

Land Transport New Zealand Annual Report

for the year ending 30 June 2006

This Annual Report records our achievements in pursuing our strategy to ensure delivery of the government's land transport objectives and wider transport vision.



Annual Report 2006

More information...

Land Transport New Zealand
(Land Transport NZ)
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This Annual Report is also available
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Front cover image: Satellite photo of New Zealand courtesy
of NASA <http://visibleearth.nasa.gov>

The background of the page is a solid olive green color. In the upper portion, there is a stylized landscape. A white line represents a horizon or a road, which then curves into a winding road that leads towards the bottom right. The sky area is filled with a fine, repeating pattern of small white dots. The overall design is clean and modern, with a focus on the theme of land transport.

Land transport that leads to a better New Zealand

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CHAIR'S REPORT

I am pleased to present Land Transport New Zealand's Annual Report for the year ending 30 June 2006.

Land Transport New Zealand (Land Transport NZ) is responsible for promoting land transport safety and sustainability through carrying out a wide variety of functions, ranging from operating the Motor Vehicle Register to allocating funding. Our statutory objective is to contribute to an integrated, safe, responsive and sustainable land transport system.

Over the past 12 months, Land Transport NZ has continued to develop a partner and service-oriented organisation. We seek to achieve operational excellence through continuous improvement.

This year has again seen a big increase in the amount of funding that we have been able to allocate to roading, public transport and other land transport activities such as demand management, walking and cycling. Local and regional councils are our funding partners and the staff in our regional offices work hard with council staff to assist and advise in improving asset management and infrastructure and service development. Transit New Zealand's state highway development has increasingly gained momentum, with an unprecedented number of large complex projects underway.

The creation of Land Transport NZ has combined the three 'Es' of enforcement, education and engineering to provide an integrated focus on safety. There is no room for complacency though; while fatalities have continued to fall, hospitalisations have not.

The majority of our staff continue to perform those functions that are fundamental for the operation of the land transport system, such as motor vehicle registration, issuing of driver and transport service licences, regulatory enforcement, collection of road user charges and the development of land transport rules.

The coming year will see the implementation of a new business model for the way Land Transport NZ interacts with the commercial road transport industry, with a focus on working with operators to assist them in meeting the regulatory requirements of the industry.

Board members have continued to guide the organisation with expertise and enthusiasm. It is with regret that we farewelled David Stubbs in April this year, and we thank him for his extraordinarily valuable contribution to Land Transport NZ.

Our Chief Executive, Wayne Donnelly, has led his management team and the staff of Land Transport NZ superbly through a year of ongoing change.

Land Transport NZ looks forward to positive and proactive engagement with the land transport sector over the next year.



Dr Jan Wright
Chair
Land Transport New Zealand



CHIEF EXECUTIVE'S REPORT

By the end of the 2005/06 financial year, Land Transport NZ had completed the process of structurally merging the Land Transport Safety Authority and Transfund New Zealand. This process had to precede the development of a vision and mission and the broad strategies that will guide Land Transport NZ's existing and developing roles under the *Land Transport Management Act 2003*.

At the time of the restructuring, the decision was taken to organise our business around our various customer bases, which includes individual New Zealanders, road transport and rail operators, industry groups, New Zealand Police, Transit New Zealand, local government and regional councils, communities, government agencies and central government. This decision provided a sound foundation from which we have continued to meet customer needs while developing our direction as a new organisation. This in turn allowed us to achieve a meeting of the 'hearts and minds' of our staff – those from the merged organisations and those who have more recently become staff members.

Our progress over the last year has been guided by these facts:

- > Land transport is one of the key platforms for achieving sustainable development in New Zealand – one of the means by which New Zealanders will achieve their economic, social and environmental well-being. Our vision therefore is '*Land transport that leads to a better New Zealand*'.
- > Everyone who wants to do anything in land transport has to transact with Land Transport NZ. Therefore, we must add some value or make some improvement through these transactions. This leads to our mission of '*Improving land transport for all New Zealanders*'.
- > Our business is about achieving sustainable and safe land transport, while also ensuring value for money. Our strategy has to make the concepts of 'sustainable' and 'safe' understandable to all our staff. We must be able to operationalise 'sustainable' and 'safe' through each of our functions, in the context of pursuing operational excellence.
- > The achievement of objectives outlined in the *New Zealand Transport Strategy* and of contributing to integrated, safe, responsive and sustainable land transport is dependent on the collaboration and supportive choices and actions of all our customers and partners. Our strategy has to be that the way we work promotes sustainable and safe responses from all New Zealanders.

The leadership of our Board has provided the impetus, guiding direction and support for the endeavours of management and staff this year. I would like to express my thanks to our Board members for their constant dedication and expertise throughout the year. Their leadership has been motivational and created real momentum to take Land Transport NZ forward into the

coming financial year. We farewelled David Stubbs from the Board in April this year and I would like to offer my sincere thanks for the wealth of knowledge and expertise he has imparted, and the invaluable contribution he has made to the organisation.

During the year, we have carried out our activities and met the requirements of government, our partners and customers in a professional way. Feedback from our customers and partners reflects improvement in some areas and perhaps what may be described as tolerance in others. Our annual surveys have provided us with useful information to make improvements for the future.

Within Land Transport NZ, we have successfully completed one of the most complex national land transport programming processes yet, with challenges presented by cost escalations across the board, and the necessary coordination with the government budget process. Good progress has been made in areas such as the development of a new compliance strategy for the commercial road transport industry, which reflects the new business model for working with industry and ensures a 'level playing field' for all players.

In these two areas of our work, as with all parts of our business, we have appreciated the positive support from our partners and industry stakeholders. Our highlights and achievements for 2005/06 are listed further through this report.

I wish to acknowledge the support, dedication and professionalism of Land Transport NZ staff over the year as they met the needs of their respective roles and also found time to contribute to organisation planning and development workshops. There have been many examples of people going well beyond the call of duty.

If 2005/06 was the year of getting ourselves organised, then 2006/07 is the year for developing our capability and fine-tuning the necessary working relationships we must nurture with our partners and industry representatives. This is the goal that will underpin our activities over the coming year and we look forward to this opportunity.



Wayne Donnelly
Chief Executive
Land Transport New Zealand



Land Transport New Zealand Board

Land Transport NZ is governed by a board of six to eight members appointed by the Minister of Transport.

DR JAN WRIGHT | Chair



Based in Wellington, Jan is an independent policy and economic consultant, working primarily on health and environmental 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

PAUL FITZHARRIS | Deputy Chair



Based in Christchurch, Paul retired from the NZ Police in 2001 as 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.

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. He founded the group Engineers for Social Responsibility in 1983. He comments widely on technology issues and consults in the fields of forensic engineering, governance and conflict resolution.

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 Limited. He was a member of the Transfund New Zealand Board. Bryan is a Justice of the Peace.

GREG PRESLAND



Based in Auckland, Greg is the principal of Presland and 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.

DR JANET STEPHENSON



Based in Dunedin, Janet is a planner with 16 years' experience working for local authorities, the Historic Places Trust and as a planning consultant. She currently lectures in planning and coordinates an energy research initiative at the University of Otago and is close to completing her PhD. Janet has a particular interest in sustainability, culture, energy and the environment.

DAVID STUBBS



Based in Tauranga, David is a professionally qualified land surveyor and civil engineer, and is a fellow of the Institution of Professional Engineers. He spent over 30 years with the Auckland City Council and is currently Chair of the Transit New Zealand Board. David stepped down from the Board in April 2006.

The year in review by group

Policy and Planning Group

SIMON WHITELEY | General Manager



The Group is responsible for the development of operational policy, rule making and providing information that contributes to delivering safe and sustainable land transport. The Group also develops Land Transport NZ's *Statement of Intent* and other accountability documents and facilitates strategic planning for the organisation.

Highlights and achievements 2005/06

- > Supported the development of Land Transport NZ's strategic plan.
- > Published *Participation in land use and transport planning processes*, which sets out policy for participating in land use and transport planning processes.
- > Led the transfer to Land Transport NZ of the national coordination of the travel behaviour change programme from the Energy Efficiency and Conservation Authority.
- > Published *Economic evaluation manual volume 2*, which contains guidelines and procedures for the evaluation of public transport, transport demand management, walking and cycling activities.
- > Secured agreement to Land Transport NZ developing and implementing major components of the *Getting there – on foot, by cycle* strategy.
- > Completed the first stage of the review of passenger transport procurement procedures.
- > Developed guidelines that will provide the basis for the review of procurement procedures for physical works and professional services.
- > Completed phase one of the implementation programme to improve the Total Mobility scheme.
- > Completed the first stage of integrating Land Transport NZ's Land Transport Programme into the National Land Transport Programme.
- > Published *Guidelines for developing and implementing a safety management system*, which will assist road controlling authorities to develop and manage road networks.
- > Completed work on *Land Transport (Driver Licensing) Amendment Rule (No 2) 2006*, which removes the mandatory on-road driving test that is currently needed to relicence at age 80 and two-yearly afterwards.
- > Finalised the *Heavy-vehicle Brakes Rule* for submission to Cabinet.

- > Signed into law were the *Driver Licensing Amendment Rule 2006*, the *Driver Licensing Amendment (No 2) Rule 2006* and the amendments to 13 Rules (consulted on as the *Omnibus Amendment Rule 2005*).
- > Worked with ONTRACK to evaluate the effectiveness of the Australian level crossing assessment model, using the system to survey pedestrian safety at level crossings.

Intentions for 2006/07

- > Complete the integration of Land Transport NZ's land transport programme and the National Land Transport Programme.
- > Complete and publish *Economic Evaluation Manual Volume 1*, which contains guidelines and procedures for the evaluation of land transport infrastructure projects.
- > Work with the Ministry of Transport to finalise changes to financial assistance policy and to review regional development policy.
- > Continue to develop and lead the introduction of travel behaviour change initiatives.
- > Implement major components of the *Getting there – on foot, by cycle* strategy.
- > Migrate the safer routes programme to 'neighbourhood accessibility plans' and incorporate sustainability initiatives into these.
- > Implement the guidelines and procedures developed from the passenger transport procurement review.
- > Advance the review of procurement procedures for physical works and professional services.
- > Implement further improvements to the Total Mobility scheme.
- > Work with the transport industry to review and replace the *Manual of traffic signs and markings*.
- > Work with ONTRACK to use the Australian level crossing assessment model to assess levels of risk and prioritise corrective work at level crossings.
- > Work with road controlling authorities to move their focus from safety management systems toward network management systems.
- > Implement an objective noise test for motor vehicles, to provide a back-up to the subjective noise test currently used by entry inspectors and police at the roadside.
- > Advance the Rules on vehicle standards, operator licensing, operator safety rating, work time and logbooks and traction engines, as well as the amendment to the *Vehicle Dimensions and Mass Rule*, and the amendment to the *Dangerous Goods Rule*.
- > Work with the agricultural sector to improve understanding of requirements for farm and other specialised vehicles so that safety outcomes are improved.

Partnerships and Programmes Group

RICHARD BRAAE | General Manager



The Group is responsible for encouraging the development of land transport programmes that address safety and sustainability objectives. The Group develops Land Transport NZ's Land Transport Programme and is responsible for developing and managing the National Land Transport Programme.

Highlights and achievements 2005/06

- > Developed the 2006/07 National Land Transport Programme and 10-year forecast (the programmed expenditure of \$27 billion over 10 years).
- > Completed the annual performance monitoring schedule, comprising 40 procedural and technical audits.
- > Managed the 2005/06 National Land Transport Programme, funding more than 250 projects and activities.
- > Developed *At A Glance* performance reports of the land transport system for local authorities.
- > Re-oriented national and regional team structures to better support Land Transport NZ's business model.
- > Produced four new television commercials with supporting advertising.
- > Worked and consulted with four communities to produce a drink-driving campaign targeting Maori youth. The campaign relies on the communities taking ownership of a road safety issue, coming up with ideas to reach the audience and ultimately delivering the message into their region.
- > Consulted with key regional and Pacific Island people in the Auckland region with the objective of putting in place a community-driven road safety campaign that Pacific Islanders can own and deliver.
- > Successfully tendered for the national road safety advertising campaign and the Pacific Island campaign advertising contracts.
- > Delivered a range of communications products to support the organisation in meeting its objectives.
- > Developed a relationship management framework to guide key stakeholder relationships.
- > Reviewed and restructured the Education team, filling four vacant positions.
- > Contributed to the development of the *Road safety education* and *School road safety education* strategic documents.
- > Completed a review of RoadSense – Ata Haere, the road safety programme offered to primary and intermediate schools.
- > Organised the Land Transport Symposium, which was held in Christchurch in September.
- > Worked with the Auckland Regional Transport Authority to establish and manage its land transport programme.

- > Worked with local authorities to ensure they have appropriate safety management systems and asset management plans that specify good design, management and maintenance practices to achieve safety and value for money.
- > Worked closely with the NZ Police and road controlling authorities to ensure that regular road safety action planning and network coordination projects are undertaken.
- > The northern Partnerships team has carried out surveys of road controlling authorities' implementation of speed threshold treatments and drafted a national report for the sector.
- > Regional office staff reviewed numerous long-term council community plans and made submissions on many of these.
- > Managed the pilot project for moving the Community Road Safety Programme into the National Land Transport Programme, working with Christchurch City Council and Hurunui District Council.
- > Participated in the Waikato Joint Officials Group process, which led to an appropriation by the government of additional funding for Waikato transport projects.

Intentions for 2006/07

- > Manage the 2006/07 National Land Transport Programme and the development of the 2007/08 National Land Transport Programme.
- > Develop the 2007/08 and 2008/09 National Land Transport Programme guidelines and revise the *Programme and funding manual*, and create a training component for 2008/09 guidelines.
- > Continue to develop *LTP online* as a one-stop site for partner and Land Transport NZ interaction about land transport programmes.
- > Develop a 10-year funding plan with NZ Police.
- > Develop internal guidelines for reviewing land use documents and other planning documents with transportation implications, and for reviewing asset management components of land transport programmes of approved organisations.
- > Review all asset management plans to ensure good processes and systems are in place for managing infrastructure assets.
- > Devolve management of community focused land transport activities to approved organisations.
- > Identify appropriate indicators that reflect on progress towards sustainable and safe land transport.
- > Provide approved organisations with *At A Glance* reports into the performance of the land transport system.
- > Undertake the annual stakeholder survey.
- > Complete the reorganisation of the Education team.
- > Develop a stakeholder engagement strategy to enable Regulatory Services, Policy and Planning and Partnerships and Programmes to communicate effectively with their stakeholders.
- > Develop an education strategy that provides clear objectives and priorities in promoting transport safety and sustainability.
- > Investigate further interventions into driver fatigue in conjunction with the ACC, NZ Police and the Ministry of Transport.

People and Culture Group

CAROLINA GARTNER | General Manager



The Group is 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.

Highlights and achievements 2005/06

- > Assisted in filling over 100 positions, completing the restructure of the organisation.
- > Updated key human resources policies, such as the human resources delegation policy, induction policy and recruitment policy.
- > Developed and launched a *Code of conduct*, which guides the way employees work at Land Transport NZ.
- > Developed and launched a new *Code of conduct* for Board members.
- > Completed the Culture survey, which had a 76 percent response rate. The survey results will contribute to building a culture where employees are aligned to their purpose, skilled to meet customer needs and known for the quality of their operational performance.
- > Organised and held 18 Shaping our future workshops and more than 50 Moving forward (parts one and two) workshops for Land Transport NZ employees in regional offices and at national office. The workshops helped define the organisation's strategic direction and how this shapes the way employees and teams work together.
- > Merged the Training and Development team and the Payroll team from the Transport Registry Centre in Palmerston North into the People and Culture Group at National Office.
- > Introduced a monthly induction course that welcomes people to Land Transport NZ and assists them in learning about the organisation. More than 50 employees participated to June 2006.
- > Negotiated and agreed a new collective agreement with the Public Service Association.
- > Established a new People and Culture team.

Intentions for 2006/07

- > Work on areas identified in the Culture survey as needing improvement and undertake a new survey in early 2007.
- > Reduce employee turnover rate.
- > Develop a competency framework that identifies the key skills needed for each role in the organisation and assesses employees against these to provide personal development plans.
- > Implement the leadership management development strategy.
- > Design a potential leaders strategy, which will identify potential leaders and place them in a leadership development programme.
- > Develop and implement a new remuneration system for employees.
- > Develop and implement a workforce succession planning programme.
- > Develop and implement a coaching and mentoring programme.

Regulatory Services Group

IAN GORDON | General Manager



The Group is responsible for implementing regulatory frameworks, registry management and revenue collection. In particular, this involves developing operational 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. The Group is also responsible for delivering on the contract with the Secretary for Transport for the motor vehicle registry and revenue management activities.

Highlights and achievements 2005/06

- > Reviewed Land Transport NZ's service delivery strategy, confirmed that it is appropriate for the present operating environment, and recommended that a full evaluation of service delivery options be carried out before transport service delivery agent contracts are renewed in 2009.
- > Land Transport NZ Board approval for the compliance strategy for licensed transport operators, which supports the new business direction for the commercial road transport unit.
- > Advanced the development of the operator rating system, including defining user requirements for the computer systems, engaging consultants to develop an industry-based performance programme, initiating work on drafting the *Operator Safety Rating Rule* and developing a communications strategy.
- > Introduced the new safety regime for rail operators as specified in the *Railways Act 2005* and continued the safety monitoring and management of rail operators.
- > Reported an increase in the inspection industry Performance Rating System outcome indicator from 2.44 to 2.53.
- > Completed system design and implementation of objective noise testing programme.
- > Worked with the Ministry of Transport to introduce a new relationship management protocol and service level agreement associated with the management of the motor vehicle registry and enhance the efficiency of all registers and databases.
- > Increased customer service focus by centralising telephone and email services through the call centre and improved electronic access so that now nearly every customer transaction with Land Transport NZ can be made online.

Intentions for 2006/07

- > Further develop the operator rating system including:
 - progressing the development of a trial rating system
 - scoping a performance programme appropriate to the New Zealand road transport environment that will encourage licensed transport operators to improve their performance
 - reviewing the Memorandum of Understanding with NZ Police to reflect training and implementation requirements
 - completing the draft *Operator Safety Rating Rule*, consulting with the commercial transport industry and working with industry on issues arising from the consultation process.

- > Implement a proactive compliance strategy that reinforces regulatory compliance and encourages the adoption of management practices that promote safer and more sustainable performance.
- > Pursue the recommendation of the Transport Sector Review that the arrangements for the delivery of the motor vehicle register and registry management services be further explored.
- > Enhance the certificate of fitness regime for heavy vehicles, including progression of a practical and cost effective implementation of the *Heavy-vehicle Brakes Rule*.
- > Develop a competency framework for warrant of fitness inspectors that will define the process for ensuring inspectors remain competent throughout their career.
- > Review transport services licensing fees and charges.
- > Initiate a review of the *Road User Charges Act*, in conjunction with the Ministry of Transport, to address accessibility of operator records, processes for assessing evaded RUC and related enforcement issues.
- > Develop intelligence capability for capturing and analysing data to enhance evidence-based decision-making and targeted enforcement.
- > Conduct an assessment and evaluation of the service delivery options in anticipation of renewal of transport service delivery agent contracts in 2009.
- > Complete the introduction of the requirements specified by the *Railways Act 2005*, including approving rail operators to continue to operate under the new regime.
- > Continue to consolidate information on the motor vehicle register to reduce the amount of duplicate information currently stored on this database.
- > Work on databases to bring postcodes and address standards in line with NZ Post changes.
- > Minimise fraudulent activities on the driver licence register.
- > Progress a joint project with Transit New Zealand to introduce a tolling system to collect revenue.

Corporate Services Group

NOEL LEE | General Manager



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

Highlights and achievements 2005/06

- > Began the rollout of the electronic documents and records management system, which manages and stores documents and records generated by staff across the organisation.
- > Opened the new Midland Regional Office in Tauranga.
- > Selected a site – Chews Lane in Wellington – and developed the lease agreement for the national office's new location.
- > Re-tendered and renegotiated the Unisys outsourcing contract for information systems and technology services.
- > Completed a restructure of the Corporate Services Group, which included the integration of information systems across the organisation.
- > Developed new corporate policies for travel and purchasing.
- > Began the development of a risk management framework to address policy and funding issues.

Intentions for 2006/07

- > Complete the rollout of the electronic documents and records management system.
- > Undertake further work in the regional offices to identify workspace requirements.
- > Develop a data architecture that will integrate and centralise corporate data, which will enable greater use and sharing of this information.
- > Redevelop the website and intranet.
- > Develop a financial strategy for Land Transport NZ.

What we do

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.

In doing so, we must also exhibit a sense of social and environmental responsibility and operate in close partnership with key transport sector stakeholders.

Land Transport NZ has 16 statutory functions (see the appendix for details). These functions can be grouped into a number of broad categories:

- > Providing registration, licensing and compliance services for our commercial and private customers.
- > Assisting and funding our land transport sector partners.
- > Monitoring and informing our partners and stakeholders.
- > Promoting sustainable and safe land transport to customers, partners, stakeholders and communities.
- > Assisting and advising government and collecting revenue.

The *Land Transport Management Act 2003* charges Land Transport NZ with the twin responsibilities of promoting land transport sustainability and safe transport on land. In pursuing these responsibilities, we will:

- > encourage our partners to develop, maintain and operate land transport in a way that makes land transport more sustainable and more safe, and
- > encourage businesses and people to use land transport in a way that makes land transport more sustainable and more safe.

In carrying out our functions, we contribute to the five objectives of the *New Zealand Transport Strategy*:

- > Assisting economic development.
- > Assisting safety and personal security.
- > Improving access and personal mobility.
- > Protecting and promoting public health.
- > Ensuring environmental sustainability.

Land Transport NZ also supports the *New Zealand Transport Strategy* by encouraging the governance, management and funding of the land transport system to be:

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

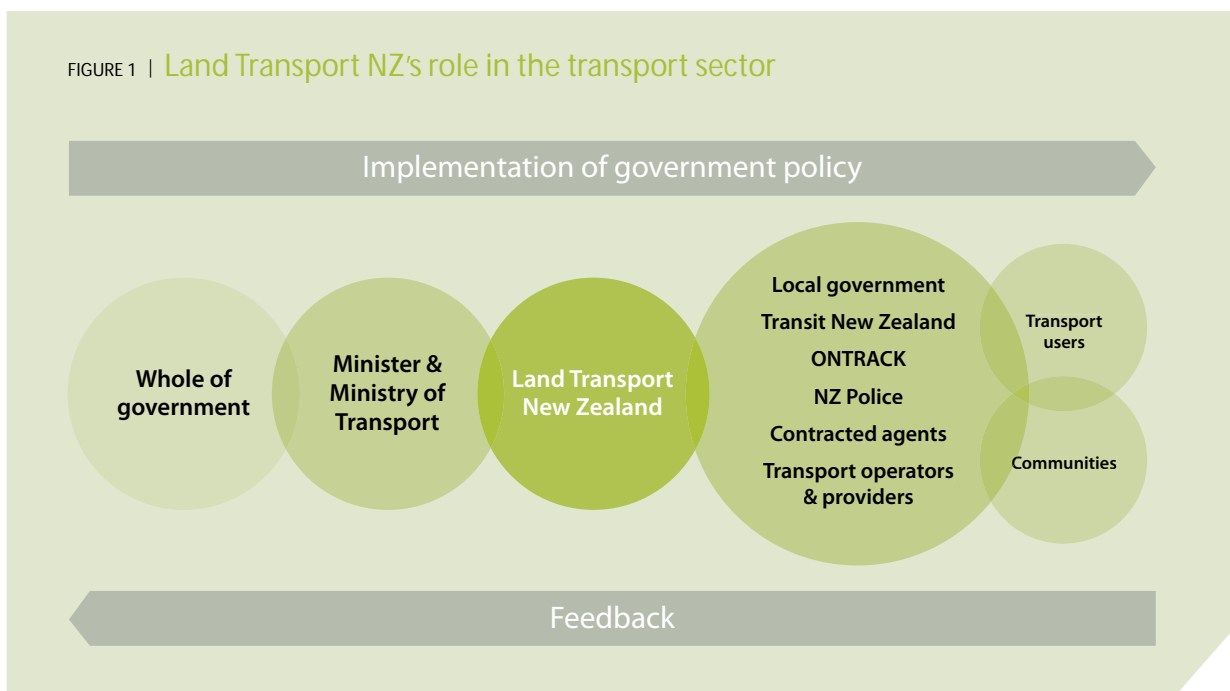
The Crown's responsibility to take appropriate account of the principles of the Treaty of Waitangi is recognised in specific provisions in the *Land Transport Management Act 2003* that govern our practices with respect to Maori.

Land Transport NZ's role in the transport sector

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

Land Transport NZ provides a vital connection between transport policy-making and the operation of the transport sector. Close working relationships are maintained with the Ministry of Transport, which is responsible for leading the development of strategic transport policy; NZ Police, which enforces and promotes safety regulations; and with 'approved organisations' including Transit New Zealand, regional councils and territorial local authorities, which are responsible for implementing transport projects and other activities. We also have direct links to the public, who use and interact with land transport.

FIGURE 1 | Land Transport NZ's role in the transport sector



Vision, mission and values

VISION

Land transport is a means to the economic, social and environmental well-being of New Zealand. Land Transport NZ's vision for land transport accordingly is:

Land transport that leads to a better New Zealand

MISSION

The mission describes the business of Land Transport NZ. It needs to span activities focused on government policy, those integrated with other transport authorities and those that meet the needs of individual customers. It needs to extend from activities that meet straight-forward service demands to those directed at wider influencing roles.

The mission for Land Transport NZ drives us to add value to New Zealanders as we carry out our functions.

Land Transport NZ's mission is:

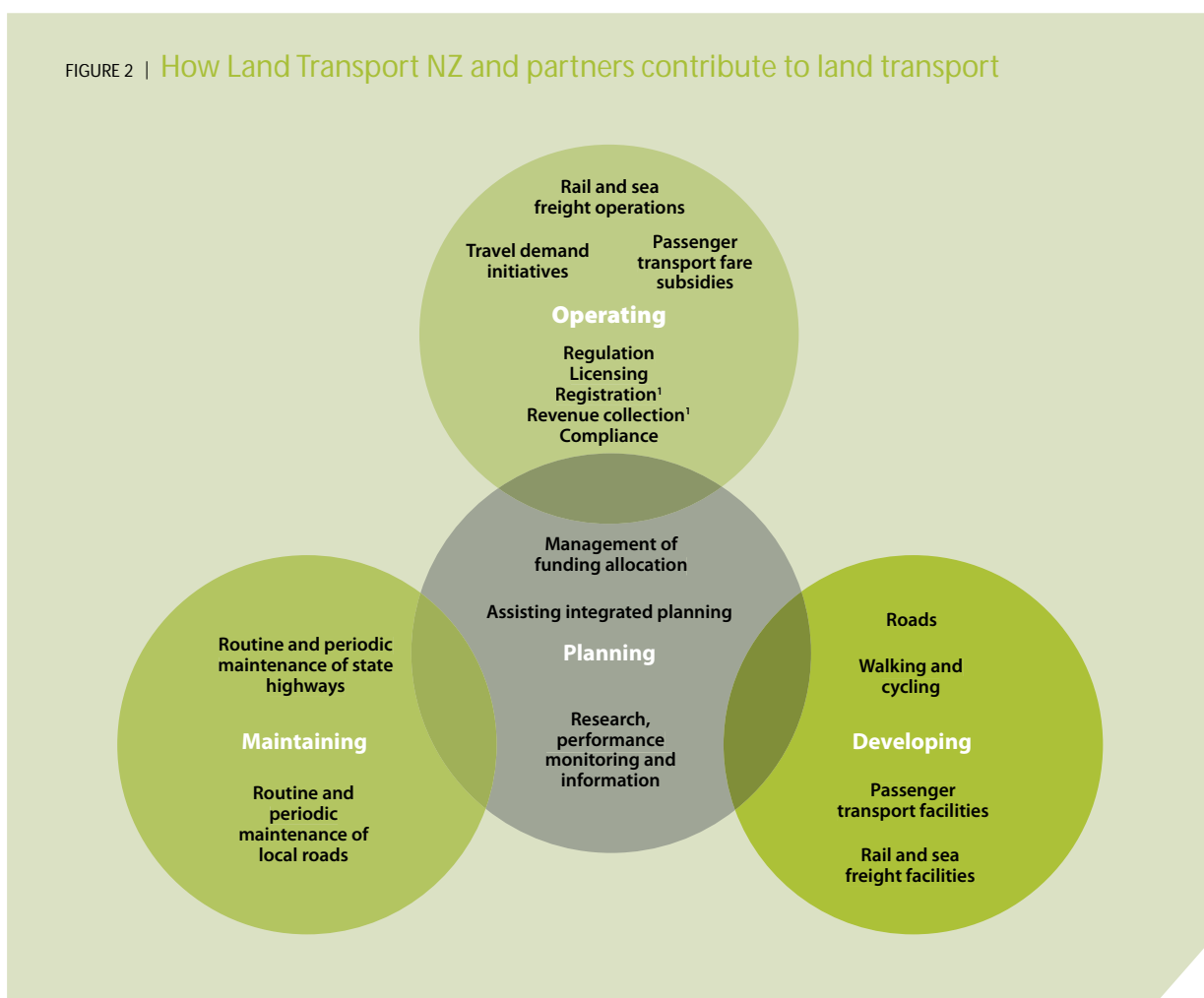
We improve land transport for all New Zealanders

Our functions

The functions of Land Transport NZ can be summarised, as shown in Figure 2, into a high level description of the way in which Land Transport NZ and its partners contribute to the land transport system. All activities are carried out in a way that promotes land transport sustainability and safety.

Within each of the four segments of the diagram, Land Transport NZ has a close involvement with the land transport system. This is either direct – through provision of services, communication and education activities and management of the land transport funding allocation process, or indirect – through funding assistance for maintenance and improvement of transport related infrastructure and services.

FIGURE 2 | How Land Transport NZ and partners contribute to land transport



Notes

1 Managed under contract to the Ministry of Transport.

Planning

In order to deliver its key outcomes, Land Transport NZ relies on its stakeholders to successfully plan and deliver their individual land transport activities. Success in this context requires alignment between local government long-term council community and annual plans, regional land transport strategies, and the purpose and objectives of the *Land Transport Management Act 2003*.

These local, regional and central government planning processes, informed by what is happening in the community, provide a major opportunity to integrate land use and transport planning for a sustainable and safe land transport system.

Over 2005/06, Land Transport NZ has worked to integrate the National Land Transport Programme (NLTP) and the Safety Administration Programme (SAP) to provide greater integration of safety and engineering initiatives. Over time, community safety programmes will broaden to include programmes designed to encourage long-term transport sustainability.

As well as publishing a yearly NLTP, Land Transport NZ also undertakes a forecast of its anticipated revenue and expenditure for the current financial year and the nine following years. Over 2005/06, this forecasting exercise has been impacted by projected revenues being less than anticipated, costs across the sector rising faster than anticipated, and a government decision in the 2006 Budget to increase spending through Crown appropriation to restore previously forecast available funds as well as accelerating the state highway building programme by guaranteeing funding availability for a selected list of high priority projects.

Operating

Land Transport NZ assists the operation of the land transport system by financially assisting transport operations and services, managing access to the system, regulation, and working with NZ Police to deliver effective road policing.

Land Transport NZ has a substantial service delivery role, including providing driver testing services, issuing driver and transport service licences, undertaking vehicle certification, registration and licensing activities, and collecting road user charges and other roading revenue.

Developing

Although Land Transport NZ has placed a new emphasis on better managing existing transport networks and encouraging different travel choices as key ways to reduce pressure on the transport system, adding new infrastructure and improving passenger transport services continues to be necessary and this is being achieved within a new long-term planning context.

Land Transport NZ's funding allocation process is central to government investment in the land transport system. Project proposals take into account the size and nature of the transport problem, the effectiveness of the proposed solution, the efficiency of the proposed solution and other factors specific to individual situations.

Maintaining

Over half of the National Land Transport Fund is used to maintain or operate the existing land transport system.

Land Transport NZ continues to work on improving its approach to road maintenance through promotion of robust decision-making processes based on accurate inventory data management, regular condition monitoring and sound asset management planning.

Achieving operational excellence

Every person at Land Transport NZ has a leadership role to play in the organisation. Over the last year, the challenge has been to create an organisational culture that encourages productivity, creativity and loyalty. Our operational excellence goals are directed at enabling our staff to carry out their duties to the best of their ability and to the level of performance required.

At Land Transport NZ, we are building an organisation that exhibits:

- >> commitment, leadership and integrity
- >> teamwork and partnership
- >> a professional approach
- >> being knowledgeable and informative
- >> staff competence and empowerment
- >> quality service and adding value
- >> effectiveness and efficiency.

In order to achieve these goals, we need to focus on developing our skills and providing a supportive environment where staff feel valued and are motivated to achieve. This requires Land Transport NZ managers to provide the right kind of leadership, including recognising and rewarding excellent performance.

Leadership development

A large and diverse business like that operated by Land Transport NZ requires good leadership at management level, but also promotion and development of leadership qualities throughout the organisation. Leadership should be witnessed at all levels and should support people in their roles so that they can achieve what is expected of them.

Land Transport NZ has developed a set of priority leadership protocols that will be promulgated throughout the organisation. Managers will be held to account for demonstrating these in the day-to-day management of people and resources.

Equal employment opportunities

Land Transport NZ is currently in the process of developing its equal employment opportunities (EEO) policy. Three sub-projects are being developed under the EEO umbrella:

- > Work-life balance strategy and guideline.
- > Cultural relationship capability strategy and guideline.
- > EEO policy strategy and guideline.

Induction

Land Transport NZ has introduced a monthly induction programme that welcomes employees to their new positions in the organisation. Induction provides a critical opportunity to communicate Land Transport NZ's values and to help familiarise employees with their new roles, and to help them learn their role and become part of the team as quickly and smoothly as possible. A positive induction experience can influence how well employees settle into their roles and how long they stay.

Corporate learning and development

The leadership team has approved a process for managers to submit bids for learning and development training, which will benefit Land Transport NZ as an organisation. A centralised learning and development fund was established primarily to provide for organisation-wide learning and development opportunities. A committee with representatives from each business group meets regularly to decide on funding allocation, using the criteria agreed by the Leadership Team to ensure transparency.

Health and safety within Land Transport NZ

Land Transport NZ is committed to:

- > improving health and safety practices within our organisation and implementing the health and safety management system in accordance with *NZS4801 (Int): 1999 Occupation health and safety management systems*
- > complying with all health and safety legislation, regulations, codes of practice and safe operating procedures that impact upon our operation
- > promoting safe and healthy workplace procedures and environments for all staff, contractors and visitors
- > ensuring that all employees are consulted with and responded to on issues relating to health and safety management
- > requiring from employees a commitment to personal safety and health practices at all times
- > ensuring that all contractors we employ have adequate health and safety systems, are aware of the hazards they might encounter and that they adequately advise us of and control any hazards associated with their activities
- > following best practice in the management of safety, health and rehabilitation in the workplace, so that:
 - all employees and contractors are assigned health and safety responsibilities and held accountable for these actions
 - health and safety objectives are reviewed annually
 - resources are provided to ensure continual improvement within the organisation
 - all managers are required to show competence in health and safety management through adherence to the health and safety management system, and are trained in health and safety best practice
 - reporting and recording is accurate
- > ensuring that our health and safety policy is reviewed every two years through the Corporate Health and Safety Committee and in consultation with local committees and employee representatives.

Land Transport New Zealand Statement of responsibility

The Chair, Chief Executive, Board and management of 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 Land Transport NZ for the year to 30 June 2006.



Dr Jan Wright
Chair
19 October 2006



Wayne Donnelly
Chief Executive
19 October 2006

Statement of service performance

for the year ended 30 June 2006

Land Transport NZ's output classes fall into two distinct categories:

- > Those delivered directly by Land Transport NZ (or contracted agents).
- > Those delivered by approved organisations (with Land Transport NZ funding support).

The performance measures contained in this report have been assembled from those for the two pre-existing organisations, Transfund NZ and the Land Transport Safety Authority, with some revision. Land Transport NZ has been working with the Ministry of Transport over 2005/06 to further review and refine the set of performance measures.

Where necessary, comparative figures with the previous year have been adjusted to correspond to changes in output classes, and presentation and classifications adopted in the financial statements during this current year.

A large number of measures this year are new, as a result of the introduction of new output classes as agreed with Treasury.

Output class | Research and performance monitoring

Description

This output class is delivered directly by Land Transport NZ (or contracted agents) and involves:

- > organising and publishing research
- > coordinating and reporting performance monitoring of the land transport system.

Output objectives

Improved formulation and delivery of strategies and programmes through effective and efficient:

- > organisation and publication of research
- > monitoring of land transport inputs, outputs, impacts and consequences.

Key performance measures

PERFORMANCE MEASURE	ACTUAL 7 MONTHS 2004/05	ESTIMATE 2005/06	ACTUAL 2005/06
Quantity			
Publication of research findings in <i>Land Transport Research</i> (previously <i>Transearch</i>)	1 issue	4 issues	4
Publication of performance information	New	1 issue	1
Percentage funding allocation (by theme):	New		
Asset management		30–40%	37%
Natural hazard risk management		1–5%	2%
Safety and personal security		5–15%	16%
Environmental effects		15–20%	17%
Travel behaviour change		10–25%	14%
Traffic management		5–15%	5%
Sustainable land transport		10–25%	9%
PERFORMANCE MEASURE	ACTUAL 7 MONTHS 2004/05	TARGET 2005/06	ACTUAL 2005/06
Quality			
% of approved organisations and relevant transport industry representatives that agree that Land Transport NZ's research programme adds value to the land transport industry	New	≥80%	81%
% of research projects completed on time	70%	≥75%	49% ¹
% of approved organisations and relevant transport industry representatives that agree that performance monitoring adds value to the land transport industry	New	≥80%	72%
% of approved organisations and land transport industry representatives that agree that Land Transport NZ's industry training adds value to the land transport industry	81%	≥80%	72%

Notes

- ¹ A number of research projects had a target completion date of 30 June. Researchers have sought time extensions during the course of undertaking the research. These extensions have been approved with the resulting outcome in the performance measure that measures against the original completion date.

	ACTUAL 7 MONTHS 2004/05 \$000	BUDGET 12 MONTHS 2005/06 \$000	ACTUAL 12 MONTHS 2005/06 \$000
RESEARCH AND PERFORMANCE MONITORING			
NLTP funding from NLTF	2,707	4,953	4,953
Total revenue	2,707	4,953	4,953
Expenditure	2,707	4,953	5,563
Output class net surplus (deficit)	0	0	(610)

Output class | Promotion, information and education activities

Description

Under this output class, Land Transport NZ (or contracted agents) delivers transport safety information and promotion under the following outputs:

- > Land transport sustainability.
- > Safe land transport.
- > Information and advice to government and stakeholders on issues relating to Land Transport NZ functions.
- > Road Safety Trust.

Output objectives

Progress towards a safer, more sustainable land transport system through effective and efficient:

- > promotion of land transport sustainability
- > promotion of safe land transport
- > provision of information and advice.

PERFORMANCE MEASURE	ACTUAL 7 MONTHS 2004/05	ESTIMATE 2005/06	ACTUAL 2005/06
Quantity			
Number of contracts for delivery of the Community Road Safety Programme (CRSP)	37	150–180	181
Number of schools participating in the Road Safety Education Programme	1,115	1,000	1,257
Number of issues of <i>Land Transport News</i>	6	11	11
Number of road codes reviewed and updated	3	3	3
Number of manuals and standards issued	5	4	9
Road safety data and issues reports	0	74	74
General land transport publications	66	40	44
National Community Road Safety Conference or Symposium	NA	1	1
Number of Australasian New Car Assessment Programme (ANCAP) advertising initiatives completed	1	1	1
Number of road safety advertising campaigns for Maori and Pacific peoples	2	2	2
Road safety advertising package			
> number of themed flights (flights)	11.5	18	22
> average number of targeted audience rating points (TARPs) purchased ¹	757	666	895
% of media spend on television	64%	65%–75%	67%

Notes

- 1 This is a monthly target. The monthly average was higher than the Statement of Intent target of 666 per month. The purchasing arrangements for 2005/06 enabled significantly more TARPs to be achieved within the available budget.

PERFORMANCE MEASURE	ACTUAL 7 MONTHS 2004/05	TARGET 2005/06	ACTUAL 2005/06
Quality			
% of Community Road Safety Programme providers who rate Land Transport NZ assistance and advice as very good or better based on independent surveys against agreed criteria	82%	≥75%	73%
% of survey respondents who rate publications as useful or better	81%	≥75%	80%
Total unprompted recall by the target audience of road safety television commercials, tested quarterly and averaged over 12 months	73%	≥70%	77%
Relevance of road safety television commercials to the target audience, tested quarterly and averaged over 12 months	56%	≥60%	63%

PROMOTION, INFORMATION AND EDUCATION ACTIVITIES	ACTUAL 7 MONTHS 2004/05 \$000	BUDGET 12 MONTHS 2005/06 \$000	ACTUAL 12 MONTHS 2005/06 \$000
Safety administration programme (SAP)	13,506	28,675	28,675
Third party revenue	2,546	2,871	4,011
Total revenue	16,052	31,546	32,686
Expenditure	21,846	31,601	32,976
Output class net surplus (deficit)	(5,794)	(55)	(290)

Output class | Regulatory implementation and enforcement

Description

This output class is directly delivered by Land Transport NZ (or contracted agents) to:

- > develop rules
- > provide regulatory services including enforcement in relation to vehicle certification, vehicle inspection and certifying organisations, driver licence administration, driver testing, driver licence course provision, border check processes, licensed transport service operations and transport operator vehicle fleet audits.

Output objectives

Progress towards a safer, more sustainable land transport system with reduced adverse impacts on the environment and public health, through effective and efficient:

- > rules development
- > delivery of regulatory services and enforcement.

PERFORMANCE MEASURE	ACTUAL 7 MONTHS 2004/05	ESTIMATE 2005/06	ACTUAL 2005/06
Quantity			
Number of rules signed	New	5	15 (2 + 13 from Omnibus Rule) ¹
Number of rules underway	New	0	4
Number of rules to be started	New	7	3
Reviews of vehicle inspectors and inspecting organisations	1,622	1,800–2,200	2,307
Audits of driver licence administration	New	30	30
Audits of driver testing officers	21	30	25
Audits of driver licence course providers	113	140–160	154
Audits of licensed transport service operations	77	100–120	112
Audits of transport operator vehicle fleets	30	40–50	75
Random roadside audits of transport service vehicles	50	20–40	24
Reports on audits of border check agencies	4	4	4
Complaints investigated	246	200	310
Joint crash investigations	19	15–21	23
Road controlling authorities surveyed on 1–2 topics	30	30	32
Monitoring of rail operator's annual audits	53	65–85	76
Special focus rail audits	1	0–4	1
Number of Transport Accident Investigation Commission rail safety recommendations	New	0–2	0
% Transport Accident Investigation Commission recommendations actioned and reported	New	100%	100%
New safety management systems adopted by road controlling authorities	16	5	5
Safety management system implementation trials undertaken	13	20	10
Draft responses to ministerial correspondence	182	300–400	345
Draft responses to parliamentary questions	49	90–120	67
Direct responses to ministerial correspondence	20	200–400	8 ²

Notes

1 The draft Omnibus Rule was separated into 13 Amendment Rules (this had been counted as one in the target estimates).

2 Far fewer requests requiring direct responses to ministerial correspondence were received in 2005/06 than was estimated in the Statement of Intent targets.

PERFORMANCE MEASURE	ACTUAL 7 MONTHS 2004/05	TARGET 2005/06	ACTUAL 2005/06
Quality			
% of safety-critical non-compliances rectified to the satisfaction of the Chief Executive within 30 days	New	100%	95%
% of driver tests that comply with the Land Transport NZ <i>Driver testing officers manual</i> (as determined by audit)	99%	95%	100%
% draft responses to Ministerial correspondence and parliamentary questions accepted by the Minister	98%	≥95%	96%
% Ministerial correspondence responded to within 12 working days	100%	100%	71%
% parliamentary questions delivered within agreed timeframes	100%	100%	100%

REGULATORY IMPLEMENTATION AND ENFORCEMENT	ACTUAL 7 MONTHS 2004/05 \$000	BUDGET 12 MONTHS 2005/06 \$000	ACTUAL 12 MONTHS 2005/06 \$000
Crown	320	548	548
Safety administration programme (SAP)	995	1,335	1,335
Contract services	591	1,013	1,013
Third party revenue	10,477	15,503	19,476
Total revenue	12,383	18,399	22,372
Expenditure	13,757	19,636	20,439
Output class net surplus (deficit)	(1,374)	(1,237)	1,933

Output class | Licensing activities

Description

This output class is delivered directly by Land Transport NZ (using Crown and third party funding) to:

- > provide driver licensing and testing services for the land transport sector
- > pay fees to storage providers for unclaimed vehicles impounded by the NZ Police
- > pay drug and alcohol assessment fees.

Output objectives

Progress towards a safer, more secure land transport system through effective and efficient delivery of licensing activities.

PERFORMANCE MEASURE	ACTUAL 7 MONTHS 2004/05	ESTIMATE 2005/06	ACTUAL 2005/06
Quantity			
Driver licences issued (new, renewals, endorsements, overseas conversions and conversions/upgrades)	395,305	700,000	565,000
Transport services licences issued	2,016	2,500–3,500	3,721
Overdimension permits issued	4,219	7,500–8,000	7,277
Theory, practical and older driver tests	219,931	410,000	375,000
Number of vehicle impoundment payments	1,480	4,800–5,000	2,735
Number of drug and alcohol assessments	514	1,400	967
PERFORMANCE MEASURE	ACTUAL 7 MONTHS 2004/05	TARGET 2005/06	ACTUAL 2005/06
Quality			
Appeals on points of law or procedural matters sustained regarding the Chief Executive's decisions	Nil	Nil	Nil
% of licences issued within specified timeframes	100%	100%	100%
% of ordinary and special over dimension permits issued within specified timeframes	100%	≥98%	100%
% of driver tests delivered within timeliness guidelines	95%	≥95%	96.9%

LICENSING ACTIVITIES	ACTUAL 7 MONTHS 2004/05 \$000	BUDGET 12 MONTHS 2005/06 \$000	ACTUAL 12 MONTHS 2005/06 \$000
Crown	965	1,655	1,655
Safety administration programme (SAP)	393	444	444
Third party revenue	25,317	45,910	42,771
Total revenue	26,675	48,009	44,870
Expenditure	26,156	47,939	43,268
Output class net surplus (deficit)	519	70	1,602

Output class | Management of the funding allocation system

Description

This output class is delivered directly by Land Transport NZ (or contracted agents) to:

- > manage the National Land Transport Account, including the development and administration of:
 - the National Land Transport Programme (NLTP) funded from the National Land Transport Fund
 - procurement procedures, policies and guidelines
 - performance agreements with approved organisations, as service providers, to record the arrangements between the parties for the implementation of the NLTP
- > audit approved organisations in relation to activities approved by Land Transport NZ, and the operation of the organisation's land transport disbursement account
- > assist and advise approved organisations with their contribution towards an affordable, integrated, safe, responsive and sustainable land transport system.

Output objectives

Progress towards a safer, more integrated, responsive and sustainable land transport system through effective and efficient management of the funding allocation system.

PERFORMANCE MEASURE	ACTUAL 7 MONTHS 2004/05	ESTIMATE 2005/06	ACTUAL 2005/06
Quantity			
Number of approved organisations audited	New	29	40
Number of activities subject to post-implementation audits	New	9	12
PERFORMANCE MEASURE	ACTUAL 7 MONTHS 2004/05	TARGET 2005/06	ACTUAL 2005/06
Quality			
Generally applied funding priority threshold (seriousness and urgency of the problem, effectiveness of the solution, efficiency of the solution)	New	Medium Medium High	Medium High
% of all activities that delivered the forecast benefits (as determined by post-implementation reviews/audits)	New	100%	83% ¹
% of all activities delivered at forecast cost (as determined by post-implementation reviews/audits)	New	100%	75% ²
% of relevant stakeholders who rate the way in which Land Transport NZ assists and advises stakeholders to formulate proposed activities and procurement procedures as 'very good' or better based on independent surveys against agreed criteria	New	>75%	59% ³
% of relevant stakeholders who rate the way in which Land Transport NZ processes and administers funding applications and procurement procedures as 'very good' or better based on independent surveys against agreed criteria	New	>75%	60% ³
% of relevant stakeholders who rate the way in which Land Transport NZ undertakes its auditing activities as 'very good' or better based on independent surveys against agreed criteria	New	>75%	78% ³

Notes

- 1 Two out of 12 projects had high negative safety benefits from turning movements at intersections.
- 2 Three projects out of 12 cost more than the forecast cost. Two projects were well under.
- 3 The Statement of Intent targets were set with the understanding that 'very good' was the second to best rating. However, in the survey 'very good' was the top rating. To keep the scores for these measures relevant and meaningful, they have been reported against 'good or better'.

PERFORMANCE MEASURE CONTINUED	ACTUAL 7 MONTHS 2004/05	TARGET 2005/06	ACTUAL 2005/06
Quality continued			
% of issues raised in audits of approved organisations that are resolved within agreed time-frames	100%	100%	66% ⁴
Publication of the NLTP for the following financial year no later than 30 June	Yes	Yes	Yes
% of agreements with approved organisations that are in place by 31 July	New	100%	72%
Efficiency of new works in the NLTP as measured by benefit/cost ratio (average for applicable approved activities)	New	>2	3.6
Land Transport NZ costs for management of the funding allocation system as a % of the total cost of the National Land Transport Programme	New	<1%	0.8%

MANAGEMENT OF THE FUNDING ALLOCATION SYSTEM	ACTUAL 7 MONTHS 2004/05 \$000	BUDGET 12 MONTHS 2005/06 \$000	ACTUAL 12 MONTHS 2005/06 \$000
NLTP funding from NLTF	5,198	13,287	13,287
Total revenue	5,198	13,287	13,287
Expenditure	5,198	13,287	12,078
Output class net surplus (deficit)	0	0	1,209

Notes

- 4 Recommendations not taken up relate to the Road Assessment Maintenance and Management system (RAMM) and technical reviews which can take longer than 12 months to resolve.

Output class | Motor vehicle registry and revenue management

Description

Under this output class, Land Transport NZ is contracted to provide the following services under an agreement with the Secretary for Transport:

- > Provide an administrative and accounting service for the collection and refund of motor vehicle registration and licensing fees and ACC levies; road user distance/weight and time licences; and fuel excise duty credited to the National Land Transport Fund.

Output objectives

Improved planning, maintenance, management and development of the land transport system through effective and efficient management of the motor vehicle registry and revenue collection.

PERFORMANCE MEASURE	ACTUAL 7 MONTHS 2004/05	ESTIMATE 2005/06	ACTUAL 2005/06
Quantity			
Collection and refund of revenue			
> Motor vehicle new registration	190,112	340,000	327,000
> Motor vehicle licences	2,950,297	5,300,000	5,080,000
> Motor vehicle change of ownership	573,171	1,050,000	1,002,000
> Other licensing transactions	396,172	870,000	1,290,000
> Road user charge licences	1,170,841	2,000,000	1,962,000
> Road user charge refunds	172,999	290,000	310,000
> Fuel excise duty refunds	11,752	14,000	25,000
Motor vehicle information			
> Number of motor vehicle information requests	4.4m	10.0m	10.9m
Evasion detection and enforcement			
> Number of road user charge investigations	76	90–110	109
> Number of road user charge audits	1,523	3,000–4,500	2,806
> Number of road user charge surveys	26	60–80	82
> Number of light vehicle audits	8,713	10,000–12,000	15,161

PERFORMANCE MEASURE	ACTUAL 7 MONTHS 2004/05	TARGET 2005/06	ACTUAL 2005/06
Quality			
Collection and refund of revenue			
> Unplanned outage of LANDATA ¹ computer system	0.36hrs	<48hrs	3.5hrs
> Accuracy of LANDATA computer system records (by random sample)	98%	≥95%	97.9%
> % of motor vehicle registry and road user charge licence customers who rate the services provided as 'good' or better based on independent survey	97%	≥90%	96%
> Road user charge and motor vehicle registry total costs per transaction	\$5.86	\$6.11	\$5.83
Motor vehicle information			
> % of users who rank motor vehicle registry supplied data as meeting their expectations, based on independent survey	83%	≥90%	86%
Evasion detection and enforcement			
> Amount of identified and proven road user charge revenue evasion	\$7.3m	\$8-10m	\$12.78m
> Amount of revenue recovered from road user charge evasion	New	0	NA ²
> Amount of revenue from road user charge and motor vehicle registry evasion written off as bad debt	New	0	NA ²

MOTOR VEHICLE REGISTRY AND REVENUE MANAGEMENT	ACTUAL 7 MONTHS 2004/05 \$000	BUDGET 12 MONTHS 2005/06 \$000	ACTUAL 12 MONTHS 2005/06 \$000
Contract services	23,677	48,886	45,886
Third party revenue	6,866	12,267	12,135
Total revenue	30,543	61,153	58,021
Expenditure	32,323	60,852	56,535
Output class net surplus (deficit)	(1,780)	301	1,486

Notes

- 1 LANDATA is the register for motor vehicles, road user charges and the vehicle inspection system.
- 2 New measures put in place for 2005/06 but the process was not put in place to measure the performance of set targets. The process has been put in place for 2006/07 year.

Output class | Rail and sea freight

Description

Under this output class, Land Transport NZ co-funds, with approved organisations, initiatives that encourage the movement of freight by rail and coastal shipping (including barging) instead of by road.

Output objectives

Progress towards a safer, more integrated and sustainable land transport system through effective and efficient use of alternatives to road freight.

PERFORMANCE MEASURE	ACTUAL 7 MONTHS 2004/05	ESTIMATE 2005/06	ACTUAL 2005/06
Quantity			
Freight diverted from road to rail (million tonne-km)	New	22.0	Nil ¹
Freight diverted from road to coastal shipping (million tonne-km)	New	8.4	5.6
Number of currently funded activities	New	5	6
PERFORMANCE MEASURE	ACTUAL 7 MONTHS 2004/05	TARGET 2005/06	ACTUAL 2005/06
Quality			
% of allocated funds actually spent	New	100%	18% ²
Forecast efficiency ratio (average for approved new activities)	New	>1	Nil
% of activities that delivered the forecast benefits (as determined by post-implementation reviews/audits)	New	100%	NA ³
Total cost (\$000)	New	2,065	371

Notes

- 1 No new funding applications were received.
- 2 Regions are still developing their priorities for funding, hence there have been very few projects developed sufficiently to enable funding applications to be made.
- 3 No activities reviewed this year.

Output class | Transport demand management, walking and cycling

Description

Under this output class, Land Transport NZ co-funds, with approved organisations:

- > initiatives to improve the management and use of land transport networks
- > travel behaviour change initiatives
- > new and improved walking and cycling infrastructure.

Output objectives

Progress towards a safer, more integrated, responsive and sustainable land transport system through effective and efficient activities that:

- > improve the management and use of land transport networks
- > reduce dependence on private motor vehicles
- > develop new and improved walking and cycling infrastructure.

PERFORMANCE MEASURE	ACTUAL 7 MONTHS 2004/05	ESTIMATE 2005/06	ACTUAL 2005/06
Quantity			
Number of school travel plans funded	New	100	55 ¹
Number of workplace travel plans funded	New	40	41 ¹
Length of walkway/cycleway funded (km)	New	100	36.7 ¹
PERFORMANCE MEASURE	ACTUAL 7 MONTHS 2004/05	TARGET 2005/06	ACTUAL 2005/06
Quality			
% of allocated funds actually spent	New	100%	47% ²
Forecast benefit/cost ratio (average for approved new activities)	New	>1	2.1
% of activities that delivered the forecast benefits (as determined by post-implementation reviews/audits)	New	100%	NA ³
Total cost (\$000)	12,645	17,607	8,216

Notes

- 1 The target was new for 2005/06 and was set in the absence of historical information and detailed information from approved organisations on their funding applications.
- 2 Regions are still developing their priorities for funding, hence few projects have been sufficiently developed to enable funding applications to be made.
- 3 No activities reviewed this year.

Output class | Passenger transport

Description

Under this output class, Land Transport NZ co-funds non-commercial road, rail and ferry infrastructure and services delivered by approved organisations.

Output objectives

Progress towards a safer, more integrated, responsive and sustainable land transport system through effective and efficient activities that increase access to and use of passenger transport services.

PERFORMANCE MEASURE	ACTUAL 7 MONTHS 2004/05	ESTIMATE 2005/06	ACTUAL 2005/06
Quantity			
Total boardings on buses (million)	No return	92.0	89.9 ¹
Total boardings on ferries (million)	No return	4.0	4.2
Total boardings on rail (million)	No return	15.0	16.3 ²
Total mobility boardings (million)	No return	1.9	1.9
Total passenger-km on buses (million)	New	650.0	620.5
Total passenger-km on ferries (million)	New	39.0	47.7
Total passenger-km on rail (million)	New	330.0	352.0
Length of dedicated bus-lane funded (km)	New	4.0	16.0 ³
PERFORMANCE MEASURE	ACTUAL 7 MONTHS 2004/05	TARGET 2005/06	ACTUAL 2005/06
Quality			
User satisfaction, as measured by the % of users who rate passenger transport services as 'good' or better by an annual independent survey	No return	≥75%	88%
User satisfaction, as measured by the % of users who rate total mobility services as 'good' or better by an annual independent survey	No return	≥75%	90%
Land Transport NZ subsidy per passenger boarding on buses	New	\$0.90	\$1.05
Land Transport NZ subsidy per passenger boarding on ferries	New	\$0.39	\$1.55 ⁴
Land Transport NZ subsidy per passenger boarding on rail	New	\$2.73	\$2.02
Land Transport NZ subsidy per passenger-km	No return	\$0.12	\$0.13 ⁵
% of total costs recovered by fares on non-commercial services	No return		45.7% ⁶
Forecast benefit / cost ratio (average for approved new activities)	New	>1	1.4
% of activities that delivered the forecast benefits (as determined by post-implementation reviews/audits)	New	100%	NA ⁷
Total cost (\$000)	65,069	181,581	211,789

Notes

- Boardings were 5% higher (4.2 million) than 2004/05. Bus patronage was lower than target, primarily due to lower growth rates than originally predicted.
- Actual rail patronage was 14.7% higher than 2004/05 and higher than target due to growth in passenger rail in Auckland.
- Predominantly Northern busway.
- New performance measure, the initial target took account of commercial as well as contracted passenger boardings. A revision will be required for 2006/07.
- The higher subsidy per total passenger kilometre is primarily due to cost escalation of service provision outweighing the increase in overall passenger kilometres.
- The lower farebox recovery reflects a greater contribution of the additional costs being met by subsidy payments. Regional fare increases in 2006/07 should go some way to keep this from dropping further.
- No activities reviewed this year.

Output class | Regional land transport

Description

Under this output class, Land Transport NZ funds regional priority land transport activities and the improvement of roads for the regional development of Northland and Tairāwhiti. These outputs are delivered by approved organisations (with Land Transport NZ funding support).

Regionally distributed land transport funds

Output objectives

Progress towards a safer, more integrated, responsive and sustainable land transport system in each region by contributing effectively and efficiently towards:

- > promotion, information and education
- > new and improved land transport infrastructure and services
- > transport demand management.

PERFORMANCE MEASURE	ACTUAL 7 MONTHS 2004/05	ESTIMATE 2005/06	ACTUAL 2005/06
Quantity			
% of funds allocated to output classes:	New		
> Transport demand management, walking and cycling		10%	4%
> Passenger transport services		26%	40%
> New and improved state highways		48%	Nil ¹
> New and improved local roads		16%	56%
PERFORMANCE MEASURE	ACTUAL 7 MONTHS 2004/05	TARGET 2005/06	ACTUAL 2005/06
Quality			
% of allocated funds actually spent	New	100%	9% ²
<i>Note: Specifics of performance reported within other output classes</i>			
Total cost (\$000)	17,529	65,563	6,104

Notes

- 1 No funding requests received for state highways.
- 2 Most regions are still developing their priorities for funding, hence very few projects were sufficiently developed to enable funding applications to be made.

Regional development – Northland and Tairāwhiti

Output objectives

Progress towards a more responsive land transport system by assisting regional economic development through effective and efficient improvements to land transport infrastructure.

PERFORMANCE MEASURE	ACTUAL 7 MONTHS 2004/05	ESTIMATE 2005/06	ACTUAL 2005/06
Quantity			
% of funds allocated to:	New		Nil
> new and improved state highways		0%	
> new and improved local roads		100%	100%
PERFORMANCE MEASURE	ACTUAL 7 MONTHS 2004/05	TARGET 2005/06	ACTUAL 2005/06
Quality			
% of allocated funds actually spent (\$15m allocated)	New	100%	101%
<i>Note: Specifics of performance reported within other output classes</i>			

Output class | Auckland land transport

Description

Under this output class, the Minister of Transport purchases activities that support the increased integration of transport and land use in the Auckland region, using Crown funding. This output is delivered by approved organisations (with Land Transport NZ funding support).

Output objectives

Progress towards a safer, more integrated, responsive and sustainable land transport system in Auckland, through effective and efficient activities, with priority given to:

- > improvements to passenger transport services and infrastructure
- > transport demand management
- > improvements to strategic roading.

PERFORMANCE MEASURE	ACTUAL 7 MONTHS 2004/05	ESTIMATE 2005/06	ACTUAL 2005/06
Quantity			
% of funds allocated to output classes:	New		
> Passenger transport services		100%	100%
PERFORMANCE MEASURE	ACTUAL 7 MONTHS 2004/05	TARGET 2005/06	ACTUAL 2005/06
Quality			
% of allocated funds actually spent	New	100%	8% ¹
<i>Note: Specifics of performance reported within other output classes</i>			
Total cost (\$000)	New	64,000	4,947

Notes

- 1 The Auckland region is still developing their priorities for funding. Therefore, very few projects have been sufficiently developed to enable funding applications to be made.

Output class | Wellington land transport

Description

Under this output class, the Minister of Transport purchases activities that retain passenger transport mode share, address congestion and improve access to the Wellington region, using Crown funding. This output class is delivered by approved organisations (with Land Transport NZ funding support).

Output objectives

Progress towards a safer, more integrated, responsive and sustainable land transport system in Wellington, through effective and efficient activities, with priority given to:

- > enhancing passenger transport services and infrastructure and retaining passenger transport mode share
- > transport demand management
- > walking and cycling
- > strategic roading.

PERFORMANCE MEASURE	ACTUAL 7 MONTHS 2004/05	ESTIMATE 2005/06	ACTUAL 2005/06
Quantity			
% of funds allocated to output classes:	New		
> Transport demand management, walking and cycling		13	100% ¹
> Passenger transport services		42	Nil
> New and improved state highways		30	Nil
> New and improved local roads		15	Nil
PERFORMANCE MEASURE	ACTUAL 7 MONTHS 2004/05	TARGET 2005/06	ACTUAL 2005/06
Quality			
% of allocated funds actually spent	New	100%	7% ²
<i>Note: Specifics of performance reported within other output classes</i>			
Total cost (\$000)	New	1,250	93

Notes

- 1 No funding applications were received for passenger transport services, new and improved state highways or new and improved local roads. 100% of funds allocated were to transport demand management, walking and cycling.
- 2 The Wellington region is still developing their priorities for funding, hence there have been very few projects sufficiently developed to enable funding applications to be made.

Output class | New and improved infrastructure for state highways

Description

Under this capital appropriation Land Transport NZ purchases state highway capital improvements. This output class is delivered by approved organisations (with Land Transport NZ funding support).

Output objectives

Progress towards a safer, more integrated, responsive and sustainable land transport system through effective and efficient development of new and improved road infrastructure.

PERFORMANCE MEASURE	ACTUAL 7 MONTHS 2004/05	ESTIMATE 2005/06	ACTUAL 2005/06
Quantity			
New roads (lane-km)	New	6	3.6 ¹
New bridges (lane-m)	New	20	N/A ²
PERFORMANCE MEASURE	ACTUAL 7 MONTHS 2004/05	TARGET 2005/06	ACTUAL 2005/06
Quality			
Cost of new urban roads (\$/m ² of new road)	New		\$2800/m ² to \$4000/m ²
Cost of new rural roads (\$/m ² of new road)	New		\$200/m ² to \$500m ²
Forecast benefit/cost ratio (average for approved new activities)	New	≥4	4.0
% of activities that delivered the forecast benefits (as determined by post-implementation reviews/audits)	New	100%	67% ³
Total cost (\$000)		679,559	714,470
Less cost funded by Transit New Zealand property sales		(15,000)	(12,423)
Total cost funded by NLTP (\$000)	293,819	664,559	702,047

Notes

- 1 Includes new infrastructure for roads.
- 2 New bridges are no longer separately accounted for. They are now included in new roads.
- 3 Four out of six projects reviewed delivered the forecast benefits.

Output class | Maintenance of state highways

Description

Under this output class, Land Transport NZ purchases the routine and periodic maintenance of state highways.

Output objectives

Progress towards a safer, more sustainable land transport system through effective and efficient preservation of roading infrastructure.

PERFORMANCE MEASURE	ACTUAL 7 MONTHS 2004/05	ESTIMATE 2005/06	ACTUAL 2005/06
Quantity			
Minor safety activities (\$000)	New	26,133	21,298
Road reconstruction (lane-km)	New	40	82
Pavement smoothing (lane-km)	New	60	7
Area wide pavement treatment (lane-km)	New	360	170
Reseals (lane-km)	New	2,600	1,185
Bridge reconstruction (lane-m)	New	1,000	2,900
% of roads undergoing periodic maintenance	New		13%
PERFORMANCE MEASURE	ACTUAL 7 MONTHS 2004/05	TARGET 2005/06	ACTUAL 2005/06
Quality			
Ride quality (smooth travel exposure, STE)	New	Steady	Steady
Road condition index (CI)	New		Improving ¹
Road pavement integrity index (PII)	New		Improving ¹
Cost of routine maintenance per network-km	New		\$19.4
Cost of periodic maintenance per network-km	New		\$13.6
Total cost		186,570	227,166
Less cost funded by Transit New Zealand property sales		(12,100)	(18,131)
Total cost funded by NLTP (\$000)	243,155	174,470	209,035

Notes

1 Reflects trend over last five years.

Output class | New and improved infrastructure for local roads

Description

Under this output class, Land Transport NZ co-funds, with approved organisations, local roads capital improvements.

Output objectives

Progress towards a safer, more integrated, responsive and sustainable land transport system through effective and efficient development of new and improved road infrastructure.

PERFORMANCE MEASURE	ACTUAL 7 MONTHS 2004/05	ESTIMATE 2005/06	ACTUAL 2005/06
Quantity			
New roads (lane-km)	New	8	144 ¹
Seal extensions (lane-km)	New	280	209
New bridges (lane-m)	New	40	413 ¹
PERFORMANCE MEASURE	ACTUAL 7 MONTHS 2004/05	TARGET 2005/06	ACTUAL 2005/06
Quality			
Cost of new urban roads (\$/m ² of new road)	New		\$40 to \$265
Cost of new rural roads (\$/m ² of new road)	New		\$20 to \$175
Forecast benefit / cost ratio (average for approved new activities)	New	≥4	4.2
% of activities that delivered the forecast benefits (as determined by post-implementation reviews/audits)	New	100%	100%
Total cost (\$000)	84,503	312,410	281,012

Notes

- 1 Target erroneously based on recent past achievement instead of projects submitted for 2005/06. Actual based on information provided through the Annual Achievement Returns collected from approved organisations.

Output class | Maintenance of local roads

Description

Under this output class, Land Transport NZ co-funds, with approved organisations, the routine and periodic maintenance of local roads infrastructure.

Output objectives

Progress towards a safer, more sustainable land transport system through effective and efficient preservation of roading infrastructure.

PERFORMANCE MEASURE	ACTUAL 7 MONTHS 2004/05	ESTIMATE 2005/06	ACTUAL 2005/06
Quantity			
Minor safety activities (\$000)	New	26,708	25,814
Road reconstruction (lane-km)	New	360	282
Pavement smoothing (lane-km)	New	200	282
Area wide pavement treatment (lane-km)	New	900	704
Reseals (lane-km)	New	7,600	5,447
Bridge reconstruction (lane-m)	New	1,400	492
% of roads undergoing periodic maintenance	New	9%	8%
PERFORMANCE MEASURE	ACTUAL 7 MONTHS 2004/05	TARGET 2005/06	ACTUAL 2005/06
Quality			
Ride quality (smooth travel exposure, STE)	New	Steady	Steady
Road condition index (CI)	New	Improving	Improving ¹
Road pavement integrity index (PII)	New	Steady	Improving ¹
Cost of routine maintenance per network-km	New		\$2.6
Cost of periodic maintenance per network-km	New		\$1.8
Total cost (\$000)	239,335	167,715	225,401

NATIONAL LAND TRANSPORT PROGRAMME	ACTUAL 7 MONTHS 2004/05 \$000	BUDGET 12 MONTHS 2005/06 \$000	ACTUAL 12 MONTHS 2005/06 \$000
Crown	48,301	60,498	61,054
NLTP funding from NLTF	783,739	1,462,827	1,462,114
Third party revenue	7,446	2,000	14,222
Total revenue	839,486	1,525,325	1,537,390
Expenditure	956,055	1,651,220	1,649,015
Output class net surplus (deficit)	(116,569)	(125,895)	(111,625)

Notes

1 Reflects trend over the last five years.

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 sections 411 and 44 of the *Public Finance Act 1989* and section 152 of the *Crown Entities Act 2004*.

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

The budget figures contained in the financial statements are those approved by the Land Transport NZ Board.

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:

- > 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 split into two components; Crown Revenue, and Crown Revenue from the National Land Transport Fund
- > income from investments.

Such revenue is recognised when earned and is reported in the financial period to which it relates.

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 funding.

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 non-collectable 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%

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 outputs.

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 unit's activity.

For the period to 30 June 2006 corporate indirect and overheads account for 5 percent (prior year 3 percent) of Land Transport NZ costs.

Business units' direct costs and overheads assignment to outputs

Business units are defined as work areas that produce outputs. Where possible, costs incurred by a business unit 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 2006, direct business unit costs account for 95 percent (prior year 97 percent) of Land Transport NZ costs.

Taxation

Income tax

Crown Entities are exempt from income tax under provisions of the *Income Tax Act 2004* 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.

Public equity

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

Changes in accounting policies

There have been no changes in accounting policies, including cost allocation accounting policies, since the date of the last audited financial statements.

All policies have been applied on a basis consistent with the previous year.

Financial statements

Statement of financial performance

For the year ended 30 June 2006

This statement details the revenue received and expenses incurred by Land Transport New Zealand.

	NOTES	ACTUAL 12 MONTHS 2005/06 \$000	BUDGET 12 MONTHS 2005/06 \$000	ACTUAL 7 MONTHS 2004/05 \$000
Revenue				
Crown		63,257	62,701	49,586
Safety Administration Programme (SAP)		30,454	30,454	14,894
NLTP funding from NLTF		1,480,355	1,481,067	791,644
Contract services		46,899	49,899	24,268
Third party revenue	1	92,615	78,552	52,652
Total revenue		1,713,580	1,702,673	933,044
Expenditure				
Personnel expenses		39,731	39,073	18,356
Operating expenses	2	123,569	124,093	79,499
NLTP excluding operating costs		1,649,015	1,658,740	956,055
Depreciation	3	5,859	5,740	3,186
Capital charge		1,700	1,842	946
Total expenditure	4	1,819,874	1,829,488	1,058,042
Net surplus (deficit) for the period		(106,294)	(126,815)	(124,998)

The accompanying accounting policies and notes form part of these financial statements.

Statement of movements in equity

For the year ended 30 June 2006

This statement sets out the causes and changes to the opening equity during the course of the year.

	NOTES	ACTUAL 12 MONTHS 2005/06 \$000	BUDGET 12 MONTHS 2005/06 \$000	ACTUAL 7 MONTHS 2004/05 \$000
Public equity as at 1 July 2005		169,738	162,449	287,444
Net surplus/(deficit) for the year		(106,294)	(126,815)	(124,998)
Total recognised revenue and expenses for the year		(106,294)	(126,815)	(124,998)
Net transfer movements	5	(1,191)	0	7,292
Public equity as at 30 June 2006		62,253	35,634	169,738

The accompanying accounting policies and notes form part of these financial statements.

Statement of financial position

As at 30 June 2006

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

	NOTES	ACTUAL 2005/06 \$000	BUDGET 2005/06 \$000	ACTUAL 2004/05 \$000
Assets				
<i>Current assets</i>				
Cash and investments	6	222,118	38,914	355,792
Prepayments		617	220	212
Inventory		173	180	461
Crown receivable		46,953	0	32,653
Debtors and receivables	7	42,980	299,297	31,199
Total current assets		312,841	338,611	420,317
<i>Non-current assets</i>				
Fixed assets	8	19,393	24,954	21,562
Total assets		332,234	363,565	441,879
Liabilities				
<i>Current liabilities</i>				
Creditors and payables	9	264,424	324,291	266,741
Provision for repayment of surplus to the Crown		1,486	0	1,692
Employee entitlements	10	2,282	3,640	2,165
Total current liabilities		268,192	327,931	270,598
<i>Non-current liabilities</i>				
Employee entitlements	10	1,789	0	1,543
Total liabilities		269,981	327,931	272,141
Public equity				
General funds		19,075	18,575	19,075
Licensing memorandum account balances	11	5,927	3,714	4,325
National land transport account balances	12	24,547	0	136,172
Accumulated operating surplus/(deficit)		12,704	13,345	10,166
Total public equity		62,253	35,634	169,738
Total liabilities and public equity		332,234	363,565	441,879

The accompanying accounting policies and notes form part of these financial statements.

Statement of cash flows

For the year ended 30 June 2006

This statement summarises the cash movements in and out of Land Transport New Zealand during the year.

	NOTES	ACTUAL 12 MONTHS 2005/06 \$000	BUDGET 12 MONTHS 2005/06 \$000	ACTUAL 7 MONTHS 2004/05 \$000
Cash flows from operating activities				
Cash was provided from:				
> Supply of outputs to the Crown		63,257	62,701	49,586
> Supply of outputs to NLTF		1,543,408	1,678,256	1,116,919
> Supply of outputs to third parties		51,970	78,563	43,166
> Net goods & services tax		11,261	0	32,979
> Interest received		17,580	0	6,886
		1,687,476	1,819,520	1,249,536
Cash was applied to:				
> Personnel expenses		(39,368)	(39,073)	(21,385)
> Operating cost of outputs		(1,774,994)	(1,914,576)	(971,929)
> Payment of capital charge to the Crown		(1,700)	(1,842)	(1,716)
		(1,816,062)	(1,955,491)	(995,030)
Net cash flows from operating activities	13	(128,586)	(135,971)	254,506
Cash flows from investing activities				
Cash was provided from:				
> Sale of fixed assets		19	20	442
Cash was applied to:				
> Purchase of fixed assets		(3,709)	(4,768)	(2,052)
Net cash flows from investing activities		(3,690)	(4,748)	(1,610)
Cash flows from financing activities				
Cash was provided from:				
> Capital contributions from the Crown		0	0	0
Cash was applied to:				
> Repayment of surplus to the Crown		(1,398)	(1,553)	(190)
Net cash flows from financing activities		(1,398)	(1,553)	(190)
Net increase/(decrease) in cash held		(133,674)	(142,272)	252,706
Opening cash balances		355,792	181,186	103,086
Closing cash balances		222,118	38,914	355,792
Cash		254	100	395
Investments		221,864	38,814	355,397
Closing cash balances		222,118	38,914	355,792

The accompanying accounting policies and notes form part of these financial statements.

Statement of commitments

As at 30 June 2006

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.

	ACTUAL 2005/06 \$000	ACTUAL 2004/05 \$000
National Land Transport Programme funding commitments		
Not later than one year	1,466,191	1,309,993
Later than one year and not later than two years	188,599	292,270
Later than two years and not later than five years	169,813	352,459
	1,824,603	1,954,722
Non-cancellable operating lease commitments		
Not later than one year	13,777	16,437
Later than one year and not later than two years	15,561	2,390
Later than two years and not later than five years	43,365	5,134
Later than five years	49,611	5,438
	122,314	29,399
Total commitments	1,946,917	1,984,121

Statement of contingent liabilities

As at 30 June 2006

This statement discloses situations that existed as at 30 June 2006, 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.

	ACTUAL 2005/06 \$000	ACTUAL 2004/05 \$000
Legal proceedings ¹	0	65
Total contingent liabilities	0	65

The accompanying accounting policies and notes form part of these financial statements.

Notes

1 Frontal impact cases now completed.

Notes to the financial statements

For the year ended 30 June 2006

NOTE 1 – THIRD PARTY REVENUE	12 MONTHS 2005/06 \$000	7 MONTHS 2004/05 \$000
Overdimension permits	226	131
Rail licensing fees	264	200
Border inspection fees	2,722	2,069
Transport licensing fees	4,377	2,450
Vehicle registration fees	5,247	2,982
Certification review fees	7,429	4,334
Administration fee from Accident Compensation Corporation	11,251	6,600
Driver testing fee	16,284	9,417
Driver licensing fee	25,475	14,958
Other revenue	2,157	1,727
Interest	17,183	7,784
	92,615	52,652

NOTE 2 – DISCLOSURE OF EXPENDITURE ITEMS	12 MONTHS 2005/06 \$000	7 MONTHS 2004/05 \$000
Expenditure includes:		
Fees paid to auditors for external audit	135	128
Board members fees	233	134
Finance charges on finance leases	0	2
Rental expense on operating leases	3,472	2,409
Bad debts written off	4	3
Change in provision for doubtful debts	170	94

NOTE 3 – DEPRECIATION	12 MONTHS 2005/06 \$000	7 MONTHS 2004/05 \$000
Computer equipment	1,725	992
Furniture and fittings	253	141
Leasehold improvements	292	169
Office equipment	96	59
Software	3,493	1,825
	5,859	3,186

	ACTUAL 12 MONTHS 2005/06 \$000	BUDGET 12 MONTHS 2005/06 \$000	ACTUAL 7 MONTHS 2004/05 \$000
NOTE 4 – DISCLOSURE OF EXPENDITURE BY OUTPUT CLASSES			
Rail and sea freight	371	2,065	
Transport demand management and walking and cycling	8,216	17,607	12,645
Passenger transport services	211,789	181,581	65,069
Regional land transport	6,104	65,563	17,529
Auckland land transport	4,947	64,000	
Wellington land transport	93	1,250	
New and improved infrastructure for state highways (1)	702,047	664,559	293,819
Maintenance of state highways (2)	209,035	174,470	243,155
New and improved infrastructure for local roads	281,012	312,410	84,503
Maintenance of local roads	225,401	167,715	239,335
NLTP excluding operating costs	1,649,015	1,651,220	956,055
Research and performance monitoring	5,563	4,953	2,707
Promotion, information and education activities	32,976	31,601	21,846
Regulatory implementation and enforcement	20,439	19,636	13,757
Licensing activities	43,268	47,939	26,156
Management of funding allocation system	12,078	13,287	5,198
Motor vehicle registry and revenue management	56,535	60,852	32,323
Costs and expenses	170,859	178,268	101,987
Total NLTP and costs and expenses	1,819,874	1,829,488	1,058,042
Expenditure net of Transit New Zealand revenue			
(1) New and improved infrastructure for state highways	714,470	679,559	294,679
Less cost of NLTP funded by Transit New Zealand property sales	(12,423)	(15,000)	(860)
Total cost of NLTP funded by Land Transport NZ	702,047	664,559	293,819
(2) Maintenance of state highways	227,166	186,570	252,273
Less cost of NLTP funded by Transit New Zealand property sales	(18,131)	(12,100)	(9,118)
Total cost of NLTP funded by Land Transport NZ	209,035	174,470	243,155

Where necessary, comparative figures with the previous year have been adjusted to correspond to changes in output classes, and presentation and classifications adopted in the financial statements during this current year.

NOTE 5 – NET TRANSFER MOVEMENTS	12 MONTHS 2005/06 \$000	7 MONTHS 2004/05 \$000
Net transfers to/from memorandum account	0	(519)
Net transfers to/from provision to repay surplus to the Crown	(1,486)	1,692
Net transfers to/from surplus approved for retention	295	170
Net transfers to/from adjustments for expenditure funded by retained earnings	0	5,949
	(1,191)	7,292

NOTE 6 – CASH AND INVESTMENTS	12 MONTHS 2005/06 \$000	7 MONTHS 2004/05 \$000
Cash and bank	254	395
Short term investments:		
ANZ Bank	77,885	76,600
ASB Bank	6,200	76,000
Bank of New Zealand	14,430	71,285
Citibank	68,995	49,600
Kiwibank	3,450	8,500
Westpac	50,904	73,412
	222,118	355,792
Short term investments were deposited at the following terms:		
Less than 30 days	112,073	191,692
30 to 59 days	59,915	101,600
60 to 89 days	0	18,200
90 to 119 days	0	24,100
120 to 149 days	14,650	20,200
150 to 179 days	19,650	0
180+ days	15,830	0
	222,118	355,792

NOTE 7 – DEBTORS AND RECEIVABLES	12 MONTHS 2005/06 \$000	7 MONTHS 2004/05 \$000
Trade debtors	3,372	3,464
Less provision for doubtful debts	(788)	(782)
	2,584	2,682
Other amounts receivable	22,811	3,037
GST receivable	17,585	25,480
	42,980	31,199

NOTE 8 – FIXED ASSETS	COST 30/06/06 \$000	ACCUMULATED DEPRECIATION \$000	NET BOOK VALUE \$000
2006			
Computer equipment	5,020	2,634	2,386
Furniture and fittings	2,089	395	1,694
Leasehold improvements	2,969	461	2,508
Office equipment	391	155	236
Software	17,904	5,335	12,569
Work in progress: Software	0	0	0
	28,373	8,980	19,393
NOTE 8 – FIXED ASSETS	COST 30/06/05 \$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 9 – CREDITORS AND PAYABLES	12 MONTHS 2005/06 \$000	7 MONTHS 2004/05 \$000
Trade creditors	160,679	256,300
Accrued expenses	103,745	10,441
	264,424	266,741

NOTE 10 – EMPLOYEE ENTITLEMENTS	12 MONTHS 2005/06 \$000	7 MONTHS 2004/05 \$000
Annual leave	2,282	2,076
Long service leave	251	211
Retirement leave	1,538	1,421
	4,071	3,708
Current	2,282	2,165
Non-current	1,789	1,543
	4,071	3,708

NOTE 11 – LICENSING MEMORANDUM ACCOUNT BALANCES	12 MONTHS 2005/06 \$000	7 MONTHS 2004/05 \$000
Opening balance	4,325	3,806
Revenue	44,870	26,675
Expenditure	43,268	26,156
Net surplus (deficit)	1,602	519
	5,927	4,325

NOTE 12 – NATIONAL LAND TRANSPORT ACCOUNT BALANCES	12 MONTHS 2005/06 \$000	7 MONTHS 2004/05 \$000
Opening balance	136,172	252,740
Revenue	1,537,390	847,392
Expenditure	1,649,015	963,960
Net surplus (deficit)	(111,625)	(116,568)
	24,547	136,172

NOTE 13 – RECONCILIATION OF THE NET SURPLUS (DEFICIT) FROM OPERATIONS WITH THE NET CASH FLOWS FROM OPERATING ACTIVITIES	12 MONTHS 2005/06 \$000	7 MONTHS 2004/05 \$000
Net surplus from operations	(106,294)	(124,998)
Add (less) non-cash items:		
Depreciation	5,859	3,185
	5,859	3,185
Add (less) movements in working capital items:		
(Increase) decrease in receivables/inventory	(11,898)	(34,177)
(Increase) decrease in receivable from Crown – NLTF	(14,300)	321,876
Increase (decrease) in payables	(2,316)	88,814
Increase (decrease) in employee entitlements	363	(194)
	(28,151)	376,319
Net cash flow from operating activities	(128,586)	254,506

NOTE 14 – 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.

Dr Jan Wright, the Chair of the Land Transport NZ Board, is a member of the Board of Transit New Zealand.

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 New Zealand.

NOTE 15 – 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	
	2005/06	2004/05
\$100,000 – \$110,000	11	10
\$110,001 – \$120,000	11	2
\$120,001 – \$130,000	4	5
\$130,001 – \$140,000	5	4
\$140,001 – \$150,000	3	0
\$150,001 – \$160,000	2	1
\$160,001 – \$170,000	2	3
\$170,001 – \$180,000	2	1
\$330,001 – \$340,000	0	1
\$370,001 – \$380,000	1	0
	41	27

Wayne Donnelly was appointed the Chief Executive Officer of Land Transport NZ on 21 December 2004. His total remuneration package is in the \$370,001 – \$380,000 band.

Severance payments – During the financial year, four employees received severance payments totalling \$303,572.

NOTE 16 – 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 12 MONTHS 2005/06 \$000	FEES 7 MONTHS 2004/05 \$000
Dr Jan Wright (Chair)	60	35
Mr Paul Fitzharris (Deputy Chair)	30	5
Mr Gerry Te Kapa Coates	30	18
Mr Bryan Jackson	30	18
Mr Greg Presland	30	18
Dr Janet Stephenson	30	18
Mr David Stubbs	23	18
Mr Simon Mitchell	0	6
	233	134

Mr Simon Mitchell stepped down from the Board in January 2005, and Mr David Stubbs stepped down in April 2006.

The Board has taken insurance cover for Board members and employees for personal loss caused by wrongful acts in the course of their duties where indemnity is not available from the organisation. The Board has also taken insurance cover covering personal accident and travel risk for Board members and employees where injury or loss occurs whilst on Land Transport NZ business.

NOTE 17 – MAJOR BUDGET VARIATIONS

Statement of financial performance

Funding for contract services of the MVR & RM business was reduced by \$3 million from budget in anticipation of lower motor vehicle registry and revenue management expenditure.

Higher third party revenue of \$14.063 million reflects the level of interest earned on funds held during the period. A high level of funds held in the bank account reflects the timing of roading funds drawn down by approved organisations.

NLTP expenditure was below budget mainly due to claims from Transit New Zealand being lower than forecast.

Statement of financial position

Cash and investments are reserves earmarked mainly for NLTP claims. The balance is higher than budgeted due to the timing of claims received from approved organisations.

An anticipated high level of debtors and creditors at year-end did not eventuate due to NLTP funding being received before the year-end.

NOTE 18 – CHANGES TO COMPARATIVE FIGURES

Where necessary, comparative figures have been adjusted to conform to changes in presentation and classification adopted in the current period.

NOTE 19 – ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

In December 2002, the New Zealand Accounting Standards Review Board announced that New Zealand International Financial Reporting Standards (NZ IFRS) will apply to all New Zealand reporting entities for the periods beginning on or after 1 January 2005.

Land Transport NZ intends to implement NZ IFRS in its annual financial statements for the year ending 30 June 2008.

Entities complying with the New Zealand equivalents to IFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of IFRS to that comparative period. Most adjustments required on transition to IFRS will be made, retrospectively, against opening retained earnings.

Land Transport NZ is assessing the significance of these changes and preparing for their implementation.

As Land Transport NZ has not yet completed an analysis of the differences between existing NZ GAAP and NZ IFRS, we are unable to reliably estimate the key differences in accounting policies or quantify the impacts to the financial statements that are expected to arise on transition to NZ IFRS. Land Transport NZ intends to provide further information, including quantification of the impacts of transitioning to NZ IFRS, in the financial statements for the year ending 30 June 2007.

Audit report

To the readers of Land Transport New Zealand's financial statements

For the year ended 30 June 2006

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 2006.

Unqualified opinion

In our opinion the financial statements of Land Transport New Zealand on pages 24 to 63:

- > comply with generally accepted accounting practice in New Zealand; and
- > fairly reflect:
 - Land Transport New Zealand's financial position as at 30 June 2006;
 - 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 year ended on that date.

The audit was completed on 19 October 2006, 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 2006. 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 2006 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 19 October 2006 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 year ended 30 June 2006

This statement is provided as supplementary information to the financial statements because it is a major source of Land Transport New Zealand's revenue.

	ACTUAL 12 MONTHS 2005/06 \$M	BUDGET 12 MONTHS 2005/06 \$M	ACTUAL 12 MONTHS 2004/05 \$M
Opening balance	9	9	7
Revenue			
Road user charges	758	784	745
Fuel excise duty	727	768	647
Motor vehicle registration fees	221	222	218
Motor vehicle: other	14	10	13
ACC collection fee	12	12	11
Bad debt write off	(4)	(5)	0
	1,728	1,791	1,634
Plus government contribution			
Goods and services tax compensation	0	0	0
Capital maintenance of state highways	95	95	0
Contribution in lieu of interest	18	2	0
	113	97	0
Less refunds			
Road user charges	32	27	30
Fuel excise duty	26	33	31
Motor vehicle registration	1	1	1
	59	61	62
Less distributions			
Land Transport New Zealand	1,497	1,557	1,302
New Zealand Police	209	215	209
Ministry of Transport	61	64	59
	1,767	1,836	1,570
Closing balance	24	0	9

All distribution figures are GST exclusive and have been prepared on an accrual basis.

The Ministry of Transport administers the Fund on behalf of the Crown. The National Land Transport Fund pays for the Land Transport New Zealand output classes, traffic enforcement and road safety education.

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.

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

Supplementary information – National Land Transport Programme

For the year ended 30 June 2006

This statement is provided as supplementary information to enable comparison with Land Transport New Zealand's 2005/06 National Land Transport Programme as published in June 2005.

	ACTUAL 12 MONTHS 2005/06 \$000	BUDGET 12 MONTHS 2005/06 \$000	ACTUAL 12 MONTHS 2004/05 \$000
Maintenance of local roads			
Structural maintenance	224,394	220,430	206,878
Corridor maintenance	59,763	55,800	52,855
Professional services	31,180	29,250	29,366
Preventative maintenance	2,192	4,000	2,266
Emergency work	46,789	26,000	67,560
	364,318	335,480	358,925
Maintenance of state highways			
Structural maintenance	188,430	191,450	178,212
Corridor maintenance	76,090	77,260	80,193
Professional services	50,921	49,900	42,023
Property management ¹	14,681	14,900	10,544
Preventative maintenance	4,952	3,500	8,667
Emergency work	24,135	18,000	26,632
	359,209	355,010	346,271
Improvement and replacement of local roads			
Minor safety projects	25,814	26,150	23,976
Commitments	58,224	25,900	76,853
New works	15,786	92,030	0
Property purchase	14,937	0	0
	114,761	144,080	100,829
Improvement and replacement of state highways			
Minor safety projects	21,298	25,000	31,505
Commitments	189,631	240,500	321,993
New works	275,300	202,700	0
Property purchase ¹	60,017	50,000	59,198
	546,246	518,200	412,696
Travel demand management, rail and barging			
Transport demand management	3,359	3,500	18,134
Travel behaviour change	93	4,000	0
Rail and sea freight	309	2,000	0
	3,761	9,500	18,134

Notes

¹ Transit New Zealand revenues in this statement have not been offset against Transit New Zealand expenditure as the National Land Transport Programme is prepared on a gross funding basis.

	ACTUAL 12 MONTHS 2005/06 \$000	BUDGET 12 MONTHS 2005/06 \$000	ACTUAL 12 MONTHS 2004/05 \$000
Passenger transport			
Community services	116,075	117,570	98,206
Social services	4,023	3,860	3,366
Roading improvements	59,987	37,200	13,268
PT infrastructure	29,256	81,540	0
	209,341	240,170	114,840
Regional development	15,515	15,000	22,258
Walking and cycling	4,393	6,000	3,948
Research, education and training	4,520	4,520	3,640
Administration and project control			
Transit New Zealand	42,107	38,810	36,179
Regional councils and ARTA	8,706	4,800	4,141
Territorial authorities	11,212	11,240	10,914
	62,025	54,850	51,234
Land Transport NZ operating expenditure	13,721	13,600	9,116
Total cost of the National Land Transport Programme	1,697,810	1,696,410	1,441,891

The difference between this statement and the Statement of financial performance is that the National Land Transport Programme outputs within the Statement of financial performance are aligned to Land Transport New Zealand's 2005/2008 Statement of intent which includes the road controlling authorities and regional councils administration costs allocated against their respective outputs.

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

Supplementary information – Crown funded appropriations

For the year ended 30 June 2006

This statement is provided as supplementary information to separately show the funding received from the Crown for specific regions.

	ACTUAL 12 MONTHS 2005/06 \$000	ACTUAL 12 MONTHS 2004/05 \$000
Regional land transport		
Opening balance	27,742	0
Revenue	201,000	50,000
Expenditure		
> Northland	422	9,927
> Auckland	3,701	0
> Bay of Plenty	61	0
> Gisborne	0	11,965
> Hawke's Bay	285	366
> Manawatu/Wanganui	46	0
> Nelson/Marlborough/Tasman	4	0
> West Coast	56	0
> Canterbury	835	0
> Otago	50	0
> Southland	644	0
	6,104	22,258
Net surplus (deficit)	194,896	27,742
Closing balance	222,638	27,742
Auckland land transport		
Opening balance	47,110	
Revenue	50,667	47,110
Expenditure	4,947	
Net surplus (deficit)	45,720	47,110
Closing balance	92,830	47,110
Wellington land transport		
Opening balance	0	
Revenue	9,889	
Expenditure	93	
Net surplus (deficit)	9,796	
Closing balance	9,796	

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

Glossary of terms

Accident Compensation Corporation	The Accident Compensation Corporation (ACC) is a Crown entity that administers New Zealand's accident compensation scheme, which provides personal injury cover for all New Zealand citizens, residents and temporary visitors to New Zealand.
Allocation process	See Land Transport NZ's allocation process.
Approved organisation	Defined in section 5 of the Land Transport Management Act 2003 as Transit New Zealand, regional councils, territorial authorities and other approved public organisations.
Australasian new car assessment programme (ANCAP)	ANCAP provides consumers with consistent information on the occupant protection level of new vehicles in serious front and side crashes. Broadly supported by all Australian automobile clubs, the Federal Office of Road Safety and State Government road and transport authorities in all states except Victoria and Tasmania, the programme provides accurate data through a series of closely monitored and controlled collisions.
Block allocation	An allocation of a 'block' of funds to cover a number of low-risk projects.
BCR (B/C)	Also referred to as the benefit-cost ratio. The BCR represents the number of dollars of public benefit gained per dollar of approved organisation expenditure (capital and maintenance) over a 25 year period.
Certificate of fitness (CoF)	A regular safety check required for heavy vehicles such as trucks, tractors, buses, large motor homes and large trailers; all passenger service vehicles, such as taxis, shuttles and buses; and rental vehicles. It is illegal to drive one of these vehicles on the road if it doesn't meet the CoF requirements, or doesn't display a valid CoF sticker.
Community Road Safety Programme (CRSP)	Land Transport NZ-endorsed programmes to enhance road safety, and delivered by community providers in a community context.
Corridor maintenance	Maintenance work, other than that which prolongs the life of the road pavement, to maintain safety and aesthetic standards, eg pavement marking, traffic signs, marker posts, vegetation control.
GST	Goods and services tax.
Km	Kilometre – a measure of length or distance (= 1000 metres).
Land transport	Transport on land (or water) by any means, and the infrastructure facilitating such transport, including all forms of road and rail transport. The definition also includes surface effect vehicles, eg, hovercraft and harbour ferries.
Land Transport NZ's allocation process	The process used to prepare the National Land Transport Programme. The process is used to make any amendments to the published NLTP, consider applications for funding and develop the future NLTP.
Land Transport Safety Authority (LTSA)	Established in 1993 as a stand-alone safety authority with an aim to create a land transport safety culture in New Zealand. Its mission was to promote safety in land transport at a reasonable cost, including managing land transport information and revenue systems. Dissolved in the Land Transport Management Amendment Act 2004.
Lane kilometre	A measure of length – one lane kilometre = one kilometre along a single lane of a road.
Local authority	Any regional council or territorial authority as in section 5(1) of the Local Government Act 2002.
LTMA	The Land Transport Management Act 2003.
Minister	The Minister of Transport.
MoT	Ministry of Transport.
Motor vehicle register (MVR)	Established under the Transport (Vehicle and Driver Registration and Licensing) Act 1986, and records details of vehicles that are registered to operate on the road and licensed.
Motor vehicle registry and revenue management (MVR&RM)	Operates under a contract between Land Transport NZ and the Secretary for Transport and administers the Transport Registry Centre.
New	Newly created output classes and related measures for the 2005/06 year. No comparable measures are available from 2004/05.
NLTA	National Land Transport Account – the account(s) established by Land Transport NZ in accordance with section 10 of the Land Transport Management Act 2003.

NLTP	The annual National Land Transport Programme is produced in accordance with section 19 of the Land Transport Management Act 2003. The NLTP covers Land Transport NZ's distribution of funds for the national land transport needs for each year, as approved by the Land Transport NZ Board.
NLTP agreements	Relationship and accountability agreements established between Land Transport NZ and approved organisations covering the rights and responsibilities of the parties under the NLTP.
Output class	A grouping of goods and services as defined in the Public Finance Act 1989. Within the context of Land Transport NZ's expenditure it refers to the categories of funding provided under the NLTP.
Overdimension permit	Vehicles exceeding allowable size limits are considered overdimension and need to meet certain requirements. Generally, an overdimension vehicle or load must have a specific permit.
Passenger kilometres	A unit of measurement of passenger transport – one passenger kilometre equals one kilometre travelled by one passenger.
Patronage funding scheme	A scheme for funding passenger transport services, designed to increase patronage through new services that will benefit commuters and ease traffic congestion at the times and places of greatest need. Under patronage funding, the more passengers carried in a region, the greater the funding from Land Transport NZ.
Pavement	All the material between the road surface and the underlying foundation, which provides a smooth surface for vehicles and spreads vehicle loads.
Profile	A profile that makes an assessment of the contribution of an activity to the New Zealand Transport Strategy by three factors: seriousness and urgency, effectiveness, and economic efficiency.
Regional council (RC)	As defined in section 5(1) of the Local Government Act 2002.
Road	As defined in section 2(1) of the Local Government Act 2002. Roading has a corresponding meaning.
Road controlling authority (RCA)	An RCA is an authority responsible for providing roading outputs. RCAs include Transit New Zealand, territorial authorities, the Department of Conservation and the Waitangi Trust.
Road user charges (RUC)	Users of diesel-powered vehicles contribute towards the cost of the upkeep of New Zealand's roads by paying road user charges. (Other road users pay levies in the price of their fuel.) All the revenue collected from road user charges goes into the National Land Transport Fund. Road user charges are administered by Land Transport NZ and enforced by the NZ Police.
Safety administration programme (SAP)	The SAP is the primary planning and funding programme for road safety activity undertaken by the NZ Police, Land Transport NZ and community groups. It is prepared annually by Land Transport NZ in accordance with the Land Transport Management Act 2003.
Safety management system (SMS)	Ensures that decisions about construction, maintenance and management of the road networks consider safety and help achieve targets and goals identified in national and local road safety strategies.
SOI	The Statement of intent, as approved by the Minister of Transport and produced in accordance with the Public Finance Act 1989 comprises the objectives and performance targets for the stated year, against which Land Transport NZ is evaluated.
SOPP	Statement of projected performance contained in Land Transport NZ's Statement of intent.
SSP	Statement of service performance, which reports Land Transport NZ's performance against the Statement of projected performance contained in the Statement of intent.
State highway	A state highway is a roadway declared as such under section 2(1) of the Transit New Zealand Act 1989.
Structural maintenance	Maintenance work carried out on the pavement to maintain its structural integrity and serviceability.
Transfund New Zealand	As defined under sections 66 to 74 of the Land Transport Management Act 2003, with the objective to allocate resources in a way that contributes to an integrated, safe, responsive, and sustainable land transport system. Dissolved in the Land Transport Management Amendment Act 2004.
Transit New Zealand	As defined under sections 75 to 83 of the Land Transport Management Act 2003, responsible for the operation of the state highway system in a way that contributes to an integrated, safe, responsive, and sustainable land transport system.
Transport service licence	Operators of any transport service, such as a goods service, passenger service, vehicle recovery service, vehicle rental service or a rail service, must hold an appropriate transport service licence.
Warrant of fitness (WoF)	A warrant of fitness is a periodic safety inspection that is compulsory for light vehicles (eg, most cars, vans, utes and 4WDs). Vehicles first registered anywhere less than six years ago must have WoF inspections every 12 months. All other vehicles must have WoF inspections every six months.

Appendix Land Transport NZ's functions

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.



Land Transport NZ
Ikiiki Whenua Aotearoa

