



## Land Transport New Zealand Annual report

*for the year ending 30 June 2008*

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 2008

### More information...

New Zealand Transport Agency  
Published November 2008

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This *Annual report* is also available  
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Front cover image: Satellite photo of New Zealand courtesy  
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# Annual report for the year ended 30 June 2008

Presented to the House of Representatives pursuant to  
Section 150(3) of the Crown Entities Act 2004.

## Preface

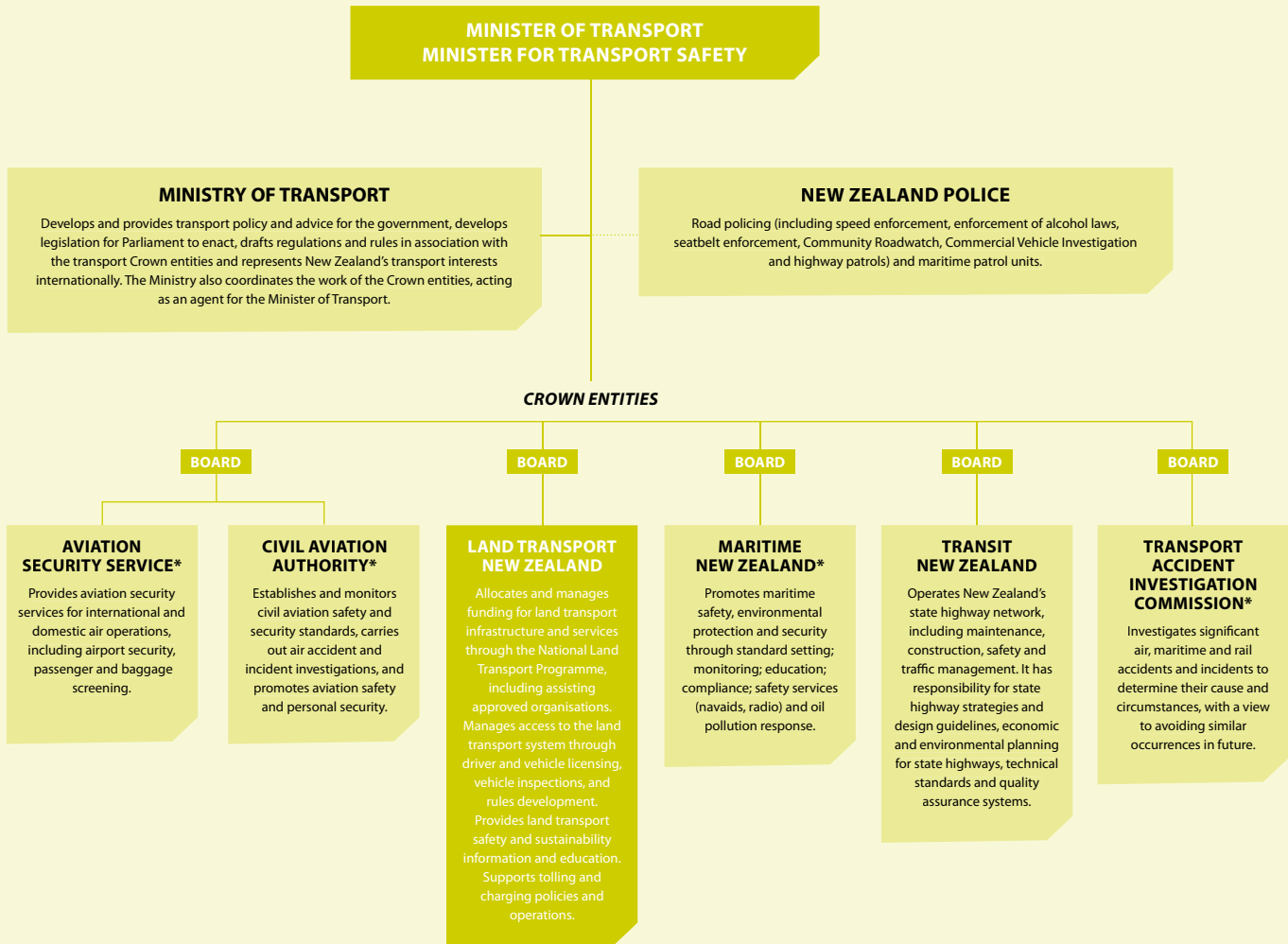
In July 2008 the amended Land Transport Management Act 2003 was enacted by Parliament. This legislative change follows the release of the Next steps review of the land transport sector, and confirms the government's commitment to strengthen the way in which land transport planning and funding is undertaken. One of the key changes is the merger of Land Transport NZ and Transit NZ into a new Crown entity, the NZ Transport Agency, focused on delivering the government's long-term vision for transport.

This annual report covers the last full year of operation for Land Transport NZ from 1 July 2007 to 30 June 2008.

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## THE NEW ZEALAND GOVERNMENT TRANSPORT SECTOR



### THREE STATE-OWNED ENTERPRISES WITH TRANSPORT FUNCTIONS

**Airways Corporation of New Zealand Limited** – Provides air traffic management services and provides the Ministry with Milford Sound/ Piopiotahi Aerodrome landing and take-off data.

**Meteorological Service of New Zealand Limited\*** – Provides public weather forecasting services and provides meteorological information for international air navigation under contract to the CAA.

**ONTRACK** – Manages Crown railway land and the national rail network. Legislation is currently before Parliament to transform ONTRACK into a Crown entity, similar to Transit New Zealand.

### CROWN-ESTABLISHED TRUST

**Road Safety Trust** – This Crown-established trust provides funding for road safety projects and research with revenue received from the sale of personalised vehicle registration plates.

### LOCAL GOVERNMENT

The sector works closely with local government. Local authorities own, maintain and develop New Zealand's local road network and perform important regulatory transport functions. Regional councils (and unitary authorities) are required to develop regional land transport strategies that guide the transport decision making of local councils, and also fund public transport and Total Mobility schemes in conjunction with Land Transport New Zealand. In the Auckland region, the Auckland Regional Transport Authority carries out these functions. Some local authorities own seaports and airports, or share ownership with the Crown.

\* Denotes an agency the Minister for Transport Safety oversees

## Who we are

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 a close partnership with key transport sector stakeholders.

Land Transport NZ has 16 statutory functions (see Appendix 1 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, 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.

## Vision and mission

### 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 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*

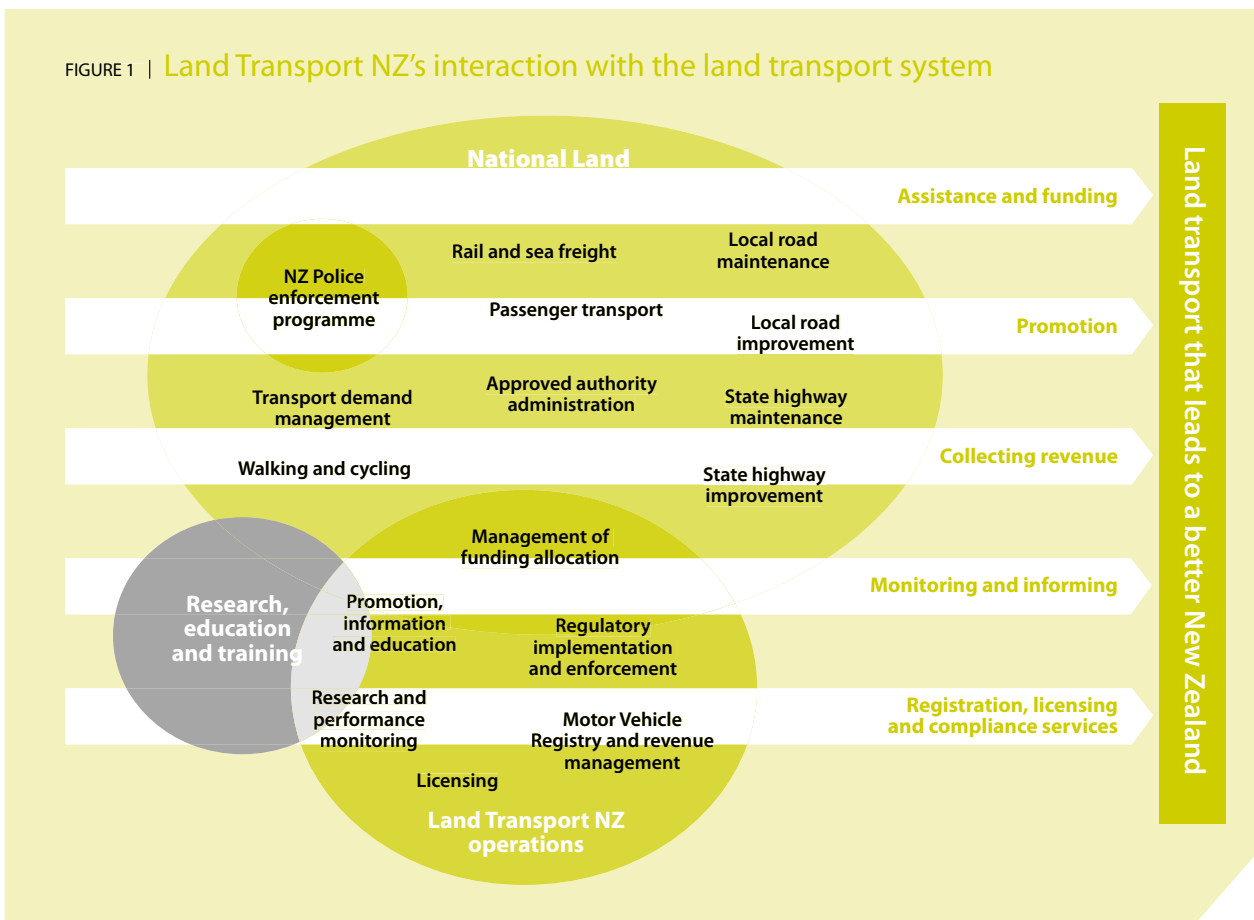


# What we do

## Introduction

Land Transport NZ is a vital player in the land transport system. Every person or organisation wishing to develop, operate or participate in land transport has regular transactions with Land Transport NZ.

Land Transport NZ operates through five key interventions: funding; managing access to the land transport system; enabling; information and education; and charging. Land Transport NZ's roles and activities are shown in Figure 1.



## Land Transport NZ goals

Land Transport NZ has six strategic goals – three strategic goals for land transport (goals 1–3) and three operational excellence goals (goals 4–6). Figure 2 shows the key outcomes and impacts that Land Transport NZ has confidence it can significantly influence within the context of whole of government objectives and government objectives related to the land transport sector. Figure 3 shows Land Transport NZ’s operational excellence goals; directed at enabling our staff to carry out their duties to the best of their ability and to the level of performance required.

FIGURE 2 | Land Transport NZ’s whole of government objectives



**FIGURE 3 | Land Transport NZ's operational excellence goals, outcomes and impacts within the context of wider government goals for the public sector**



## The year in review

This section presents some of the key highlights and achievements of the five business groups within Land Transport NZ for the 2007/08 year.

### Policy and Planning Group

This group is responsible for the development of operational policy, rule making, and providing information that contributes to delivering safe and sustainable land transport, along with the *Statement of Intent* and other accountability documents. This group also facilitates strategic planning for the organisation.

#### Achievements and highlights for the 2007/08 year include:

- > launched development of the Rightcar website; the first government website in New Zealand to present and promote safety and sustainability when choosing a vehicle
- > completed stage one of the procurement procedures review for physical works, professional services and public transport
- > initiated and completed a stocktake of the funding allocation process
- > developed the funding policy framework in preparation for the introduction of the three-year National Land Transport Programme
- > continued implementation of the walking and cycling strategy by building on current initiatives and delivery of the seven strategic initiatives led by Land Transport NZ
- > signed 17 new Land Transport NZ rules during the 2007/08 year; including amendments to the rules on frontal impact, emissions, and vehicle noise
- > assisted the Ministry of Transport in the development of the Public Transport Management Bill
- > launched an online national workplace travel planning survey tool for use by core government departments and agencies.

## Partnerships and Programmes Group

This group is responsible for encouraging the development of land transport programmes that address safety and sustainability objectives. The group is responsible for developing and managing the National Land Transport Programme (NLTP), the Road Policing Programme, and the Research Programme. The group monitors the approved organisations that receive land transport funding, and leads the development of education initiatives that encourage the safe and sustainable use of the land transport system.

Much of the focus of the partnerships and programmes group in 2007/08 has been on preparing for the new planning and funding framework signalled by the *Next steps review of the land transport sector*.

### **Other key highlights and achievements for the year include:**

- > managed the 2007/08 NLTP and the development of the 2008/09 NLTP
- > developed and implemented strategy assessments to ensure an integrated approach to land transport planning
- > developed the implementation plan for the education strategy
- > launched a package of sustainable transport advertisements to promote a more sustainable transport system
- > undertook technical, procedural, theme, and post implementation audits of approved organisations and their transport activities
- > developed and managed national promotion events including Bike Wise and Feet First
- > updated performance indicator sets for identifying land transport trends at a national and regional level
- > continued to develop the performance indicator framework to inform central and local government decision makers about progress towards safe and sustainable land transport in New Zealand.

## Regulatory Services Group

This 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.

### Some highlights for the 2007/08 year include:

- > a new Service Delivery Strategy for the services delivered by the organisation's agents was endorsed by the Board in August 2007
- > more than 4000 people attended Operator Rating System presentations held in 15 towns and cities throughout the country. The roadshows were part of a programme held to inform transport operators about the Operator Rating System and record their feedback
- > delivered the transport operator register online which provides employers with five new, proactive services giving them valuable information about events that could impact on an employees licence status
- > engaged the Australian software development firm i-Tree for the development of the rating engine for the Operator Rating System
- > launched an online transaction facility for the purchase of road user charges, aimed predominantly at light diesel vehicles
- > launched an online transaction centre to enable customers to complete some motor vehicle and driver licensing transactions over the internet
- > completed the development and roll-out of the rail information system (RIS) electronic database.

## People and Culture Group

This group is responsible for the development of business style and the implementation of people management and development strategies. These strategies enhance and support organisational capability and development, and drive the creation of a unique Land Transport NZ organisational culture.

### Some highlights and achievements for 2007/08 include:

- > being selected as a finalist in the People and Capability category in the inaugural Institute of Public Administration of NZ (IPANZ) awards
- > continued to run the leadership and development programme, with 65 people successfully completing the programme in December 2007 and a further 65 people due to finish in December 2008
- > increased use of the Success at Work competency framework across the organisation; used in team and role profiling and in a growing number of recruitment settings
- > completed six Response to Change workshops to strengthen staff resilience during the merger of Land Transport NZ and Transit NZ, with another four workshops due to be completed before December 2008
- > reviewed the induction programme in preparation for the new Crown entity.

## Corporate Services Group

This 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.

The major project carried out during 2007/08 was the fit out of the new national office premises and the successful relocation of more than 300 staff in Wellington city. The move was carried out in conjunction with the move of Transit national office staff in preparation for the establishment of the NZ Transport Agency in August 2008.

### Other key highlights for the 2007/08 year include:

- > planning commenced on the minor refurbishment of Investment House – previous location of the Transit national office – to accommodate the two separate locations of regional office staff as well as some national office staff
- > completed the transfer to voiceover internet protocol telecommunications for national office staff and some regional premises
- > developed the Information Systems Strategic Plan
- > developed the Finance Strategy
- > created a business case for the motor vehicle driver licensing registers strategy and future replacement
- > implemented a new system to support rail safety management services
- > implemented a new post code management system to update Transport Registry Centre transactions for taking advantage of NZ Post's new post codes.



## Achieving operational excellence

Every person at Land Transport NZ has a vital role to play in ensuring the success of our operational goals and in creating a culture that enables them to carry out their duties to a high level of performance.

Land Transport NZ is 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

The key operational theme for 2007/08 has been about building awareness and connections for leaders and new staff, as well as affirming their diversity. More than 130 people have participated in our leadership development programme which includes individual learning modules covering technical, strategic, emerging, and people leadership. Each year almost 90 people go through our new staff induction programme. This is designed to familiarise employees with their roles, what goes on in the rest of the organisation and helps them to integrate with their colleagues as easily as possible.

### **Equal employment opportunity (EEO)**

At Land Transport NZ, staff, stakeholders and customers alike are treated with respect and dignity. As part of a programme designed to build diversity and fairness an EEO policy is in place, along with supporting toolkits. The policy is aimed at preventing and eliminating workplace discrimination which helps employees perform to their maximum potential. By showing managers how to manage diversity in this way we have been able to demonstrate how a core competency can be brought to life within the context of EEO. In addition, four Treaty of Waitangi workshops and six Maori language workshops were run in support of overall staff capability in diversity awareness.

## 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 *AS/NZS4801 (Int): 2001 Occupation health and safety management systems*
- > complying with all health and safety legislation, regulations, codes of practice and safe operating procedures that impact on 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.

## Statement of responsibility

The Chair, Chief Executive, Board and management of the NZ Transport Agency 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 the NZ Transport Agency, the financial statements fairly reflect the financial position and operations of Land Transport NZ for the year to 30 June 2008.



 P Fitzharris  
**Board Member**  
31 October 2008



 Garry Moore  
**Board Member**  
31 October 2008

## Statement of service performance

for the year ended 30 June 2008

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 statement of forecast service performance is formatted according to the output class structure contained in the 2007/08 *Estimates of appropriations*. As an organisation, we work more directly with activity classes, but the alignment between the two is quite close.

The major difference occurs with respect to regionally distributed funds, as the output class structure shows these funds aggregated into regional output classes, whereas data presented by activity class will show these funds allocated into the appropriate activity class (the activity class breakdown shows the destination of the funding rather than the origin).

## Output class | Research and performance monitoring

### Description

Under this output class Land Transport NZ will:

- > commission and publish research
- > monitor and report on the performance of the land transport system.

### Link to Land Transport NZ's outcomes

- > Increased use of active and shared modes.
- > Reduced number of crashes.
- > Improved safety, environmental and energy performance of vehicles and vehicle use.
- > Improved reliability, safety and effectiveness of networks.

### Delivery

The research output is contracted out contestably to researchers.

Performance monitoring information is provided directly by Land Transport NZ.

PERFORMANCE MEASURE	ACTUAL 2006/07	TARGET 2007/08	ACTUAL 2007/08
<b>Quantity</b>			
Delivery of a published research programme with percentage funding allocation (by theme):	1	1	1
> Asset management	32%	30–40%	32%
> Natural hazard risk management	2%	1–5%	3%
> Safety and personal security	10%	5–15%	12%
> Environmental effects	14%	15–20%	7% <sup>1</sup>
> Travel behaviour change	20%	10–25%	15%
> Traffic management	7%	5–15%	7%
> Sustainable land transport	14%	10–25%	25%
Delivery of a land transport statistics report	1	1	1
<b>PERFORMANCE MEASURE</b>	<b>ACTUAL 2006/07</b>	<b>TARGET 2007/08</b>	<b>ACTUAL 2007/08</b>
<b>Quality</b>			
Percentage of approved organisations and relevant transport industry representatives that agree that Land Transport NZ's <b>research programme</b> adds value to the land transport sector	87%	80%	84%
Percentage of approved organisations and relevant transport industry representatives that agree that information on the performance of Land Transport NZ adds value to the land transport sector	79%	80%	77%
Percentage of research projects completed on time	46%	70%	41% <sup>2</sup>

#### Notes

- 1 Funding for projects addressing environmental effects is below target as there were insufficient quality research applications for the key topic area. This is being addressed and managed as part of 2008/09 research programme.
- 2 Report timing is being revised in the current updating of research processes, as about 98% of research reports are completed and will be published in due course. Researchers seek time extensions during the course of undertaking research for a variety of reasons and, where approved, it is worth noting that these have been at no additional cost.

	<b>ACTUAL 2008 \$000</b>	<b>BUDGET 2008 \$000</b>	<b>ACTUAL 2007 \$000</b>
<b>RESEARCH AND PERFORMANCE MONITORING</b>			
<b>Revenue</b>			
Revenue from Crown – National land transport fund	7,775	4,371	4,244
Total income	7,775	4,371	4,244
<b>Expenditure</b>			
Research	5,067	5,906	3,949
Performance monitoring	1,870	1,869	1,955
Total expenditure	6,937	7,775	5,904
<b>Output class net surplus/(deficit)</b>	<b>838</b>	<b>(3,404)</b>	<b>(1,660)</b>

Crown revenue from the National Land Transport Fund was reallocated to correct output classes that were budgeting a deficit.

## Output class | Promotion, information and education activities

### Description

Under this output class Land Transport NZ will:

- > commission national advertising on land transport related issues
- > commission national promotion of walking and cycling
- > commission nationally managed school road safety education
- > provide funding for the Community Road Safety Programme
- > manage the Crash Analysis system
- > provide information and education for drivers, operators, vehicles, road controlling authorities, and others
- > provide administration services to the Road Safety Trust.

### Link to Land Transport NZ's outcomes

- > Increased use of active and shared modes.
- > Reduced number of crashes.
- > Improved safety, environmental and energy performance of vehicles and vehicle use.

### Delivery

Some activities are contracted out.

Other activities will be delivered directly by Land Transport NZ.

PERFORMANCE MEASURE	ACTUAL 2006/07	ESTIMATE/TARGET 2007/08	ACTUAL 2007/08
<b>Quantity</b>			
Development and implementation of an education strategy	New	1	1
All allocation decisions consistent with the funding allocation process	New	Yes	Yes
Road safety advertising package – average number of targeted audience rating points (TARPs) purchased	10,908	8,000	11,688
PERFORMANCE MEASURE	ACTUAL 2006/07	TARGET 2007/08	ACTUAL 2007/08
<b>Quality</b>			
Total unprompted recall by the target audience of road safety television commercials, tested quarterly and averaged over 12 months	83%	70%	83%
Relevance of road safety television commercials to the target audience, tested quarterly and averaged over 12 months	70%	60%	60%

<b>PROMOTION, INFORMATION AND EDUCATION ACTIVITIES</b>	<b>ACTUAL 2008 \$000</b>	<b>BUDGET 2008 \$000</b>	<b>ACTUAL 2007 \$000</b>
<b>Income</b>			
Revenue from Crown – National land transport fund	31,492	33,883	33,826
Revenue from third parties	326	250	4,476
Total income	31,818	34,133	38,302
<b>Expenditure</b>			
Bike Wise	1,531	1,455	1,233
Community Road Safety Programme	766	1,385	6,547
RoadSense	2,640	2,283	2,254
Advertising	16,792	15,601	14,854
Education	3,131	4,509	3,799
Road Safety Trust	181	132	140
Crash analysis system	2,695	2,064	2,106
Total expenditure	27,736	27,429	30,933
<b>Output class net surplus/(deficit)</b>	<b>4,082</b>	<b>6,704</b>	<b>7,369</b>

Crown revenue from the National Land Transport Fund was reallocated to correct output classes that were budgeting a deficit.



## Output class | Regulatory implementation and enforcement

### Description

Under this output class Land Transport NZ will:

- > develop standards and procedures, monitor and audit:
  - vehicle certification and testing
  - transport service operators
  - driver licenses
  - rail operators
  - road networks
  - taxi compliance and enforcement
- > provide ministerial advice
- > develop land transport Rules under contract to the Ministry of Transport.

### Link to Land Transport NZ's outcomes

- > Reduced number of crashes.
- > Improved safety, environmental and energy performance of vehicles and vehicle use.

### Delivery

This output class is delivered directly by Land Transport NZ and agents.

PERFORMANCE MEASURE	ACTUAL 2006/07	TARGET 2007/08	ACTUAL 2007/08
<b>Quantity</b>			
Delivery of an agreed Rules development programme	1	1	1
Delivery of an agreed audit programme covering:			
> regulatory compliance of rail licence holders and licensed transport operators, e.g. passenger services (including taxis) and goods services, and			
> agent service delivery (including driver testing, licence administration, and vehicle certification services)	1	1	1
Number of taxi industry contacts <sup>3</sup>	New	14,000	12,388 <sup>4</sup>
Number of joint enforcement operations	New	16	58 <sup>5</sup>

3 This includes taxi vehicles and taxi drivers inspected through the NZ Police, 'mystery shopper' observations, and static checks of taxi vehicles and taxi drivers on taxi ranks by taxi enforcement officers.

4 Given the 2007/08 year was the first full year of taxi enforcement operations, there were a number of 'bedding in' issues around systems and staff becoming proficient with the writing of notices.

5 The introduction of an enforcement capability to the unit, created a high level of interest from other agencies to work with taxi enforcement officers and investigators from NZ Police, Justice and Immigration staff.

PERFORMANCE MEASURE	ACTUAL 2006/07	TARGET 2007/08	ACTUAL 2007/08
<b>Quality</b>			
Rules programme will meet the quality and timeliness requirements in the 2007/08 agreement for Rules development services	Yes	Yes	Yes
Percentage of audits of regulatory compliance and agent service delivery will be carried out according to agreed standards	100%	95%	98%
Percentage of tests that comply with the Land Transport NZ Driver testing officers manual (as determined by audit)	99.7%	95%	100%
Standard of service supplied by agents providing vehicle certification services as measured via the certification performance indicator (scale 0–3)	2.62	2.5	2.67
Percentage of enforcement of regulatory compliance for taxi operators and taxi drivers carried out according to agreed standards	New	100%	100%
Reported rail accidents and incidents are addressed in accordance with the Railways Act 2005 and Land Transport NZ procedures	100%	100%	100%

REGULATORY IMPLEMENTATION AND ENFORCEMENT	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
<b>Income</b>			
Revenue from Crown – Annual	548	548	548
Revenue from Crown – National Land Transport Fund	2,653	2,653	1,985
Revenue from MoT – Contract services	1,013	1,013	1,013
Revenue from third parties	23,421	21,087	22,097
Total income	27,635	25,301	25,643
<b>Expenditure</b>			
Ministerial advice	446	236	257
Rail audit and monitoring	802	806	735
Driver licence audit and monitoring	1,125	1,565	1,314
Rules development	1,210	1,538	1,059
Roading network audit and monitoring	1,759	2,143	2,094
Transport service operator audit and monitoring	10,340	10,678	7,887
Vehicle audit and monitoring	11,186	10,097	10,560
Total expenditure	26,868	27,063	23,906
<b>Output class net surplus/(deficit)</b>	<b>767</b>	<b>(1,762)</b>	<b>1,737</b>

Third party fee reviews are being considered at present in order to address a net deficit across the regulatory and licensing output classes.

## Output class | Licensing activities

### Description

Under this output class Land Transport NZ will:

- > commission licensing and testing services for drivers
- > provide licensing services for transport service operators
- > provide licensing services for rail operators
- > maintain the currency and integrity of licence-related data in statutory registers
- > provide accurate, timely and relevant licensing information and advice to members of the public and service delivery agents
- > commission drug and alcohol assessments.

### Link to Land Transport NZ's outcomes

- > Reduced number of crashes.
- > Improved safety, environmental and energy performance of vehicles and vehicle use.

### Delivery

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

PERFORMANCE MEASURE	ACTUAL 2006/07	ESTIMATE 2007/08	ACTUAL 2007/08
<b>Quantity</b>			
Driver licences issued (new, renewals, endorsements, overseas conversions and conversions/upgrades)	564,000	550,000	555,000
Transport services licences issued	3,751	2,500–3,500	5,124
Theory, practical and older driver tests	339,000	323,000	355,000
Number of drug and alcohol assessments	895	1,650	1,001
PERFORMANCE MEASURE	ACTUAL 2006/07	TARGET 2007/08	ACTUAL 2007/08
<b>Quality</b>			
Call centre grade of service for driver licensing activities and/or enquiries:			
> Percentage calls answered within 30 seconds	86.7%	80%	86.7%
> Quality assurance of customer service representatives' performance	98.5%	97%	99.2%
Customer satisfaction (ie percentage customers who rate call centre and/or agents' service for driver licensing activities and/or services as 'good or better') based on independent surveys	93%	90%	92%
Percentage of drug and alcohol assessments carried out according to Ministry of Health guidelines	New	100%	100%

<b>LICENSING ACTIVITIES</b>	<b>ACTUAL 2008 \$000</b>	<b>BUDGET 2008 \$000</b>	<b>ACTUAL 2007 \$000</b>
<b>Income</b>			
Revenue from Crown – Annual	3,055	3,055	1,655
Revenue from third parties	45,583	41,471	38,566
Total income	48,638	44,526	40,221
<b>Expenditure</b>			
Rail operator licences	468	673	619
Transport service operator licences	2,179	1,062	1,831
Driver licences and testing	47,772	46,984	43,182
Other licensing	731	418	255
Total expenditure	51,150	49,137	45,887
<b>Output class net surplus/(deficit)</b>	<b>(2,512)</b>	<b>(4,611)</b>	<b>(5,666)</b>

Third party fee reviews are being considered at present in order to address a net deficit across the regulatory and licensing output classes.

## Output class | Management of funding allocation system

### Description

Under this output class Land Transport NZ will:

1. manage the funding allocation system by:
  - > managing the National Land Transport Account, including the development and administration of:
    - the National Land Transport Programme (NLTP) and the Authority’s Land Transport Programme (including the NZ Police’s road policing programme)
    - procurement procedures, policies and guidelines
    - funding agreements with approved organisations for the implementation of the NLTP
  - > auditing approved organisations in relation to activities approved by Land Transport NZ, and operating the approved organisations’ land transport disbursement account
2. provide assistance and advice to approved organisations through:
  - > good practices and policy in transportation planning (including regional land transport strategies and regional passenger transport plans)
  - > connections between land use and transport planning (eg sub-regional growth strategies)
  - > road safety and network management engineering
3. assist administration and project control by approved organisations by:
  - > providing funding for administration of land transport activities by Transit and local authorities.

### Link to Land Transport NZ’s outcomes

- > Better connected transport solutions.
- > Improved reliability, safety and effectiveness of networks.
- > Improved value for money in operation and development of networks.

### Delivery

Output 1 and 2 are delivered directly by Land Transport NZ.

Output 3 provides funding to approved organisations.

PERFORMANCE MEASURE	ACTUAL 2006/07	TARGET 2007/08	ACTUAL 2007/08
<b>Quantity</b>			
Development and delivery of the National Land Transport Programme	1	1	1
Delivery of a performance monitoring audit programme	1	1	1
Preparation of the NZ Police’s Road Policing Programme for recommendation to the Minister of Transport	New	1	1

PERFORMANCE MEASURE	ACTUAL 2006/07	TARGET 2007/08	ACTUAL 2007/08
<b>Quality</b>			
Percentage of relevant stakeholders who rate the way in which Land Transport NZ <b>assists and advises stakeholders</b> to formulate proposed activities and procurement procedures as 'good or better' based on independent surveys against agreed criteria	78%	75%	76%
Percentage of relevant stakeholders who rate the way in which Land Transport NZ <b>processes and administers funding applications and procurement procedures</b> as 'good or better' based on independent surveys against agreed criteria	83%	75%	82%
Percentage of relevant stakeholders who rate the way in which Land Transport NZ undertakes its <b>auditing</b> activities as 'good or better' based on independent surveys against agreed criteria	85%	75%	79%
Publication of the NLTP for the following financial year no later than 30 June	Yes	Yes	Yes
Percentage of agreements with approved organisations that are in place by 31 July	44%	100%	72% <sup>6</sup>
Land Transport NZ costs for management of the funding allocation system as a percentage of the total cost of the National Land Transport Programme	0.7%	<1%	0.86%
All allocations consistent with the funding allocation process	New	Yes	Yes

	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
<b>MANAGEMENT OF FUNDING ALLOCATION SYSTEM</b>			
<b>Income</b>			
Revenue from Crown – National Land Transport Fund	16,689	11,102	11,102
Revenue from Crown – NLTF (Included in the NLTP)	59,374	59,374	57,499
Total income	76,063	70,476	68,601
<b>Expenditure</b>			
Costs and expenses (Land Transport NZ)	16,919	16,689	12,777
Administration (Included in the NLTP)	62,001	75,900	70,341
Total expenditure	78,920	92,589	83,118
<b>Output class net surplus/(deficit)</b>	<b>(2,857)</b>	<b>(22,113)</b>	<b>(14,517)</b>

Crown revenue from the National Land Transport Fund was reallocated to correct output classes that were budgeting a deficit.

<sup>6</sup> This measure relates to an agreed variation of the existing 2007/08 agreement, extending the period of the agreement to June 2009. It is subject to approved organisations returning the agreements on time.

## Output class | Motor vehicle registry and revenue management

(Ministry of Transport output class delivered by Land Transport NZ)

### Description

Under this output class, Land Transport NZ will 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
- > fuel excise duty credited to the National Land Transport Fund
- > pay fees to storage providers for unclaimed vehicles impounded by the NZ Police.

Land Transport NZ is contracted to provide these services under an agreement with the Secretary for Transport.

### Link to Land Transport NZ's outcomes

- > Reduced number of crashes.
- > Improved safety, environmental and energy performance of vehicles and vehicle use.

### Delivery

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

PERFORMANCE MEASURE	ACTUAL 2006/07	ESTIMATE/TARGET 2007/08	ACTUAL 2007/08
<b>Quantity</b>			
Motor vehicle register (MVR) transactions	7,988,000	8,114,000	8,175,000
> MVR licensing compliance (proportion of licensed vehicles in the MVR)	88.2%	88.5%	88.2%
> MVR revenue compliance (proportion of vehicles re-licensed within 12 months of licence expiry)	98.4%	98.5%	98.4%
Number of vehicle impoundment payments	3,051	5,000	2,669
Road user charges (RUC) transactions	2,139,000	2,293,000	2,219,000
PERFORMANCE MEASURE	ACTUAL 2006/07	ESTIMATE/TARGET 2007/08	ACTUAL 2007/08
<b>Quality</b>			
Accuracy of data on the MVR	96.3%	95%	96.3%
Identified RUC evasion	\$10.0m	\$8m	\$14.1m
Identified RUC evasion revenue recovered	53.7%	30%	69.5%
RUC and MVR revenue written off as bad debt	\$11.1m	\$5m	\$6.34m
Call centre grade of service for MVR and RUC activities and/or enquiries:			
> percentage calls answered within 30 seconds	85.9%	80%	88.6%
> quality assurance of customer service representatives' performance	97.9%	97%	98.8%
Customer satisfaction (ie percentage customers who rate call centre and/agents' service for MVR and RUC activities and/or services as good or better) based on independent surveys	96%	90%	86%
Costs per MVR transaction	\$5.42	\$5.61	\$5.27

<b>MOTOR VEHICLE REGISTRY AND REVENUE MANAGEMENT</b>	<b>ACTUAL 2008 \$000</b>	<b>BUDGET 2008 \$000</b>	<b>ACTUAL 2007 \$000</b>
<b>Income</b>			
Revenue from Crown – National Land Transport Fund	0	0	444
Revenue from MoT – Contract services	52,210	52,183	48,441
Revenue from third parties	13,047	12,484	12,491
Total income	65,257	64,667	61,376
<b>Expenditure</b>	<b>63,093</b>	<b>64,307</b>	<b>60,186</b>
<b>Output class net surplus/(deficit)</b>	<b>2,164</b>	<b>360</b>	<b>1,190</b>



## Output class | Rail and sea freight

### Description

Under this output class, Land Transport NZ will allocate funding, together with funding from approved organisations, to initiatives that encourage the movement of freight by rail and coastal shipping (including barging) instead of by road.

### Link to Land Transport NZ outcomes

- > More efficient commercial transport.
- > Better connected transport solutions.
- > Improved reliability, safety and effectiveness of networks.
- > Improved value for money in operation and development of networks.

### Delivery

This output class is delivered directly by approved organisations. The estimated level of demand-driven funded activity is set out below. Delivery is subject to suitable proposals being received from approved organisations.

PERFORMANCE MEASURE	ACTUAL 2006/07	ESTIMATE 2007/08	ACTUAL 2007/08
<b>Quantity</b>			
Number of rail and sea freight funded activities	6	5	2

RAIL AND SEA FREIGHT	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
<b>Income</b>			
Revenue from Crown – National Land Transport Fund	2,000	2,000	2,000
Total income	2,000	2,000	2,000
<b>Expenditure<sup>7</sup></b>	82	1,600	94
<b>Output class net surplus/(deficit)</b>	<b>1,918</b>	<b>400</b>	<b>1,906</b>

<sup>7</sup> The full budgeted estimate for 2007/08 was not allocated as fewer than expected funding applications were received for this output class.

## Output class | Transport demand management and walking and cycling

### Description

Under this output class Land Transport NZ will allocate funding, together with funding from approved organisations, to:

- > initiatives to improve the performance and use of land transport system
- > community focused land transport activities (including neighbourhood accessibility planning, travel behaviour change and road safety initiatives)
- > new and improved walking and cycling infrastructure.

### Link to Land Transport NZ's outcomes

- > Reduced need to travel.
- > Better connected transport solutions.
- > Improved reliability, safety and effectiveness of networks.
- > Improved value for money in operation and development of networks.

### Delivery

This output class is delivered by approved organisations. The estimated level of demand driven funded activity is set out below.

PERFORMANCE MEASURE	ACTUAL 2005/06	ESTIMATE 2007/08	ACTUAL 2007/08
Length of new walkway/cycleway funded (km)	106	120	160

TRANSPORT DEMAND MANAGEMENT AND WALKING AND CYCLING	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
<b>Income</b>			
Revenue from Crown – National Land Transport Fund	27,524	27,524	19,801
Total income	27,524	27,524	19,801
<b>Expenditure</b>	28,474	33,100	8,884
Output class net surplus/(deficit) <sup>8</sup>	(950)	(5,576)	10,917

<sup>8</sup> Deficit for the financial year has been funded by the use of prior year retained funds.

## Output class | Passenger transport services

### Description

Under this output class Land Transport NZ will allocate funding, together with funding from approved organisations, to non-commercial road, rail and ferry infrastructure and services.

### Link to Land Transport NZ's outcomes

- > Reduced need to travel.
- > Better connected transport solutions.
- > Improved reliability, safety and effectiveness of networks.
- > Improved value for money in operation and development of networks.

### Delivery

This output class is delivered by regional authorities. The estimated level and allocation of demand-driven funded activity is set out below.

PERFORMANCE MEASURE	ACTUAL 2006/07	ESTIMATE 2007/08	ACTUAL 2007/08
<b>Quantity</b>			
Total boardings on buses (million)	89.7	100.0	92.3
Total boardings on ferries (million)	4.2	4.3	4.7
Total boardings on rail (million)	16.9	19.2	18.3
Total mobility boardings (million)	1.7	1.9	1.7
PERFORMANCE MEASURE	ACTUAL 2006/07	ESTIMATE 2007/08	ACTUAL 2007/08
<b>Quality</b>			
Percentage of users who rate <b>passenger transport services</b> as good or better by an annual independent survey	85%	75%	86%
Percentage of users who rate <b>total mobility services</b> as good or better by an annual independent survey	98%	75%	99%

PASSENGER TRANSPORT SERVICES	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
<b>Income</b>			
Revenue from Crown – National Land Transport Fund	241,689	248,289	235,753
Total income	241,689	248,289	235,753
<b>Expenditure<sup>9</sup></b>	204,161	239,100	222,089
<b>Output class net surplus/(deficit)</b>	<b>37,528</b>	<b>9,189</b>	<b>13,664</b>

<sup>9</sup> Underexpenditure in passenger transport is due to some Wellington rail projects being insufficiently developed to the stage where funding applications could be made.

## Output class | Regional land transport

### Description

Under this output Land Transport NZ will allocate funding to regional priority land transport activities unable to be funded from nationally distributed funds.

### Link to Land Transport NZ's outcomes

- > More efficient commercial transport.
- > Better connected transport solutions.
- > Improved reliability, safety and effectiveness of networks.
- > Improved value for money in operation and development of networks.

### Delivery

This output class is delivered by approved organisations. The estimated level and allocation of demand-driven funded activity is set out below.

PERFORMANCE MEASURE	ACTUAL 2006/07	ESTIMATE 2007/08	ACTUAL 2007/08
<b>Quantity</b>			
Percentage of funds allocated to output classes:			
> transport demand management, walking and cycling	5.8%	1%	3% <sup>10</sup>
> passenger transport services	9.6%	7%	3% <sup>10</sup>
> new and improved state highways	54.2%	66%	60% <sup>10</sup>
> new and improved local roads	30.4%	26%	34% <sup>10</sup>
PERFORMANCE MEASURE	ACTUAL 2006/07	ESTIMATE 2007/08	ACTUAL 2007/08
<b>Quality</b>			
<i>Note: Specifics of performance reported within other output classes</i>			

REGIONAL LAND TRANSPORT	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
<b>Income</b>			
Revenue from Crown – National Land Transport Fund	210,000	210,000	205,500
Total income	210,000	210,000	205,500
<b>Expenditure<sup>11</sup></b>			
Output class net surplus/(deficit)	105,612	15,200	185,716

<sup>10</sup> This figure is a percentage of actual 2007/08 expenditure in this output class, not a percentage of the full budgeted estimate for 2007/08.

<sup>11</sup> The full budgeted estimate for 2007/08 was not allocated because fewer than expected applications were received from approved organisations.

## Output class | Auckland land transport

### Description

Under this output class, Land Transport NZ will allocate funding to activities that support the increased integration of transport and land use in the Auckland region.

This output class is funded by the Crown through specific allocation to the Auckland region.

### Link to Land Transport NZ's outcomes

- > More efficient commercial transport.
- > Better connected transport solutions.
- > Improved reliability, safety and effectiveness of networks.
- > Improved value for money in operation and development of networks.

### Delivery

This output class is delivered by approved organisations. The estimated level and allocation of demand-driven funded activity is set out below.

PERFORMANCE MEASURE	ACTUAL 2006/07	ESTIMATE 2007/08	ACTUAL 2007/08
<b>Quantity</b>			
Percentage of funds allocated to output classes:			
> transport demand management, walking and cycling	Nil	Nil	Nil
> passenger transport services	100%	Nil	67% <sup>12</sup>
> new and improved state highways	Nil	Nil	33% <sup>12</sup>
> new and improved local roads	Nil	100%	Nil <sup>13</sup>
PERFORMANCE MEASURE	ACTUAL 2006/07	ESTIMATE 2007/08	ACTUAL 2007/08
<b>Quality</b>			
<i>Note: Specifics of performance reported within other output classes</i>			

AUCKLAND LAND TRANSPORT	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
<b>Income<sup>14</sup></b>			
Revenue from Crown – Annual	0	50,000	20,550
Total income	0	50,000	20,550
<b>Expenditure<sup>15</sup></b>	688	50,000	7,990
Output class net surplus/(deficit)	(688)	0	12,560

<sup>12</sup> This figure is a percentage of actual 2007/08 expenditure in this output class, not a percentage of the full budgeted estimate for 2007/08.

<sup>13</sup> No funding requests received for local roads in the Auckland region for this output class.

<sup>14</sup> Crown revenues were carried forward to 2008/09 to allow for the funding of the deficit from prior year retained funds.

<sup>15</sup> The full budgeted expenditure for 2007/08 was not allocated as fewer than expected applications were received from the Auckland region.

## Output class | Wellington land transport

### Description

Under this output class, Land Transport NZ will fund activities that retain passenger transport mode share, address congestion and improve access to the Wellington region.

This output class is funded by the Crown through specific allocation to the Wellington region.

### Link to Land Transport NZ's outcomes

- > More efficient commercial transport.
- > Better connected transport solutions.
- > Improved reliability, safety and effectiveness of networks.
- > Improved value for money in operation and development of networks.

### Delivery

This output class is delivered by approved organisations. The estimated level and allocation of demand-driven funded activity is set out below.

PERFORMANCE MEASURE	ACTUAL 2006/07	ESTIMATE 2007/08	ACTUAL 2007/08
<b>Quantity</b>			
Percentage of funds allocated to output classes:			
> transport demand management, walking and cycling	13%	Nil	2% <sup>16</sup>
> passenger transport services	87%	42%	69% <sup>15</sup>
> new and improved state highways	Nil	2%	Nil <sup>17</sup>
> new and improved local roads	Nil	56%	29% <sup>15</sup>
PERFORMANCE MEASURE	ACTUAL 2006/07	ESTIMATE 2007/08	ACTUAL 2007/08
<b>Quality</b>			
<i>Note: Specifics of performance reported within other output classes</i>			

WELLINGTON LAND TRANSPORT	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
<b>Income<sup>18</sup></b>			
Revenue from Crown – Annual	0	40,000	12,010
Total income	0	40,000	12,010
<b>Expenditure<sup>19</sup></b>			
Output class net surplus/(deficit)	(5,719)	24,500	11,948

<sup>16</sup> This figure is a percentage of actual 2007/08 expenditure in this output class, not a percentage of the full budgeted estimate for 2007/08.

<sup>17</sup> No funding requests received for state highways in the Wellington region for this output class.

<sup>18</sup> Crown revenues were carried forward to 2008/09 to allow funding of the deficit from prior year retained funds.

<sup>19</sup> The full budgeted estimate for 2007/08 was not allocated because fewer than expected applications were received from the Wellington region.

## Output class | Wellington land transport (western corridor)

### Description

Under this output class, Land Transport NZ will allocate funding to improve safety and improve access reliability to the western corridor.

This output class is funded by the Crown through specific allocation to the Wellington region.

### Link to Land Transport NZ's outcomes

- > More efficient commercial transport.
- > Better connected transport solutions.
- > Improved reliability, safety and effectiveness of networks.
- > Improved value for money in operation and development of networks.

### Delivery

This output class is delivered by approved organisations. The estimated level and allocation of demand-driven funded activity is set out below.

PERFORMANCE MEASURE	ACTUAL 2006/07	ESTIMATE 2007/08	ACTUAL 2007/08
<b>Quantity</b>			
Percentage of funds allocated to output classes:	New		
> transport demand management, walking and cycling		Nil	Nil
> passenger transport services		Nil	Nil
> new and improved state highways		70%	100% <sup>20</sup>
> new and improved local roads		30%	Nil <sup>21</sup>
PERFORMANCE MEASURE	ACTUAL 2006/07	ESTIMATE 2007/08	ACTUAL 2007/08
<b>Quality</b>			
<i>Note: Specifics of performance reported within other output classes</i>			

	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
<b>WELLINGTON LAND TRANSPORT (WESTERN CORRIDOR)</b>			
<b>Income<sup>22</sup></b>			
Revenue from Crown – Annual	4,000	20,000	0
Total income	4,000	20,000	0
<b>Expenditure<sup>23</sup></b>			
Output class net surplus/(deficit)	2,580	10,000	0

<sup>20</sup> This figure is a percentage of actual 2007/08 expenditure in this output class, not a percentage of the full budgeted estimate for 2007/08.

<sup>21</sup> No requests for funding received for local roads in the Wellington region for this output class.

<sup>22</sup> Crown revenues were carried forward to 2008/09 to allow for the funding of the deficit from prior year retained funds.

<sup>23</sup> Underexpenditure due to projects in this output class being insufficiently developed to the stage where funding applications could be made.

## Output class | Bay of Plenty land transport

### Description

Under this output class, Land Transport NZ will allocate funding to activities that address strategic transport issues in the Bay of Plenty region.

This output class is funded by the Crown through specific allocation to the Bay of Plenty region.

### Link to Land Transport NZ's outcomes

- > More efficient commercial transport.
- > Better connected transport solutions.
- > Improved reliability, safety and effectiveness of networks.
- > Improved value for money in operation and development of networks.

### Delivery

This output class is delivered by approved organisations. The estimated level and allocation of demand-driven activity is set out below.

PERFORMANCE MEASURE	ACTUAL 2006/07	ESTIMATE 2007/08	ACTUAL 2007/08
<b>Quantity</b>			
Percentage of funds allocated to output classes:			
> transport demand management, walking and cycling	Nil	Nil	Nil
> passenger transport services	Nil	Nil	Nil
> new and improved state highways	100%	97%	100% <sup>24</sup>
> new and improved local roads	Nil	3%	Nil <sup>25</sup>
PERFORMANCE MEASURE	ACTUAL 2006/07	ESTIMATE 2007/08	ACTUAL 2007/08
<b>Quality</b>			
<i>Note: Specifics of performance reported within other output classes</i>			

BAY OF PLENTY LAND TRANSPORT	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
<b>Income<sup>26</sup></b>			
Revenue from Crown – Annual	1,000	10,000	5,000
Total income	1,000	10,000	5,000
<b>Expenditure<sup>27</sup></b>			
Output class net surplus/(deficit)	1,000	0	5,000

<sup>24</sup> This figure is a percentage of actual 2007/08 expenditure in this output class, not a percentage of the full budgeted estimate for 2007/08.

<sup>25</sup> No requests for funding received for local roads in the Bay of Plenty region for this output class.

<sup>26</sup> Crown revenues were carried forward to 2008/09 to allow for the funding of the deficit from prior year retained funds.

<sup>27</sup> No funding requests received for the Bay of Plenty region under this output class.



## Output class | Tauranga harbour link project

### Description

Under this output class, Land Transport NZ will allocate funding to activities that address strategic transport issues in the Bay of Plenty region.

### Link to Land Transport NZ's outcomes

- > More efficient commercial transport.
- > Better connected transport solutions.
- > Improved reliability, safety and effectiveness of networks.
- > Improved value for money in operation and development of networks.

### Delivery

This output class is delivered by approved organisations. The estimated level and allocation of demand-driven funded activity is set out below.

PERFORMANCE MEASURE	ACTUAL 2006/07	ESTIMATE 2007/08	ACTUAL 2007/08
<b>Quantity</b>			
Percentage of funds allocated to output classes:	New		
> transport demand management, walking and cycling		Nil	Nil
> passenger transport services		Nil	Nil
> new and improved state highways		100%	100% <sup>28</sup>
> new and improved local roads		Nil	Nil
PERFORMANCE MEASURE	ACTUAL 2006/07	ESTIMATE 2007/08	ACTUAL 2007/08
<b>Quality</b>			
<i>Note: Specifics of performance reported within other output classes</i>			

TAURANGA HARBOUR LINK PROJECT	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
<b>Income</b>			
Revenue from Crown – Annual	40,000	50,000	50,000
Total income	40,000	50,000	50,000
<b>Expenditure</b>			
Output class net surplus/(deficit) <sup>29</sup>	(16,805)	0	20,633

28 This figure is a percentage of actual 2007/08 expenditure in this output class, not a percentage of the full budgeted estimate for 2007/08.

29 Prior year retained funds have been used to fund this deficit.

## Output class | Waikato land transport

### Description

Under this output class, Land Transport NZ will allocate funding to activities that address strategic transport issues in the Waikato region.

### Link to Land Transport NZ's outcomes

- > More efficient commercial transport.
- > Better connected transport solutions.
- > Improved reliability, safety and effectiveness of networks.
- > Improved value for money in operation and development of networks

### Delivery

This output class is delivered by approved organisations. The estimated level and allocation of demand-driven funded activity is set out below.

PERFORMANCE MEASURE	ACTUAL 2006/07	ESTIMATE 2007/08	ACTUAL 2007/08
<b>Quantity</b>			
Percentage of funds allocated to output classes:	New		
> transport demand management, walking and cycling		Nil	Nil
> passenger transport services		Nil	Nil
> new and improved state highways		50%	100% <sup>30</sup>
> new and improved local roads		50%	Nil <sup>31</sup>
PERFORMANCE MEASURE	ACTUAL 2006/07	ESTIMATE 2007/08	ACTUAL 2007/08
<b>Quality</b>			
<i>Note: Specifics of performance reported within other output classes</i>			

WAIKATO LAND TRANSPORT	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
<b>Income<sup>32</sup></b>			
Revenue from Crown – Annual	4,000	17,000	0
Total income	4,000	17,000	0
<b>Expenditure<sup>33</sup></b>			
Output class net surplus/(deficit)	4,000	14,000	0

30 This figure is a percentage of actual 2007/08 expenditure in this output class, not a percentage of the full budgeted estimate for 2007/08.

31 No requests for funding received for local roads in the Waikato region for this output class.

32 Crown revenues were carried forward to 2008/09 to allow for the funding of the deficit from prior year retained funds.

33 No requests for funding received for the Waikato region under this output class.

## Output class | New and improved infrastructure for state highways

### Description

Under this capital appropriation, Land Transport NZ will allocate funding to state highway capital improvements.

### Link to Land Transport NZ's outcomes

- > More efficient commercial transport.
- > Better connected transport solutions.
- > Improved reliability, safety and effectiveness of networks.
- > Improved value for money in operation and development of networks.

### Delivery

This output class is delivered by Transit.

PERFORMANCE MEASURE	ACTUAL 2006/07	ESTIMATE 2007/08	ACTUAL 2007/08
<b>Quantity</b>			
Delivery of a state highway improvement programme <sup>34</sup>	1	1	1
PERFORMANCE MEASURE	ACTUAL 2006/07	ESTIMATE 2007/08	ACTUAL 2007/08
<b>Quality</b>			
Forecast benefits of completed projects accrue over time	New	Yes	Yes
Percentage of programme delivered within approved funding limits	New	100%	100% <sup>35</sup>
Percentage of programme delivered consistent with performance guidelines	New	100%	100% <sup>30</sup>

NEW AND IMPROVED INFRASTRUCTURE FOR STATE HIGHWAYS	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
<b>Income</b>			
Revenue from Crown – Annual <sup>36</sup>	41,347	240,000	225,222
Revenue from Crown – National Land Transport Fund	491,630	461,729	543,698
Revenue from third parties	24,538	10,000	10,881
Total income	557,515	711,729	779,801
<b>Expenditure</b> <sup>37</sup>	736,541	634,100	750,124
<b>Output class net surplus/(deficit)</b>	<b>(179,026)</b>	<b>77,629</b>	<b>29,667</b>

34 The details of the approved activities are contained in the National Land Transport Programme published in June 2007.

35 This figure is a percentage of actual 2007/08 expenditure in this output class, not a percentage of the full budgeted estimate for 2007/08.

36 Crown revenues were carried forward to 2008/09 to allow for the funding of the deficit from prior year retained funds.

37 Overexpenditure due to more projects being approved in 2007/08 than originally planned.

## Output class | Maintenance of state highways

### Description

Under this output class Land Transport NZ will allocate funding to the routine and periodic maintenance of state highways.

### Link to Land Transport NZ's outcomes

- > Better connected transport solutions.
- > Improved reliability, safety and effectiveness of networks.
- > Improved value for money in operation and development of networks.

### Delivery

This output class is delivered by Transit.

PERFORMANCE MEASURE	ACTUAL 2006/07	ESTIMATE 2007/08	ACTUAL 2007/08
<b>Quantity</b>			
Delivery of a state highway maintenance programme <sup>38</sup>	1	1	1
<b>PERFORMANCE MEASURE</b>	<b>ACTUAL 2006/07</b>	<b>ESTIMATE 2007/08</b>	<b>ACTUAL 2007/08</b>
<b>Quality</b>			
Percentage of programme delivered consistent with performance guidelines	New	100%	100%

MAINTENANCE OF STATE HIGHWAYS	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
<b>Income</b>			
Revenue from Crown – National Land Transport Fund	209,406	209,406	197,553
Total income	209,406	209,406	197,553
<b>Expenditure</b>			
Output class net surplus/(deficit) <sup>39</sup>	(33,166)	(28,194)	(20,133)

38 The details of the approved activities are contained in the National Land Transport Programme published in June 2007.

39 Prior year funds have been used to fund this deficit.

## Output class | New and improved infrastructure for local roads

### Description

Under this output class Land Transport NZ will allocate funding, together with funding from approved organisations, to local roads capital improvements.

### Link to Land Transport NZ's outcomes

- > More efficient commercial transport.
- > Better connected transport solutions.
- > Improved reliability, safety and effectiveness of networks.
- > Improved value for money in operation and development.

### Delivery

This output class is delivered by territorial local authorities and approved public organisations. The estimated level and allocation of demand-driven funded activity is set out below.

PERFORMANCE MEASURE	ACTUAL 2006/07	ESTIMATE 2007/08	ACTUAL 2007/08
<b>Quantity</b>			
Delivery of a local road improvement programme <sup>40</sup>	1	1	1
PERFORMANCE MEASURE	ACTUAL 2006/07	ESTIMATE 2007/08	ACTUAL 2007/08
<b>Quality</b>			
Forecast benefits of completed projects accrue over time	New	Yes	Yes
Percentage of programme delivered within approved funding limits	New	100%	100%
Percentage of programme delivered consistent with performance guidelines	New	100%	100%

NEW AND IMPROVED INFRASTRUCTURE FOR LOCAL ROADS	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
<b>Income</b>			
Revenue from Crown – National Land Transport Fund	323,596	323,596	314,549
Total income	323,596	323,596	314,549
<b>Expenditure<sup>41</sup></b>	322,852	363,200	298,128
<b>Output class net surplus/(deficit)</b>	<b>744</b>	<b>(39,604)</b>	<b>16,421</b>

<sup>40</sup> The details of the approved activities are contained in the National Land Transport Programme published in June 2007.

<sup>41</sup> Underexpenditure due to fewer than expected funding requests being received from territorial local authorities than outlined in their forward programmes.

## Output class | Maintenance of local roads

### Description

Under this output class Land Transport NZ will allocate funding, together with funding from approved organisations, to the routine and periodic maintenance of local roads infrastructure.

### Link to Land Transport NZ's outcomes

- > Better connected transport solutions.
- > Improved reliability, safety and effectiveness of networks.
- > Improved value for money in operation and development of networks.

### Delivery

This output class is delivered by territorial local authorities and approved public organisations. The estimated level and allocation of demand-driven funded activity is set out below.

PERFORMANCE MEASURE	ACTUAL 2006/07	ESTIMATE 2007/08	ACTUAL 2007/08
<b>Quantity</b>			
Delivery of a local road maintenance programme <sup>42</sup>	1	1	1
<b>PERFORMANCE MEASURE</b>	<b>ACTUAL 2006/07</b>	<b>ESTIMATE 2007/08</b>	<b>ACTUAL 2007/08</b>
<b>Quality</b>			
Percentage of programme delivered consistent with performance guidelines	New	100%	100%

MAINTENANCE OF LOCAL ROADS	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
<b>Income</b>			
Revenue from Crown – National Land Transport Fund	182,226	182,226	171,911
Total income	182,226	182,226	171,911
<b>Expenditure<sup>43</sup></b>			
Output class net surplus/(deficit)	(26,267)	(43,274)	(52,231)

42 The details of the approved activities are contained in the National Land Transport Programme published in June 2007.

43 Underexpenditure due to fewer than expected funding applications being received from approved organisations under this output class.

## Financial statements

### Statement of financial performance

For the year ended 30 June 2008

	NOTES	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
<b>Income</b>				
Revenue from Crown – Annual	2	93,950	430,603	314,985
Revenue from Crown – National Land Transport Fund	2	1,806,054	1,776,153	1,799,865
Revenue from MoT – Contract services		53,223	53,196	49,454
Revenue from third parties	3	106,915	85,292	88,511
Total income		2,060,142	2,345,244	2,252,815
<b>Expenditure</b>				
Personnel expenses	4	50,091	47,382	43,733
Operating expenses	5	134,547	135,374	128,155
National Land Transport Programme		1,974,196	2,143,400	1,848,691
Depreciation and amortisation expense	6	6,448	8,000	6,090
Capital charge	7	1,617	1,644	1,615
Expenses relating to the delivery of outputs	8	2,166,899	2,335,800	2,028,284
Expenses relating to the merger		1,649	0	0
Total expenditure		2,168,548	2,335,800	2,028,284
<b>Net surplus/(deficit)</b>	9	<b>(108,406)</b>	<b>9,444</b>	<b>224,531</b>

Explanations of significant variances against budget are detailed in note 28.

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

## Statement of financial position

As at 30 June 2008

	NOTES	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
<b>Assets</b>				
<i>Current assets</i>				
Cash and cash equivalents	10	25,551	204,812	289,133
Crown receivable		420,202	170,000	231,327
Debtors and other receivables	11	45,689	10,000	6,322
Prepayments		1,455	220	206
Inventories		374	180	445
Investments	12	23,430	0	39,830
Property, plant and equipment	13	14,196	2,889	7,301
Intangible assets	14	11,354	21,629	11,817
Total current assets		542,251	409,730	586,381
<b>Total assets</b>		<b>542,251</b>	<b>409,730</b>	<b>586,381</b>
<b>Liabilities</b>				
<i>Current liabilities</i>				
Creditors and other payables	15	358,724	327,817	294,205
Employee entitlements	16	6,079	4,165	5,132
Provisions – Repayment of surplus to the Crown		2,965	0	1,190
Total current liabilities		367,768	331,982	300,527
<b>Total liabilities</b>		<b>367,768</b>	<b>331,982</b>	<b>300,527</b>
<b>Net Assets</b>		<b>174,483</b>	<b>77,748</b>	<b>285,854</b>
<b>Equity</b>				
General funds		18,795	18,795	18,795
Retained funds		24,673	7,805	19,110
Retained funds – National land transport programme		135,916	55,383	247,782
Third party fees and charges memorandum account	17	(4,901)	(4,235)	167
<b>Total equity</b>	<b>17</b>	<b>174,483</b>	<b>77,748</b>	<b>285,854</b>

The accompanying notes form part of these financial statements.



## Statement of changes in equity

For the year ended 30 June 2008

	NOTE	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
Balance at 1 July		285,854	68,304	61,973
Surplus/(deficit) for the year		(108,406)	9,444	224,531
Total recognised income and expense		(108,406)	9,444	224,531
Repayment of capital		(2,965)	0	(650)
<b>Balance at 30 June</b>	<b>17</b>	<b>174,483</b>	<b>77,748</b>	<b>285,854</b>

The accompanying notes form part of these financial statements.

## Statement of cash flows

For the year ended 30 June 2008

	NOTES	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
<b>Cash flows from operating activities</b>				
> Receipts from Crown revenue		147,173	483,799	314,985
> Receipts from National Land Transport Fund revenue		1,617,179	1,646,153	1,666,127
> Receipts from third party revenue		34,442	71,749	95,105
> Interest received		27,839	13,543	13,841
> Payments to suppliers		(2,047,051)	(2,278,999)	(1,949,425)
> Payments to employees		(49,144)	(47,157)	(42,937)
> Payments for capital charge		(1,617)	(1,644)	(1,615)
> Goods & services tax (net)		5,267	0	17,514
Net cash from operating activities	18	(265,912)	(112,556)	113,595
<b>Cash flows from investing activities</b>				
> Receipts from sale of property, plant and equipment		0	20	11
> Receipts from sale of investments		39,830	0	160,170
> Purchase of property, plant and equipment		(9,251)	(6,492)	(5,816)
> Purchase of intangible assets		(3,629)	(6,033)	0
> Acquisition of investments		(23,430)	0	(200,000)
Net cash from investing activities		3,520	(12,505)	(45,635)
<b>Cash flows from financing activities</b>				
> Repayment of surplus to the Crown		(1,190)	0	(945)
Net cash from financing activities		(1,190)	0	(945)
Net (decrease)/increase in cash and cash equivalents		(263,582)	(125,061)	67,015
Cash and cash equivalents at the beginning of the year		289,133	329,873	222,118
<b>Cash and cash equivalents at the end of the year</b>	<b>10</b>	<b>25,551</b>	<b>204,812</b>	<b>289,133</b>

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The accompanying notes form part of these financial statements.

## Notes to the financial statements

### NOTE 1 – STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2008

#### Reporting entity

Land Transport NZ is a Crown entity as defined by the Crown Entities Act 2004 and is domiciled in New Zealand. As such, the Land Transport NZ's ultimate parent is the New Zealand Crown.

Land Transport NZ was 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.

Land Transport NZ is a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

#### Merger with Transit NZ

On 1 August 2008 the Land Transport Amendment Act was passed creating the NZ Transport Agency. This agency is a merging of Land Transport NZ and Transit NZ. The closing balances of the two entities as at 30 June 2008 are being used as the opening entries for the new agency.

#### Going concern

Due to the disestablishment of Land Transport New Zealand following the passing of the Land Transport Management Act, Land Transport NZ is not a going concern effective from 1 August 2008. Functions of Land Transport NZ and Transit NZ were merged on 1 August 2008 to form a new Crown entity. Accordingly, these financial statements have been prepared on a disestablishment basis where all assets and liabilities are shown as current. The carrying value of these assets and liabilities is not materially different from their realisable value.

#### Statutory base

Land Transport NZ's financial statements are prepared in accordance with the requirements of section 139 of the Crown Entities Act 2004.

#### Statement of compliance

The financial statements of Land Transport NZ have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with NZ generally accepted accounting practice ("NZ GAAP").

The financial statements comply with NZ IFRSs, and other applicable Financial Reporting Standards, as appropriate for a public benefit entity.

#### First year of preparation under NZ IFRS

This is the first set of financial statements prepared using NZIFRS, and comparatives for the year ended 30 June 2007 have been restated to NZ IFRS accordingly. Reconciliations of equity and surplus/(deficit) for the year ended 30 June 2007 under NZ IFRS to balances reported in the 30 June 2007 financial statements are included in note 29.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS statement of financial position as at 1 July 2006 for the purpose of transition to NZ IFRS.

#### Basis of preparation

The financial statements are presented on an historical cost basis.

#### Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of Land Transport NZ is New Zealand dollars.

#### Significant Accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in the preparation of opening NZ IFRS statement of financial position as at the 30 June 2006 for purpose of transition to NZ IFRS.

#### Revenue

Revenue is measured at fair value of consideration received. 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.

### Capital charge

The capital charge is recognised as an expense in the period to which the charge relates.

### Financial assets

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 fair value. All revenue and expenditure relating to financial instruments is recognised in the Statement of Financial Performance.

Cash and cash equivalents include cash on hand; cash in transit, bank accounts and deposits with a maturity of no more than three months from the date of acquisition. Investments are deposits held with a maturity greater than three months.

### Debtors and other receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that Land Transport NZ will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debtor is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of financial performance. When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due).

### Inventories

Inventories are valued at the lower of cost or current replacement cost.

### Property, plant and equipment

#### 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 property, plant and equipment

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%
Driver licence register system	10 years	10%

### Intangible assets

Acquired computer software are capitalised on the basis of cost and amortised as below:

ASSET CLASS	USEFUL LIVES	DEPRECIATION RATE
Computer software	3 to 10 years	10%–35%

#### Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the statement of financial performance.

### 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.

#### *Business unit's direct costs and overhead assignment to outputs*

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

#### **Taxation**

##### *Income tax*

Crown Entities are exempt from income tax under provisions of the Income Tax Act 2007 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.

Commitments and contingencies are disclosed exclusive of GST.

#### **Budget figures**

The budget figures are derived from the statement of intent as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with NZ IFRS, using accounting policies that are consistent with those adopted by Land Transport NZ for the preparation of the financial statements.

#### **Employee benefits**

Employee entitlements to salaries and wages, annual leave, long service leave, retirement leave and other similar benefits are recognised in the Statement of Financial Performance when they accrue to employees.

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.

Land Transport NZ recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The calculation is based on a past average sick leave above the normal yearly level.

#### **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**

Accounting policies are changed only if the change is required by a standard or interpretation or otherwise provides more reliable and more relevant information.

These prospective financial statements have been completed in line with NZ IFRS.

#### **Critical accounting estimates and assumptions**

In preparing these financial statements Land Transport NZ may make estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. No estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year have been made in the preparation of these financial statements.

#### **Critical judgements in applying Land Transport NZ's accounting policies**

Management has not exercised any critical judgements in applying Land Transport NZ's accounting policies for the period ended 30 June 2008.

#### Further information

##### Forecast expenditure

Land Transport NZ has in past years reported expenditure against total revenue. No breakdown by output is evident in earlier annual reports or statements of intent.

When reporting expenditure against the stated Crown appropriation for each output class, as per the Estimates, variances occur. Where under-spends are forecast for output classes funded through Crown – Annual appropriations, the level of the appropriation will be adjusted as part of the government’s regular baseline update process. Where surpluses arise from output classes funded through Crown – NLTF appropriations, these surpluses have been retained at year-end for reallocation in the next financial year and are reflected in the National Land Transport Account (NLTA) carryover amount.

##### National Land Transport Account (NLTA)

Funds received by Land Transport NZ are held in the NLTA. Those funds to be paid to approved organisations for approved activities under the NLTP, and to Land Transport NZ for its own operating expenses, are accounted for separately. Unallocated funding or operating surpluses from output classes are also held in the NLTA and carried over to the next year for appropriate allocation.

##### Research, Education and Training (RET) Programme

Expenditure on RET activities are the external cost only of those activities.

##### Standards, amendments and interpretations issued that are not yet effective and have not been early adopted

Land Transport NZ has no standards, amendments and interpretations that have been issued but not yet effective.

#### NOTE 2 – REVENUE FROM CROWN

Land Transport NZ has been provided with funding from the Crown for the specific purposes of Land Transport NZ as set out in its founding legislation and the scope of the relevant government appropriations. Apart from these general restrictions, there are no unfulfilled conditions or contingencies attached to government funding (2007 nil).

	ACTUAL 2008 \$000	ACTUAL 2007 \$000
<b>NOTE 3 – REVENUE FROM THIRD PARTIES</b>		
Overdimension permits	211	211
Rail licensing fees	266	266
Border inspection fees	2,290	2,328
Transport licensing fees	7,562	4,520
Vehicle registration fees	5,434	5,248
Certification review fees	7,582	7,443
Driver testing fees	15,696	15,350
Driver licensing fees	25,269	24,647
Fees and charges	64,310	60,013
Administration fee from Accident Compensation Corporation	12,545	11,888
Interest income	27,839	14,067
Other revenue	2,221	2,543
<b>Total revenue from third parties</b>	<b>106,915</b>	<b>88,511</b>

	ACTUAL 2008 \$000	ACTUAL 2007 \$000
<b>NOTE 4 – PERSONNEL COSTS</b>		
Salaries and wages	50,091	43,733
<b>Total personnel costs</b>	<b>50,091</b>	<b>43,733</b>

	NOTE	ACTUAL 2008 \$000	ACTUAL 2007 \$000
<b>NOTE 5 – OPERATING EXPENSES</b>			
Fees to auditors: audit fees for financial statement audit		154	141
Fees to auditors: audit fees for NZ IFRS transition		10	13
Audit related fees for assurance and related services	a	12	17
Operating lease expense		4,602	4,213
Impairment of receivables (note 11)		78	18
MVR transaction costs		26,538	26,160
Publicity and promotions		26,226	22,595
Commissions to agents		19,701	18,942
Professional services		15,834	14,780
IT facilities management		12,130	11,657
Labels, plates and cards		7,223	7,250
Travel		6,409	5,553
Postage		4,377	4,441
Supplies		2,214	2,695
Debt collection		2,184	2,035
IT costs		2,906	2,331
Call centre costs		1,935	1,164
Other		2,014	4,150
<b>Total operating expenses</b>		<b>134,547</b>	<b>128,155</b>

	ACTUAL 2008 \$000	ACTUAL 2007 \$000
<b>NOTE 6 – DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation (note 13)	2,356	1,988
Amortisation (note 14)	4,092	4,102
<b>Total depreciation and amortisation expense</b>	<b>6,448</b>	<b>6,090</b>

a. The audit related fees was for an assurance review over the driver licensing costing model.

#### NOTE 7 – CAPITAL CHARGE

Land Transport NZ pays a capital charge to the Crown on its taxpayers' funds as at 30 June and 31 December each year.

The capital charge rate for the year ended 30 June 2008 was 7.5% (2007 7.5%).

NOTE 8 – EXPENSES RELATING TO THE DELIVERY OF OUTPUTS	NOTES	ACTUAL	BUDGET	ACTUAL
		2008 \$000	2008 \$000	2007 \$000
Research and performance monitoring		6,937	7,775	5,904
Promotion, information and education activities		27,736	27,429	30,933
Regulatory implementation and enforcement		26,868	27,063	23,906
Licensing activities		51,150	49,137	45,887
Management of funding allocation system		16,919	16,689	12,777
Motor vehicle registry and revenue management (MVR&RM)		63,093	64,307	60,186
Costs and expenses		192,703	192,400	179,593
Rail and sea freight		82	1,600	94
Transport demand management, and walking and cycling		28,474	33,100	8,884
Passenger transport services		204,161	239,100	222,089
Regional land transport		104,388	194,800	19,784
Auckland land transport		688	50,000	7,990
Wellington land transport		5,719	15,500	62
Wellington land transport (western corridor)		1,420	10,000	0
Bay of Plenty land transport		0	10,000	0
Tauranga harbour link project		56,805	50,000	29,367
Waikato land transport		0	3,000	0
New and improved infrastructure for state highways	a	736,541	634,100	750,124
Maintenance of state highways	b	242,572	237,600	217,686
New and improved infrastructure for local roads		322,852	363,200	298,128
Maintenance of local roads		208,493	225,500	224,142
Management of funding allocation system		62,001	75,900	70,341
National Land Transport Programme (NLTP)		1,974,196	2,143,400	1,848,691
<b>Total expenses relating to the delivery of outputs</b>		<b>2,166,899</b>	<b>2,335,800</b>	<b>2,028,284</b>
a. New and improved infrastructure for state highways		743,212	649,100	763,876
Less cost of NLTP funded by Transit NZ property sales		(6,671)	(15,000)	(13,752)
Total cost of NLTP funded by Land Transport NZ		736,541	634,100	750,124
b. Maintenance of state highways		263,923	254,600	236,233
Less cost of NLTP funded by Transit NZ property sales		(21,351)	(17,000)	(18,547)
<b>Total cost of NLTP funded by Land Transport NZ</b>		<b>242,572</b>	<b>237,600</b>	<b>217,686</b>



	ACTUAL 2008 \$000	ACTUAL 2007 \$000
<b>NOTE 9 – EXPLANATION OF NET SURPLUS/(DEFICIT)</b>		
Operating surplus	7,212	6,406
Third party fees and charges deficit	(5,068)	(5,760)
National Land Transport Programme deficit	(111,866)	223,235
MVR&RM and alcohol assessment surplus	2,965	650
Surplus relating to the delivery of outputs	(106,757)	224,531
Expenses relating to the merger	(1,649)	0
<b>Net surplus/(deficit)</b>	<b>(108,406)</b>	<b>224,531</b>

	NOTE	ACTUAL 2008 \$000	ACTUAL 2007 \$000
<b>NOTE 10 – CASH AND CASH EQUIVALENTS</b>			
Cash on hand and at bank		167	185
Cash equivalents – term deposits	a	25,384	288,948
<b>Total cash and cash equivalents</b>		<b>25,551</b>	<b>289,133</b>

	ACTUAL 2008 \$000	ACTUAL 2007 \$000
<b>NOTE 11 – DEBTORS AND OTHER RECEIVABLES</b>		
Debtors and other receivables	45,896	6,579
Less: provision for impairment	(207)	(257)
<b>Total debtors and other receivables</b>	<b>45,689</b>	<b>6,322</b>

The carrying value of receivables approximates their fair value.

As at 30 June 2008 and 2007, all overdue receivables have been assessed for impairment and appropriate provisions applied, as detailed below:

	2008			2007		
	GROSS	IMPAIRMENT	NET	GROSS	IMPAIRMENT	NET
Not past due	45,301	0	45,301	4,117	0	4,117
Past due 1–30 days	409	(207)	202	2,345	(257)	2,088
Past due 31–60 days	16	0	16	33	0	33
Past due 61–90 days	158	0	158	18	0	18
Past due >91 days	12	0	12	66	0	66
<b>Total</b>	<b>45,896</b>	<b>(207)</b>	<b>45,689</b>	<b>6,579</b>	<b>(257)</b>	<b>6,322</b>

The provision for impairment has been calculated based on expected losses for Land Transport NZ's pool of debtors.

Expected losses have been determined based on an analysis of Land Transport NZ's losses in previous periods, and review of specific debtors.

- a. The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value. The weighted average effective interest rate for term deposits is 8.43% (2007 8.2%)

Movements in the provision for impairment of receivables are as follows:

	<b>ACTUAL 2008 \$000</b>	<b>ACTUAL 2007 \$000</b>
Balance at 1 July	257	268
Additional provisions made during the year (note 5)	78	18
Receivables written-off during the period	(128)	(29)
<b>Balance at 30 June</b>	<b>207</b>	<b>257</b>

#### NOTE 12 – INVESTMENTS

Current investments are represented by:

	<b>ACTUAL 2008 \$000</b>	<b>ACTUAL 2007 \$000</b>
Term deposits	23,430	39,830
<b>Total investments</b>	<b>23,430</b>	<b>39,830</b>

There were no impairment provisions for investments.

#### *Maturity analysis and effective interest rates of term deposits*

The maturity dates and weighted average effective interest rates for term deposits are as follows:

	<b>ACTUAL 2008 \$000</b>	<b>ACTUAL 2007 \$000</b>
Term deposits with maturities of 3–6 months (average maturity 122 days)	23,430	39,830
<i>weighted average effective interest rate</i>	8.8%	8.2%

The carrying amounts of term deposits with maturities less than 12 months approximate their fair value.

Short-term deposits are invested at fixed rates ranging from 8.25%–8.91%. As these deposits are at a fixed interest rate and measured at amortised cost, an increase or decrease in interest rates during the period would not impact the measurement of the investments and hence there would be no impact on the surplus/deficit or equity.

**NOTE 13 – PROPERTY, PLANT AND EQUIPMENT**

Movements for each class of property, plant and equipment are as follows:

	<b>COMPUTER EQUIPMENT \$000</b>	<b>FURNITURE FITTINGS \$000</b>	<b>LEASEHOLD IMPROVEMENT \$000</b>	<b>OFFICE EQUIPMENT \$000</b>	<b>TOTAL \$000</b>
<b>Cost or valuation</b>					
Balance at 1 July 2006	5,020	2,089	2,969	391	10,469
Additions	1,114	176	1,093	79	2,462
Disposals	0	0	0	0	0
Balance at 30 June 2007	6,134	2,265	4,062	470	12,931
Balance at 1 July 2007	6,134	2,265	4,062	470	12,931
Additions	1,506	877	6,228	640	9,251
Disposals	0	0	0	0	0
Balance at 30 June 2008	7,640	3,142	10,290	1,110	22,182
<b>Accumulated depreciation and impairment losses</b>					
Balance at 1 July 2006	2,631	395	461	155	3,642
Depreciation expense	1,287	271	318	112	1,988
Eliminate on disposal	0	0	0	0	0
Balance at 30 June 2007	3,918	666	779	267	5,630
Balance at 1 July 2007	3,918	666	779	267	5,630
Depreciation expense	1,240	367	563	186	2,356
Eliminate on disposal	0	0	0	0	0
Balance at 30 June 2008	5,158	1,033	1,342	453	7,986
<b>Carrying amounts</b>					
At 1 July 2006	2,389	1,694	2,508	236	6,827
At 30 June and 1 July 2007	2,216	1,599	3,283	203	7,301
At 30 June 2008	2,482	2,109	8,948	657	14,196

**NOTE 14 – INTANGIBLE ASSETS**

Movements for each class of intangible asset are as follows:

	<b>ACQUIRED SOFTWARE \$000</b>	<b>TOTAL \$000</b>
<b>Cost</b>		
Balance at 1 July 2006	17,904	17,904
Additions	3,350	3,350
Disposals	0	0
Balance at 30 June 2007	21,254	21,254
Balance at 1 July 2007	21,254	21,254
Additions	3,651	3,651
Disposals	(48)	(48)
Balance at 30 June 2008	24,857	24,857
<b>Accumulated amortisation and impairment losses</b>		
Balance at 1 July 2006	5,335	5,335
Amortisation expense	4,102	4,102
Disposals	0	0
Balance at 30 June 2007	9,437	9,437
Balance at 1 July 2007	9,437	9,437
Amortisation expense	4,092	4,092
Disposals	(26)	(26)
Balance at 30 June 2008	13,503	13,503
<b>Carrying amounts</b>		
At 1 July 2006	12,569	12,569
At 30 June and 1 July 2007	11,817	11,817
At 30 June 2008	11,354	11,354

There are no restrictions over the title of Land Transport NZ's intangible assets, nor are any intangible assets pledged as security for liabilities.

	ACTUAL 2008 \$000	ACTUAL 2007 \$000
<b>NOTE 15 – CREDITORS AND OTHER PAYABLES</b>		
Creditors	301,627	174,471
Income in advance	708	944
Accrued expenses	56,389	118,790
<b>Total creditors and other payables</b>	<b>358,724</b>	<b>294,205</b>

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of creditors and other payables approximates their fair value.

	NOTE	ACTUAL 2008 \$000	ACTUAL 2007 \$000
<b>NOTE 16 – EMPLOYEE ENTITLEMENTS</b>			
<b>Current employee entitlements are represented by:</b>			
Accrued salaries and wages		376	221
Annual leave		3,293	2,580
Sick leave		186	186
Retirement and long service leave	a	2,224	2,145
<b>Total employee entitlements</b>		<b>6,079</b>	<b>5,132</b>

- a. The present value of the retirement and long service leave obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact on the carrying amount of the liability.

NOTE 17 – EQUITY	NOTES	ACTUAL 2008 \$000	ACTUAL 2007 \$000
<b>General funds</b>			
Balance at 1 July		18,795	18,795
Capital contribution		0	0
Balance at 30 June		18,795	18,795
<b>Retained funds</b>			
Balance at 1 July		19,110	12,704
Surplus/(deficit)		(108,406)	224,531
Transfer to revenue to third parties memorandum account		5,068	5,760
Transfer to national land transport programme memorandum account		111,866	(223,235)
Transfer MVR&RM and alcohol assessment surplus to provisions	a	(2,965)	(650)
Balance at 30 June		24,673	19,110
<b>Retained funds – National Land Transport Programme</b>			
Balance at 1 July		247,782	24,547
Plus : Income		1,862,330	2,071,926
Less : Expenditure		(1,974,196)	(1,848,691)
Surplus/(deficit)		(111,866)	223,235
Balance at 30 June		135,916	247,782
<b>Third party fees and charges memorandum account</b>			
Balance at 1 July		167	5,927
Plus : Income		65,902	40,221
Less : Expenditure		(70,970)	(45,981)
Surplus/(deficit)		(5,068)	(5,760)
Balance at 30 June	b	(4,901)	167
<b>Total equity at 30 June</b>		<b>174,483</b>	<b>285,854</b>

	BALANCE AT 1 JULY \$000	FEES & CHARGES \$000	EXPENDITURE \$000	NET SURPLUS/ (DEFICIT) \$000	BALANCE AT 30 JUNE \$000
Overdimension permits	0	211	182	29	29
Rail licensing fees	0	266	1,270	(1,004)	(1,004)
Border inspection fees	0	2,290	2,041	249	249
Transport licensing fees	0	7,562	8,771	(1,209)	(1,209)
Vehicle registration fees	0	5,434	2,484	2,950	2,950
Certification review fees	0	7,582	7,325	257	257
Driver testing fees	0	15,696	17,104	(1,408)	(1,408)
Driver licensing fees	167	26,861	31,793	(4,932)	(4,765)
<b>Total</b>	<b>167</b>	<b>65,902</b>	<b>70,970</b>	<b>(5,068)</b>	<b>(4,901)</b>

- a. The MVR&RM output class had a surplus of \$2,218,245 (2007 \$1,190,000). \$2,165,000 of this will be repaid to the Ministry of Transport, along with an \$800,000 surplus from alcohol assessments.
- b. Third party fees and charges memorandum account The products which make up this memorandum account are detailed below:

<b>NOTE 18 – RECONCILIATION OF NET SURPLUS/(DEFICIT) TO NET CASH FROM OPERATING ACTIVITIES</b>	<b>ACTUAL 2008 \$000</b>	<b>ACTUAL 2007 \$000</b>
<b>Net surplus/(deficit) after tax</b>	<b>(108,406)</b>	<b>224,531</b>
<b>Add/(less) non-cash items:</b>		
Depreciation and amortisation expense	6,448	6,090
Increase/(decrease) in employee entitlements	0	262
Total non-cash items	6,448	6,352
<b>Add/(less) items classified as investing or financing activities:</b>		
(Gains)/losses on disposal of property, plant and equipment	0	(11)
Total items classified as investing or financing activities	0	(11)
<b>Add/(less) movements in working capital items:</b>		
(Increase)/decrease in debtors and other receivables	(39,367)	36,797
(Increase)/decrease in Crown receivable	(188,875)	(184,374)
(Increase)/decrease in prepayments and inventories	(1,178)	0
Increase/(decrease) in creditors and other payables	64,519	30,002
Increase/(decrease) in employee entitlements	947	298
Net movements in working capital items	(163,954)	(117,277)
<b>Net cash from operating activities</b>	<b>(265,912)</b>	<b>113,595</b>

#### **NOTE 19 – CAPITAL COMMITMENTS AND OPERATING LEASES**

##### **National Land Transport Programme funding commitments**

The future aggregate funding commitments for the national land transport programme are as follows:

	<b>ACTUAL 2008 \$000</b>	<b>ACTUAL 2007 \$000</b>
Not later than one year	2,072,559	1,587,900
Later than one year and not later than five years	897,065	873,859
Later than five years	0	0
<b>Total funding commitments</b>	<b>2,969,624</b>	<b>2,461,759</b>

##### **Operating leases as lessee**

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	<b>ACTUAL 2008 \$000</b>	<b>ACTUAL 2007 \$000</b>
Not later than one year	17,005	17,483
Later than one year and not later than five years	63,212	63,760
Later than five years	35,682	45,475
<b>Total non-cancellable operating leases</b>	<b>115,899</b>	<b>126,718</b>

## NOTE 20 – CONTINGENCIES

### Contingent liabilities

Rental dispute

Land Transport NZ has a contingent liability of \$1,996,000 (2007 \$72,000). This relates to a dispute over the valuation of the Palmerston North office from which the rental paid is set.

### Contingent assets

Land Transport NZ has no contingent assets (2007 nil).

## NOTE 21 – RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL

### Related party transactions

Land Transport NZ is a wholly owned entity of the Crown. The government significantly influences the role of Land Transport NZ in addition to being its major source of revenue.

Land Transport NZ enters into transactions with government departments, state-owned enterprises and other Crown entities. Those transactions that occur within a normal supplier or client relationship on terms and conditions no more or less favourable than those which it is reasonable to expect Land Transport NZ would have adopted if dealing with that entity at arm's length in the same circumstances have not been disclosed as related party transactions.

*The following transactions were carried out with related parties other than those described above:*  
All related party transactions have been entered into on an arms-length basis.

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 & 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. The Chief Executive is a representative on the Road Safety Trust.

During the 2007/08 financial year Board members and staff of Land Transport NZ were involved in minor transactions with the motor vehicle registry and driver licensing systems when re-registering their vehicle or driver licences.

### Related party transactions

BOARD/BOARD MEMBER	RELATED PARTY	AMOUNT \$000
Mr Paul Fitzharris, Murray King, Gary Moore	NZ Automobile Association	16
Mr Murray King	Ministry of Transport	1,953
Mr Murray King	Environment Waikato	61
Mr Murray King	Institute of Professional Engineers NZ	16
Mr Murray King	Chartered Institute of Logistics & Transport	6
Dr Janet Stephenson	University of Otago	1

	ACTUAL 2008 \$000	ACTUAL 2007 \$000
<b>KEY MANAGEMENT PERSONNEL COMPENSATION</b>		
Salaries and other short-term employee benefits	1,753	1,640
Post-employment benefits	0	0
Other long-term benefits	0	0
Termination benefits	0	0
<b>Total key management personnel compensation</b>	<b>1,753</b>	<b>1,640</b>

Key management personnel include all board members, the Chief Executive, and the 5 members of the Leadership Team (2007 There have been no changes to key management personnel).



**NOTE 22 – BOARD MEMBER REMUNERATION**

The total value of remuneration paid or payable to each board member during the year was:

	<b>ACTUAL 2008 \$000</b>	<b>ACTUAL 2007 \$000</b>
Mr Paul Fitzharris (Acting Chair)	60	40
Mr Murray King	30	7
Mr Gary McIver	30	22
Mr Gary Moore	30	7
Mr Greg Presland	30	30
Mr John Rutledge	30	7
Dr Janet Stephenson	30	30
Dr Jan Wright	0	40
Mr Gerry Te Kapa Coates	0	23
Mr Bryan Jackson	0	8
<b>Total Board member remuneration</b>	<b>240</b>	<b>214</b>

There have been no payments made to committee members appointed by the Board who are not Board members during the financial year.

Land Transport NZ has effected Directors and Officers Liability and Professional Indemnity Insurance cover during the financial year in respect of the liability or costs of Board members and employees. 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 23 – EMPLOYEE REMUNERATION**

	<b>NUMBER OF EMPLOYEES</b>	
	<b>2007/08</b>	<b>2006/07</b>
Total remuneration paid or payable		
100,000–109,999	20	14
110,000–119,999	10	10
120,000–129,999	7	8
130,000–139,999	7	4
140,000–149,999	9	4
150,000–159,999	6	1
160,000–169,999	2	0
180,000–189,999	0	0
190,000–199,999	0	4
200,000–209,999	1	1
210,000–19,999	0	0
220,000–29,999	4	0
230,000–39,999	1	0
380,000–89,999	0	1
390,000–399,999	1	0
Total employees	68	47

During the year ended 30 June 2008, 7 (2007: 3) employees received compensation and other benefits in relation to cessation totalling \$360,026 (2007 \$105,506). No Board members received compensation or other benefits in relation to cessation (2007:0).

**NOTE 24 – EVENTS AFTER THE BALANCE SHEET DATE**

There were no significant events after the balance sheet date.

**NOTE 25 – CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES**

The carrying amounts of financial assets and liabilities in each of the NZ IAS 39 categories are as follows:

	<b>ACTUAL 2008 \$000</b>	<b>ACTUAL 2007 \$000</b>
<b>Loans and receivables</b>		
Cash and cash equivalents	25,551	289,133
Crown receivable	420,202	231,327
Debtors and other receivables	45,689	6,322
Investments – term deposits	23,430	39,830
<b>Total loans and receivables</b>	<b>514,872</b>	<b>566,612</b>
<b>Financial liabilities measured at amortised cost</b>		
Creditors and other payables	358,724	294,205
<b>Total financial liabilities measured at amortised cost</b>	<b>358,724</b>	<b>294,205</b>

#### NOTE 26 – FINANCIAL INSTRUMENT RISKS

Land Transport NZ's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. Land Transport NZ has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

##### Market risk

The interest rates on Land Transport NZ's investments are disclosed in note 10.

##### Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Land Transport NZ's exposure to fair value interest rate risk is limited to its bank deposits which are held at fixed rates of interest.

##### Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Investments and borrowings issued at variable interest rates expose Land Transport NZ to cash flow interest rate risk.

Land Transport NZ's investment policy requires a spread of investment maturity dates to limit exposure to short-term interest rate movements. Land Transport NZ currently has no variable interest rate investments.

##### Currency risk

A Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Land Transport NZ purchases goods and services overseas which require it to enter into transactions denominated in foreign currencies

##### Credit risk

Credit risk is the risk that a third party will default on its obligation to Land Transport NZ, causing Land Transport NZ to incur a loss.

Due to the timing of its cash inflows and outflows, Land Transport NZ invests surplus cash with registered banks. Land Transport NZ's investment policy limits the amount of credit exposure to any one institution.

Land Transport NZ has processes in place to review the credit quality of customers prior to the granting of credit.

Land Transport NZ's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents (note 10), net debtors (note 11), and investments (note 12). There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

Land Transport NZ has no significant concentrations of credit risk, as it has a small number of credit customers and only invests funds with registered banks with specified Standard and Poor's credit ratings.

##### Liquidity risk

Liquidity risk is the risk that Land Transport NZ will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash.

In meeting its liquidity requirements, Land Transport NZ maintains a target level of investments that must mature within specified timeframes.

The table below analyses Land Transport NZ's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

	<b>2008</b>	<b>2007</b>
	<b>LESS THAN 6</b>	<b>LESS THAN 6</b>
	<b>MONTHS</b>	<b>MONTHS</b>
	<b>\$000</b>	<b>\$000</b>
Creditors and other payables (note 15)	358,724	294,205

#### NOTE 27 – CAPITAL MANAGEMENT

Land Transport NZ's capital is its equity, which comprises accumulated funds and other reserves. Equity is represented by net assets.

Land Transport NZ is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which imposes restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities and the use of derivatives.

Land Transport NZ manages its equity as a by-product of prudent managing revenues, expenses, assets, liabilities, investments, and general financial dealings to ensure Land Transport NZ effectively achieves its objectives and purpose.

#### **NOTE 28 – EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET**

Explanations for significant variations from Land Transport NZ's budgeted figures in the statement of intent are as follows:

##### **Statement of financial performance**

###### *Revenue from Crown*

Annual funding from Crown was \$336.653 million lower than budgeted. The Ministry of Transport held back funding so that surplus funds from the prior year would be reduced.

###### *Revenue from third parties*

Third party revenue was \$21.623 million above budget. This mainly reflected an increase in the transport licensing fee during the year that was not included in the budget.

###### *National Land Transport Programme*

Expenditure on the national land transport programme was \$169.204 million lower than budgeted. The actual expenditure at year-end reflected the mid year projection of \$2.0 billion. However, the timing of regional expenditure against budget fell below the original projected level.

###### *Expenses relating to the merger*

Unbudgeted extraordinary merger expenditure of \$1.649 million was incurred.

##### **Statement of financial position**

###### *Cash and cash equivalents*

Cash and cash equivalents is \$179,261 million below budget. The lower cash balance reflects a decision for cash to be held by the Ministry of Transport as distinct from it remaining in the Land Transport NZ bank account. This is reflected in the increase in the Crown receivable balance.

#### **NOTE 29 – EXPLANATION OF TRANSITION TO NZ IFRS**

##### **Transition to NZ IFRS**

As stated in note 1, these are Land Transport NZ's first financial statements to be prepared in accordance with NZ IFRS. Land Transport NZ's transition date is 1 July 2006 and the opening NZ IFRS balance sheet has been prepared as at that date. Land Transport NZ IFRS adoption date is 1 July 2007.

##### **Exemptions from full retrospective application elected by Land Transport NZ**

In preparing these financial statements in accordance with NZ IFRS 1, Land Transport NZ has not applied any optional exemptions to full retrospective application of NZ IFRS.

The only mandatory exception from retrospective application that applies to Land Transport NZ is the requirement for estimates under NZ IFRS at 1 July 2006 and 30 June 2007 to be consistent with estimates made for the same date under previous NZ GAAP.

### Reconciliation of equity

The following table shows the changes in equity, resulting from the transition from previous NZ GAAP to NZ IFRS as at 1 July 2006 and 30 June 2007.

	NOTES	PREVIOUS NZ GAAP \$000	1 JULY 2006 EFFECT ON TRANSITION NZ IFRS \$000	NZ IFRS \$000
<b>Assets</b>				
<i>Current assets</i>				
Cash and cash equivalents		222,118	(50,130)	171,988
Crown receivable		46,953	0	46,953
Debtor and other receivables		42,980	0	42,980
Prepayments		617	0	617
Inventories		173	0	173
Investments	a	0	50,130	50,130
<b>Total current assets</b>		<b>312,841</b>	<b>0</b>	<b>312,841</b>
<i>Non-current assets</i>				
Property, plant and equipment		19,393	(12,569)	6,824
Intangible assets	b	0	12,569	12,569
<b>Total non-current assets</b>		<b>19,393</b>	<b>0</b>	<b>19,393</b>
<b>Total assets</b>		<b>332,234</b>	<b>0</b>	<b>332,234</b>
<b>Liabilities</b>				
<i>Current liabilities</i>				
Creditors and other payables	c1	264,424	55	264,479
Employee entitlements	d	2,282	225	2,507
Provisions – Repayment of surplus to the Crown		1,486	0	1,486
<b>Total current liabilities</b>		<b>268,192</b>	<b>280</b>	<b>268,472</b>
<i>Non-current liabilities</i>				
Employee entitlements		1,789	0	1,789
<b>Total non-current liabilities</b>		<b>1,789</b>	<b>0</b>	<b>1,789</b>
<b>Total liabilities</b>		<b>269,981</b>	<b>280</b>	<b>270,261</b>
<b>Net assets</b>		<b>62,253</b>	<b>(280)</b>	<b>61,973</b>
<b>Equity</b>				
General funds	e	19,075	(280)	18,795
Retained funds		12,704	0	12,704
Third party fees and charges memorandum account		5,927	0	5,927
National Land Transport Programme memorandum account		24,547	0	24,547
<b>Total equity</b>		<b>62,253</b>	<b>(280)</b>	<b>61,973</b>

		PREVIOUS NZ GAAP \$000	30 JUNE 2007 EFFECT ON TRANSITION NZ IFRS \$000	NZ IFRS \$000
	<b>NOTES</b>			
<b>Income</b>				
Revenue from Crown – Annual		314,985	0	314,985
Revenue from Crown – National Land Transport Fund		1,799,865	0	1,799,865
Revenue from MoT – Contract services		49,454	0	49,454
Revenue from third parties		88,511	0	88,511
<b>Total income</b>		<b>2,252,815</b>	<b>0</b>	<b>2,252,815</b>
<b>Expenditure</b>				
Personnel costs	d	43,772	(39)	43,733
Operating expenses	c1	128,210	(55)	128,155
National Land Transport Programme		1,848,691	0	1,848,691
Depreciation and amortisation expense		6,090	0	6,090
Capital charge		1,615	0	1,615
Expenses relating to the delivery of outputs		2,028,378	(94)	2,028,284
Expenses relating to the merger		0	0	0
<b>Total expenditure</b>		<b>2,028,378</b>	<b>(94)</b>	<b>2,028,284</b>
<b>Net surplus/(def cit)</b>		<b>224,437</b>	<b>94</b>	<b>224,531</b>

			<b>30 JUNE 2007 EFFECT ON TRANSITION</b>	
	<b>NOTES</b>	<b>PREVIOUS NZ GAAP \$000</b>	<b>NZ IFRS \$000</b>	<b>NZ IFRS \$000</b>
<b>Assets</b>				
<i>Current assets</i>				
Cash and cash equivalents		328,963	(39,830)	289,133
Crown receivable		231,327	0	231,327
Debtor and other receivables		6,322	0	6,322
Prepayments		206	0	206
Inventories		445	0	445
Investments	a	0	39,830	39,830
<b>Total current assets</b>		<b>567,263</b>	<b>0</b>	<b>567,263</b>
<i>Non-current assets</i>				
Property, plant and equipment		19,118	(11,817)	7,301
Intangible assets	b	0	11,817	11,817
<b>Total non-current assets</b>		<b>19,118</b>	<b>0</b>	<b>19,118</b>
<b>Total assets</b>		<b>586,381</b>	<b>0</b>	<b>586,381</b>
<b>Liabilities</b>				
<i>Current liabilities</i>				
Creditors and other payables	c2	294,426	(221)	294,205
Employee entitlements	c2,d	2,580	407	2,987
Provisions – Repayment of surplus to the Crown		1,190	0	1,190
<b>Total current liabilities</b>		<b>298,196</b>	<b>186</b>	<b>298,382</b>
<i>Non-current liabilities</i>				
Employee entitlements		2,145	0	2,145
<b>Total non-current liabilities</b>		<b>2,145</b>	<b>0</b>	<b>2,145</b>
<b>Total liabilities</b>		<b>300,341</b>	<b>186</b>	<b>300,527</b>
<b>Net assets</b>		<b>286,040</b>	<b>(186)</b>	<b>285,854</b>
<b>Equity</b>				
General funds	e	19,075	(280)	18,795
Retained funds	f	19,016	94	19,110
Third party fees and charges memorandum account		167	0	167
National land transport programme memorandum account		247,782	0	247,782
<b>Total equity</b>		<b>286,040</b>	<b>(186)</b>	<b>285,854</b>

#### **Explanatory notes – Reconciliation of equity**

##### **a. Investments**

Those term deposits with maturities greater than three months have been reclassified as investments.

##### **b. Intangible assets**

Computer software has been reclassified as an intangible asset. It was previously classified as property, plant and equipment.

##### **c. Creditors and other payables**

1. Provision to make good on NZ Post House and BP House rental office space.
2. Accrued salary and wages are now classified as employee entitlements.

##### **d. Employee entitlements**

Sick leave was not recognised as a liability under previous NZ GAAP. NZ IAS 19 requires Land Transport NZ to recognise employees' unused sick leave entitlement that can be carried forward at balance date, to the extent Land Transport NZ anticipates it will be used by staff to cover future absences.

##### **e. General funds**

Effect of transition to NZ IFRS on public equity at 1 July 2006.

##### **f. Retained funds**

Effect of transition to NZ IFRS on public equity at 1 July 2007.

#### **Statement of cash flows**

On transition to NZ IFRS the statement of cash flows presents the increase and decrease in short term deposits with maturities of 3–12 months on a gross rather than a net basis, and short term deposits with maturities less than 3 months are now included as part of cash and cash equivalents.

This change and the reclassification of some term deposits to cash and cash equivalents has impacted on the statement of cash flows for the year ended 30 June 2007 as follows:

- > The net decrease in short term deposits of \$39,830,000 has changed to a gross increase of \$160,170,000 and a gross decrease of \$200,000,000; and
- > The amount of cash and cash equivalents has decreased from \$328,963,000 to \$289,133,000.

There have been no other material adjustments to the statement of cash flows for the year ended 30 June 2007, on transition to NZ IFRS.



## Audit Report

### To the readers of Land Transport New Zealand's financial statements and performance information

For the year ended 30 June 2008

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 on his behalf. The audit covers the financial statements and statement of service performance included in the annual report of Land Transport New Zealand for the year ended 30 June 2008.

#### Unqualified Opinion

In our opinion:

- > The financial statements of Land Transport New Zealand on pages 45 to 70, that are prepared on a disestablishment basis:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - Land Transport New Zealand's financial position as at 30 June 2008; and
    - the results of its operations and cash flows for the year ended on that date.
- > The statement of service performance of Land Transport New Zealand on pages 18 to 44:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects for each class of outputs:
    - its standards of delivery performance achieved, as compared with the forecast standards outlined in the statement of forecast service performance adopted at the start of the financial year; and
    - its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses outlined in the statement of forecast service performance adopted at the start of the financial year.

The audit was completed on 31 October 2008, and is the date at which our opinion is expressed.

The basis of our opinion, which refers to the financial statements being appropriately prepared on a disestablishment basis, 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 and statement of service performance 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 and statement of service performance. 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 and statement of service performance. 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 and statement of service performance disclosures are adequate.

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

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

### **The financial statements are appropriately prepared on a disestablishment basis**

In forming our opinion, we considered the accounting policy on page 49 about the financial statements being prepared on a disestablishment basis. We consider the disestablishment basis to be appropriate because Land Transport New Zealand was disestablished and merged with Transit New Zealand to form a new entity effective from 1 August 2008.

### **Responsibilities of the Board and the Auditor**

The Board is responsible for preparing the financial statements and statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of Land Transport New Zealand as at 30 June 2008 and the results of its operations and cash flows for the year ended on that date. The statement of service performance must fairly reflect, for each class of outputs, Land Transport New Zealand's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year. The Board's responsibilities arise from the Crown Entities Act 2004.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

### **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.

In addition to the audit we have carried out an assurance assignment during the period in the area of the driver licensing model and since 30 June 2008 a tender review for New Zealand Transport Agency. These assignments are compatible with those independence requirements.

Other than the audit and these assignments, 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 and statement of service performance**

This audit report relates to the financial statements and statement of service performance of Land Transport NZ for the year ended 30 June 2008 included on the NZ Transport Agency's website. The NZ Transport Agency's board is responsible for the maintenance and integrity of the NZ Transport Agency's website. We have not been engaged to report on the integrity of the NZ Transport Agency's website. We accept no responsibility for any changes that may have occurred to the financial statements and statement of service performance since they were initially presented on the website.

The audit report refers only to the financial statements and statement of service performance named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and statement of service performance. 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 statement of service performance and related audit report dated 31 October 2008 to confirm the information included in the audited financial statements and statement of service performance presented on this website.

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

## Supplementary information

### Supplementary information – National Land Transport Fund

For the year ended 30 June 2008

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 2008 \$M	BUDGET 2008 \$M	ACTUAL 2007 \$M
Opening balance	62	62	24
<b>Revenue</b>			
Road user charges	881	896	813
Fuel excise duty	809	809	815
Motor vehicle registration fees	227	227	223
Motor vehicle: other	13	12	13
ACC collection fee	14	12	12
Bad debt write off	(4)	(6)	(5)
	1,940	1,950	1,871
<b>Plus government contribution</b>			
Capital for state highways	474	471	488
Contribution in lieu of interest	12	8	7
	486	479	495
<b>Less refunds</b>			
Road user charges	30	29	27
Fuel excise duty	35	36	33
Motor vehicle registration	1	1	1
	66	66	61
<b>Less distributions</b>			
Land Transport New Zealand	2,043	2,035	1,967
New Zealand Police	256	256	236
Ministry of Transport	67	68	64
	2,366	2,359	2,267
<b>Closing balance</b>	<b>56</b>	<b>66</b>	<b>62</b>

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 2008

This statement is provided as supplementary information to enable comparison with Land Transport New Zealand's 2006/07 National Land Transport Programme as published in June 2007.

	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
<b>Maintenance and operation of local roads</b>			
Structural maintenance	92,765	94,181	240,189
Corridor maintenance and operations	55,654	53,703	62,853
Level crossing warning devices	1,319	1,042	0
Emergency reinstatement	28,215	53,000	46,939
Network and asset management	27,757	24,486	35,320
	205,710	226,412	385,301
<b>Renewal of local roads</b>			
Structural renewals	167,943	169,366	0
Corridor renewals	11,755	12,241	0
Associated improvements	5,487	7,188	0
Preventative maintenance	4,618	5,000	3,165
	189,803	193,795	3,165
<b>Maintenance and operation of state highways</b>			
Structural maintenance	84,636	75,117	217,843
Corridor maintenance and operations	83,178	83,972	83,801
Emergency reinstatement	29,457	32,000	32,593
Network and asset management	54,029	52,373	54,130
Property management <sup>1</sup>	12,623	13,070	10,021
	263,923	256,532	398,388
<b>Renewal of state highways</b>			
Structural renewals	148,519	149,116	0
Corridor renewals	6,877	6,297	0
Associated improvements	6,006	7,315	0
Preventative maintenance	7,149	8,000	4,611
	168,551	170,728	4,611
<b>Improvement of local roads</b>			
New road infrastructure	116,288	133,151	92,789
Property <sup>1</sup>	3,392	44,384	1,504
Minor improvements	30,360	34,260	27,804
	150,040	211,795	122,097

	<b>ACTUAL 2008 \$000</b>	<b>BUDGET 2008 \$000</b>	<b>ACTUAL 2007 \$000</b>
<b>Improvement of state highways</b>			
New road infrastructure	573,682	537,290	496,271
Property <sup>1</sup>	82,687	96,000	111,893
Minor improvements	33,234	31,000	28,413
Additional funding	0	57,000	0
	689,603	721,290	636,577
<b>Regional development</b>			
New road infrastructure	16,818	20,000	18,220
	16,818	20,000	18,220
<b>Use of the land transport system</b>			
Studies	2,824	2,100	0
Travel demand management	2,100	1,000	5,338
Community focused activities	11,702	17,000	0
Rail freight and sea freight	82	1,600	193
Walking and cycling	12,202	14,477	4,795
	28,910	36,177	10,326
<b>Passenger transport</b>			
Services and operations	153,526	164,998	134,700
New passenger transport infrastructure	58,997	97,769	97,264
	212,523	262,767	231,964
<b>Administration</b>			
State highways	54,380	49,400	50,534
Territorial	13,049	17,204	12,004
Regional	8,908	9,300	7,803
	76,337	75,904	70,341
<b>Total cost of the National Land Transport Programme</b>	<b>2,002,218</b>	<b>2,175,400</b>	<b>1,880,990</b>

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 2006/2009 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.

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

## Supplementary information – Regionally distributed appropriations

For the year ended 30 June 2009

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

	ACTUAL 2008 \$000	ACTUAL 2007 \$000
<b>Regional land transport opening balance</b>	<b>430,612</b>	<b>244,896</b>
<b>Income</b>	<b>210,000</b>	<b>205,500</b>
<b>Expenditure</b>		
> Northland	7,945	988
> Auckland	25,477	11,106
> Waikato	16,646	533
> Bay of Plenty	12,633	2,295
> Tairāwhiti	3	325
> Hawke's Bay	3,186	142
> Taranaki	5,895	0
> Manawatu/Wanganui	10,249	1,038
> Wellington	6,473	0
> Nelson/Marlborough/Tasman	1,305	469
> West Coast	345	177
> Canterbury (Including Chatham Islands)	7,519	1,080
> Otago	4,810	1,073
> Southland	1,902	558
Total expenditure	104,388	19,784
<b>Net surplus/(def cit)</b>	<b>105,612</b>	<b>185,716</b>
<b>Regional land transport closing balance</b>	<b>536,224</b>	<b>430,612</b>

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 2007

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

	ACTUAL 2008 \$000	ACTUAL 2007 \$000
<b>Auckland land transport</b>		
Opening balance	105,390	92,830
Income	0	20,550
Expenditure	688	7,990
Net surplus/(deficit)	(688)	12,560
<b>Closing balance</b>	<b>104,702</b>	<b>105,390</b>
<b>Wellington land transport</b>		
Opening balance	21,744	9,796
Income	0	12,010
Expenditure	5,719	62
Net surplus/(deficit)	(5,719)	11,948
<b>Closing balance</b>	<b>16,025</b>	<b>21,744</b>
<b>Wellington land transport (western corridor)</b>		
Opening balance	0	0
Income	4,000	0
Expenditure	1,420	0
Net surplus/(deficit)	2,580	0
<b>Closing balance</b>	<b>2,580</b>	<b>0</b>
<b>Bay of Plenty land transport</b>		
Opening balance	5,000	0
Income	1,000	5,000
Expenditure	0	0
Net surplus/(deficit)	1,000	5,000
<b>Closing balance</b>	<b>6,000</b>	<b>5,000</b>
<b>Tauranga harbour link project</b>		
Opening balance	20,633	0
Income	40,000	50,000
Expenditure	56,805	29,367
Net surplus/(deficit)	(16,805)	20,633
<b>Closing balance</b>	<b>3,828</b>	<b>20,633</b>
<b>Waikato land transport</b>		
Opening balance	0	0
Income	4,000	0
Expenditure	0	0
Net surplus/(deficit)	4,000	0
<b>Closing balance</b>	<b>4,000</b>	<b>0</b>

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

## Glossary of terms

<b>Accident Compensation Corporation (ACC)</b>	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.
<b>Allocation process</b>	See Land Transport NZ's allocation process.
<b>Approved organisation (AO)</b>	Defined in section 5 of the Land Transport Management Act 2003 as Transit New Zealand, regional councils, territorial authorities and other approved public organisations.
<b>Australasian new car assessment programme (ANCAP)</b>	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.
<b>Block allocation</b>	A funding allocation for a group, package or programme of activities.
<b>Benefit cost ratio (BCR)</b>	The ratio that compares the benefits accruing to land transport users and the wider community from implementing a project or providing a service, with that project's or service's costs.
<b>Certificate of fitness (CoF)</b>	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.
<b>Community Road Safety Programme (CRSP)</b>	Land Transport NZ-endorsed programmes to enhance road safety, and delivered by community providers in a community context.
<b>Corridor maintenance</b>	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.
<b>GST</b>	Goods and services tax.
<b>Km</b>	Kilometre – a measure of length or distance (= 1000 metres).
<b>Land transport</b>	Transport on land (or water) by any means, and the infrastructure, goods and services facilitating that transport, including: <ul style="list-style-type: none"> <li>&gt; coastal shipping (including that transport by means of harbour ferries, or ferries or barges on rivers or lakes) and associated infrastructure</li> <li>&gt; The infrastructure, goods and services (including education and enforcement), the primary purpose of which is to improve public safety in relation to that transport.</li> </ul>
<b>Land Transport NZ's allocation process</b>	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.
<b>Land Transport Safety Authority (LTSA)</b>	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. Under the Land Transport Management Act 2004, LTSA merged with Transfund and on 1 December 2004 formed Land Transport New Zealand.
<b>Lane kilometre</b>	A measure of length – one lane kilometre = one kilometre along a single lane of a road.
<b>Local authority</b>	Any regional council or territorial authority as in section 5(1) of the Local Government Act 2002.
<b>LTMA</b>	The Land Transport Management Act 2003.
<b>Minister</b>	The Minister of Transport.
<b>MoT</b>	Ministry of Transport.
<b>Motor vehicle register (MVR)</b>	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.
<b>Motor vehicle registry and revenue management (MVR&amp;RM)</b>	Operates under a contract between Land Transport NZ and the Secretary for Transport and administers the Transport Registry Centre.



<b>New</b>	Newly created output classes and related measures for the 2006/07 year. No comparable measures are available from 2005/06.
<b>NLTA</b>	National Land Transport Account – the account(s) established by Land Transport NZ in accordance with section 10 of the Land Transport Management Act 2003.
<b>NLTP</b>	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.
<b>NLTP agreements</b>	Relationship and accountability agreements established between Land Transport NZ and approved organisations covering the rights and responsibilities of the parties under the NLTP.
<b>NZTS</b>	The New Zealand transport strategy.
<b>Output class</b>	Throughout government in New Zealand, output class refers to a grouping of goods and services as defined in the Public Finance Act 1989. For Land Transport NZ it refers to a specific category of funding provided by the government for distribution under the NLTP. The output classes are listed in the Annual Report.
<b>Overdimension permit (ODP)</b>	Vehicles or loads that exceed allowable size limits are considered over-dimension and will need an ODP (which will typically impose specific constraints of time, route etc) in order to travel on public roads.
<b>Passenger kilometres</b>	The total number of passengers carried over the relevant period multiplied by their average distance travelled on that service.
<b>Pavement</b>	The road structure that is constructed on the subgrade, and supports the traffic loading.
<b>Profile</b>	An activity profile is used to describe the importance of the activity, how well it contributes to desired land transport outcomes (as described in the LTMA) and its cost. The three factors used are: seriousness and urgency, effectiveness and economic efficiency.
<b>Regional council (RC)</b>	As defined in section 5(1) of the Local Government Act 2002.
<b>Road</b>	As defined in section 5(1) of the Local Government Act 2002. Roading has a corresponding meaning.
<b>Road controlling authority (RCA)</b>	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.
<b>Road user charges (RUC)</b>	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.
<b>Safety management system (SMS)</b>	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.
<b>SOI</b>	The <i>Statement of intent</i> , as approved by the Minister of Transport and produced in accordance with the Crown Entities Act 2004 comprises the objectives and performance targets for the stated year, against which Land Transport NZ is evaluated.
<b>SOPP</b>	Statement of projected performance contained in Land Transport NZ's <i>Statement of intent</i> .
<b>SSP</b>	Statement of service performance, which reports Land Transport NZ's performance against the Statement of projected performance contained in the <i>Statement of intent</i> .
<b>State highway</b>	A state highway is a roadway declared as such under section 2(1) of the Transit New Zealand Act 1989.
<b>Structural maintenance</b>	Maintenance work carried out on the pavement to maintain its structural integrity and serviceability.
<b>Transit NZ (Transit)</b>	As defined under sections 75 and 83 of the Land Transport Management Act 2003, Transit is responsible for the operation of the state highway system in a way that contributes to an integrated, safe, responsive and sustainable land transport system.
<b>Transport service licence (TSL)</b>	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.
<b>Warrant of fitness (WoF)</b>	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.



