year:

Member	Fees 2005 \$000
Dr Jan Wright (Chair)	35
Mr Gerry Coates	18
Mr Bryan Jackson	18
Mr Simon Mitchell	6
Mr Greg Presland	18
Mr Paul Fitzharris	5
Ms Janet Stephenson	18
Mr David Stubbs	18
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Note 18. Major budget variations

Land Transport New Zealand started operations on 1 December 2004. No Statement of Intent was produced for the seven month period. Therefore, actual results for the seven month period, are compared to the budgeted 12 month period as per the Land Transport Safety Authority and Transfund New Zealand 2004/07 Statement of Intent.

Note 19. Inclusion of comparative figures

Land Transport New Zealand was created with the merger of the Land Transport Safety Authority and Transfund New Zealand. No comparative figures were available as the new organisation commenced 1 December 2004.



Audit New Zealand

Audit report

80 To the readers of Land Transport New Zealand's financial statements for the seven months ended 30 June 2005

The Auditor-General is the auditor of Land Transport New Zealand. The Auditor-General has appointed me, John O'Connell, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of Land Transport New Zealand, on his behalf, for the year ended 30 June 2005.

Unqualified opinion

In our opinion the financial statements of Land Transport New Zealand on pages 21 to 79

- comply with generally accepted accounting practice in New Zealand; and fairly reflect:
 - Land Transport New Zealand's financial position as at 30 June 2005;
 - the results of its operations and cash flows for the year ended on that date; and
 - its service performance achievements measured against the performance targets adopted for the seven months ended on that date.

The audit was completed on 28 October 2005, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and the Auditor, and explain our independence.

Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Board and the Auditor

The Board is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of Land Transport New Zealand as at 30 June 2005. They must also fairly reflect the results

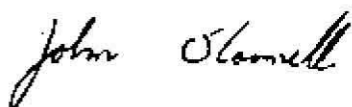
of its operations and cash flows and service performance achievements for the year ended on that date. The Board's responsibilities arise from the Public Finance Act 1989.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Public Finance Act 1989.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in Land Transport New Zealand.



John O'Connell

Audit New Zealand

On behalf of the Auditor-General
Wellington, New Zealand

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of Land Transport New Zealand for the year ended 30 June 2005 included on Land Transport New Zealand's web-site. Land Transport New Zealand's Board is responsible for the maintenance and integrity of Land Transport New Zealand's web site. We have not been engaged to report on the integrity of Land Transport New Zealand's web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 28 October 2005 to confirm the information included in the audited financial statements presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Supplementary information – National Land Transport Fund

for the 12 months ended 30 June 2005

	Actual 2005 \$m	Actual 2004 \$m
Opening balance as at 1 July 2004	7	51
Revenue		
Road user charges	745	698
Excise duty	647	593
Motor vehicle registration fee	218	211
Motor vehicle: other	13	11
ACC collection fee	11	11
Disposal of roading property	0	5
Bad debt write off	-0	-1
	1,633	1,528
Plus government contribution		
Goods and services tax compensation	204	196
Contribution in lieu of interest	0	0
	204	196
Less refunds		
Road user charges	32	29
Fuel tax	37	29
Motor vehicle registration	1	1
	69	59
Less distributions		
Land Transport New Zealand:		
National Land Transport Programme	1,433	1,370
Safety Administration Programme	32	47
New Zealand Police	235	228
Ministry of Transport	66	64
	1,766	1,709
Closing balance as at 30 June 2005	9	7

All figures are GST inclusive.

The Ministry of Transport administers the Fund on behalf of the Crown. The figures have been prepared on an accrual basis. The National Land Transport Fund pays for the Land Transport New Zealand outputs detailed in the financial statements and Statement of service performance, traffic enforcement and road safety education.

This statement is provided as supplementary information to the financial statements of Land Transport New Zealand because it is the major source of Land Transport New Zealand's revenue. In accordance with section 9 (6) of the *Land Transport Management Act 2003*, the balance of all revenues into the National Land Transport Fund less distributions are payable to Land Transport New Zealand.

The financial statements of Land Transport New Zealand recognise the distributions to Land Transport New Zealand and the closing balance of the National Land Transport Fund.

Supplementary information – National Land Transport Programme

for the 12 months ended 30 June 2005

	Actual 2005 \$000	Budget 2005 \$000	Actual 2004 \$000
Maintenance of local roads			
Structural maintenance	206,878	205,560	187,163
Corridor maintenance	52,855	52,270	48,474
Professional services	29,366	27,760	26,747
Preventative maintenance	2,266	4,500	3,131
Emergency work	67,560	39,000	44,476
	358,925	329,090	309,991
Maintenance of state highways			
Structural maintenance	178,212	175,110	162,138
Corridor maintenance	80,193	73,830	69,762
Professional services	42,023	43,650	41,348
Preventative maintenance	8,667	9,000	6,418
Property management ¹	10,544	15,260	9,838
Emergency work	26,632	20,000	25,286
	346,271	336,850	314,790
Improvement and replacement of local roads			
Minor safety projects	23,976	27,210	16,030
Construction (commitments and new works)	76,853	65,420	55,195
	100,829	92,630	71,225
Improvement and replacement of state highways			
Minor safety projects	31,505	23,410	25,261
Construction (commitments and new works)	321,993	333,570	250,925
Property purchase ¹	59,198	42,400	61,953
	412,696	399,380	338,139
Passenger transport			
Community services	98,206	97,980	79,410
Social services	3,366	3,610	9,137
Roading improvements	13,268	16,510	3,104
	114,840	118,100	91,651
Travel demand management, rail and barging	18,134	53,000	10,678
Regional development	22,258	25,000	27,846
Promotion of walking and cycling	3,948	4,000	3,403
Research, education and training	3,640	3,924	2,458
Administration and project control			
Transit NZ	36,179	33,950	30,323
Regional council	4,141	3,720	6,855
Territorial authorities	10,914	10,110	9,249
	51,234	47,780	46,427
Operating expenditure	9,116	10,250	8,875
Total cost of the National Land Transport Programme	1,441,891	1,420,004	1,225,483

This supplementary information does not form part of Land Transport New Zealand's financial statements.

Note ¹ Transit NZ revenues in this statement have **not** been offset against Transit NZ expenditure as the National Land Transport Programme (NLTP) and Statement of Intent were prepared on a gross funding basis (see note 4 page 74 for details).

The National Land Transport Programme statement is provided as supplementary information to enable comparison with Land Transport New Zealand's 2004/05 NLTP as published in June 2004. The difference between this statement and the Statement of financial performance as detailed on page 67, is that the NLTP outputs within the Statement of financial performance are aligned to Land Transport New Zealand's 2004/2007 Statement of Intent which includes the road controlling authorities and regional councils administration costs allocated against their respective outputs.

Appendix

Land Transport NZ's functions

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The legislative functions of Land Transport NZ are outlined in section 69 of the *Land Transport Management Amendment Act 2004*.

(1) The functions of the Authority are:

- (a) to promote land transport sustainability in New Zealand
- (b) to prepare and adopt a land transport programme under section 12A and a national land transport programme under section 19
- (c) to review and revise the National Land Transport Programme in accordance with its most recent performance agreement
- (d) to approve activities and activity classes
- (e) to make payments from the National Land Transport Account as authorised by this Act
- (f) to promote safe transport on land in New Zealand
- (g) to provide safety information and advice, and to foster appropriate information education programmes that promote its objective
- (h) to investigate and review accidents and incidents involving transport on land in its capacity as the responsible safety authority, subject to any limitations set out in the *Transport Accident Investigation Commission Act 1990*
- (i) to approve procurement procedures under section 25
- (j) to maintain and preserve records and documents concerning activities within the land transport system, and in particular to maintain the Land Transport Register under the *Land Transport Act 1998*
- (k) to audit the performance of approved organisations in relation to activities approved by the Authority and the operation of the organisation's land transport disbursement account
- (l) to assist and advise approved organisations in relation to the Authority's functions, duties and powers under this Act and the *Land Transport Act 1998*
- (m) to fund research, education, and training activities and activity classes
- (n) to provide the Minister with any advice relating to the Authority's functions that the Minister may request

(o) to co-operate with, or to provide advice and assistance to, any government agency or local government agency when requested to do so by the Minister, but only if the Minister and the Authority are satisfied that the performance of the Authority's functions and duties will not be compromised

(p) to carry out any other functions relating to land transport that the Minister [directs in accordance with section 112 of the *Crown Entities Act 2004*].

(2) The Authority's statutorily independent functions are:

- (a) to determine whether particular activities should be included in a National Land Transport Programme
- (b) to approve activities
- (c) to approve procurement procedures.

Our contact details

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Palmerston North Office

Telephone 06 953 6296 Fax 06 953 6203
Level 3, IRD Building
Cnr Ashley & Ferguson Streets
PO Box 1947, Palmerston North

Southern Region

Christchurch Office

Telephone 03 964 2866 Fax 03 964 2855
Level 5, BNZ House
129 Hereford Street
PO Box 13–364, Christchurch

Dunedin Office

Telephone 03 951 3009 Fax 03 951 3013
AA Centre, 450 Moray Place
PO Box 5245, Dunedin

Transport Registry Centre

Telephone 06 953 6200 Fax 06 953 6411
Cnr Ashley and Ferguson Streets
Private Bag, Palmerston North

Help desks

General enquiries	0800 699 000
Driver licensing	0800 822 422
Road user charges	0800 655 644
Motor vehicle registration	0800 108 809
Overdimension permits	0800 683 774

for the seven months to June

Land Transport New Zealand **Report** 2005

