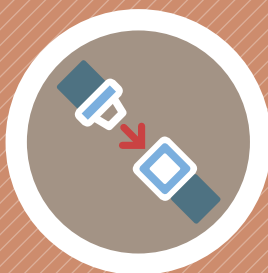

NZ Transport Agency Statement of intent 2012-2015

This *Statement of intent* sets out an approach and course of action for the next three years that will contribute to the delivery of the government's land transport objectives and wider transport vision.



New Zealand Government



OUR PURPOSE /

CREATING TRANSPORT SOLUTIONS FOR A THRIVING NEW ZEALAND



NZ TRANSPORT AGENCY
WAKA KOTAHI



NZ Transport Agency (NZTA)

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FOREWORD/ FROM THE BOARD CHAIR

The government has stated that better infrastructure and transport services are at the heart of its economic growth agenda. The government has also clearly stated its expectation that all public sector organisations demonstrate that they are delivering value for money for New Zealanders.

The NZ Transport Agency (NZTA) is in a strong position to deliver on this agenda and value for money expectations.

As this *Statement of intent* describes, the NZTA has taken a 'whole of land transport system' view to ensure a portfolio of investments and services that provide economic benefits at the national, regional and local levels.

This approach also positions the NZTA to deliver value for money by maximising the value of its existing land transport network and activities, and directing future capital and operational investment into those areas that promise the greatest economic and social value.

The NZTA remains focused on continuously improving the quality of its customer services and infrastructure while also lifting the performance of every dollar spent, so that it is investing in transport solutions that help people and freight travel efficiently, reliably and safely.



Chris Moller
Chair
NZ Transport Agency



Patsy Reddy
Deputy chair
NZ Transport Agency

INTRODUCING / THE NZ TRANSPORT AGENCY BOARD

The NZTA is a crown entity governed by a board appointed by the Minister of Transport.

Chris Moller, Chair
Wellington & Auckland



Chris is a non-executive director who chairs Meridian Energy Ltd and New Zealand Cricket Inc boards. He is also a director of SKYCITY Entertainment Group Ltd, NZX Ltd, Westpac New Zealand Ltd, International Cricket Council and Rugby New Zealand 2011 Ltd. Chris is a trustee of the Victoria University Foundation and the Westpac Regional Stadium Trust. He was chief executive of the New Zealand Rugby Union, deputy chief executive of Fonterra Co-operative Group Ltd, and a director of a range of joint venture and subsidiary organisations within the New Zealand dairy industry both domestically and internationally.

**Patsy Reddy,
Deputy chair**
Wellington



Patsy is a non-executive director and a qualified lawyer. She is chair of the New Zealand Film Commission, a director of Payments NZ Ltd and Active Equities Ltd and a member of the New Zealand Markets Disciplinary Tribunal. She is a chief crown negotiator for Treaty of Waitangi settlements and is a trustee of the NZ International Arts Festival. Her previous directorships include Telecom Corporation of NZ Ltd, SKYCITY Entertainment Group, New Zealand Post and Air New Zealand Ltd.

Gill Cox
Christchurch



Gill is a chartered accountant and business consultant. He currently serves on the boards of a number of large privately held companies in Canterbury involved in the manufacturing, warehousing and distribution, and fishing industries. In addition Gill chairs MainPower NZ Ltd, Transwaste Canterbury Ltd and the Advisory Body of Development West Coast. Gill is a member of the CERA Community Forum in Christchurch, the executive of the Canterbury Business Leaders Group, and is a past president of the New Zealand Institute of Chartered Accountants.

Bryan Jackson
Waikanae



Bryan is a non-executive director. He is a former chairman of Vehicle Testing New Zealand. He was chair of Transit NZ prior to the formation of the NZTA and was also a board member of KiwiRail. Bryan is a director of ING NZ Pty Ltd, IEF Ltd, Nees Hardware and Building Supplies Ltd and several other private companies.

Tony Lanigan
Auckland



Tony is a professional civil engineer (FIPENZ), project management consultant and former general manager with Fletcher Construction. Tony was chancellor of Auckland University of Technology and a director of Infrastructure Auckland. He is currently vice chair of Habitat for Humanity in NZ and chair of NZ Housing Foundation. He is a director of Watercare Services Limited.

Jerry Rickman
Hamilton



Jerry is a chartered accountant and professional director. Jerry currently chairs Alandale Life Care Ltd, EziBuy Holdings Ltd, HG Leach Ltd, Tidd Ross Todd Ltd and Power Farmer Holdings Ltd. He was a member of Telecom's Independent Oversight Group. He has chaired the Waikato Regional Airport Ltd, Waikato District Health Board, and Innovation Waikato Ltd.

Alick Shaw
Wellington



Alick works as an independent commissioner for hearings convened under the Resource Management Act and as a member of boards of crown entities, council organisations, privately held companies and the cultural sector. He is a member of the NZ Parole Board and a former deputy mayor of Wellington city.

Adrienne Young-Cooper
Auckland



Adrienne is a businesswoman and professional director. She has a 30-year career in resource management and town planning specialising in spatial planning, metropolitan growth management including infrastructure planning and large projects. Adrienne was the deputy chair of Auckland Regional Transport Authority (replaced by Auckland Transport) and was a board member of Maritime New Zealand until 2011. Her experience and contribution in transport governance is extensive. She also is a director of Solid Energy New Zealand Ltd, deputy chair of Auckland Waterfront Development Agency Limited (Waterfront Auckland) and deputy chair of Housing New Zealand Corporation.

INTRODUCTION / FROM THE CHIEF EXECUTIVE

The *Statement of intent* outlines what we intend to deliver to our customers and partners and how we will meet the government's goals for developing the land transport system in New Zealand.

Our work to ensure effective long-term planning for land transport networks is increasingly focused on integrated land use and transport network development, and increasingly multi-modal in its outlook. The 'round table' relationships we have with freight and public transport firms in particular are helping to build shared understanding about future needs, priorities and opportunities for productivity improvements. In Auckland, we will continue to work alongside Auckland Transport to ensure a 'one network' approach to planning and development. Over the coming years we will continue to support the government and Christchurch city to rebuild and develop land transport networks to support the people of the Canterbury region. We have a large programme of work underway in Christchurch to make transport safer and freight movements more efficient.

We also seek to help our customers make smart choices about how they use the transport system and shape their travel choices. We manage access to land transport networks through driver licensing, motor vehicle registration and other regulatory compliance requirements. We work with our partners to ensure compliance is simple and affordable, and to lift behaviour to best practice.

We look to maximise the return on the investment of the National Land Transport Fund, and to ensure every dollar works for New Zealand. In the first few months of this year we will release the next three-year National Land Transport Programme to 2015.

This programme will provide the most significant ever investment in transport services and infrastructure - in partnership with local authorities for local roads and public transport, and directly into the strategic state highway network. Investments are made in the activities that best ensure the transport system plays its part to support economic growth and productivity and provide transport users with transport experiences that are increasingly safe and efficient.

We have a large asset management and capital investment programme to deliver better highway solutions for customers, so that we can optimise the travel on the state highway network with that on local roads and other transport modes. We see the practical expression of that in our collaboration with Auckland Transport in the joint traffic operation centre that manages the entire metropolitan network as an integrated whole. In the year ahead we seek to develop this approach in other metropolitan areas, to ensure that freight moves around our key cities and regions more freely, we ease congestion during rush hours for commuters, and that public transport is easy to use.

Finally, an ambitious business improvement programme is underway in the NZTA on a range of fronts to deliver value for money, including managing costs associated with transport planning and project development, and for road maintenance and operations. This work has been informed by reviews with transport sector stakeholders. We are also working to find more ways to reduce regulatory burdens for vehicle owners and transport operators.

We continue to build an agency of talented people who are committed to finding solutions for our customers and who put their hearts into achieving what we do.



Geoff Dangerfield
Chief Executive
NZ Transport Agency

NZ TRANSPORT AGENCY/ AT A GLANCE

NATURE AND SCOPE

The NZ Transport Agency (NZTA) is a crown entity set up to contribute to an affordable, integrated, safe, responsive, and sustainable land transport system for New Zealand as set out in the Land Transport Management Act 2003.

Our four core functions are:

1. Planning the land transport network – integrating land use and transport planning so that there are many ways to get around our towns and cities easily and safely – walking, cycling, using public transport or motor vehicles.
2. Providing access to and use of the land transport system – helping shape the transport choices that people make by providing good information and encouraging them to travel safely and efficiently. We want to work cooperatively with other network operators to make existing networks safer and more efficient
3. Investing in land transport – making smart investments in the national, regional and local land transport system because we need to ensure that every dollar we spend helps New Zealand thrive. Every time we allocate funds from the National Land Transport Fund, we're looking to give effect to the Government Policy Statement on Land Transport Funding.
4. Managing the state highway network – ensuring that each road in the state highway network is playing its part in making New Zealand a more prosperous and safe place. Over time we want to improve the experiences that drivers have on our highways, and recognise the different needs of freight, commuters, tourists, business and leisure travellers.

Our staff and offices

Across 16 offices nationwide, the NZTA employs approximately 1300 staff, of which 975 are employed in one of our three operational business groups. The remaining staff are engaged in providing administrative and support services to the organisation such as strategic advice, information services, human resources, communications, finance and legal services.

OPERATING ENVIRONMENT

We are facing a number of pressures within our operating environment to which we must respond, including:

- › population dynamics and changes in demography – continued growth is predicted for New Zealand's population. It is likely that the population will be older, more urbanised and more ethnically diverse. This trend, if it plays out, will increase overall demand for transport solutions, particularly in our major metropolitan areas
- › economic performance – structural changes to the New Zealand economy over the medium to long term are likely to significantly alter the shape and level of transport demand. These dynamics will inform future NZTA activities

- › energy price movements – crude oil prices are expected to rise in line with a more positive medium to long-term outlook for the global economy. The more volatile petrol and diesel prices are, the more likely it is that transport users will switch from one mode to another
- › technological advances – the pace of technological advancement is expected to grow exponentially in the future. This is likely to result in greater demand for a range of new products and services tailored to specific to customer requirements
- › state of the construction industry – a slightly better economic outlook is expected to boost the construction industry in the near term. This is likely to result in a tightening of available capacity and an increase in prices
- › labour market dynamics – although the labour market remains relatively weak, the number of advertised job vacancies in the construction industry remains higher than a year ago. As the economy gathers pace, it is likely that some sectors, such as construction, could experience some significant skill shortages.

REVENUE

We have three primary revenue sources:

- › The National Land Transport Fund (NLTF), which receives contributions from fuel excise duty, road user charges and motor vehicle registrations.
- › Revenue from third parties primarily sourced from land transport user fees, charges and licensing.
- › Revenue from the crown for specific projects.

SECTOR DIRECTION

The NZTA contributes to government's overarching goal of growing the New Zealand economy to deliver greater prosperity, security and opportunities for all New Zealanders.

The government's long-term outcomes for the transport sector are:

- › an efficient transport system that supports government's high levels of economic productivity, provides strong international connections for freight, business and tourism, and meets international obligations
- › a sustainable funding basis for transport infrastructure investments and use
- › a high quality transport system for Auckland, the nation's economic hub
- › an accessible and safe transport system that contributes positively to the nation's economic, social and environmental welfare.

The government's immediate priorities for transport are:

- › investment in infrastructure
- › better quality regulation
- › better public services
- › a safer transport system.

ORGANISATIONAL DIRECTION

Our desired long-term outcomes are:

- › better use of existing transport capacity
- › more efficient freight supply chains
- › a resilient and secure transport network
- › easing of severe urban congestion
- › more efficient vehicle fleets
- › reductions in deaths and serious injuries from road crashes
- › more transport mode choices
- › a reduction in adverse environmental effects from land transport.

Our priorities are:

- › improving customer service and reducing compliance costs – focusing our efforts on providing high levels of customer service while being smart about reducing costs
- › embedding the Safe System approach – into everything we do to create a forgiving road system increasingly free of death and serious injury
- › improving freight movement efficiency – contributing to a significant improvement in safe and efficient access of freight to markets
- › delivering the roads of national significance – planning and building the six remaining new roads on some of the most important parts of the state highway network
- › improving public transport effectiveness – lifting the effectiveness of public transport services to better use existing transport capacity and ease congestion in our big cities.

Our key focus areas are:

- › value for money in all that we invest in and do – we are focused on delivering value for money to the New Zealand transport user and to reducing our operating costs by developing opportunities to deliver shared services across government
- › growing Canterbury – we are playing a key role in the reconstruction of transport infrastructure in Christchurch City and the region
- › growing Auckland – we are working very closely with Auckland Council and Auckland Transport to address the significant short and long-term challenges for transport in Auckland.

ORGANISATIONAL CAPABILITY AND HEALTH

We will continue to grow and develop our capability by:

- › developing our people
- › working with others
- › achieving together.

OPERATING POLICIES

We operate under the following key policies:

- › Value for money – we are focused on continually improving the quality of our services while also lifting the performance of every dollar spent and invested.
- › Scrutiny and transparency – in accordance with the Land Transport Management Act, we ensure that when making investment decisions, the same level of scrutiny is given to the NZTA's own activities as we give to those proposed by approved organisations.
- › Risk management – we are focused on minimising threats and maximising opportunities to greater assure the effective and efficient achievement of our organisational objectives.
- › Procurement – we have an independent statutory function under the Land Transport Management Act to approve procurement procedures designed to obtain the best value for money spent. In doing this we consider 'whole of life' value for money, we keep in mind fair competition and encourage competitive and efficient markets.
- › Engagement – we believe that to make good decisions and provide sound advice to decision makers, it is important to include the perspectives of our stakeholders in our work. We look to others for advice when formulating options and solutions and incorporate that advice to the maximum extent.
- › Environmental and social responsibility – we promote an accessible and safe transport system that contributes positively to New Zealand's economic, social and environmental welfare, and we are committed to acting in an environmentally and socially responsible manner.

SERVICE DELIVERY HIGHLIGHTS

Our statement of service performance contains a set of measures used to track progress against our strategic plan and specific performance goals.

In line with our goals and priorities, we have lifted our expected level of performance for the following service delivery measures and result indicators:

- › Activities delivered on time and to agreed standards in the area of road safety and the NZTA's own administrative activities – increased.
- › Average timeframe for processing National Land Transport Programme funding applications and SuperGold card payments – decreased.
- › Time taken to deliver fuel excise duty refunds – decreased.
- › Transactions completed online in the areas of motor vehicle registration, road user charges, licensing and tolling – increased.
- › Transaction costs for the collection of road user charges and licensing and regulatory compliance – decreased.

- › Number of public transport boardings for each National Land Transport Fund dollar invested in public transport services – increased.
- › Fare revenue as a percentage of total expenditure (by both the NZTA and approved organisations) on public transport services – increased.
- › Cost of the NZTA's administration and support functions against total expenditure – decreased.
- › Cost of local road and state highway renewals, maintenance and operations – decreased.
- › Fatalities or serious injuries from crashes where alcohol or drugs are involved – decreased.
- › Fatalities or serious injuries from head on or run off crashes – decreased.
- › Percentage of new light vehicles with a five-star safety rating – increased.

We have held the rest of our service delivery measures at the same level as the 2011-14 *Statement of intent*, with the following exceptions:

- › Degree of rutting greater than 20mm on the state highway network – increased due to expected increases in traffic demand and higher construction prices.
- › Availability of state highways – decreased to reflect the increased number of natural events, rather than planned operational outages.
- › Transaction costs for motor vehicle registrations – increased to reflect the changes to the crown appropriation for motor vehicle register administration fees (from 1 July 2012) and changed composition of third party channel pricing.
- › Transaction costs for road tolling – increased to reflect the consumer price index increase adjustments made to road tolling tariffs.

FINANCIAL HIGHLIGHTS

We have budgeted revenue of \$8.81 billion for 2012-15 to fund:

- › **investment in land transport** – \$8.24 billion which includes our investment in the state highway network and funding we provide to approved organisations for the delivery of services. We will be investing \$3.84 billion in new capital across the state highway network as well as maintaining our assets with \$973.80 million of expenditure
- › **NZTA operating activities** – \$789.91 million which includes activities that the NZTA is accountable for and delivers inhouse or contracts out. Our operating costs will drop by \$5.7 million in 2012/13 (down from \$267.5 million in 2011/12).

FUNDING SOURCES AND EXPENDITURE 2012/15

FUNDING SOURCES		OPERATING & CAPITAL EXPENDITURE							
		Investment in land transport			NZTA operating activities				
		PLANNING & INVESTMENT IN LAND TRANSPORT	MANAGING THE STATE HIGHWAY NETWORK	SPECIFIC CROWN PROJECTS	PLANNING & INVESTMENT IN LAND TRANSPORT	ACCESS TO & USE OF LAND TRANSPORT	MANAGING THE HIGHWAY NETWORK	SPECIFIC CROWN PROJECTS	
Revenue from the National Land Transport Fund	Operating	\$5,764.021m	\$3,267.906m	\$973.795m	\$179.679m	\$8.482m	\$26.205m		
	Capital	\$2,443.328m		\$3,837.516m			\$119.700m		
Revenue from third parties		\$386.228m			\$15.800m	\$376.589m	\$2.595m		
Revenue from the crown		\$217.708m		\$156.715m	\$2.325m	\$58.246m		\$0.285m	
Totals		\$8,811.285m	\$3,267.906m	\$4,811.311m	\$156.715m	\$197.804m	\$443.317m	\$148.500m	\$0.285m
This table includes operating and capital			\$8,235,932m			\$789.906m			

SECTION 1 / NATURE AND SCOPE

The NZTA is a crown entity set up to contribute to an affordable, integrated, safe, responsive and sustainable land transport system for New Zealand as set out in the Land Transport Management Act 2003. We do this through four main functions:

PLANNING THE LAND TRANSPORT NETWORK: INTEGRATING ONE NETWORK

Our investments are underpinned by forward looking and integrated land use and transport planning. We contribute to and support regional transport stakeholders to ensure regional and local land use and transport plans are forward looking, evidence based, fundable, achievable, realistic and aligned to the desired national and regional outcomes. We are integrating land use and transport planning so that there are many ways to get around our towns and cities seamlessly – walking, cycling, using public transport or motor vehicles. We also want to ensure New Zealand has a resilient transport infrastructure backbone.

PROVIDING ACCESS TO AND USE OF THE LAND TRANSPORT SYSTEM: SHAPING SMART CHOICES

We work closely with a range of agents to provide transport users with safe access to the land transport system. We do this through driver testing services, issuing driver licences and transport service licences, vehicle certification, registration and licensing activities, and collecting road user charges and other revenue. Each year, we process around 5.8 million vehicle licences, 1 million vehicle ownership changes, 2.1 million road user licences and 5.5 million warrants of fitness. We support vehicle and train drivers by providing information on how to use the transport network in the most efficient and safe manner. Our activities include national advertising and education programmes, and specific initiatives around rail and vehicle safety and performance. We are also contracted by the Ministry of Transport to develop rules – a form of legislation that, together with regulations, shapes our business. We are working to be more customer-focused. We are helping shape the transport choices that people make by providing good information and encouraging them to travel safely and efficiently. We want to work cooperatively with other network operators to unlock the land transport system's contribution to a thriving New Zealand.

INVESTING IN LAND TRANSPORT: MAXIMISING RETURN FOR NEW ZEALAND

We are responsible for investing the National Land Transport Fund (NLTF) in various land transport activities. These activities include state highway and local road improvement, renewal and maintenance, and passenger transport. The board invests funds to give effect to the Government Policy Statement on Land Transport Funding (GPS), which sets out the government's strategic direction. However, the board makes its decisions independently on the specific activities and combinations of activities to invest in. We seek to achieve value for money in all of the investments that we make. We are making smart investments in the national, regional and local land transport system because we need to ensure every dollar we spend helps New Zealand thrive. Together with our partners we allocate funds to advance national and regional transport objectives.

MANAGING THE STATE HIGHWAY NETWORK: DELIVERING HIGHWAY SOLUTIONS FOR CUSTOMERS

We operate, maintain and develop New Zealand's 10,894km of state highways, which make up about 12 percent of New Zealand's roads but account for around half of the 36 billion kilometres travelled each year. The state highway network has a vital role as the strategic road network for the country – enabling people to get to and from work quickly and efficiently, providing a convenient and robust route for freight and connecting communities. We work closely with transport partners throughout the country to continuously improve the planning, operating and maintenance of the state highway network, delivering value for money through all our state highway activities. We consider the network's impact on the environment, and the immediate and long-term needs of the businesses and people who use it. We are ensuring that each state highway plays its part in the wider transport network and provides safe and reliable journeys. Over time we want to improve the experiences that people have on our highways and recognise the different needs of freight, commuters, tourists, business and leisure travellers.

LEGISLATION AND REGULATION

The Land Transport Management Act 2003 establishes the NZTA and provides the legal framework for managing and funding land transport activities and provides for a Government Policy Statement on Land Transport Funding (GPS). Under this legislation we have the following responsibilities:

- › Promote an affordable, integrated, safe, responsive and sustainable land transport system.
- › Manage the state highway system, including planning, funding, design, supervision, construction and maintenance operations.
- › Manage funding of the land transport system, including auditing the performance of organisations receiving land transport funding.
- › Manage regulatory requirements for transport on land.
- › Investigate and review accidents and incidents involving transport on land.
- › Cooperate with, provide advice and assist any government agency or local government agency at the minister's request.
- › Provide the minister with advice on our functions.
- › Carry out any other land transport functions directed by the minister under the Crown Entities Act 2004.
- › Carry out the functions required by the Land Transport Management Act or under any other act.

Also of key importance is the Land Transport Act 1998, which promotes safe road user behaviour and vehicle safety, provides for a system of rules governing road user behaviour, and the licensing of drivers and technical aspects of land transport.

Other relevant legislation includes the Railways Act 2005, the Transport (Vehicle Registration and Licensing) Act 1986, the Public Transport Management Act 2008, the Government Rounding Powers Act 1989 and the Road User Charges Act 2012.

Land transport rules are a form of delegated legislation similar to regulations. The NZTA produces rules for the Minister of Transport under an agreement made with the chief executive of the Ministry of Transport. Land transport rules have a significant influence on access of persons and vehicles to road and rail networks, and guide the conduct or use of the networks.

WORKING WITH OTHERS

In order to provide the best possible service to our transport user customers, we work very closely with a range of organisations, including:

- › the Ministry of Transport, which is responsible for leading the development of strategic transport policy and monitoring performance of the sector's crown entities
- › regional councils and territorial local authorities, who are major co-investors in land transport infrastructure and services to transport users, and who have the lead accountability for land use planning in New Zealand
- › the NZ Police, who we fund to provide a range of road policing services
- › service delivery agents who through their 4000 outlets support us to process motor vehicle and driver licensing transactions, and we work closely with these agents to provide driver testing services, issuing driver and transport service licences, undertaking vehicle certification, registration and licensing activities, and collecting road user charges and other road revenue
- › other suppliers, including contractors and consultants.

THE ORGANISATION AT A GLANCE

The NZTA employs approximately 1300 staff, with 975 working in one of our three operational groups:

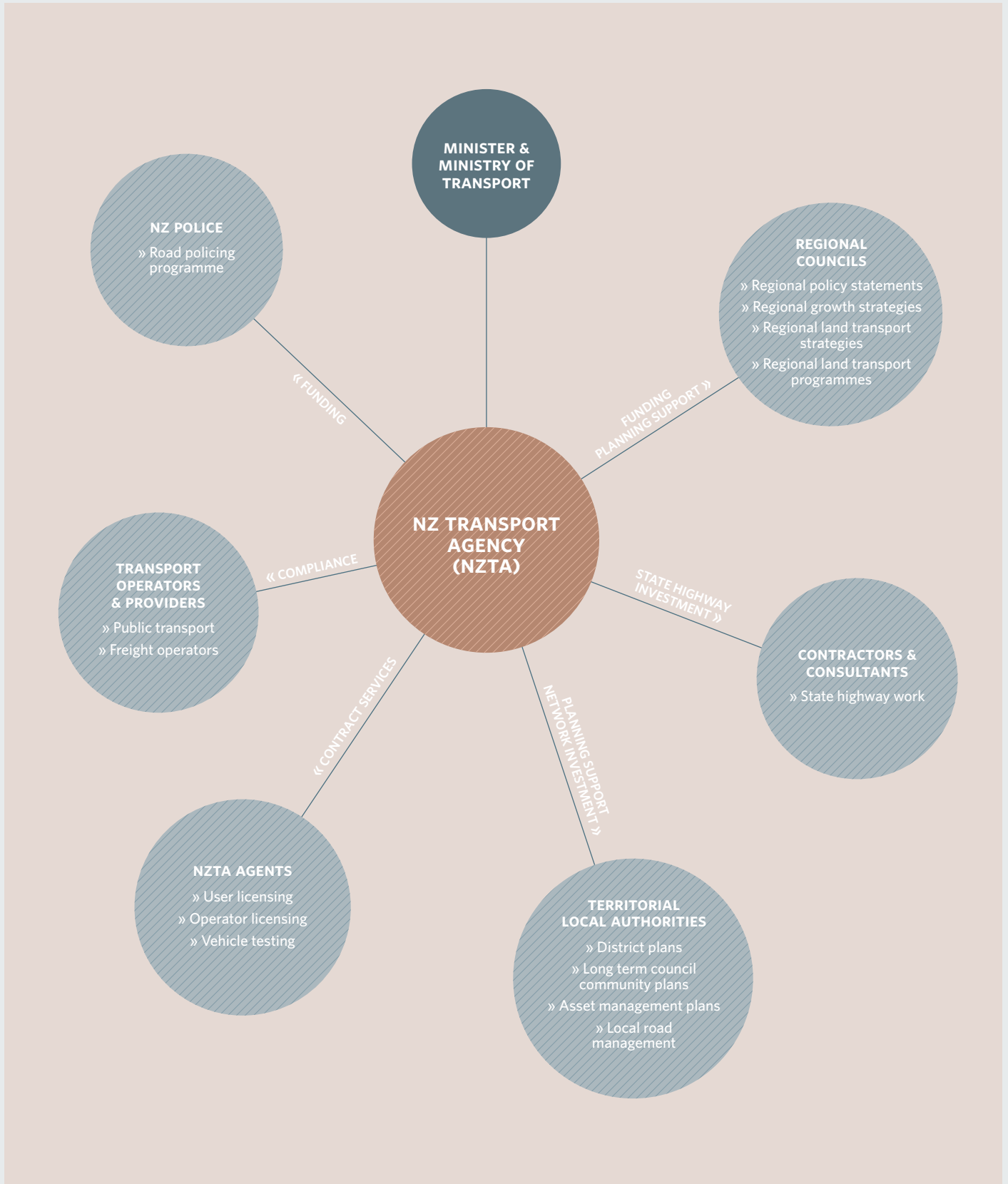
- › Planning and Investment (170).
- › Highways and Network Operations (355).
- › Access and Use (450).

The remaining staff are employed in providing administrative and support services to the organisation such as strategic advice, information services, human resources, communications, finance and legal services.

The NZTA's staff are spread across 16 locations. Offices are located in:

- › Wellington - national office
- › Palmerston North - including our national contact centre
- › Auckland/Northland region, with offices in Auckland, North Shore and Whangarei
- › Waikato/Bay of Plenty region, with offices in Hamilton and Tauranga
- › Central region, with offices in Napier, Palmerston North, New Plymouth, Wellington and Blenheim
- › Southern region, with offices in Christchurch and Dunedin.

LAND TRANSPORT USERS



SECTION 2 / OPERATING ENVIRONMENT

POPULATION DYNAMICS AND CHANGES IN DEMOGRAPHY

Official projections indicate that the number of people living in New Zealand is likely to continue to grow. This larger population will, on average, be older than it is today, more urbanised, increasingly ethnically diverse and made up of an ever larger number of smaller families that live in close proximity to each other. These trends, if they play out, will be felt most strongly in New Zealand's major metropolitan areas, especially in Auckland, Waikato and the Bay of Plenty, and are likely to increase overall demand for transport solutions.

ECONOMIC PERFORMANCE

While official forecasts of economic activity point to an increase in the level of demand for transport, structural changes to the New Zealand economy over the medium to long term are likely to substantially change the shape of this demand. Over time, changes in the nature of goods produced, where they are produced and where they might be consumed will ultimately dictate how they are transported. These dynamics will inform the NZTA's future activities.

Given expected demographic trends, it's likely that the freight task in New Zealand's major metropolitan areas will be made up of a larger number of smaller, high frequency shipments (leading to possible change to fleet characteristics). In less populated rural areas, freight movements are likely to continue to be dominated by agricultural and forestry products from the farmgate to the major population centres and/or sea and air ports. Greater demand for freight services and higher levels of traffic on key routes will encourage transport service providers to offer multi-modal transport solutions tailored to customer requirements.

ENERGY PRICE MOVEMENTS

Crude oil prices are expected to rise in line with a more positive medium to long-term outlook for the global economy. What is not clear is the degree of volatility, largely prompted by unforeseen disruptive events that might accompany these price increases.

Whether or not these price increases are fully reflected in petrol and diesel prices paid by the New Zealand

motorist will, to a large extent, be determined by the strength of the New Zealand dollar against the United States dollar. Although a relatively strong New Zealand dollar in recent years has helped to cushion the effect of rising United States dollar crude oil prices, there is no certainty that this will continue in perpetuity.

Irrespective, the more volatile petrol and diesel prices are, the more likely it is that transport users will switch from one mode to another. This is most evident among private transport users who will tend to replace individual car journeys with public transport trips. For companies that need to transport their products to market, the response is determined by the nature of goods being moved and the service capability of competing modes.

TECHNOLOGICAL ADVANCES

The pace of technological advancement, underpinned by massive growth in computer processing power, smart phones, wireless communications and the internet, is expected to grow exponentially. This is likely to result in greater demand for a range of new products and services tailored to specific customer requirements.

Among these will be intelligent transport systems, which are likely to transform how the transport network is used, managed and planned for. New technologies are likely to ensure that the current focus of such systems on providing transport users with accurate, near to real-time information on road conditions, time delays, arrival and departure times will be broadened to include vehicle to vehicle and vehicle to infrastructure connectivity. It is likely that vehicle manufacturers, and intelligent transport system vendors will be the driving forces behind identifying new applications to improve safety, optimise transport capacity, bolster law enforcement and increase freight efficiencies.

Other technologies will have a positive impact on road safety. New, stronger materials used to improve operating efficiencies are likely to also result in vehicles better able to withstand high speed collisions. Over time, increasing levels of vehicle automation resulting from the use of advanced robotics are likely to further reduce human error and the probability of fatal crashes.

STATE OF THE CONSTRUCTION INDUSTRY

Conditions in the construction industry remain difficult with few upcoming projects for residential and non-residential building work. By contrast, civil construction activity remains relatively upbeat, largely because of continued investment in infrastructure projects by central and local government.

A slightly better economic outlook, improved housing market fundamentals, favourable statistical base effects associated with low levels of past activity and the Canterbury rebuild are expected to boost the fortunes of the construction industry in the near-term. The rebuild of Canterbury will become the key source of demand for residential, non-residential and civil construction activity in New Zealand over the medium-term. Increasing activity levels will result in a tightening of available capacity and an increase in prices.

LABOUR MARKET DYNAMICS

Although the labour market remains weak, the number of people employed has recovered to pre-recession levels and the rate of unemployment has started to fall (because of increases in the working age population and a drop in labour participation rates). Older workers remain the fastest growing segment of the labour market. Although having slowed, the number of advertised job vacancies in construction remains higher than they were a year ago.

Recent indicators suggest that the labour market should grow much in line with the economic recovery now underway. As the economy gathers pace, it's likely that some sectors of the economy, such as construction which is gearing up for the reconstruction of Canterbury, could experience some significant skill shortages.

Against this backdrop, the NZTA places emphasis on identifying and managing talent within the organisation and has adopted a targeted approach to recruiting professional engineers from abroad. Longer term, it has also begun developing a workforce plan to address the impact of a significant loss of skills through retirement as well as the skills, capability and capacity requirements that will be needed to complete the NZTA's future work programme.

LOCAL GOVERNMENT

A number of proposed changes to the legislation governing local government have the potential to affect the way we do business.

The government's Better Local Government reform plans initiated in March 2012 are intended to improve the legislative framework for New Zealand's 78 councils. It will provide better clarity about councils' roles, stronger governance, improved efficiency and improved fiscal management.

Recent government policy decisions on changes to the Land Transport Management Act 2003 (LTMA) are designed to help achieve the government's economic objectives by improving the planning and delivery of land transport infrastructure and services, and reducing the regulatory burden and compliance costs for organisations involved in the LTMA processes.

The Resource Management Act is also under review to build on the phase 1 reforms which addressed process related costs and delays. We are participating in a number of workstreams to ensure our requirements are taken into consideration in the development of proposals for change.

SECTION 3 / REVENUE

The NZTA has three primary revenue sources:

1. The National Land Transport Fund (NLTF), which receives contributions from fuel excise duty (FED), road user charges (RUC) and motor vehicle registrations (MVR).
2. Revenue from third parties, primarily sourced from land transport user fees, charges and licensing.
3. Revenue from the crown for specific projects.

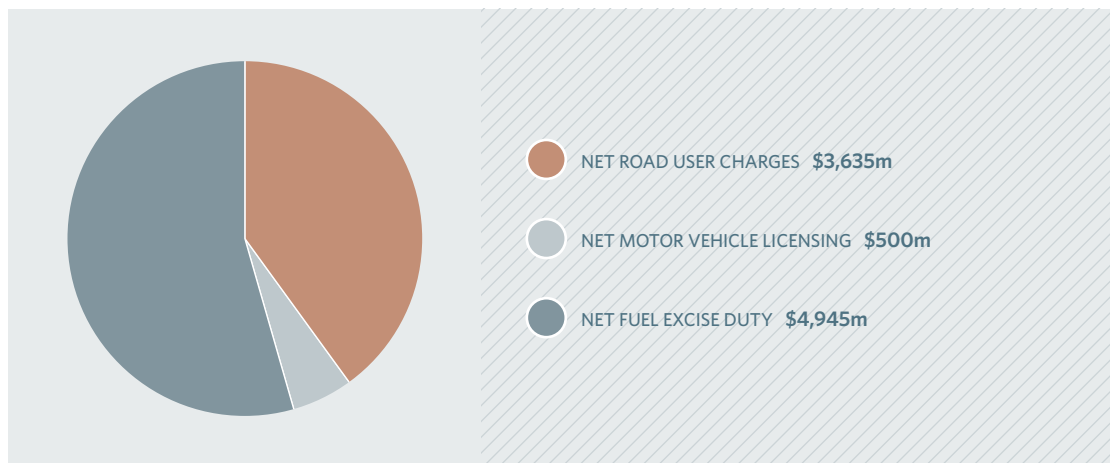
The revenue from the crown is generally via specific appropriations for particular projects or activities supported by the crown. Funding is usually limited to set amounts and for set time periods. Examples of this was the government's stimulus package for state highways, funding for rebuilding Christchurch and SuperGold card.

The size of the revenue flows is linked to specific consumption volumes and payment patterns, government decisions around individual fees, and various compliance rates. These assumptions are set out in the statement of forecast financial performance.

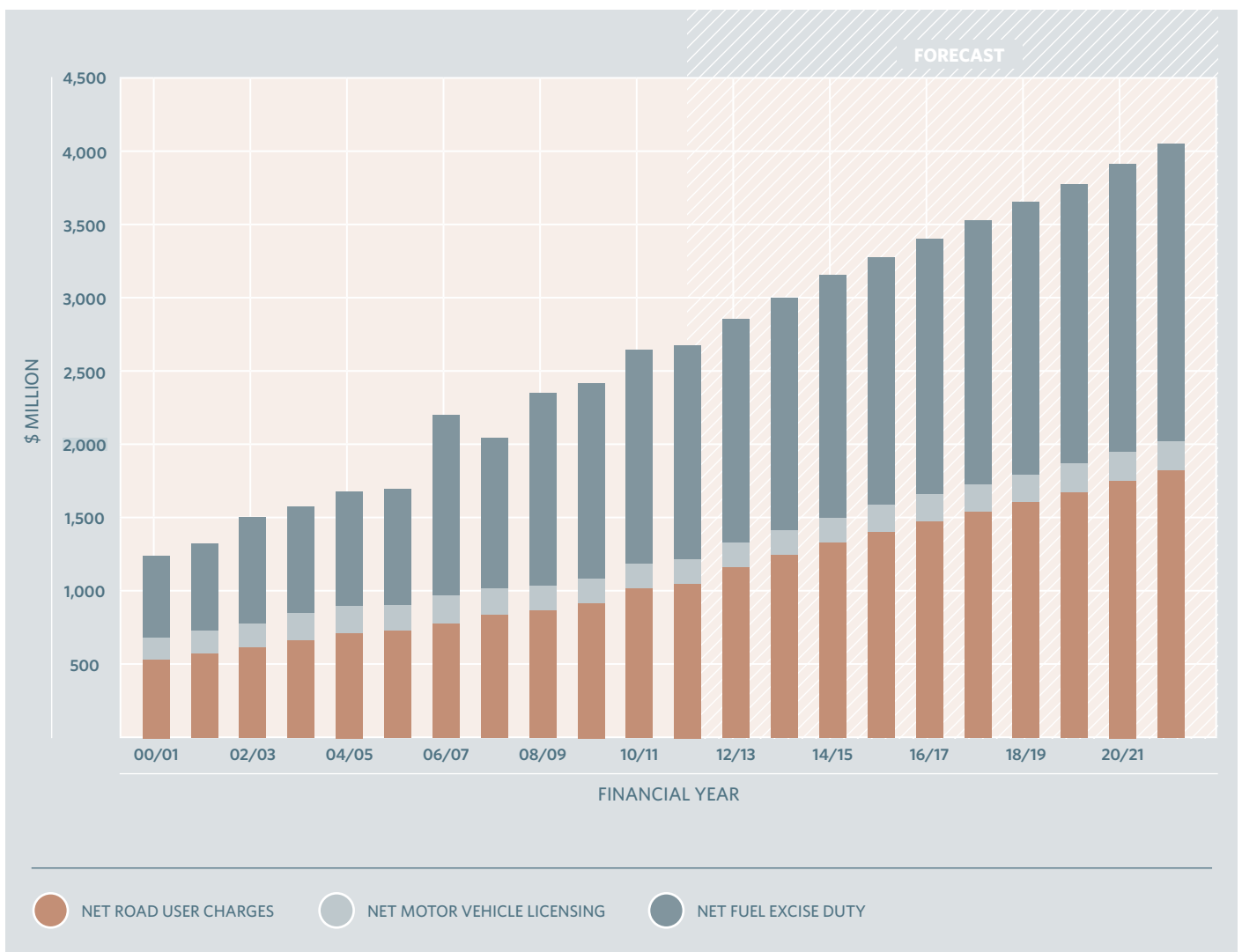
The *Statement of intent* (as well as government priorities for transport) is underpinned by modelling assumptions around the NLTF revenue flows and licensing and registration transaction volumes, and several others. Changes to these assumptions and revenue flows (due to unexpected changes in consumption patterns, fees and compliance rates) may require the NZTA to adjust levels of expenditure, which may also affect levels of service and delivery milestones.

We expect that the existing key revenue sources of FED and RUC will continue to provide the majority of funding for the NZTA outputs in the near future. The forecast contribution of the different revenue sources to the NLTF for the 2012–15 period is shown below.

FORECAST NLTF REVENUE SOURCES FOR THE THREE YEARS ENDED 30 JUNE 2015 (\$MILLION)



HISTORIC AND FORECAST NLTF REVENUE



* Contains government contribution prior to 2008/09.

The new Road User Charges Act, which comes into effect on 1 August 2012, represents the first major change to the road user charges system since 1977. The new regime is expected to enhance road user charges revenue compliance, reduce compliance costs for road users and simplify the administration of the road user charges system.

Over the next 10 years we expect growth in revenue derived from these two key sources (FED and RUC) to continue to reflect the performance of the New Zealand economy, despite expected vehicle fuel efficiency gains and growth in the number of vehicles on our roads that are powered by other means. At the same time the demand for funding is expected to increase as the NZTA builds and maintains the transport infrastructure and services necessary to support a thriving New Zealand.

SECTION 4 / SECTOR DIRECTION

GOVERNMENT PRIORITIES

The government's overall goal is to grow the New Zealand economy to deliver greater prosperity, security and opportunities for all New Zealanders. The desired long-term outcomes for transport are:

- › an efficient transport system that supports high levels of economic productivity, provides strong international connections for freight, business and tourism, and meets international obligations
- › a sustainable funding basis for transport infrastructure investments and use
- › a high quality transport system for Auckland, the nation's economic hub
- › supporting Canterbury's economic recovery
- › an accessible and safe transport system that contributes positively to the nation's economic, social, and environmental welfare.

The government's overall goal for transport is to maximise the contribution that transport makes to economic growth. A high performing transport system provides access to new and developing markets, lowers business costs and provides access to and for skilled labour across the economy.

The government's immediate priorities for transport are better quality regulation; investment in infrastructure; a safer transport system; opening domestic and international markets; and better public services. The Minister of Transport's letter of expectation to the NZTA outlines a number of specific objectives for 2012/13.

MINISTER'S EXPECTATIONS	NZTA'S RESPONSE
Better quality regulation: Regulation that supports a high performing transport system and minimises costs for households and businesses	
Review and identify ways to modernise and improve the warrant/certificate of fitness and vehicle and operator licensing systems in collaboration with the Ministry of Transport	This is a deliverable in the customer service/reduced compliance costs priority
Continue to contribute to the review of licensing requirements for agricultural vehicles, including leading workstreams where appropriate	This is included in the customer service/reduced compliance costs priority
Implement the modernised road user charges system in line with the Road User Charges Act 2012	This is also a deliverable in the customer service/reduced compliance costs priority
Work with the Ministry of Transport and the other crown entities as appropriate on the regulatory reform programme including the development and implementation of the Regulatory Policy Statement and the redesigned rules process	This is included in the customer service/reduced compliance costs priority
Investment in infrastructure: Transport infrastructure that contributes to New Zealand's economic growth and supports Canterbury's economic recovery	
Develop and release the next National Land Transport Programme, consistent with the Government Policy Statement on Land Transport Funding 2012/13–2021/22 released in July 2011	Incorporated into the section on the Government Policy Statement on Land Transport Funding and also the National Land Transport Programme
Continue to deliver the roads of national significance (RoNS) programme	This is one of the key priorities for the organisation
Continue to contribute towards the rebuilding of Canterbury's transport infrastructure	This has been included in the key focus area of Growing Canterbury
Work with Auckland Transport to ensure that funding is prioritised to ensure that Auckland has effective and efficient transport infrastructure	Growing Auckland is a key area of focus for the organisation
Retain flexibility in the National Land Transport Programme until final decisions in relation to Canterbury funding are made	This is specifically dealt with in the National Land Transport Programme section

MINISTER'S EXPECTATIONS	NZTA'S RESPONSE
Safer transport system: A safer transport system that contributes to economic and social wellbeing	
Deliver the aspects of the Safer Journeys 2011/12 Action Plan for which the NZTA has responsibility and play an active role with partner agencies as part of the National Road Safety Committee	Delivery of Safer Journeys is a key deliverable for the organisation within the organisation's priority of embedding the Safe System approach
Contribute towards the development of the Safer Journeys 2013-15 Action Plan	This is also a key deliverable in the embedding the Safe System approach priority
Manage the funding of community-based road safety activities in line with the previous Minister of Transport's letters of expectations to the chair of the Road Safety Trust and the chair of the NZTA	This requirement is also a clear focus in the organisation's priority of embedding the Safe System approach
Opening markets: Transport operators and users have opportunities to access more domestic and international markets	
Continue to work with regional councils and the Ministry of Transport to implement the public transport operating model	This is a key deliverable in the public transport priority for the organisation
Work with Auckland Transport on the implementation of the integrated ticketing and fares project	This is also a key deliverable in the public transport priority for the organisation
Continue to work with councils in the upper North Island and key industry players to implement a freight plan, and to inform and promote integrated transport planning in the upper North Island	This is a key deliverable in the freight priority for the organisation
Better public services	
Work (with MoT) to explore shared services and other opportunities to ensure crown entities collectively deliver both value for money and the desired outcomes for the sector	This is covered in the value for money section where we state we are actively working to reduce operating costs by using shared services
Continue to focus on enhancing the quality of its customer services	This is covered in the customer service/reduced compliance costs priority
Plan on no crown funded increases for the next three to five years, and adopt appropriate strategies	Value for money is included in all sections of the <i>Statement of intent</i> and we are not planning for any new crown funding
A resilient transport sector	
Continue to be prepared to deal with future transport emergencies - eg, Christchurch earthquakes	This is one of eight impacts for the organisation and the linkages are shown in the matrix

GOVERNMENT POLICY STATEMENT ON LAND TRANSPORT FUNDING

The Government Policy Statement on Land Transport Funding (GPS) sets the short to medium-term (3 to 10 year) direction for National Land Transport Fund investment in the land transport sector, specifies funding ranges for the activity classes in the National Land Transport Programme (NLTP) and describes the short to medium-term impacts that the government expects to be achieved through the NLTP. These impacts broadly correspond to the long-term impacts and 2012-15 priorities contained in section 5 of this *Statement of intent*. The GPS lists a number of roads of national significance as a statement of national road development priorities. It also requires the NZTA to consider networks from a national perspective and take an integrated approach to planning. The GPS has a forward three-year focus and the government issued a new statement in July 2011 to inform the development of the 2012-15 NLTP. It builds on and advances the

transport direction put in place by the 2009 GPS. A significant feature of the new GPS is the inclusion of three focus areas: economic growth and productivity, value for money and road safety.

CONNECTING NEW ZEALAND

Connecting New Zealand is the guiding policy document for the government's overall transport direction, summarises the high level themes for the next 10 years and replaces the non-statutory New Zealand Transport Strategy. It contains the objective to have an effective, efficient, safe, secure, accessible and resilient transport system that supports the growth of our economy in order to deliver greater prosperity, security and opportunities for all New Zealanders. It describes the government's long-term commitment to the themes of economic growth and productivity, value for money, and safety to guide decision making of transport sector stakeholders.

NATIONAL INFRASTRUCTURE PLAN

The second National Infrastructure Plan defines the many challenges to improving New Zealand's infrastructure over the next 20 years and sets in place policies and actions to address these challenges. The plan is built on a snapshot of the present day, and uses our current knowledge to develop a future vision. It considers infrastructure in relation to five critical sectors: energy, transport, water, communications and social infrastructure. The overall purpose of the plan is to improve investment certainty for businesses by giving confidence over current and future infrastructure provision.

SAFER JOURNEYS: NEW ZEALAND'S ROAD SAFETY STRATEGY 2010–2020

Safer Journeys introduces the Safe System approach as the long-term direction for road safety in New Zealand. The approach recognises that humans are fallible and fragile, and focuses on creating a forgiving road system to prevent injury rather than assigning blame. It aims to strengthen the safety performance of all parts of the system (speed, roads and roadsides, vehicles and road user behaviour) and requires interventions to consider the inter-relationship between these. The Safe System approach promises a long-term improvement in the inherent safety of the system. The strategy and the sector action plans identify areas of concern and implementation actions that will guide the NZTA's safety activities. To this end the NZTA has made embedding the Safe System approach one of its five priorities.

OTHER SECTOR DIRECTIONS

Public Transport Effectiveness Sector Action Plan

The Public Transport Leadership Forum comprising key stakeholders from the transport sector has agreed to a three-year sector action plan to improve public transport effectiveness. This action plan contains a number of initiatives structured around three key transformational themes: improving customer experience, integrating networks and strengthening leadership. The action plan is also enabled by three other workstreams: improving the public transport operating model, aligning resources and using smarter technology. The NZTA is coordinating the implementation of the action plan and the delivery of the plan's actions by our partners. The NZTA has also made improving the effectiveness of public transport one of its five priorities.

Auckland Spatial Plan

The Local Government (Auckland Council) Amendment Act 2010 requires the Auckland Council to prepare a spatial plan to contribute to Auckland's social, economic, environmental, and cultural wellbeing through a comprehensive and effective long-term (20 to 30-year) strategy. Transport and land use are critical 'city shapers', integral to the long-term growth strategy for Auckland region. By articulating a clear approach to the location, timing and sequencing of growth in Auckland, the spatial plan will facilitate more efficient and cost effective delivery of infrastructure. It will also help ensure that future growth does not compromise the function of existing transport networks. The plan was approved by Auckland Council in March 2012. NZTA staff were closely involved in the development of the plan and aspects of particular interest to us are management of transport as a single network; optimisation across modes; priority for freight; access to ports and airports; investment across modes and inter-regional links. The plan is informing the development of the NLTP and has raised issues about the funding and sequencing of projects.

Regional land transport strategies

Regional land transport strategies (RLTS) are statutory documents that articulate the land transport outcomes sought by a region, as well as the overall strategic framework for investment in a region's land transport network. The Land Transport Management Act 2003 (amended 2008) requires that the regional transport committee for each region prepares an RLTS every six years. Across the country there are 16 operational RLTS developed by 11 regional councils and five unitary authorities. Thirteen of the RLTS were developed under the 2008 amendment to the Land Transport Management Act that requires a 30-year planning horizon. The remaining three RLTS were developed before this amendment and only have a 10-year planning horizon. They will be updated during 2012/13 with support from the NZTA. Most of the RLTS were developed before the GPS was revised in 2012 and may require amendment to take this into account. The majority of the RLTSs have been revised to adopt the Safe Systems approach that was outlined in the government's Safer Journeys strategy released in 2010.

SECTION 5 / ORGANISATIONAL DIRECTION

OVERVIEW

We link our functions and services to the government's priorities and other sector directions through eight impact statements, which taken together describe the desired long-term effect of our 2012-15 work programme on the transport sector.

In 2012-15, the NZTA will focus on five priorities as we progress towards the longer term impacts. We use these priorities to guide our organisation as we develop and deliver services and infrastructure to New Zealanders.

These priorities also help to integrate and align the four functions we are charged with delivering for the transport sector: planning, investing in the land transport network, managing the state highway network and providing access to and use of the land transport system. We contribute to the government's focus on delivering value for money and growing Canterbury and Auckland.

One of the NZTA's most important tools for achieving its long-term impacts and priorities is the investments it makes through the three-year National Land Transport Programme (NLTP).

OUR CORE FUNCTIONS	PLANNING THE LAND TRANSPORT NETWORK	INVESTING IN LAND TRANSPORT	MANAGING THE STATE HIGHWAY NETWORK	PROVIDING ACCESS TO AND USE OF THE LAND TRANSPORT SYSTEM
Our desired long-term impacts	<p><i>Desired long-term outcome:</i> an efficient transport system that supports high levels of economic productivity, provides strong international connections for freight, business and tourism, and meets international obligations. We will contribute to this outcome by working towards achieving:</p> <ul style="list-style-type: none"> › better use of existing transport capacity › more efficient freight supply chains › a resilient and secure transport network › easing of severe urban congestion › more efficient vehicle fleets. <p><i>Desired long-term outcome:</i> an accessible and safe transport system that contributes positively to the nation's economic, social and environmental welfare. We will contribute to this outcome by working towards achieving:</p> <ul style="list-style-type: none"> › reductions in deaths and serious injuries from road crashes › more transport mode choices › reduction in adverse environmental effects from land transport. 			
Our 2012-15 priorities	1. Improve customer service and reduce compliance costs.			
	2. Embedding the Safe System approach.			
	3. Improve the efficiency of freight movements.			
	4. Plan and deliver the roads of national significance (RoNS).			
	5. Improve the effectiveness of public transport.			
Our services and resources	Statement of forecast service performance			
	Statement of forecast financial performance			

OUR DESIRED LONG-TERM IMPACTS

We track our progress towards our long term goals or impacts through eight key result indicators (refer to Appendix 1: Supplementary performance monitoring information).

Our work is also guided by five internal strategies that support government policy and other sector directions:

- › NZTA Integrated Network Strategy.
- › NZTA Investment and Revenue Strategy.
- › NZTA State Highway Network Strategy.
- › NZTA Network Access and Use Strategy.
- › NZTA Organisational Development Strategy.

DESIRED IMPACTS OF NZTA SERVICES	2012–15 KEY RESULT INDICATORS AND DESIRED TRENDS*		LINKS TO OUR 2012–15 PRIORITIES
An efficient transport system that supports high levels of economic productivity, provides strong international connections for freight, business and tourism, and meets international obligations			
Better use of existing transport capacity	<i>Number of vehicle kilometres travelled per network kilometre</i>	Increase	Improve the efficiency of freight movements Improve the effectiveness of public transport
More efficient freight supply chains	<i>Average daily measured weight of freight vehicles (tonnes)</i>	Increase	Plan and deliver the roads of national significance Improve the efficiency of freight movements
A resilient and secure transport network	<i>Number of resolved road closures with a duration of 12 hours or longer</i>	Decrease	Plan and deliver the roads of national significance
Easing of severe urban congestion	<i>Number of minutes delay per km during AM peak – Auckland</i>	Decrease	Plan and deliver the roads of national significance Improve the efficiency of freight movements Improve the effectiveness of public transport
More efficient vehicle fleets	<i>Average diesel and petrol consumption (litres) per 100 vehicle kilometres travelled</i>	Decrease	No 2012–15 priority linked to this impact Please refer to page 39 for how our outputs contribute to our impacts
An accessible and safe transport system that contributes positively to the nation's economic, social, and environmental welfare			
Reductions in deaths and serious injuries from road crashes	<i>Number of road deaths and serious injuries per 100 million vehicle kilometres travelled</i>	Decrease	Plan and deliver the roads of national significance Embed the Safe System approach Improve the efficiency of freight movements
More transport mode choices	<i>% of survey respondents that consider public transport as a good option for taking all of their work or study trips in Auckland</i>	Increase	Improve the effectiveness of public transport
Reduction in adverse environmental effects from land transport	<i>Environmental impact is a co-benefit from the following existing impacts:</i> › Easing severe congestion › More efficient vehicle fleets › More transport mode choices		Refer above

*refer appendix one for detailed results indicators and trend information.

AREA OF FOCUS:

2012-15 NATIONAL LAND TRANSPORT PROGRAMME

The National Land Transport Programme (NLTP) outlines a three-year programme of funding for land transport infrastructure and services throughout the country. The NZTA develops the NLTP based on the policy direction in the Land Transport Management Act (LTMA), the GPS and regional priorities for investment as set out in regional land transport programmes.

The NLTP includes all the land transport activities, such as public transport services, road construction and maintenance, and walking and cycling which are expected to receive funding from the National Land Transport Fund (NLTF). The focus of the NLTP allows the NZTA to deliver local and national transport solutions that meet the needs of New Zealand's aspirations for economic growth and social vitality.

The NLTP is developed from regional land transport programmes that have input from organisations such as territorial authorities and regional councils, Auckland Transport, Department of Conservation and the NZTA for state highway activities. The NZ Police are also funded through the NLTF for road policing activities. The NZTA Investment and Revenue Strategy, one of our key strategies, is the way the NZTA gives effect to the government's priorities and impacts set out in the GPS. In assessing whether to invest in land transport activities the NZTA assesses strategies, programmes, packages, projects and other activities across three factors:

- › Strategic fit of the problem, issue or opportunity that is being addressed, against the GPS priorities and impacts.
- › Effectiveness of the proposed solution.
- › Economic efficiency of the proposed solution.

A new NLTP will be issued in late August 2012 for the period 2012–15. The 2012–15 NLTP investment will be approximately \$9.1 billion, a \$400 million increase from the 2009–12 NLTP. The NLTP allocations will initially be flexible until the final decision is made on funding for reconstruction following the Christchurch earthquakes. The primary focus of this NLTP will be to make investment decisions that contribute towards:

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

AREA OF FOCUS:

VALUE FOR MONEY IN ALL THAT WE INVEST IN AND DO

The NZTA is focused on improving the quality of our services while also lifting the performance of every dollar we spend and invest. We are focused on delivering value for money to the New Zealand transport user. All our activities, including investments through the NLTP are aimed at achieving value for money.

Section 25 of the Land Transport Management Act 2003 (LTMA) includes a specific operating principle for the agency of 'using its revenue in a manner that seeks value for money'. This principle underpins our approach to all aspects of our work. We are focused on continuously improving the quality of our services while also lifting the performance of every dollar spent. We are actively working to reduce our operating costs through the adoption of cross-government shared services. We are working to become sharper in the investment signals that we send to our partners as we fund projects in the NLTP and in driving cost out of our own business activities.

We pursue increased value for money by maximising our contribution to the government's long-term transport outcomes from every dollar spent on our outputs.

Our approach to maximising value for money combines three interrelated elements – effectiveness, efficiency and economy.

- › **Effectiveness:** investing wisely in outputs that contribute to the NZTA's desired transport impacts.
- › **Efficiency:** optimising the quantity and quality of our outputs for a given level of inputs.
- › **Economy:** procuring the input resources we need at the right price and specifications.

Over the period 2012–15, the NZTA will continue its ongoing programme to identify and deliver value for money initiatives relating to each of the three elements. We will report our progress on a quarterly basis.

In summary, value for money underpins our approach to all our functions. We track our progress through our value for money indicators, which draw on all the relevant parts of the *Statement of intent*.

CONTINUED ON NEXT PAGE

VALUE FOR MONEY INDICATORS	RELEVANCE OF THE INDICATOR	2010/11 RESULT	2011/12 ESTIMATED RESULT	2012/13 TARGET	PAGE REFERENCE
Dimension 1: Financial management					
Operating expenditure (excludes transfers to third party for research, training and road safety advertising)	<i>Managing expenditure and cost inflation while maintaining or improving performance</i>	\$249.2m	\$248.9m	\$237.6m	n/a
Operating expenditure as above as % of total expenditure	<i>Delivering core functions with the same or less resources</i>	7.5%	8%	7.2%	n/a
Cost of administrative and support functions as % of total operating running costs	<i>Focusing resources on customer facing frontline services</i>	4.76%	4.71%	≤4.66%	34
Dimension 2: Delivery of core functions					
Total cost of managing the funding allocation system, as % of NLTP expenditure	<i>Efficient delivery of our investment function</i>	1%	<1%	≤1%	40
Unit transaction cost for licensing & regulatory compliance	<i>Efficient delivery of our access and use function</i>	\$41.89	\$38.26	<\$37.54	46
Unit transaction costs for motor vehicle registrations		\$5.85	\$5.78	<\$5.99	47
Cost of state highway renewals (excluding emergency works) per network lane km	<i>Efficient delivery of our state highway management function</i>	\$8,356	\$8,608	<\$9,687	82
Cost of maintaining and operating the state highway network (excluding emergency works) per network lane km		\$10,802	\$12,509	<\$11,971	83
Dimension 3: Investment that maximises return					
Public transport boardings per NLTF \$ invested in public transport services	<i>Effective use of public transport networks</i>	0.66	0.60	>0.67	82
Public transport fare revenue as a percentage of total expenditure		48.6%	46.5%	47-50%	82

*All financial figures are presented in nominal terms

OUR VALUE FOR MONEY DELIVERABLES FOR 2012/13

2012/13

Financial management

Collaborate with other public sector agencies where we can help improve cross-agency performance, including examination of shared service opportunities

Deliver on recommendation from agency efficiency reviews

Delivery of core functions

Develop and commence implementation of a five-year Access and Use business transformation programme

Develop and embed a continuous improvement culture through implementation of Performance Improvement Framework (PIF) recommendations

Deliver transport planning and project development business improvements

Implement recommendations from maintenance and operations review

Investment that maximises return

Work with local authorities to explore opportunities for collaborative arrangements to improved delivery of road maintenance operations

Partner with the Ministry of Transport to reform the vehicle and operator licensing regulatory framework

AREA OF FOCUS:

GROWING CANTERBURY

The Canterbury earthquakes of 2010 and 2011 caused significant damage to the local roading network in Christchurch city and the region.

The NZTA is playing a key role in the reconstruction of transport infrastructure in the city and region to create the conditions for growing the Canterbury economy. The full cost of repairing damage to transport infrastructure through the NLTP is still being determined, but is in the order of \$845 million to \$1,015 million.

We are working with the government on the overall funding plan for the rebuild work beyond 2013. We have assisted both the Christchurch City Council and Canterbury Earthquake Recovery Authority to establish the Stronger Christchurch Infrastructure Rebuild Team, an alliance arrangement for the rebuild of Christchurch's horizontal infrastructure. We are a part of the Client Governance Group with those same organisations with the purpose of ensuring a strong relationship between the planning, delivery and monitoring of the rebuild and the available funding, and ensuring there is a focus on value for money in all rebuild activities.

AREA OF FOCUS:

GROWING AUCKLAND

A high quality transport system for Auckland is a key focus area for the NZTA across all our services. Short-term demand for transport infrastructure is high. While good progress has been made on catering for this, for example by the ongoing electrification of the rail network and beginning construction of the Waterview Connection, short-term demand continues to pose great challenges.

Over the longer term, expected population growth and ensuring a globally competitive Auckland will require significant transport investment. Not all work can be funded through the NLTP, requiring innovative new approaches by the NZTA and the Auckland region.

The NZTA has established a good working relationship with the Auckland Council and Auckland Transport. The region recently published a spatial plan that provides an integrated picture of its land use and transport aspirations. We will continue to consolidate the partnership to assist in the development of an integrated transport network.

PRIORITY:**IMPROVING CUSTOMER SERVICE WHILE REDUCING COMPLIANCE COSTS***Towards better public services and regulation*

LINK TO GOVERNMENT PRIORITIES FOR TRANSPORT		
Better regulation, better public services		
KEY RESULT INDICATOR AND DESIRED TREND	BASELINE 2010/11	DESIRED TREND 2012-15
Customer service performance score*	New measure	Increasing

*The customer service performance score is a weighted index of customer service quality drawing on a sample of key services that the NZTA provides to the public.

OUR DIRECTION 2012-15

The NZTA places a high priority on our customers having positive experiences when they interact with us. To meet the challenge of providing outstanding service, we have developed a customer service operating model. The model describes our intention to build our operations around our customers, manage our stakeholder relationships with care and understand our customers to deliver better services.

We are actively seeking opportunities to provide shared services across the transport sector and leverage all-of-government initiatives to improve service delivery and value for money.

Our objective: To gain insights into how our customers want to be treated and make the customer more visible throughout the NZTA

To be a truly customer oriented agency, we want to understand our customer better. We will gather, integrate and analyse customer insight to create an outside-in understanding of our customer. These insights will inform our priorities and shape the processes, projects and products we develop and deliver.

Our objective: To develop a culture committed to customer service excellence

We will embed a customer care ethos to deliver a strong customer service culture within the organisation. Nurturing this culture involves:

- › establishing sound customer standards to strengthen our ability to deliver desired service levels
- › using customer feedback to enable continuous improvement of service delivery
- › celebrating customer service successes
- › taking a one agency and one public sector approach to customer service
- › creating a visible customer champion group to act as mentors.

The assumption underlying this area of focus is that if we develop the right culture then outstanding customer service will follow.

Our objective: To leverage improved customer service to reduce compliance costs

Enhanced customer service means we get things right the first time and that we reduce the effort customers have to make to access our services and processes. This will enable us to provide greater value for money as well as enhanced customer service.

We recognise that customers contact us in ways that meet their needs and we will reduce customer effort by ensuring that there is 'no wrong channel'. Through the use of good service and process design we can reduce the regulatory burden on our customers, attract them to lower cost channels and pass on cost savings made as a result.

- › We will provide the right level of service while migrating customers to the lowest cost channels, such as text or web-based transactions. To deliver this strategy successfully we will develop, provide and promote an optimal mix of customer channels.

- › We will reduce compliance costs for our transport funding partners and improve decision making efficiency by continuing to streamline the way in which we:
 - assess and invest in transport activities
 - obtain professional services
 - undertake transport planning and project management
 - deliver our maintenance and operations activities.
- › We will shift resources towards the frontline as we concentrate on influencing and aligning decision making at an earlier stage in the solution design process.
- › We will continue to work with the Ministry of Transport on:
 - a programme of regulatory reform that identifies and realises significant benefits for the public and the economy through reduced compliance costs and/or more effective regulation
 - reviewing licensing requirements
 - a faster, more strategic and responsive rules process.

SIX KEY DELIVERABLES FOR 2012-15

2012/13	2013-15
<p>Improvement in the percentage of online transactions in accordance with the statement of service performance</p> <p>Negotiate with our investment partners unambiguous terms for the NZTA's investment delivery as part of streamlining</p> <p>Implement the modernised road user charges system in line with the Road User Charges Act 2012</p>	<p>Further improvement in the percentage of online transactions in accordance with the statement of service performance</p> <p>Auckland Transport and the NZTA's Highways and Network Operations group are assessed as principal candidates for further delegation for NLTP delivery as part of our streamlining programme</p> <p>Work with the Ministry of Transport to review ways that the current warrant of fitness, certificate of fitness and vehicle and operator licensing systems can be improved</p>

PRIORITY:**EMBEDDING THE SAFE SYSTEM APPROACH***Towards further reducing deaths and serious injuries from road crashes*

LINK TO GOVERNMENT PRIORITIES FOR TRANSPORT		
Road safety		
KEY RESULT INDICATOR AND DESIRED TREND	BASELINE 2010/11	DESIRED TREND 2012–15
% of relevant NZTA staff who demonstrate awareness of what change is needed to implement the Safe System approach	New measure	Increasing

OUR DIRECTION 2012–15

Safer Journeys sets the strategic direction for road safety in New Zealand, identifies priority areas to be addressed and adopts the transformational Safe System approach.

This approach aims to create a forgiving road system where a mistake doesn't cost a life and our customers can expect to arrive at their destination without fear of dying or being seriously injured. Instead of focusing primarily on the road user, improving crash outcomes is also a responsibility for system designers who need to work in partnership to reduce deaths and serious injuries on the roads in the most efficient and effective ways. The four guiding Safe System principles are:

1. People make mistakes and crashes are inevitable.
2. The human body has a limited ability to withstand crash forces.
3. System designers and system users must all share responsibility for managing crash forces to a level that does not result in death or serious injury.
4. It will take a whole-of-system approach to strengthen all parts of the system.

We will know the approach has been successful when we have improved safety performance across all elements of the system, including:

- › our roads and roadsides are predictable, designed with human fallibility in mind and are forgiving when a crash occurs
- › travel speeds reflect a balance between road safety and economic productivity, speed limits are intuitive and reflect the function and safety of the road, and New Zealanders increasingly understand what travelling at safe speeds means
- › vehicles accommodate human fallibility with modern warning systems and collision avoidance technologies, and are well maintained to help prevent crashes and protect road users from crash forces
- › drivers, motorcyclists, cyclists and pedestrians are knowledgeable, skilled and competent, proactive in managing hazards, alert and unimpaired, and make safe vehicle choices.

Embedding the Safe System approach is a long-term programme of work requiring significant cultural change. Changes to business processes and systems will also be required in partnership with the sector.

In the short term, success will be visibly demonstrated through applying the Safe System approach as we deliver on our accountabilities in the 2010–12 Safer Journeys Action Plan, and in the strength of NZTA's contribution to the 2013–15 action plan.

Our objective: To plan and invest in a road system that takes human fallibility and vulnerability into account

- › We will review our planning, investment, procurement and assessment systems to ensure the most efficient and effective Safe System investments are prioritised and the Safe System approach is supported at all levels.
- › We will collaborate with regional and local partners to incorporate the approach into regional and local transport strategies, plans and programmes.

Our objective: To design, operate and maintain the road system to make crashes survivable

- › We will review our own road design and maintenance standards to take into account the fact that people do not always use the roads and roadsides perfectly and to increase the safety margin for error.

Our objective: To reinforce safe choices through managing access to and use of the road system

- › We will raise awareness with the public, and with vehicle fleet owners and operators, of the important role that safer vehicles play, and will work with the commercial sector to incentivise safe choices and reflect this in procurement and operating systems.

- › We will collaborate with road safety partners on a refresh of all facets of speed management to ensure the uptake of Safe System principles. This encompasses policy, speed limit setting, enforcement technologies and approaches, infrastructure solutions, and engagement with key stakeholders and the public.
- › We will continue to improve the competence of novice drivers and riders, promote alert and unimpaired driving, and take a segmented approach to addressing compliance risk especially targeting high-risk drivers.

Our objective: To collaborate with partners to raise capability and embed the Safe System approach into organisational and sector culture

- › We will work with our National Road Safety Committee partners and regional stakeholders to build a common understanding and consistency of approach across the transport sector.
- › We will collaborate with partner agencies to raise staff and supplier capability in the approach, and incorporate it more firmly into decision making processes and systems as we continue to implement Safer Journeys.
- › We will enable the transformation through our organisational development strategy, developing leaders as Safe System champions and incentivising the culture change through our performance processes.

SIX KEY DELIVERABLES FOR 2012-15

2012/13	2013-15
Contribute to the delivery of the 2011/12 Safer Journeys Action Plan, and the completion of the 2013-15 action plan Key* NZTA manuals, policies and operating procedures aligned to require and not inhibit safe system treatments and interventions Safe System training pilot successfully complete	Implement the 2013-15 Safer Journeys Action Plan, regulatory reform actions and speed policy decisions Alignment of regional transport committee activities with Safe System objectives Centre for Road Safety Intelligence maximising NZTA input and influencing NZTA decision making

* As specified in the 2012 edition of the NZTA's Road Safety Strategic Plan.

PRIORITY:**IMPROVING THE EFFICIENCY OF FREIGHT MOVEMENTS**

Towards more efficient freight supply chains, better use of existing transport capacity and further reductions in deaths and serious injuries from road crashes

LINK TO GOVERNMENT PRIORITIES FOR TRANSPORT

Better regulation, better public services

KEY RESULT INDICATOR AND DESIRED TREND	BASELINE 2009/10	DESIRED TREND 2012–15
Average daily measured weight of freight vehicles (tonnes)	22.7	Increasing

OUR DIRECTION 2012–15

A strong customer focus is at the core of our strategic approach to meet the challenges of increasing freight volumes and the need to improve the efficiency of freight supply chains. Our approach will be underpinned by our engagement with the businesses and industries that produce New Zealand's freight, and the transport and logistics operators that move the freight.

Because the private sector determines and shapes New Zealand's freight supply chains, we need to better understand their needs in order to respond to them.

Through engaging with freight producers and transport operators we can continuously improve the way we plan, invest, regulate, enforce and deliver land transport activities and services to improve the efficiency of freight movements, raise productivity and help unlock New Zealand's economic potential. In particular, we need to better understand New Zealand's freight supply chains and identify how we can work across the transport sector to improve each link in the chain. These links span the entire freight system that moves New Zealand's freight across local roads, state highways, the rail network, coastal shipping, ports and airports. It also includes the vehicles used for these journeys, transfers to other modes, the regulatory services that govern these movements and the people who make it happen.

The NZTA is well placed to work across the land transport system to facilitate a better understanding of New Zealand's supply chains that can realise efficiencies from the 'farmgate' through to the 'export gate'.

Our objective: To build strong strategic partnerships

We will engage with freight owners and operators, and the wider transport sector, to improve our understanding of New Zealand's supply chains, logistics and the needs of freight transport.

Our objective: To optimise the use of existing network infrastructure to move freight

We will protect and optimise existing networks that provide strategic access across a region and carry significant amounts of freight.

Our objective: To reduce the cost of doing business for freight transport operations

We will streamline our regulatory and monitoring services. This will ensure that we provide value for money to our customers, while continuing to promote road safety, encourage improved efficiency and promote voluntary compliance and industry best practice.

Our objective: To plan, build and invest in new infrastructure that is integrated with land use decisions

We will plan and deliver new infrastructure that is developed within a long-term strategic view, integrated with land use and transport planning and future-proofed for long-term use.

Our objective: To improve the safety of freight transport and mitigate other adverse effects

We will improve the safety of freight transport on road and rail, and work to reduce and mitigate other adverse effects such as noise, dust and harmful emissions.

SIX KEY DELIVERABLES FOR 2012-15

2012/13	2013-15
Upper North Island Freight Plan completed High productivity motor vehicle (HPMV) route investment programme initiated Progress network planning collaboration with KiwiRail	Central Freight Network Plan completed Southern Freight Network Plan completed Framework developed for how an intelligent transport system can impact freight operations

PRIORITY:**PLANNING FOR AND DELIVERING ROADS OF NATIONAL SIGNIFICANCE**

Towards more efficient freight, greater network resilience and security, congestion relief and safer roads

LINK TO GOVERNMENT PRIORITIES FOR TRANSPORT		
Investment in infrastructure		
KEY RESULT INDICATOR AND DESIRED TREND	BASELINE 2009/10	DESIRED TREND 2012–15
% of RoNS activities that are delivered to agreed performance standards and timeframes	>90%	Maintain

OUR DIRECTION 2012–15

As a small, sparsely populated country distant from world markets, New Zealand relies on a robust transport network to move people, goods and services safely and efficiently.

The roads of national significance (RoNS) projects are based around New Zealand's five largest population centres. The focus is on moving people and freight between and within these centres more safely and efficiently. The RoNS are lead infrastructure projects – that is, they enable economic growth rather than simply responding to it. Other RoNS may be added in future but currently from north to south the six projects in different stages of development are:

- › Puhoi to Wellsford – SH1
- › Completing the Western Ring Route – SH16 and SH20
- › Waikato Expressway – SH1
- › Tauranga Eastern Link – SH2
- › Wellington Northern Corridor – SH1
- › Christchurch Motorways

The RoNS projects will deliver faster, safer, lower cost transport links, but also important agglomeration benefits to businesses. Agglomeration refers to the benefits businesses gain when they are located near each other or when the costs of interaction between them is reduced resulting in increased productivity. For example, through improved transport links businesses will gain access to a wider talent pool, specialist suppliers, knowledge and skills.

Our objective: To improve economic growth and productivity by adopting an infrastructure-led approach to meeting demand for safe, efficient and sustainable transport networks for people and goods

- › The focus in the next three years is on the design, consultation and planning for most of the roads, with several construction starts scheduled. Victoria Park Tunnel has been completed and opened, and the Tauranga Eastern Link and some segments within other RoNS projects are already in construction.
- › We will ensure that the RoNS are planned and delivered:
 - within an agreed regional spatial plan, including long-term land use and infrastructure plans
 - with a focus on optimising the performance of each RoNS and the multimodal transport networks they contribute to
 - in an integrated and sustainable manner, especially in conjunction with local authorities where local projects are an integral part of a supporting package
 - in partnership with customers, especially local communities and road users
 - in a way that drives down cost and provides value for money.

Scheduling for the RoNS projects is being considered as part of the State Highway Programme. This approach means that if any of the segments within the RoNS are subject to delays, others can be accelerated in their place. Most of the RoNS comprise several segments and the scheduled construction timing of each segment is based on their national priority rank. However, due to the scale of some segments they must be staggered to match available funding.

In order to become construction ready, each RoNS project must first gain a resource consent. Due to the size and complexity of the RoNS projects, the NZTA will be seeking consent for most segments of the RoNS through the Environmental Protection Agency.

FORECASTED PROJECT MILESTONES

PROJECT	2012/13	2013/14	2014/15
Puhi to Wellsford	Scheme assessment	Timing of further work will be confirmed in the 2012-15 NZTP	
Western Ring Route	Construction continues on Waterview connection Tender for SH16 causeway works	Construction continues on Waterview Connection	Construction continues on Waterview Connection
Waikato Expressway	Construction continues on Te Rapa and Ngaruawahia sections	Timing of specific sections - Cambridge, Rangiriri will be confirmed in the 2012-15 NLTP	
Tauranga Eastern Link	Construction continues	Construction continues	Construction continues
Wellington Northern Corridor	Commence national consenting process Wellington Inner City Improvements	Timing of specific sections - Mackay to Peka Peka and others will be confirmed in the 2012-15 NLTP	
Christchurch Motorways	Construction continues Southern Motorway Stage 1	Timing of specific works on the Western Corridor will be confirmed in the 2012-15 NLTP	

Further specific milestones for the roads of national significance will be confirmed in the context of developing the 2012-15 National Land Transport Programme, which is due to be published by 1 September 2012. These will then be incorporated in the 2013-16 *Statement of intent*.

PRIORITY:**IMPROVING THE EFFECTIVENESS OF PUBLIC TRANSPORT**

Towards better use of existing transport capacity, congestion relief and more transport mode choice

LINK TO GOVERNMENT PRIORITIES FOR TRANSPORT		
Better regulation, better public services		
KEY RESULT INDICATOR AND DESIRED TREND	BASELINE 2009/10	DESIRED TREND 2012–15
Public transport boardings per NLTF \$ invested on public transport services	0.67	Increasing
Fare revenue as a percentage of total expenditure	45.2%	Increasing

OUR DIRECTION 2012–15

The Public Transport Leadership Forum has adopted a 50-year vision for the sector, which is to:

'Grow public transport as a mode of choice in our cities – by developing a cost effective, smart and reliable public transport network'

The public transport sector is working collaboratively to achieve the vision and has developed a public transport effectiveness action plan with three workstreams. These workstreams will play a key enabling role in the transformation of the sector and are reflected in the NZTA's objectives.

Our objective: To improve customer experience and service delivery

Over time we will direct NLTF investment towards services that are customer-focused and deliver affordable, reliable and accessible public transport that is safe, attractive and easy to use. Improved customer experience is likely to have a transformational impact on public transport effectiveness. Integrated ticketing and other innovative technologies will significantly improve the customer experience of public transport.

Our objective: To achieve better network design, infrastructure and operations

Integrated networks have the potential to further increase value for money from NLTF and council investment. We will promote and require more efficient design of networks, including better integration with land use and customer needs, in order to make public transport more commercially viable. The information derived from greater use of technology will also enable more integrated networks and services to be developed and operated.

Our objective: To ensure effective governance and investment

We will support innovation driven by strong and collaborative sector leadership that draws on clear responsibilities, shared knowledge, research and evidence. This is likely to be transformational because a collaborative approach has tremendous potential to improve the effectiveness of the overall public transport system.

We will support the development of new operating models, greater emphasis on commercial goals and promotion of public private partnerships. We will align funding policy, farebox policy and other public and private investment to achieve greater value for money and incentivise progress towards improving public transport effectiveness.

SIX KEY DELIVERABLES FOR 2012-15

2012/13	2013-15
<p>Develop nationally consistent customer satisfaction survey to collect information about customer experience and service delivery</p> <p>Implement the new public transport operating model - emphasising commercial goals and public private partnerships to ensure a stronger focus on improved service performance</p> <p>Complete implementation of integrated ticketing in Auckland, improving customer experience and driving service efficiencies</p>	<p>Implement the customer satisfaction survey collecting information about customer experience and service delivery</p> <p>Complete implementation, in major urban areas, of the new public transport operating model</p> <p>Initiate the implementation of integrated ticketing in Wellington and other areas has commenced, to improve customer experience and drive service efficiencies</p>

NEW ZEALAND TRANSPORT TICKETING LIMITED (NZTTL)

NZTTL has been established by the NZTA to own and manage assets and service agreements that will provide cost effective transport information management services to the public transport sector. It has been established as part of the delivery of the Auckland ticketing system and will take ownership of assets and services contracted as part of that implementation.

It will outsource all of these services to specialist private sector supplier organisations and will manage ongoing service delivery via service level agreements to meet transport sector needs. The initial customers for these services will be regional councils in provision of public transport ticketing services.

NZTTL will manage core services contracted from Thales and other suppliers as necessary and which are required for the Auckland ticketing system. It will seek to leverage these assets to achieve wider efficiencies, as determined by NZTA strategies for public transport. It will re-use the assets implemented for Auckland to provide modern public transport ticketing systems and services for other regions. It will make available other transport related processing services including tolling, parking and information management and delivery services.

NZTTL will outsource all services to third parties and will manage these supply services and contracts to best deliver required transport sector services to its contracted customers. It will operate in a cost recovery/profit neutral manner and use wider NZTA corporate services where appropriate to keep organisational overheads at a minimum. It will have a small number of staff as appropriate to manage the level and nature of services provided over time, and has its own board of directors, but overarching policy and objectives will be set by the NZTA board.

SECTION 6 / ORGANISATIONAL CAPABILITY AND HEALTH

KEY RESULT INDICATORS	BASELINE 2010/11	DESIRED TREND/TARGET 2012–15
Quality of current stakeholder relationship (NZTA Stakeholder Perception Survey)	New measure	Increase
Level of staff engagement (Gallup Engagement Survey)	3.73	Increase
Cost of administrative and support functions as a % of total operating running costs (BASS)	4.76%	Decrease
Percentage of time core systems available	100%	100%

DEVELOPING OUR PEOPLE

What distinguishes a great organisation from a mediocre one is the calibre of its people. We want to continue to build an agency of talented, diverse and capable leaders and staff. We want to create a workplace environment in which our people feel empowered, valued and supported, and where there is a sense of shared enterprise and commitment that comes from knowing our work makes a difference.

OUR OBJECTIVES
Our leaders and managers are exceptional
We strive for performance excellence – proud of our culture of high performance
Our people have the opportunity to grow and develop their careers – excelling in current roles and growing toward future roles
The NZTA is a great place to work – qualified and experienced people want to work for us

ACHIEVING TOGETHER

Our customers, stakeholders and staff are all looking for an NZTA that is 'joined-up' in terms of strategic direction and delivery. Our future success lies in an integrated and responsive approach to turning strategic intent into desired impacts, and achieving value for money.

OUR OBJECTIVES
Our actions are driven by strategy-led decision making that is future regarding, evidence based and delivers value for money – robust decision making will align our resources with our strategic intent
Our systems and processes are simple and effective for customers and staff – integrated systems and processes will support implementation of our strategic direction

WORKING WITH OTHERS

We engage with a wide range of stakeholders and customers every day. It is fundamental to how we operate and we therefore need to do it really well. Working with others requires a commitment to building a common understanding of needs, interests and concerns – what we're seeking to achieve and how. That requires a willingness to listen and to take responsibility for issues as well as a commitment to action and follow-up.

OUR OBJECTIVES
We use a best practice approach to stakeholder engagement – they welcome and actively look for opportunities to collaborate with the NZTA
We create and maintain relationships that foster high levels of trust, respect and confidence – our stakeholders and customers have confidence that we understand and consider their interests and values
Our messages are clear and consistent for stakeholders and customers – we are seen as an integrated agency that is living our values
Our communication with stakeholders and customers is planned, consistent and targeted – they understand our decisions

SECTION 7 / OPERATING POLICIES

VALUE FOR MONEY

Our value for money policy is included in the Organisational direction section on page 21.

SCRUTINY AND TRANSPARENCY

Section 96(1)(d)(ii) of the Land Transport Management Act (LTMA) requires the NZTA to ensure that, when making investment decisions under subpart 1 of part 2 of the LTMA, it gives the same level of scrutiny to its own proposed activities and combinations of activities as it gives to those proposed by approved organisations. The mechanisms contained in the LTMA to address this include specific provisions to ensure that revenue and expenditure are accounted for in a transparent fashion and that funds are used to achieve overall best value for money.

Good quality assurance systems and procedures are necessary for the application of the scrutiny principle. They are the key mechanisms that ensure approved organisations are not disadvantaged, particularly when competing for inclusion in the NLTP or for funding alongside the NZTA's Highways and Network Operations Group, Planning and Investment Group and Access and Use Group.

The NZTA works with Audit New Zealand to ensure our systems and procedures give effect to the scrutiny principle. Three sets of procedures have been developed to ensure compliance.

- › **Operational procedures** to ensure individual decisions apply the appropriate level of scrutiny.
- › **Managerial procedures** to oversee the application of the scrutiny principle.
- › **Monitoring/reporting procedures** to confirm the operational procedures are followed and the scrutiny principle has been properly applied.

The NZTA's quality assurance procedures for the scrutiny principle are fit for purpose but there are opportunities to continue moving toward best practice. During 2012–15 we will continue to implement an agreed programme to strengthen the scrutiny principle within the NZTA.

RISK MANAGEMENT

Our risk management focuses on minimising threats and maximising opportunities to greater assure the effective and efficient achievement of the organisation's objectives. Robust NZTA risk management:

- › preserves the value of the NZTA's assets by optimally managing threats and minimising the organisation's liabilities
- › generates added value through early identification of risks and fostering innovation, efficiency and effectiveness to address these
- › generates improved decision making through provision of more accurate and timely information
- › achieves higher levels of customer and stakeholder satisfaction through minimising surprises and improving confidence in the organisation's systems, processes and outcomes.

The NZTA has adopted enterprise risk management (ERM), substantially incorporating the elements of the Joint Australian New Zealand International Standard AS/NZS ISO 31000:2009 *Risk management: Principles and guidelines*. ERM is an integrated and systematic approach to managing the organisation's risks, including strategic, tactical and operational risks.

Our ERM implementation is described in four key documents: *Risk management framework*, *Risk management strategy*, *Risk management policy* and *Risk management manual*. The Risk management framework sets out a risk management maturity model that the NZTA is progressing towards.

Important governance and high level management structures are in place to support implementation of effective ERM. These include the quarterly strategic risk review function of the Senior Leadership Team/Board and the risk management activities of the Audit, Risk and Assurance Committee, the Chief of Assurance and Risk and team, two group level risk management advisors and a number of risk champions throughout the business.

Our focus during 2012–15 will be on continuing to build the organisation's capability for maximising the value of its risk management activities, evolving it from a compliance activity towards one of value creation.

PROCUREMENT

We have an independent statutory function under section 25 of the LTMA to approve procurement procedures that are designed to obtain the best value for money spent by approved organisations and persons, having regard to the purpose of the Act.

The LTMA requires that we consider:

- › whole of life value for money
- › keeping in mind fair competition
- › encouraging competitive and efficient markets.

Our *Procurement manual* is designed to help approved organisations and the NZTA take a long-term, strategic approach to procurement by developing a procurement strategy for land transport activities funded through the NLTP, and to obtain the best value for money spent.

ENGAGEMENT

Section 96(1)(a)(ii) of the LTMA requires that the NZTA take into account the views of affected communities in relation to its functions. The NZTA also believes that to make good decisions, and provide sound advice to decision makers, it is important to include the perspectives of our stakeholders in our work.

Our approach to effective stakeholder engagement is to develop strong collaborative relationships with stakeholders. This means that we'll look to others for their advice and innovation when formulating alternatives and solutions, and we'll incorporate their advice and recommendations to the maximum extent possible when making decisions.

We want stakeholders to know what to expect when they engage with the NZTA, and have a consistent experience, regardless of the reason for the engagement. The NZTA's *Effective engagement toolkit* provides a common methodology, tools and guidance for planning, managing and evaluating engagement activities.

In addition, a number of manuals describe the NZTA's approach to engaging with stakeholders on specific programmes of work:

- › The *Regulatory development and rule production handbook* contains sections on stakeholder engagement and consultation.
- › Highways and Network Operations Group have a *Public engagement manual*.
- › Planning and Investment Group have consultation and communication process guidelines in the *Planning, programming and funding manual*.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

Section 96(1)(a) of the LTMA requires that the NZTA exhibit a sense of social and environmental responsibility.

We promote an accessible and safe transport system that contributes positively to New Zealand's economic, social and environmental welfare, and we are committed to acting in an environmentally and socially responsible manner.

We are committed to:

- › protecting and enhancing the natural, cultural and built environment
- › enhancing the quality of life for New Zealanders by improving community liveability including land transport safety
- › taking appropriate account of the principles of the Treaty of Waitangi
- › providing meaningful and transparent engagement with stakeholders, customers and the general public
- › providing customer-focused services that are fair, trusted and efficient.

To implement our policy we will:

- › promote the safe and efficient movement of goods and people in a manner that avoids, to the extent reasonable in the circumstances, adverse environmental and social impacts

- › continuously improve performance in the management of environmental and social impacts
- › integrate good urban design into all our activities
- › work to improve our knowledge and understanding of the extent and condition of New Zealand's environmental and cultural heritage assets
- › maintain and improve opportunities for Maori to contribute to our decision making processes
- › actively and meaningfully engage with affected and interested persons and organisations
- › identify and comply with all relevant environmental and social legislation and regulations
- › seek whole of life value for money by taking into account environmental and social costs and benefits when procuring goods and services
- › provide our employees with the skills, awareness and leadership to achieve environmental and social objectives.

We have described aspects of our approach in more detail, including our Environmental Plan that guides the Highways and Network Operations Group and our action plan for the New Zealand Urban Design Protocol, to which we are a signatory.

PRIVACY AND USE OF INFORMATION

The NZTA collects personal information to assist with the provision of its services and functions, for example, in the provision of driver licensing.

When dealing with personal information, the NZTA collects, holds and uses that information in accordance with relevant information legislation, including the Privacy Act 1993 and the Official Information Act 1982. Where such information is part of a public register, specific statutes such as the Land Transport Act 1998 govern the collection, storage, use and access of that information. The NZTA's registry systems are designed to comply with these statutory requirements.

The NZTA works with the Office of the Privacy Commissioner and other government agencies to monitor and continually improve its personal information management systems and processes.

STATEMENT OF RESPONSIBILITY

The information contained in the *Statement of Intent* for the NZ Transport Agency has been prepared in accordance with the Crown Entities Act 2004.

In signing this statement, we acknowledge our responsibility for the information contained in this *Statement of intent*, and confirm the appropriateness of the assumptions underlying the prospective operations and financial statements of the NZ Transport Agency.

Signed on behalf of the Board:



Chris Moller
Chair
12 JUNE 2012



Jerry Rickman
Chair of Audit,
Risk and Assurance
Board Committee
12 JUNE 2012

Countersigned by:



Geoff Dangerfield
Chief Executive Officer
12 JUNE 2012



Paul Helm
Chief Financial Officer
12 JUNE 2012

SECTION 8 / STATEMENT OF FORECAST SERVICE PERFORMANCE

This statement of forecast service performance sets out the outputs (goods and services) the NZTA is funded to provide and the standards against which we assess our service delivery performance. It is divided into the following three categories:

- **Planning and investing in land transport networks:** influencing transport planning and partnering with approved organisations to invest in the transport system for desired outcomes.
- **Providing access to and use of the land transport system:** regulatory activities associated with accessing the road network and ensuring compliance with access conditions of use.
- **Managing the state highway network:** development and management of the state highway network.

HOW OUR OUTPUTS CONTRIBUTE TO IMPACTS

The NZTA produces 20 outputs, each of which contributes to our desired long-term impacts in different ways. The following table sets out the contribution of our outputs to our desired long-term impacts.

OUTPUT CLASS	OUR DESIRED LONG TERM IMPACTS							
	Better use of existing transport capacity	More efficient freight supply chains	Resilient and secure transport network	Easing of severe urban congestion	More efficient vehicle fleets	Reductions in deaths and serious injuries from road crashes	More transport mode choices	Reduction in adverse environmental effects from road transport
Management of the funding allocation system	●	●	●	●		●	●	●
Transport planning	●	●	●	●		●	●	●
Sector research	●	●	●	●	●	●	●	●
Public transport **	●		●	●		●	●	●
Road safety					●	●		
*Road Policing Programme		●	●			●		
*New and improved infrastructure for local roads		●	●	●		●		
*Renewal of local roads	●	●	●	●				
*Maintenance and operation of local roads	●	●	●	●		●		●
*Walking and cycling	●			●		●	●	●
Licensing and regulatory compliance		●			●	●		●
Road tolling	Revenue collection supports repayment of debt funded infrastructure investment							
Motor vehicle registry						●	●	●
Road user charges collection, investigation and enforcement	Revenue collection for the NLTP supports NZTA investment in the land transport system							
Refund of fuel excise duty								
New infrastructure for state highways		●	●	●		●		
Renewal of state highways	●	●	●	●				
Maintenance and operation of state highways	●	●	●	●		●		●
* The NZTA does not deliver these goods or services directly. These output classes receive NLTP investment funds. Actual outputs are delivered by approved organisations. Measure of NZTA performance, in relation to investment output classes, can be found in the management of the funding allocation system.								
** Includes administration of the SuperGold cardholders scheme and enhanced public transport concessions for SuperGold cardholders.								
KEY	● Minor/secondary contribution		● Major contribution to impacts		NB: Where there is no dot, there may still be a small contribution			

FUNCTION

PLANNING AND INVESTING IN LAND TRANSPORT NETWORKS

OUTPUT CLASS	Management of the funding allocation system				Transport planning			
WHAT DOES THE NZTA DO?	This output class covers the NZTA's internal operating costs to: <ul style="list-style-type: none"> › develop and manage the National Land Transport Programme › develop NZTA planning and investing strategies and plans › provide policy advice to government on policy framework › monitor and audit the performance of organisations that receive funding from us › provide investment policy advice on public transport services › monitor and report on work undertaken from the national Road Policing Programme. 				Under this output class the NZTA invests in and influences: <ul style="list-style-type: none"> › the development of regional land transport strategies and regional land transport programmes › the development and improvement of service, network and asset management plans by approved organisations and in relation to state highways › activities that contribute to the long-term transport planning of approved organisations or for state highways network. 			
HOW DOES THIS OUTPUT CONTRIBUTE TO DESIRED TRANSPORT IMPACTS?	Management of the funding allocation system makes a contribution to seven desired impact areas, excluding more efficient vehicle fleets, through the management of the National Land Transport Fund investments. The NZTA seeks to invest in outputs that maximise the overall benefit for the New Zealand transport system.				Transport planning makes a contribution to all seven desired impact areas, excluding more efficient vehicle fleets, by providing greater certainty for regional land transport strategies and programmes, infrastructure development and activity management and investment in the New Zealand transport system.			
HOW DO WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?	2011/12 estimated actual	2012/13 target	2013/14 target	2014/15 target	2011/12 estimated actual	2012/13 target	2013/14 target	2014/15 target
Total cost of managing the funding allocation system as a % of NLTP expenditure	<1%	≤1%	≤1%	≤1%				
% of operational assurance activities completed	100%	100%	100%	100%				
% of activities that are delivered to agreed standards and timeframes	99%	100%	100%	100%	100%	100%	100%	100%
Average number of days taken to deliver	28	25	25	25				
HOW IS THE MONEY SPENT?*	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
Income	29,000	29,775	29,775	29,775	25,000	20,000	21,000	19,000
Expenditure	29,000	29,775	29,775	29,775	25,000	20,000	21,000	19,000
Net surplus (deficit)	0	0	0	0	0	0	0	0
SCOPE OF OUTPUT CLASS	Managing, monitoring and advising transport sector stakeholders on the allocation of National Land Transport Funds, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.				Developing plans for improving the transport network and systems, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.			

* Full output class financials are set out in the appendix.

OUTPUT CLASS	Sector research				Public transport			
WHAT DOES THE NZTA DO?	Under this output class, the NZTA purchases research to improve knowledge and investment decisions made in the land transport system. The research programme informs NZTA policies and guidelines and is made available to transport stakeholders and the general public. Sector training addresses gaps in core transport capability training that cannot be addressed by other means.				Under this output class, the NZTA invests, in conjunction with investment from approved organisations, in the renewal and improvement of road and ferry infrastructure to support public transport services, including bus lanes, bus bays, public transport facilities (eg terminals, park and ride facilities and public transport technology – including delivering the national integrated ticketing programme). Rail infrastructure is generally excluded from this activity class as the intention is to fund this outside the National Land Transport Fund. Under the output class, the NZTA also invests, in conjunction with investment from approved organisations, in public road, rail and ferry (except for commercial services), and total mobility transport services.			
HOW DOES THIS OUTPUT CONTRIBUTE TO DESIRED TRANSPORT IMPACTS?	Sector research contributes to all eight desired areas of impact – it does so indirectly and enables better delivery of all other outputs. The NZTA seeks to manage this output to maximise the overall benefit derived from all other outputs.				Public transport primarily contributes to more mode choices, easing urban congestion and reduction in adverse environmental effects. Public transport's contributes secondary contributions to better use of existing transport capacity, reducing deaths and serious injury from road crashes (especially when bus replaces multiple single occupant cars), and aids transport system resilience and security. Public transport contribution to impacts to supported by administration of the SuperGold cardholders scheme and enhanced public transport concessions for SuperGold cardholders.			
HOW DO WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?	2011/12 estimated actual	2012/13 target	2013/14 target	2014/15 target	2011/12 estimated actual	2012/13 target	2013/14 target	2014/15 target
% of activities that are delivered to agreed standards and timeframes	N/A	100%	100%	100%	See management of the funding allocation system (MOFAS) for service delivery performance measures. See the appendix for the contextual indicators the NZTA monitors.			
HOW IS THE MONEY SPENT?*	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000
Income	5,000	4,000	4,000	4,000	268,000	310,000	330,000	340,000
Expenditure	5,000	4,000	4,000	4,000	268,000	310,000	330,000	340,000
Net surplus (deficit)	0	0	0	0	0	0	0	0
SCOPE OF OUTPUT CLASS	Research and transport sector capability development, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.				Renewal and improvement of infrastructure to support public transport and non-commercial public transport services are authorised under section 9 (3) and (4) of the Land Transport Management Act 2003. Non-commercial public transport services, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.			

* Full output class financials are set out in the appendix.

See *Management of the funding allocation system (MOFAS)* for service delivery performance measures.

OUTPUT CLASS	Road safety				Road Policing Programme			
WHAT DOES THE NZTA DO?	Under this output class, the NZTA manages and invests in activities that contribute to the safe, efficient and effective use of land transport networks and services including road user advertising, education and information initiatives that contribute to the high and medium priority areas of the Safer Journeys strategy.				The NZTA prepares the Road Policing Programme and recommends it to the Minister of Transport for approval. The NZTA also monitors and reports on delivery of the programme, as designated by the chief executive of the Ministry of Transport. The Road Policing Programme is funded through Vote Police but the investment source is the National Land Transport Fund.			
HOW DOES THIS OUTPUT CONTRIBUTE TO DESIRED TRANSPORT IMPACTS?	Road safety's primary contribution is to the reduction in death and serious injuries from road crashes by influencing the behaviour of drivers and other road users. Its secondary contribution is to a more efficient vehicle fleet by encouraging the use of vehicles with 5-star safety rating.				The Road Policing Programme contributes to a reduction in deaths and serious injuries from road crashes, by enforcing the law applying to road users. This output has a secondary contribution, through the protection of the roading asset (again by enforcing the law); to more efficient freight supply chains and the resilience and security of the transport network.			
HOW TO WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?	2011/12 estimated actual	2012/13 target	2013/14 target	2014/15 target	2011/12 estimated actual#	2012/13 target#	2013/14 target#	2014/15 target#
% of activities that are delivered to agreed standards and timeframes	100%	100%	100%	100%	See Management of the funding allocation system (MOFAS) for service delivery performance measures. See the appendix for the contextual indicators the NZTA monitors.			
% of target audience aware of road user safety messages	78%	≥70%	≥70%	≥70%				
% of target audience that rate road user safety messages as relevant to them	52%	≥60%	≥60%	≥60%				
HOW IS THE MONEY SPENT?*	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
Income	42,000	32,000	32,000	33,000	The Road Policing Programme is part of the NLTF. For detailed financials see Vote Police.			
Expenditure	42,000	32,000	32,000	33,000				
Net surplus (deficit)	0	0	0	0				
SCOPE OF OUTPUT CLASS	Managing, monitoring and advising transport sector stakeholders on the allocation of National Land Transport Funds, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.				Developing plans for improving the transport network and systems, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.			

* Full output class financials are set out in the appendix.

See Management of the funding allocation system (MOFAS) for service delivery performance measures.

OUTPUT CLASS	New and improved infrastructure for local roads				Renewal of local roads ¹			
WHAT DOES THE NZTA DO?	Under this output class, the NZTA invests, in conjunction with investment from approved organisations, in local road improvements including new roads, seal extensions, new traffic management facilities and replacement of bridges and other structures.				Under this output class, the NZTA invests, in conjunction with investment from approved organisations, in the capital expenditure and management of renewal activities required to minimise the long-term cost of retaining serviceable local road infrastructure, including resurfacing sealed and unsealed roads, renewing drains, rehabilitating road pavements and structures, and preventative maintenance.			
HOW DOES THIS OUTPUT CONTRIBUTE TO DESIRED TRANSPORT IMPACTS?	New and improved infrastructure for local roads primarily contributes to improving the efficient freight supply chains, increasing the resilience and security of the local road network, the easing of severe congestion, and consequently reduce deaths and serious injuries from road crashes, through provision of new network infrastructure.				Renewal of local road infrastructure primarily contributes to maintaining the resilience and security of the whole road network efficiency of freight supply chains and the easing of severe congestion, by ensuring that the established local road network asset condition is sustained by an ongoing capital investment programme.			
HOW TO WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?	2011/12 estimated actual [#]	2012/13 target [#]	2013/14 target [#]	2014/15 target [#]	2011/12 estimated actual [#]	2012/13 target [#]	2013/14 target [#]	2014/15 target [#]
	See management of the funding allocation system (MOFAS) for service delivery performance measures. See the appendix for the contextual indicators the NZTA monitors.				See management of the funding allocation system (MOFAS) for service delivery performance measures. See the appendix for the contextual indicators the NZTA monitors.			
HOW IS THE MONEY SPENT?*	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
Income	130,000	165,000	185,000	190,000	279,000	319,000	245,000	252,000
Expenditure	130,000	165,000	185,000	190,000	279,000	319,000	245,000	252,000
Net surplus (deficit)	0	0	0	0	0	0	0	0
SCOPE OF OUTPUT CLASS	Management and delivery of improvement of local roads, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.				Management and delivery of renewals to the existing local road infrastructure, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003. The reinstatement of local roads in Canterbury is limited to the reinstatements following the earthquakes as approved by the NZTA under relevant legislation.			

* Full output class financials are set out in the appendix.

[#] See *Management of the funding allocation system (MOFAS)* for service delivery performance measures.

¹ This output includes crown funding for reinstatement of local roads in Canterbury.

OUTPUT CLASS	Maintenance and operation of local roads				Walking and cycling			
WHAT DOES THE NZTA DO?	Under this output class, the NZTA invests, in conjunction with investment from approved organisations, in the routine maintenance and operation of local roading infrastructure, including the maintenance of pavements, structures, drains, the environment, traffic services, cycle paths, level crossings and the emergency reinstatement of roads.				Under this output class, the NZTA invests in new and improved walking and cycling infrastructure for transport purposes and model community education and promotion activities. Walking and cycling facilities include cycle paths, cycle lanes, new footpaths, facilities for crossing roads, shelters and bicycle parking facilities. New walking and cycling facilities that are a component of a roading improvement project are funded as a part of investments to improve roading networks rather than through the walking and cycling activity class.			
HOW DOES THIS OUTPUT CONTRIBUTE TO DESIRED TRANSPORT IMPACTS?	Maintenance of local road infrastructure helps ensure that the impacts the established network has on the transport system are sustained. Sound management of maintenance activities and of the operation of the network have a broad impact including better use of transport capacity, ensuring network resilience and security and freight supply chain efficiency as well as reducing urban congestion and the risk of road crashes, by ensuring that surface condition standards are maintained and traffic flow and incidences effectively managed.				Walking and cycling infrastructure has its main impact through facilitating more transport choices in urban environments where walking or cycling is offered to the community. This contribution indirectly support better use of transport capacity, reducing adverse environmental effects, congestion relief and reduction in deaths and injury from road crashes.			
HOW TO WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?	2011/12 estimated actual [#]	2012/13 target [#]	2013/14 target [#]	2014/15 target [#]	2011/12 estimated actual [#]	2012/13 target [#]	2013/14 target [#]	2014/15 target [#]
	See management of the funding allocation system (MOFAS) for service delivery performance measures. See the appendix for the contextual indicators the NZTA monitors.				See management of the funding allocation system (MOFAS) for service delivery performance measures. See the appendix for the contextual indicators the NZTA monitors.			
HOW IS THE MONEY SPENT?*	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
Income	288,000	298,000	305,000	297,000	7,000	13,000	13,000	13,000
Expenditure	288,000	298,000	305,000	297,000	7,000	13,000	13,000	13,000
Net surplus (deficit)	0	0	0	0	0	0	0	0
SCOPE OF OUTPUT CLASS	Management and operation of existing local road infrastructure, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.				New and improved walking and cycling infrastructure for transport purposes, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.			

* Full output class financials are set out in the appendix.

See *Management of the funding allocation system (MOFAS)* for service delivery performance measures.

OUTPUT CLASS	Administration of the SuperGold cardholders scheme and enhanced public transport concessions for SuperGold cardholders			
WHAT DOES THE NZTA DO?	<p>Under the first output class (administration of the SuperGold cardholders' scheme), the NZTA and regional councils administer the SuperGold cardholders scheme. Under the second output class (enhanced public transport concessions for SuperGold cardholders) the NZTA provides funding to regional councils for the provision of enhanced public transport concessions for SuperGold cardholders.</p> <p>Both outputs are funded as specific projects by the crown. The NZTA manages the scheme on behalf of the Ministry of Transport. The local authorities participating in the scheme are mostly (but not all) regional councils. All are referred to here as 'regional councils'.</p>			
HOW DOES THIS OUTPUT CONTRIBUTE TO DESIRED TRANSPORT IMPACTS?	<p>SuperGold cardholders concessionary fares scheme supports the impact contribution of public transport investments (service and infrastructure) by providing more transport mode choice for the elderly and improving the utilisation of public transport capacity during off-peak hours.</p>			
HOW TO WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?	2011/12 estimated actual	2012/13 target	2013/14 target	2014/15 target
Average number of days taken to deliver	17	20	20	20
% of activities that are delivered to agreed standards and timeframes	100%	100%	100%	100%
HOW IS THE MONEY SPENT?*	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
Income	20,450	21,400	22,000	22,600
Expenditure	20,450	21,400	22,000	22,600
Net surplus (deficit)	0	0	0	0
SCOPE OF OUTPUT CLASS	<p>Administration of the scheme to provide enhanced public transport concessions for SuperGold cardholders. Providing enhanced public transport concessions for SuperGold cardholders.</p>			

* Full output class financials are set out in the appendix.

FUNCTION

PROVIDING ACCESS TO AND USE OF THE LAND TRANSPORT SYSTEM

OUTPUT CLASS	Licensing and regulatory compliance				Road tolling			
WHAT DOES THE NZTA DO?	Under this output class, the NZTA: <ul style="list-style-type: none"> › develops land transport rules (under contract to the Ministry of Transport) › develops clear and well-understood standards for: <ul style="list-style-type: none"> - vehicle inspection and certification - transport service licensing operations - rail safety operations - vocational driver licensing › monitors and audits compliance with regulatory standards/requirements for vehicles, drivers, operators and transport systems providers › provides ministerial services › provides driver and transport operator (including rail operator) licensing and testing services › maintains the driver licence register › issues over-dimension permits › administers drug and alcohol assessments of drivers and operators (funded by the Ministry of Health) › provides licensing information and advice. Funding is from fees and charges and from the crown, including from crown contracts for specific activities.				Under this output class, the NZTA: <ul style="list-style-type: none"> › manages the tolling road side and back office systems, customer interfaces and payment channels › undertakes the collection of toll revenues and disbursements to the crown › provides information and advice to the public. 			
HOW DOES THIS OUTPUT CONTRIBUTE TO DESIRED TRANSPORT IMPACTS?	Licensing and regulatory compliance primarily contributes to reducing deaths and serious injuries through regulation of drivers, vehicles and commercial operators and the associated influence on drivers and driver behaviour. Secondary contribution to impact is also derived from regulatory activities through support of efficiency of freight supply chains, vehicle fleet efficiency and reducing adverse environmental effects.				Road tolling supports the impacts provided from new infrastructure investment through the collection of fees for infrastructure investment repayments.			
HOW TO WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?	2011/12 estimated actual	2012/13 target	2013/14 target	2014/15 target	2011/12 estimated actual	2012/13 target	2013/14 target	2014/15 target
% accuracy of registers	95%	>93%	>93%	>93%				
% revenue compliance					96.5%	>96%	>96%	>96%
Value of bad debt written off					\$400k	≤\$658k	≤\$669k	≤\$670k
Unit transaction costs	\$38.26	<37.54	<\$37.54	<\$37.54	\$0.65	<\$0.70	<\$0.70	<\$0.70
% of operational assurance activities completed	N/A	100%	100%	100%				
% of activities that are delivered to agreed standards and timeframes	N/A	100%	100%	100%				
Number of products/services delivered or processed	490k*	883k-1,014k	883k-1,014k	883k-1,014k	5.2m	5.5m-6.0m	5.5m-6.0m	5.5m-6.0m
% of transactions completed online	12%	>15%	>18%	>38%	55%	>60%	>70%	>80%
HOW IS THE MONEY SPENT?*	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
Income	71,489	73,567	71,529	70,596	5,600	6,000	6,037	6,037
Expenditure	71,524	70,729	69,346	69,929	5,300	5,971	6,037	6,037
Net surplus (deficit)	(35)	2,839	2,183	667	300	29	0	0
SCOPE OF OUTPUT CLASS	Purchase of land transport regulatory implementation services, specialist land transport enforcement services, and licensing services, including driver licensing.				Collection of road tolling charges and enforcement activities to recover road tolling payment evasion.			

* Full output class financials are set out in the appendix.

Includes driver licensing only. From 2012 this output will also include key regulatory volumes.

OUTPUT CLASS	Motor vehicle registry				Road user charges collection, investigation and enforcement			
WHAT DOES THE NZTA DO?	Under this output class, the NZTA: <ul style="list-style-type: none"> › operates the motor vehicle register (MVR) › delivers motor vehicle registration and licensing services › undertakes the collection and refund of registration and licensing revenue, which is paid to the National Land Transport Fund › provides information and advice to the public. 				Under this output class, the NZTA: <ul style="list-style-type: none"> › collects, through the provision of licences for diesel vehicles, and refunds road user charges (RUC) which is paid to the National Land Transport Fund › investigates evasion of RUC and enforces payment › provides information and advice to the public. 			
HOW DOES THIS OUTPUT CONTRIBUTE TO DESIRED TRANSPORT IMPACTS?	Motor vehicle registry services, through their contribution to managing the motor vehicle fleet, contribute to the impacts of reduction in death and serious injuries from road crashes, reduction in adverse environmental effects from land transport and more efficient vehicle fleets.				Road user charges collection, investigation and enforcement, through its contribution to managing the motor vehicle fleet, contribute to the impacts of reduction in death and serious injuries from road crashes, reduction in adverse environmental effects from land transport and more efficient vehicle fleets.			
HOW TO WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?	2011/12 estimated actual	2012/13 target	2013/14 target	2014/15 target	2011/12 estimated actual	2012/13 target	2013/14 target	2014/15 target
% accuracy of registers	95%	>95%	>95%	>95%				
% revenue compliance	98.5%	≥98%	≥98%	≥98%				
Value of bad debt written off	\$3.8m	<\$3.6m	<\$3.3m	<\$3.3m	\$2.2m	<\$2.4m	<\$2.7m	<\$2.7m
Unit transaction costs	\$5.78	<\$5.99	<\$5.96	<\$5.96	\$5.73	<\$6.50	<\$6.20	<\$5.90
Number of products/services delivered or processed	9m	8.6m–9.6m	8.7m–9.7m	8.8m–9.8m	2.6m	2.4m–2.7m	2.5m–2.8m	2.6m–2.9m
% of transactions completed online	16.5%	>20%	>25%	>30%	44%	>55%	>65%	>75%
HOW IS THE MONEY SPENT?*	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
Income	53,476	52,773	49,613	50,277	14,564	18,514	17,514	17,514
Expenditure	54,381	53,309	51,240	52,456	17,026	18,773	17,773	17,773
Net surplus (deficit)	(905)	(535)	(1,627)	(2,179)	(2,462)	(259)	(259)	(259)
SCOPE OF OUTPUT CLASS	Registration and licensing of motor vehicles, the collection and refund of motor vehicle registration and licensing revenue, and the operation of the motor vehicle register.				Collection and refund of road user charges, and the investigation and enforcement of evasion of road user charges.			

* Full output class financials are set out in the appendix.

OUTPUT CLASS	Refund of fuel excise duty			
WHAT DOES THE NZTA DO?	Under this output class, the NZTA records, refunds and accounts for fuel excise duty refund applications.			
HOW DOES THIS OUTPUT CONTRIBUTE TO DESIRED TRANSPORT IMPACTS?	Refund of excise duty is an NZTA function performed on behalf of the Ministry of Transport as an adjunct to collection of fuel excise duty (FED), and as provided for under the Land Transport Management Act 2003. This output makes no direct contribution to the NZTA's desired impacts.			
HOW TO WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?	2011/12 estimated actual	2012/13 target	2013/14 target	2014/15 target
Average number of days taken to deliver	10	10	10	10
Number of products/services delivered or processed	N/A	28,158	21,721	22,112
HOW IS THE MONEY SPENT?*	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
Income	429	429	429	429
Expenditure	429	429	429	429
Net surplus (deficit)	0	0	0	0
SCOPE OF OUTPUT CLASS	Receipt and processing of applications for, and the refunding of, fuel excise duty.			

* Full output class financials are set out in the appendix.

FUNCTION

MANAGING THE STATE HIGHWAY NETWORK

OUTPUT CLASS	New and improved infrastructure for state highways				Renewals of state highways			
WHAT DOES THE NZTA DO?	Under this output class, the NZTA manages and invests in state highway network infrastructure to reduce the number and severity of crashes and improve the time and reliability to travel between destinations connected by the network. The NZTA does this in a socially and environmentally responsible way.				Under this output class, the NZTA manages and invests in renewals of existing state highway network infrastructure to maintain standards of skid resistance and rutting, and to intervene at the optimal time to reduce exposure to future maintenance costs arising from wear and tear on our roads.			
HOW DOES THIS OUTPUT CONTRIBUTE TO DESIRED TRANSPORT IMPACTS?	New and improved infrastructure for state highways primarily contributes to more efficient freight supply chains, resilient and secure transport network, easing of severe urban congestion, as well as helping to reduce deaths and serious injuries from road crashes, through capital investment in the state highway network.				Renewal of state highway infrastructure primarily contributes to maintaining the resilience and security of the whole road network efficiency of freight supply chains and the easing of severe congestion, by ensuring that the established local road network asset condition is sustained by an ongoing capital investment programme.			
HOW TO WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?	2011/12 estimated actual	2012/13 target	2013/14 target	2014/15 target	2011/12 estimated actual	2012/13 target	2013/14 target	2014/15 target
% of activities that are delivered to agreed standards and timeframes	>85%	>90%	>90%	>90%	>90%	>90%	>90%	>90%
Safe stopping: % of travel on network above skid threshold					98%	≥98%	≥98%	≥98%
Network resilience: % of rutting >20mm over state highway network					0.8%	<1.5%	<2%	<2.5%
HOW IS THE MONEY SPENT?*	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
Income	848,985	945,791	1,015,065	1,195,545	198,000	195,000	200,000	205,000
Expenditure	897,800	992,216	1,092,000	1,273,000	198,000	195,000	200,000	205,000
Net surplus (deficit) [†]	(48,815)	(46,425)	(76,935)	(77,455)	0	0	0	0
SCOPE OF OUTPUT CLASS	Capital works for new infrastructure for state highways, as authorised by section 9 (3) and (4) of the Land Transport Management Act 2003. Contributing towards the purchase of state highway improvements as outlined in the 2006/07 <i>State highway forecast</i> .				Renewal work on the state highway network, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.			

* Full output class financials are set out in the appendix.

[†] The net deficits are funded from state highway disposals (property sales) and the repayment of funds loaned to a local authority.

OUTPUT CLASS	Maintenance and operation of state highways			
WHAT DOES THE NZTA DO?	Under this output class the NZTA: <ul style="list-style-type: none"> › operates the state highway network to ensure customers are aware of conditions before they travel and when they do travel that it is safe and reliable › maintains the road and the roadside to ensure it is in as safe a condition as possible to travel on › maintains the state highway network to ensure it continues to provide a reliable travel journey. 			
HOW DOES THIS OUTPUT CONTRIBUTE TO DESIRED TRANSPORT IMPACTS?	Maintenance of state highway infrastructure helps ensure that the impact of established network has on the transport system are sustained. Sound management of maintenance activities and of the operation of the network have a broad impact including better use of transport capacity, ensuring network resilience and security and freight supply chain efficiency as well as reducing urban congestion and the risk of road crashes, by ensuring that surface condition and skid resistance network standards are maintained and traffic flow and incidences effectively managed.			
HOW TO WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?	2011/12 estimated actual	2012/13 target	2013/14 target	2014/15 target
% of activities that are delivered to agreed standards and timeframes	>90%	>90%	>90%	>90%
Safe stopping: % of travel on network above skid threshold	N/A	≥98%	≥98%	≥98%
Smooth ride: % of travel on network classed as smooth	N/A	≥97%	≥97%	≥97%
% availability of state highway network**	>85%	90%	90%	90%
HOW IS THE MONEY SPENT?*	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
Income	343,964	325,964	325,964	350,964
Expenditure	343,865	325,865	325,865	350,865
Net surplus (deficit) †	99	99	99	99
SCOPE OF OUTPUT CLASS	Activities that manage, maintain and operate state highway infrastructure, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.			

* Full output class financials are set out in the appendix.

**The methodology for measurement for 2012-15 has been changed to more accurately reflect network availability.

SECTION 9 / STATEMENT OF FORECAST FINANCIAL PERFORMANCE

The prospective financial statements set out the forecast financial position and operations of the NZ Transport Agency group, including NZ Transport Ticketing Limited, for the period 2012–2015. It has these seven components:

- › NZ Transport Agency Group operating activities
- › Managing our assets
- › Third party fees and charges funded activities
- › Investment in land transport
- › Prospective financial statements
- › Notes to the prospective financial statements
- › Prospective financial statements for the NZ Transport Ticketing Limited.

NZ TRANSPORT AGENCY GROUP OPERATING ACTIVITIES

This table shows the NZTA's total expenditure from its operating activities.

	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
Personnel costs	105,169	108,224	110,852	113,160
Operating expenses	155,839	144,322	140,647	140,462
Depreciation and amortisation expense	6,540	9,280	11,480	11,480
TOTAL EXPENDITURE	267,548	261,826	262,979	265,102

MANAGING OUR ASSETS

Each year the NZTA prepares a capital programme to ensure that it has the infrastructure required to fulfil its functions. The budget set aside for the next three years, not including state highway network activities, is set out below.

	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
Computer hardware	1,565	2,750	1,350	1,350
Computer software	4,105	6,725	4,950	4,950
Leasehold improvements	1,775	1,000	2,250	2,250
Furniture and fittings	304	100	360	360
Office, plant & equipment	251	75	90	90
Crash analysis system (transfer from MoT)	0	408	0	0
National integrated transport ticketing system	6,854	0	200	1,000
TOTAL	14,854	11,058	9,200	10,000

The focus of the capital programme is on upgrading our technology and making improvements to business critical systems and applications.

From an infrastructure perspective, the assets purchased primarily relate to the replacement of assets that have exceeded their useful life or in the case of computer equipment and furniture are part of a planned replacement programme.

The NZTA will take over the management of the crash analysis system from the Ministry of Transport.

THIRD PARTY FEES AND CHARGES FUNDED ACTIVITIES

Memorandum accounts are notional accounts that record the accumulated balance of surpluses and deficits incurred for third party funded outputs operating on a full cost recovery basis.

THIRD PARTY FEES AND CHARGES BY FUNDING SOURCE				
	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
BORDER INSPECTIONS				
Net surplus/(deficit)	399	590	0	0
Balance at 30 June	677	1,267	1,267	1,267
CERTIFICATION REVIEWS				
Net surplus/(deficit)	(254)	300	300	301
Balance at 30 June	(1,249)	(949)	(649)	(349)
DRIVER LICENSING				
Net surplus/(deficit)	828	1,849	932	(1)
Balance at 30 June	(1,780)	68	1,000	1,000
DRIVER TESTING				
Net surplus/(deficit)	151	95	0	0
Balance at 30 June	905	1,000	1,000	1,000
MOTOR VEHICLE LICENSING ¹				
Net surplus/(deficit)	0	(535)	(1,627)	(2,179)
Balance at 30 June	0	(535)	(2,162)	(4,341)
OVER DIMENSION PERMITS				
Net surplus/(deficit)	0	0	0	0
Balance at 30 June	363	363	363	363
RAIL LICENSING				
Net surplus/(deficit)	(498)	(228)	0	0
Balance at 30 June	(2,287)	(2,515)	(2,515)	(2,515)
STANDARDS DEVELOPMENT AND CERTIFICATION				
Net surplus/(deficit)	(877)	(1,027)	(416)	0
Balance at 30 June	1,943	916	500	500
TRANSPORT LICENSING				
Net surplus/(deficit)	(131)	913	1,000	0
Balance at 30 June	(4,913)	(4,000)	(3,000)	(3,000)
TOTAL MEMO ACCOUNT - THIRD PARTY FEES/CHARGES	(6,341)	(4,385)	(4,196)	(6,075)

1. Motor vehicle licensing, previously funded primarily from crown revenue, is now funded from third parties.

All memorandum accounts areas are reviewed to ensure costs are aligned with fee revenue with the longer term aim of balancing each of these. Until these reviews are fully completed, some memorandum accounts will continue to carry negative balances

INVESTMENT IN LAND TRANSPORT

The NZTA develops the three-year National Land Transport Programme based on the policy direction in the Land Transport Management Act and the Government policy statement on land transport funding (GPS) and regional priorities. This table below shows the activity classes which are funded from the National Land Transport Programme and associated activities funded from the crown. The investment in land transport is net of the expenditure on new and renewal of state highways which is capitalised and the NZTA operating expenditure which is separately shown in the statement of comprehensive income.

Forecast expenditure

The NZTA is developing a National Land Transport Programme for 2012-2015, due in August, which will give effect to the governments expectations and priorities for 2012/13 - 2021/22 as per the Government policy statement on land transport funding. The expenditure for the two forecasted out years is therefore most likely to change.

INVESTMENT IN LAND TRANSPORT				
	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
New and improved infrastructure for state highways	897,800	992,216	1,092,000	1,273,000
Renewal of state highways	198,000	195,000	200,000	205,000
Maintenance and operation of state highways	343,000	325,000	325,000	350,000
New and improved infrastructure for local roads	130,000	165,000	185,000	190,000
Renewal of local roads	180,000	228,000	245,000	252,000
Maintenance and operation of local roads	288,000	298,000	305,000	297,000
Public transport	268,000	310,000	330,000	340,000
Road safety	42,000	32,000	32,000	33,000
Walking and cycling	7,000	13,000	13,000	13,000
Sector research	5,000	4,000	4,000	4,000
Rail and sea freight	100	0	0	0
Transport planning	25,000	20,000	21,000	19,000
Management of the funding allocation system	29,000	29,000	29,000	29,000
Interest on borrowings	4,875	3,575	3,065	2,545
TOTAL NLTP EXPENDITURE	2,417,775	2,614,791	2,784,065	3,007,545
Activities funded on behalf of the crown				
Reinstatement of local roads in Canterbury	99,000	91,000	0	0
Canterbury transport project	5,000	0	0	0
Regional development transport funding	2,000	0	0	0
Enhanced public concession for SuperGold cardholders	20,400	21,305	21,905	22,505
Administration of the SuperGold card scheme	50	95	95	95
Sub total of activities funded on behalf of the crown	126,450	112,400	22,000	22,600
	2,544,225	2,727,191	2,806,065	3,030,145
Less capital expenditure	(1,095,800)	(1,187,216)	(1,292,000)	(1,478,000)
Less NZTA operating activities funded from the NLTP	(116,298)	(109,898)	(108,571)	(109,000)
Less interest on borrowing	(4,875)	(3,575)	(3,065)	(2,545)
TOTAL INVESTMENT IN LAND TRANSPORT	1,327,252	1,426,502	1,402,429	1,440,600

PROSPECTIVE FINANCIAL STATEMENTS /

The consolidated financial statements include the parent NZ Transport Agency and its subsidiary NZ Transport Ticketing Limited.

CONSOLIDATED GROUP PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDING 30 JUNE

	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
INCOME				
Revenue from the crown	193,436	137,031	40,127	40,550
Revenue from the National Land Transport Fund	1,746,557	1,857,227	1,931,897	1,974,897
Revenue from third parties	79,536	128,392	128,864	128,972
Total income	2,019,529	2,122,650	2,100,888	2,144,419
EXPENDITURE				
Personnel costs	105,169	108,224	110,852	113,160
Operating expenses	155,839	144,322	140,647	140,462
Investment in land transport	1,327,252	1,426,502	1,402,429	1,440,600
Interest on borrowing	4,875	3,575	3,065	2,545
Depreciation and amortisation expense	414,720	421,460	428,660	433,660
State highway asset write-off	17,500	17,500	17,500	17,500
Total expenditure	2,025,355	2,121,583	2,103,153	2,147,927
NET SURPLUS/(DEFICIT)	(5,826)	1,067	(2,265)	(3,508)
OTHER COMPREHENSIVE INCOME				
Gain/(loss) state highway network/bailey bridging revaluations	1,005,103	985,000	985,000	790,000
Total other comprehensive income	1,005,103	985,000	985,000	790,000
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	999,277	986,067	982,735	786,492

CONSOLIDATED GROUP PROSPECTIVE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	50,000	50,000	50,050	50,050
Debtor National Land Transport Fund	440,145	349,145	301,614	261,013
Debtor crown	44,450	44,450	44,450	44,450
Debtors and other receivables	15,000	15,000	15,475	15,475
Prepayments	500	500	500	500
Inventories	200	200	200	200
Total current assets	550,295	459,295	412,289	371,688
NON-CURRENT ASSETS				
Property, plant and equipment	23,391	23,761	23,831	23,901
State highway network	26,769,467	28,462,183	30,224,683	32,073,183
Bailey bridging	7,132	6,952	6,772	6,592
Intangible assets	39,252	39,010	36,660	35,110
Loans and advances	495	495	495	495
Total non-current assets	26,839,737	28,532,401	30,292,441	32,139,281
TOTAL ASSETS	27,390,032	28,991,696	30,704,730	32,510,969
LIABILITIES				
CURRENT LIABILITIES				
Creditors and other payables	333,677	291,137	272,210	290,640
Tolling funds held in trust	2,759	2,924	3,087	3,087
Employee entitlements	9,700	9,700	9,725	9,725
Borrowing	150,000	100,000	50,000	0
Total current liabilities	496,136	403,761	335,022	303,452
NON-CURRENT LIABILITIES				
Creditors and other payables	745	745	745	745
Employee entitlements	4,000	4,000	4,000	4,000
Borrowing (for Toll roads)	0	0	22,000	115,000
Total non-current liabilities	4,745	4,745	26,745	119,745
TOTAL LIABILITIES	500,881	408,506	361,767	423,197
NET ASSETS	26,889,151	28,583,190	30,342,963	32,087,773
EQUITY				
General funds	25,198	25,606	25,806	26,806
Retained funds	20,778	19,917	16,981	14,350
Memorandum account - Third party fees and charges	(6,341)	(4,385)	(4,196)	(6,075)
State highway network ^a	26,849,516	28,542,052	30,304,372	32,052,692
TOTAL EQUITY	26,889,151	28,583,190	30,342,963	32,087,773

a. The state highway network includes the state highway investment (including bailey bridging) and revaluation reserves.

CONSOLIDATED GROUP PROSPECTIVE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDING 30 JUNE

	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
EQUITY – OPENING BALANCES				
General funds	5,198	25,198	25,606	25,806
Retained funds	66,610	20,778	19,917	16,981
Memorandum account – Third party fees and charges	(5,959)	(6,341)	(4,385)	(4,196)
State highway network	25,199,643	26,849,516	28,542,052	30,304,372
Total equity – opening balance	25,265,492	26,889,151	28,583,190	30,342,963
CHANGES IN EQUITY				
Comprehensive income				
Retained funds	(5,444)	(889)	(2,454)	(1,629)
Memorandum account – Third party fees and charges	(382)	1,956	189	(1,879)
State highway network – Gain/(loss) on revaluations	1,005,103	985,000	985,000	790,000
	999,277	986,067	982,735	786,492
Owner transactions				
Capital contribution – General funds	20,000	408	200	1,000
Capital contribution – National Land Transport Programme	617,528	707,564	754,838	864,318
Borrowing (for Toll roads)	0	0	22,000	93,000
	637,528	707,972	777,038	958,318
Total changes in equity	1,636,805	1,694,039	1,759,773	1,744,810
EQUITY – CLOSING BALANCES				
General funds	25,198	25,606	25,806	26,806
Retained funds	20,778	19,917	16,981	14,350
Memorandum account – Third party fees and charges	(6,341)	(4,385)	(4,196)	(6,075)
State highway network	26,849,516	28,542,052	30,304,372	32,052,692
TOTAL EQUITY – CLOSING BALANCES	26,889,151	28,583,190	30,342,963	32,087,773

CONSOLIDATED GROUP PROSPECTIVE STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 30 JUNE

	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from crown revenue	195,368	137,031	40,127	40,550
Receipts from National Land Transport Fund revenue	1,692,637	1,948,227	2,001,428	2,108,498
Receipts from third party revenue	106,678	128,019	128,016	128,599
Interest received	373	373	373	373
Payments to suppliers	(1,512,252)	(1,613,799)	(1,562,440)	(1,563,232)
Payments to employees	(107,063)	(108,224)	(110,827)	(113,160)
Goods & services tax (net)	600	600	600	600
Net cash from operating activities	376,341	492,227	497,276	602,228
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts from sale of state highway held properties	25,350	50,000	80,000	80,000
Purchase of property, plant and equipment	(3,895)	(4,050)	(4,050)	(4,050)
Purchase of intangible assets	(4,105)	(5,358)	(4,950)	(4,950)
State highway network	(1,095,799)	(1,187,216)	(1,292,000)	(1,578,000)
Loan to local authority	28,340	0	0	0
Net cash from investing activities	(1,050,109)	(1,146,624)	(1,221,000)	(1,507,000)
CASH FLOWS FROM FINANCING ACTIVITIES				
Capital contribution (Crash analysis system)	0	408	0	0
Capital contribution from the National Land Transport Fund	617,528	707,564	754,838	864,317
Receipts from borrowing	190,000	150,000	172,000	343,000
Repayment of borrowing	(150,000)	(200,000)	(200,000)	(300,000)
Interest paid on borrowing	(4,875)	(3,575)	(3,065)	(2,545)
Net cash from financing activities	652,653	654,397	723,773	904,772
NET (DECREASE)/INCREASE CASH AND CASH EQUIVALENTS	(21,115)	0	49	0
Cash and cash equivalents at the beginning of the year	71,115	50,000	50,000	50,050
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	50,000	50,000	50,050	50,050

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 and to be consistent with the presentation basis of the other primary financial statements.

NOTES TO THE PROSPECTIVE FINANCIAL STATEMENTS /

PROSPECTIVE FINANCIAL STATEMENTS AND ASSUMPTIONS

Use of information contained in these prospective financial statements

These prospective financial statements have been prepared in accordance with the Crown Entities Act 2004, for the purpose of providing information on the NZ Transport Agency's future operating intentions and financial position, against which it must report and be formally audited at the end of the financial year.

The information in these financial statements may not be appropriate for purposes other than those described.

The NZ Transport Agency has complied with financial reporting standard FRS 42 Prospective Financial Statements in the preparation of these prospective financial statements.

These prospective financial statements are based on significant financial assumptions as to future events that the NZ Transport Agency reasonably expects to occur at the time this information was prepared. Any changes to these assumptions during the year will not be reflected in these financial statements.

The reader of this report should note that no actual operating results are contained in these prospective financial statements. Actual results achieved for the forecast periods are likely to vary from the information presented, and that some variations may be material.

The NZ Transport Agency does not intend to update the prospective financial statements subsequent to the publication of these statements.

Statement of significant underlying assumptions

The NZ Transport Agency has made a number of assumptions in preparing the prospective financial statements. The most significant of these are outlined below.

Revenue from the National Land Transport Fund	Revenue forecasts for fuel excise duty, road user charges and motor vehicle registrations are based on future performance and trends.
Fees and charges	Forecast revenues are influenced by transaction volumes. Assumptions are based on historical performance and trends.
Interest income	Interest income on cash holdings is calculated at 3 percent. This income declines as the current levels of cash holdings is used.
Personnel costs	The forecast costs assume the current organisational structure will be in place throughout the period. Remuneration increases are expected to be minimal, with any increases being absorbed through operating efficiencies.
Expenditure	The forecast costs assume the current range of activities will be in place throughout the period, and reflect the increasing pressures associated with delivering its programmes and services.
Capital	The Agency is undertaking a programme of capital spending aimed at improving and renewing the state highway network. Projected costs and timing of expenditure are based on project plans and quotations current when these forecasts were prepared.
Asset revaluations	The state highway network is re-valued annually. These valuations are dependant on changes in the value of the land, properties and asset components of the state highway network.
Opening equity	Estimated opening equity assumes a 2011/12 year surplus of \$1 billion. This impacts on estimated amounts of cash on hand and net assets.

KEY ISSUES IMPACTING ON BUDGET

Estimates of appropriations for the year ending 30 June 2013

This table shows the funding the NZTA receives from the government as disclosed in the *Estimates of appropriations*, and the movements to the revenue published in the *Statement of Intent*.

Output class		Appropriations 2012/13 \$000	Funding movements \$000	SOI 2012/13 \$000
Management of the funding allocation system PLA		27,775	2,000	29,775
Transport planning PLA		20,000	0	20,000
Sector research PLA		4,000	0	4,000
Public transport PLA		280,000	30,000	310,000
Road safety PLA		32,000	0	32,000
New and improved infrastructure for local roads PLA		155,000	10,000	165,000
Renewal of local roads PLA		220,000	8,000	228,000
Maintenance and operation of local roads PLA		281,000	17,000	298,000
Walking and cycling PLA		21,000	(8,000)	13,000
Licensing and regulatory		4,109	0	4,109
Road user charges collection	14,273		0	0
Road user charges investigation and enforcement	4,241		0	0
Road user charges collection, investigation and enforcement	18,514	18,514	0	18,514
Refund of fuel excise duty		429	0	429
State highway renewals PLA	412,000			
New and improved infrastructure for state highways	808,564			
New/improved infrastructure and renewal of state highways	1,220,564	1,220,564	(69,000)	1,151,564
Maintenance and operation of state highways PLA		315,000	10,000	325,000
Reinstatement of local roads in Canterbury		0	91,000	91,000
Enhanced public transport concessions for SuperGold cardholders		21,305	0	21,305
Administration of the SuperGold cardholders scheme		95	0	95
TOTAL		2,620,791	91,000	2,711,791

(PLA - Permanent legislative authority)

Forecast expenditure

The NZTA is developing a National Land Transport Programme for 2012-2015, due in August, which will give effect to the governments expectations and priorities for 2012/13 - 2021/22 as per the Government policy statement on land transport funding. The expenditure for the two forecasted out years are therefore most likely to change..

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2013

Reporting entity

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

The NZ Transport Agency's primary objective is to provide services to the NZ public, as opposed to making a financial return. Accordingly, the NZ Transport Agency has designated itself a public benefit entity for the purposes of New Zealand equivalents to international financial reporting standards (NZ IFRS).

The financial statements for the NZ Transport Agency group are for the period 2012 - 2015, and were approved by the Board on 12 June 2012.

Consolidation of subsidiary

The consolidated financial statements include the parent NZ Transport Agency and its subsidiary NZ Transport Ticketing Limited.

The subsidiary is accounted for using the purchase method, which involves adding together corresponding assets, liabilities, revenues and expenses on a line-by-line basis. All inter-company transactions are eliminated on consolidation.

Consistent accounting policies are applied to the subsidiary's financial statements and are prepared for the same reporting period as the parent entity.

The NZ Transport Agency's investment in its subsidiary is carried at cost in the NZ Transport Agency's own 'parent entity' financial statements.

Basis of preparation

Statement of compliance

The financial statements of the NZ Transport Agency have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand generally accepted accounting practice. The financial statements comply with NZ IFRS, and other applicable financial reporting standards, as appropriate for public benefit entities.

Measurement base

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of the state highway network and Bailey bridging stock. The measurement of financial assets and financial liabilities is at amortised cost.

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant will be disclosed by way of separate notes to the financial statements.

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 the NZ Transport Agency is New Zealand dollars.

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

The NZ Transport Agency has adopted all standards, amendments and interpretations to existing standards that have been published and are mandatory for its accounting periods beginning on or after 1 July 2012.

SIGNIFICANT ACCOUNTING POLICIES

Revenue

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the NZ Transport Agency's business. Revenue is shown net of GST.

Revenue is recognised when the amount of revenue can be reliably measured - it is probable that future economic benefits will flow to the entity and when the specific criteria have been met for each of the NZ Transport Agency's activities. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the activity giving rise to the revenue have been resolved.

Revenue from the crown and the National Land Transport Fund

The NZ Transport Agency is primarily funded through revenue received from the crown and the National Land Transport Fund, which is restricted in its use for the purpose of the NZ Transport Agency meeting its objectives as specified in the *Statement of Intent*.

Rental income

Lease receipts are recognised as revenue on a straight-line basis over the lease term.

Borrowing costs

The NZ Transport Agency has elected to defer adoption of the revised NZ IAS 23 Borrowing Costs (Revised 2007) in accordance with the transitional provisions of NZ IAS 23 that are applicable to public benefit entities. Consequently, all borrowing costs are recognised as an expense in the financial year in which they are incurred.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made by the NZ Transport Agency under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less are shown within current assets on the statement of financial position.

Debtors and other receivables

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

A provision for impairment of debtors and other receivables is established when there is objective evidence that the NZ Transport Agency will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

Property, plant and equipment

Property, plant and equipment asset classes consist of land, buildings, leasehold improvements, furniture and office equipment, and motor vehicles.

Property, plant and equipment are shown at cost or valuation, less any accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the NZ Transport Agency and the cost of the item can be measured reliably.

Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of comprehensive income.

When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to general funds.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the NZ Transport Agency and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income as they are incurred.

Valuation of state highways and Bailey bridging

State highways are valued at depreciated replacement cost based on the estimated present cost of constructing the existing assets by the most appropriate method of construction, reduced by factors for the age and condition of the asset. Land associated with the State highway is valued using an opportunity cost based on adjacent use, as an approximation to fair value. Borrowing costs have not been capitalised.

Bailey bridging is valued at optimised depreciated replacement cost based on the optimum size of asset holding by the unit cost for each category of asset.

A cyclical basis is now being used so that each region is revalued at an interval not exceeding 3.5 years. Those regions that are not subject to full revaluation in a particular year will be subject to a valuation update through the use of price indices.

Increases in the carrying amount arising on revaluation of the State highway are credited to the asset revaluation reserve. Decreases that offset previous increases of the same asset are charged against the asset revaluation reserve. All other decreases are charged to the statement of comprehensive income. Each year the depreciation, based on the revalued carrying amount of the asset, is charged to the statement of comprehensive income. The gain or loss on the asset revaluation reserve is also charged to the statement of comprehensive income.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the NZ Transport Agency and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of comprehensive income. When revalued assets are sold, the amounts included in the assets revaluation reserve in respect of those assets are transferred to general funds.

Land, held properties, formation and the sub-base component of pavement (base) are not depreciated as the service potential of these components is considered not to reduce over time.

The useful lives and the associated depreciation rates of major classes of assets

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, held properties, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

ASSETS	USEFUL LIFE (YEARS)	DEPRECIATION RATE (%)
State highways - pavement (base)	50	2.0
State highways - pavement (surface)	7	14.3
State highways - drainage	60	1.7
State highways - traffic facilities	15	6.7
State highways - bridges	90-100	1.0-1.1
State highways - culverts and subways	50-75	1.3-2.0
State highways - other structures	100	1.0
Bailey bridging - panels	70	1.42
Bailey bridging - transoms	103	0.57
Bailey bridging - stringers	100	0.67
Bailey bridging - chord reinforcing	69	1.45
Bailey bridging - other miscellaneous	76	1.0
Buildings	50	2.0
Motor vehicles	4	25.0
Computer equipment	3	33.3
Plant	5-10	10.0-20.0
Equipment	5-8	12.5-20.0
Furniture and fittings	5-10	10.0-20.0
Office equipment	4-5	20.0-25.0
Leasehold improvements	Life of lease	7.7-33.0

Intangible assets

Computer software

NZ Transport Agency's policy requires an intangible asset to be recognised if, and only if:

- it is probable that the future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the NZ Transport Agency and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised on a straight line basis.

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 comprehensive income.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

ASSETS	USEFUL LIFE (YEARS)	DEPRECIATION RATE (%)
Computer software	3-10	10-33.3

Impairment of property, plant and equipment and intangible assets

Assets that have an indefinite useful life, such as land, are not subject to amortisation and are tested on a cyclical basis so that each region is reviewed at an interval not exceeding three and a half years for impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the NZ Transport Agency would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For re-valued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the statement of comprehensive income.

For assets not carried at a re-valued amount, the total impairment loss is recognised in the statement of comprehensive income.

The reversal of an impairment loss on a re-valued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the statement of comprehensive income, a reversal of the impairment loss is also recognised in the statement of comprehensive income.

For assets not carried at a re-valued amount the reversal of an impairment loss is recognised in the statement of comprehensive income.

Financial assets

Financial assets are classified as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in debtors and other receivables or cash and cash equivalents in the balance sheet.

Loan to local authority

Loans to local authorities, made at the government bond rate, are initially recognised at present value of their future cash flows, discounted at the current market rate of return for a similar financial instrument. The difference between the face value and present value of the expected future cash flows of the loan is recognised in the statement of comprehensive income.

Creditors and other payables

Creditors and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Employee entitlements

Short-term employee entitlements

Employee entitlements that the NZ Transport Agency expects to be settled within 12 months of balance date are measured at undiscounted nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

The NZ Transport Agency recognises a liability for sick leave to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date; to the extent the NZ Transport Agency anticipates it will be used by staff to cover those future absences.

Long-term employee entitlements

Entitlements that are payable beyond 12 months, such as long service leave and retirement leave have been calculated on an actuarial basis.

The calculations are based on:

- › likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- › the present value of the estimated future cash flows.

The discount rate is based on the weighted average of interest rates for government stock with terms to maturity similar as possible to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

Presentation of employee entitlements

Annual leave, sick leave, vested long service leave, and non vested long service leave and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Superannuation schemes**Defined contribution schemes**

Obligations for contributions to the Government Superannuation Fund, KiwiSaver, National Superannuation Scheme, and Post Office Pension Fund are accounted for as defined contribution superannuation scheme and are recognised as an expense in the statement of comprehensive income as incurred.

Provisions

Provisions for future expenditure are recognised when:

- › the NZ Transport Agency has a present legal or constructive obligation as a result of past events
- › it is more likely than not that an outflow of resources will be required to settle the obligation
- › the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

Jointly controlled operations

The NZ Transport Agency has interests in jointly controlled operations. These include the Auckland Motorway Alliance and Marlborough Roads. It recognises in its financial statements:

- › the assets that it controls and the liabilities that it incurs
- › the expenses that it incurs from the operations of the jointly controlled operation.

Equity

Equity is the crown's interest in the NZ Transport Agency and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- › general funds
- › retained funds
- › memorandum account – third party fees and charges
- › state highway investment and revaluation reserve

State highway revaluation reserve

This reserve relates to the revaluation of the state highway network and bailey bridging to fair value.

Goods and Services Tax (GST)

All items in the financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the Inland Revenue Department, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income tax

The NZ Transport Agency is a public authority and consequently is exempt from the payment of income tax. Accordingly, no charge for income tax has been provided for.

Budget figures

The budget figures have been prepared in accordance with New Zealand generally accepted accounting practice, using accounting policies that are consistent with those adopted by the NZ Transport Agency for the preparation of the financial statements.

Cost allocation

The NZ Transport Agency has determined the cost of outputs using the cost allocation system outlined below.

Direct costs are those costs directly attributed to an output. Indirect costs are those costs that cannot be identified in an economically feasible manner, with a specific output.

Direct costs are charged directly to outputs. Indirect costs are charged to outputs based on cost drivers and related activity/usage information. The three types of indirect costs are:

1. **Corporate overheads** – costs arising from the Board, Chief Executive, Group Managers (Organisational Support, People & Capability, Strategy & Performance) and business support units such as Finance, Human Resources, Information Technology, Legal, Audit and others. These costs are allocated to output classes then to business activities using full time equivalents responsible for delivering the output and their corresponding salaries as the cost drivers.
2. **Regional office costs** – costs relating to operating and maintaining a regional office such as office rent and building management. These costs are allocated to output classes then to business activities using the number of full time equivalents in each region as the cost driver.
3. **Operational cost centres' own shared costs** – costs incurred directly on account of more than one business activities within that operational cost centre. These shared costs are assigned to business activities based on the proportion of the estimated time spent on the affected business activities.

Critical accounting estimates and assumptions

In preparing these financial statements the NZ Transport Agency has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions 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. The 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 are discussed below:

Property, plant and equipment useful lives and residual value

When necessary the NZ Transport Agency reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the NZ Transport Agency to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the NZ Transport Agency, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact the depreciation expense recognised in the statement of comprehensive income, and carrying amount of the asset in the statement of financial position. The NZ Transport Agency minimises the risk of this estimation uncertainty by:

- › physical inspection and condition monitoring of assets
- › asset management planning
- › asset replacement programmes.

The NZ Transport Agency has not made significant changes to past assumptions concerning useful lives and residual values.

Critical judgements in applying NZ Transport Agency's accounting policies

Management has exercised the following critical judgements in applying the NZ Transport Agency's accounting policies for the period ended 30 June 2013:

State highway network & bailey bridging

State highways are valued at depreciated replacement cost based on the estimated present cost of constructing the existing assets by the most appropriate method of construction, reduced by factors for the age and condition of the asset. Land associated with the state highway is valued using an opportunity cost based on adjacent use, as an approximation to fair value. Bailey bridging is valued at optimised depreciated replacement cost based on the optimum size of asset holding by the unit cost for each category of asset.

Critical judgements relate to:

- › estimating the replacement cost of existing assets, including the impact of cost allocation and whether a cost should be capitalised or expensed. The NZ Transport Agency incurs expenditure on maintaining state highways and on new and improved infrastructure for state highways. Professional judgement and engineering assessments are used to determine whether costs incurred on State highways should be capitalised or expensed.
- › the age, condition and remaining economic life of existing assets, including the impact of maintenance there on
- › determining the optimum level of Bailey bridging stock.

OUTPUT CLASS INCOME AND EXPENDITURE

Planning & investing in land transport networks

MANAGEMENT OF THE FUNDING ALLOCATION SYSTEM				
	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
INCOME				
Revenue from the crown (crash analysis system)	0	775	775	775
Revenue from the National Land Transport Fund	29,000	29,000	29,000	29,000
Total income	29,000	29,775	29,775	29,775
EXPENDITURE				
NZTA operating activities (crash analysis system)	0	775	775	775
NZ Transport Agency operating activities (taxi enforcement and Road Safety Coordinators)	2,038	1,276	514	514
NZ Transport Agency operating activities	26,962	27,724	28,486	28,486
Total expenditure	29,000	29,775	29,775	29,775
NET SURPLUS/(DEFICIT)	0	0	0	0

TRANSPORT PLANNING				
INCOME				
Revenue from the National Land Transport Fund	25,000	20,000	21,000	19,000
Total income	25,000	20,000	21,000	19,000
EXPENDITURE				
NZ Transport Agency operating activities	7,000	7,000	7,000	7,000
Funding to approved organisations	18,000	13,000	14,000	12,000
Total expenditure	25,000	20,000	21,000	19,000
NET SURPLUS/(DEFICIT)	0	0	0	0

SECTOR RESEARCH				
INCOME				
Revenue from the National Land Transport Fund	5,000	4,000	4,000	4,000
Total income	5,000	4,000	4,000	4,000
EXPENDITURE				
NZ Transport Agency operating activities	5,000	4,000	4,000	4,000
Total expenditure	5,000	4,000	4,000	4,000
NET SURPLUS/(DEFICIT)	0	0	0	0

PUBLIC TRANSPORT				
INCOME				
Revenue from the National Land Transport Fund	268,000	310,000	330,000	340,000
Total income	268,000	310,000	330,000	340,000
EXPENDITURE				
NZ Transport Agency operating activities	2,400	3,268	1,641	1,770
Funding to approved organisations	265,600	306,732	328,359	338,230
Total expenditure	268,000	310,000	330,000	340,000
NET SURPLUS/(DEFICIT)	0	0	0	0

The public transport infrastructure and public transport services output classes have been merged into public transport.

ROAD SAFETY				
	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
INCOME				
Revenue from the National Land Transport Fund	42,000	32,000	32,000	33,000
Total income	42,000	32,000	32,000	33,000
EXPENDITURE				
NZTA operating activities (vehicle impoundment)	444	444	444	444
NZ Transport Agency operating activities	21,956	17,456	16,856	17,356
Funding to approved organisations	19,600	14,100	14,700	15,200
Total expenditure	42,000	32,000	32,000	33,000
NET SURPLUS/(DEFICIT)	0	0	0	0

NEW AND IMPROVED INFRASTRUCTURE FOR LOCAL ROADS				
	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
INCOME				
Revenue from the National Land Transport Fund	130,000	165,000	185,000	190,000
Total income	130,000	165,000	185,000	190,000
EXPENDITURE				
Funding to approved organisations	130,000	165,000	185,000	190,000
Total expenditure	130,000	165,000	185,000	190,000
NET SURPLUS/(DEFICIT)	0	0	0	0

RENEWAL OF LOCAL ROADS				
	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
INCOME				
Revenue from the National Land Transport Fund	180,000	228,000	245,000	252,000
Total income	180,000	228,000	245,000	252,000
EXPENDITURE				
Funding to approved organisations	180,000	228,000	245,000	252,000
Total expenditure	180,000	228,000	245,000	252,000
NET SURPLUS/(DEFICIT)	0	0	0	0

MAINTENANCE AND OPERATION OF LOCAL ROADS				
	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
INCOME				
Revenue from the National Land Transport Fund	288,000	298,000	305,000	297,000
Total income	288,000	298,000	305,000	297,000
EXPENDITURE				
Funding to approved organisations	288,000	298,000	305,000	297,000
Total expenditure	288,000	298,000	305,000	297,000
NET SURPLUS/(DEFICIT)	0	0	0	0

WALKING AND CYCLING				
	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
INCOME				
Revenue from the National Land Transport Fund	7,000	13,000	13,000	13,000
Total income	7,000	13,000	13,000	13,000
EXPENDITURE				
Funding to approved organisations	7,000	13,000	13,000	13,000
Total expenditure	7,000	13,000	13,000	13,000
NET SURPLUS/(DEFICIT)	0	0	0	0

RAIL AND COASTAL FREIGHT				
	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
INCOME				
Revenue from the National Land Transport Fund	100	0	0	0
Total income	100	0	0	0
EXPENDITURE				
Funding to approved organisations	100	0	0	0
Total expenditure	100	0	0	0
NET SURPLUS/(DEFICIT)	0	0	0	0

Providing access to and use of the land transport system

LICENSING AND REGULATORY COMPLIANCE				
	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
INCOME				
Revenue from the crown (ministerial advice and official correspondence)	548	548	548	548
Revenue from the crown (rules development)	804	804	804	804
Revenue from the crown (drug and alcohol assessments)	1,030	1,030	1,030	1,030
Revenue from the crown (driver licensing system)	0	1,286	252	252
Revenue from the crown (driver test subsidy)	1,645	1,245	1,445	1,268
Revenue from third parties (fees and charges)	66,745	68,196	67,077	66,321
Revenue from third parties (other)	717	458	373	373
Total income	71,489	73,567	71,529	70,596
EXPENDITURE				
Ministerial advice and official correspondence	554	554	554	554
Rules development	804	804	804	804
Drug and alcohol assessments	1,030	1,030	1,030	1,030
Fees and charges funded activities	68,772	66,950	66,706	67,289
Other (including driver licensing system)	364	1,391	252	252
Total expenditure	71,524	70,729	69,346	69,929
NET SURPLUS/(DEFICIT)	(35)	2,839	2,183	667

The regulatory implementation and enforcement and the licensing activities output classes have merged into this new licensing and regulatory compliance output class. Rules development is funded by contract with the Ministry of Transport.

ROAD TOLLING				
	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
INCOME				
Revenue from third parties	5,600	6,000	6,037	6,037
Total income	5,600	6,000	6,037	6,037
EXPENDITURE				
NZ Transport Agency operating activities	5,300	5,971	6,037	6,037
Total expenditure	5,300	5,971	6,037	6,037
NET SURPLUS/(DEFICIT)	300	29	0	0

MOTOR VEHICLE REGISTRY				
INCOME				
Revenue from the crown	47,966	0	0	0
Revenue from third parties	5,510	52,773	49,613	50,277
Total income	53,476	52,773	49,613	50,277
EXPENDITURE				
NZ Transport Agency operating activities	54,381	53,309	51,240	52,456
Total expenditure	54,381	53,309	51,240	52,456
NET SURPLUS/(DEFICIT)	(905)	(535)	(1,627)	(2,179)

ROAD USER CHARGES COLLECTION, INVESTIGATION AND ENFORCEMENT				
INCOME				
Revenue from the crown (RUC collection)	14,564	14,273	13,273	13,273
Revenue from the crown (RUC investigation and enforcement)	0	4,241	0	0
Revenue from the National Land Transport Fund	0	0	4,241	4,241
Total income	14,564	18,514	17,514	17,514
EXPENDITURE				
NZTA operating activities (RUC collection)	17,026	14,532	13,532	13,532
NZTA operating activities (RUC investigation and enforcement)	0	4,241	4,241	4,241
Total expenditure	17,026	18,773	17,773	17,773
NET SURPLUS/(DEFICIT)	(2,462)	(259)	(259)	(259)

The projected deficit for 2011/12 is funded from the prior year surplus. The deficit in 2012/13 year is funding RUC system changes from balance of the 2010/11 surplus.

REFUND OF FUEL EXCISE DUTY				
INCOME				
Revenue from the crown	429	429	0	0
Revenue from the National Land Transport Fund	0	0	429	429
Total income	429	429	429	429
EXPENDITURE				
NZ Transport Agency operating activities	429	429	429	429
Total expenditure	429	429	429	429
NET SURPLUS/(DEFICIT)	0	0	0	0

Managing the state highway network

NEW AND IMPROVED INFRASTRUCTURE FOR STATE HIGHWAYS				
	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
INCOME				
Capital contribution from the National Land Transport Fund	419,528	512,564	554,838	659,318
Revenue from the NLTF (renewals)	408,000	412,000	417,000	422,000
Revenue from the NLTF (rental and interest income)	21,457	21,227	21,227	21,227
Borrowing (for Toll roads)	0	0	22,000	93,000
Total income	848,985	945,791	1,015,065	1,195,545
EXPENDITURE				
NZ Transport Agency operating activities	32,978	31,165	31,165	31,165
NZTA investment in the state highway network	864,822	961,051	1,038,835	1,148,835
NZTA investment in the state highway network (for Toll roads)	0	0	22,000	93,000
Total expenditure	897,800	992,216	1,092,000	1,273,000
NET SURPLUS/(DEFICIT)	(48,815)	(46,425)	(76,935)	(77,455)

Net deficits are being funded by receipts from the sale of state highway held properties.

RENEWAL OF STATE HIGHWAYS				
INCOME				
Capital contribution from the National Land Transport Fund	198,000	195,000	200,000	205,000
Total income	198,000	195,000	200,000	205,000
EXPENDITURE				
NZ Transport Agency operating activities	8,735	8,735	8,735	8,735
NZTA investment in the state highway network	189,265	186,265	191,265	196,265
Total expenditure	198,000	195,000	200,000	205,000
NET SURPLUS/(DEFICIT)	0	0	0	0

MAINTENANCE AND OPERATION OF STATE HIGHWAYS				
INCOME				
Revenue from the National Land Transport Fund	343,000	325,000	325,000	350,000
Revenue from third parties (business units)	964	964	964	964
Total income	343,964	325,964	325,964	350,964
EXPENDITURE				
NZ Transport Agency operating activities	8,735	8,735	8,735	8,735
NZ Transport Agency operating activities (business units)	865	865	865	865
NZTA investment in the state highway network operations	334,265	316,265	316,265	341,265
Total expenditure	343,865	325,865	325,865	350,865
NET SURPLUS/(DEFICIT)	99	99	99	99

Specific projects funded by the crown

REINSTATEMENT OF LOCAL ROADS IN CANTERBURY				
	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
INCOME				
Revenue from the crown	99,000	91,000	0	0
Total income	99,000	91,000	0	0
EXPENDITURE				
Funding to approved organisations	99,000	91,000	0	0
Total expenditure	99,000	91,000	0	0
NET SURPLUS/(DEFICIT)	0	0	0	0

CANTERBURY TRANSPORT PROJECT				
	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
INCOME				
Revenue from the crown	5,000	0	0	0
Total income	5,000	0	0	0
EXPENDITURE				
Funding to approved organisations	5,000	0	0	0
Total expenditure	5,000	0	0	0
NET SURPLUS/(DEFICIT)	0	0	0	0

REGIONAL DEVELOPMENT TRANSPORT FUNDING				
	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
INCOME				
Revenue from the crown	2,000	0	0	0
Total income	2,000	0	0	0
EXPENDITURE				
Funding to approved organisations	2,000	0	0	0
Total expenditure	2,000	0	0	0
NET SURPLUS/(DEFICIT)	0	0	0	0

ENHANCED PUBLIC TRANSPORT CONCESSIONS FOR SUPERGOLD CARDHOLDERS				
	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
INCOME				
Revenue from the crown	20,400	21,305	21,905	22,505
Total income	20,400	21,305	21,905	22,505
EXPENDITURE				
Funding to approved organisations	20,400	21,305	21,905	22,505
Total expenditure	20,400	21,305	21,905	22,505
NET SURPLUS/(DEFICIT)	0	0	0	0

ADMINISTRATION OF THE SUPERGOLD CARDHOLDERS SCHEME				
	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
INCOME				
Revenue from the crown	50	95	95	95
Total income	50	95	95	95
EXPENDITURE				
NZ Transport Agency operating activities	50	95	95	95
Total expenditure	50	95	95	95
NET SURPLUS/(DEFICIT)	0	0	0	0

NEW ZEALAND TRANSPORT TICKETING LTD /

OVERVIEW

New Zealand Transport Ticketing Limited has been established as a Crown Entity Subsidiary, under the governance of the NZ Transport Agency, to execute the operational plan for supporting a national integrated transport ticketing system and managing information services generated from such a system. Through New Zealand Transport Ticketing Limited, an infrastructure will be developed to support:

- › the transport ticketing central system processing capability for all customers and related service delivery agreements, including national settlement services
- › information management support services, including the information registrar function and security management
- › other system services, including gateways and interfaces as required.

It is currently planned to start operations on 1 July 2013.

PROSPECTIVE FINANCIAL STATEMENTS

These prospective financial statements set out the forecast financial position and operations of New Zealand Transport Ticketing Limited. These prospective statements have been consolidated into the NZ Transport Agency's prospective statements and are provided here as information.

PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDING 30 JUNE

	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
INCOME				
Revenue from the National Land Transport Fund	0	0	900	700
Revenue from third parties	0	0	4,800	5,000
Total income	0	0	5,700	5,700
EXPENDITURE				
Personnel costs	0	0	500	500
Operating expenses	0	0	5,200	5,200
Depreciation and amortisation expense	0	0	2,200	2,200
Total expenditure	0	0	7,900	7,900
NET SURPLUS/(DEFICIT)	0	0	(2,200)	(2,200)
OTHER COMPREHENSIVE INCOME	0	0	0	0
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	0	0	(2,200)	(2,200)

PROSPECTIVE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	0	0	50	50
Debtors and other receivables	0	0	475	475
Total current assets	0	0	525	525
NON-CURRENT ASSETS				
Property, plant and equipment	2,000	2,000	1,600	1,200
Intangible assets	18,000	18,000	16,200	14,400
Work in progress – Information management solution	0	0	200	1,200
Total non-current assets	20,000	20,000	18,000	16,800
TOTAL ASSETS	20,000	20,000	18,525	17,325
LIABILITIES				
CURRENT LIABILITIES				
Creditors and other payables	0	0	500	500
Employee entitlements	0	0	25	25
TOTAL LIABILITIES	0	0	525	525
NET ASSETS	20,000	20,000	18,000	16,800
EQUITY				
General funds	20,000	20,000	20,200	21,200
Retained funds	0	0	(2,200)	(4,400)
TOTAL EQUITY	20,000	20,000	18,000	16,800

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDING 30 JUNE

	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
EQUITY – OPENING BALANCES				
General funds	0	20,000	20,000	20,200
Retained funds	0	0	0	(2,200)
Total equity – Opening balances	0	20,000	20,000	18,000
CHANGES IN EQUITY				
Comprehensive income				
Retained funds	0	0	(2,200)	(2,200)
Owner transactions				
Capital contribution – General funds	20,000	0	200	1,000
Total changes in equity	20,000	0	(2,000)	(1,200)
EQUITY – CLOSING BALANCES				
General funds	20,000	20,000	20,200	21,200
Retained funds	0	0	(2,200)	(4,400)
TOTAL EQUITY – CLOSING BALANCES	20,000	20,000	18,000	16,800

PROSPECTIVE STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 30 JUNE

	Projected 2011/12 \$000	Budget 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from National Land Transport Fund revenue	0	0	900	700
Receipts from third party revenue	0	0	4,325	5,000
Payments to suppliers	0	0	(4,700)	(5,200)
Payments to employees	0	0	(475)	(500)
Net cash from operating activities	0	0	50	0
NET (DECREASE)/INCREASE CASH AND CASH EQUIVALENTS				
Cash and cash equivalents at the beginning of the year	0	0	0	50
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	0	0	50	50

APPENDIX / SUPPLEMENTARY INFORMATION FOR NON-FINANCIAL MEASUREMENT

STATEMENT OF SERVICE PERFORMANCE

Planning and investing in land transport networks

Management of the funding allocation system

1. The *total cost of the management of the funding allocation system* is the NZTA service delivery cost for this output less the cost of taxi enforcement activity and crash analysis system (CAS) business activities which are not part of the management funding allocation system.
2. The *% of operational assurance activities completed* is an aggregate of three specific dimensions aimed at monitoring the % of operational assurance activities completed. It include lessons learned, audits and post implementation review programmes. Operational assurance activities are assessed according to their effectiveness, economic efficiency and strategic fit (ie high, medium, low). Aggregation is based on the weighted volume of activity.
3. The *% of activities that are delivered to agreed standards and timeframes* is an aggregate of four specific measures to monitor the quality and efficiency of managing NLTP expenditure and forecast standards, including investment approval and decision activities. Aggregation is based on weighted volume of activity.
4. The *average number of days taken to deliver* is determined by how long it takes, on average, to process and approve funding of a new NLTP activity. Days to funding approval is defined as the number of working days between the date of receipt to the date the approval was recorded in the system (eg transport information online).

Transport planning

5. The *% of activities that are delivered to agreed standards and timeframes* includes transport planning, studies, strategies and models and activity management planning activities. The NZTA works collaboratively with its local authority partners as they prepare strategies, plans and packages to help ensure that when they are formally received they are of high quality, meet the NZTA assessment criteria and are therefore suitable for support or endorsement by the NZTA. It provides an indication of how well the NZTA manages its transport planning activities to time and cost standards. Aggregation is based on the weighted volume of activity.

Sector research

6. The *% of activities that are delivered to agreed standards and timeframes* is a measure that compares planned time, cost and quality of research investment with actual performance. It is a measure of the effectiveness of the NZTA as a project manager.

Administration of the SuperGold cardholders' scheme

7. The NZTA's service to regional councils is measured by our speed of processing and approving SuperGold claims. Claims are received, validated and paid electronically.

Road safety

8. The *% of activities that are delivered to agreed standards and timeframes* is a measure of timeliness and effectiveness in delivering road safety education, advertising and promotion including local authority activities. Reporting local authority contribution into the mix will provide transparency and improve understanding on road safety's full service delivery.
9. *% of target audience aware of road user safety messages* is a measure based on a computer aided telephone interviewing (CATI) design survey with quotas set for target audiences according to age, race, sex and residential region (prescribed numbers are set for each to ensure balance and fairness). It is currently limited to advertising and television. The scope to include other communication media such as print, web (eg YouTube) and phone (eg Twitter) is currently being considered.
10. The *% of target audience that rate road user safety messages as relevant to them* is based on a continuous advertising and attitude telephone tracking monitor of relevant target audience according to age, race, sex and residential region. It is currently limited to advertising and television. The scope to include other communication media such as print, web (eg YouTube) and phone (eg Twitter) is currently being considered.

Providing access to and use of the land transport system

Licensing and regulatory compliance

11. The *% accuracy of registers* is a measure of the accuracy of the driver licence register (DLR) based on monthly audit checks from a random sample of 100 callers and selection of agents' work processed against what's written on the form and recorded in DLR. The measure reflects the average of these results.
12. The *% of operational assurance activities* completed is an aggregate of three specific operational assurance activities and includes driver testing agents, transport operators, and certifying agents completed against planned. Aggregation is based on the weighted volume of activity.
13. The *% of activities that are delivered to agreed standards and timeframes* is an aggregate of six specific dimensions – four audit activities of driver testing agent officers and course providers, transport operators, certifying agents and regulatory compliance and agent service delivery; and two completion rates against standard of official correspondence and transport rules development programmes. Aggregation is based on weighted volume of activity.
14. The *number of products and delivered or processed* include new and renewed driver licenses, issuing of driver and transport operator testing services, certification review, border inspection, overdimension permits and drug and alcohol assessments funded. This measure was previously limited to the number of new and renewed driver licenses issued and drug and alcohol driver assessments funded.
15. The *% of transactions completed online* is the proportion of practical test bookings completed through the NZTA website over the total number of test bookings completed. This excludes driving test bookings for license class 2 to 5.

Road tolling

16. *Value of bad debt written off* is the value of unrecoverable bad debt resulting in write-offs. This includes aged debt exceeding nine months, Toll payment notices (TPN) that cannot be issued due to insufficient information and statutory declarations for stolen vehicles.
17. *Unit transaction cost* is the direct unit cost of delivering a toll service. Cost excludes write offs, bad debts and administration fees from toll payment notices.
18. The *% of transactions completed online* is the proportion of casual trip payments and TPN transactions completed through the internet over the total number of trip and TPN payments.

Motor vehicle registry

19. The *% accuracy of register* reflects the motor vehicle registry (MVR) data verification activities focused on confirming vehicle attributes; vehicle ownership and address information in the MVR. It combines the result of regular audit checks by regional staff, unverified owner and address information returns.
20. *Value of bad debt* is the value of unrecoverable bad debt resulting in write-offs. Write-offs are bad debts mainly of uncollected continuous vehicle licensing. This includes transactions below the minimum referral threshold (\$40), dishonoured cheque payments, trader and motochek dishonours and unpaid monthly invoices.
21. The *% of transactions completed online* is the proportion of motor vehicle registrations purchased online over the total number of motor vehicle registrations.

Road user charges (RUC) collection, investigation and enforcement

22. *Value of bad debt* is the value of unrecoverable bad debt resulting in write-offs. It includes dishonoured direct debits, and cheques, RUC investigations and unpaid gap payments.
23. The *number of products/services delivered or processed* includes light and heavy vehicle RUC license purchases and off road RUC rebate claims.
24. The *% of transactions completed online* is the proportion of RUC licence purchased online over the total number of RUC licences purchased. Online refers to transactions via Direct Connect, Transact, e-RUC and automatic tellers.

Refund of fuel excise duty (FED)

25. *Average number of days taken to deliver* is determined by how long it takes to process and approve FED refunds. Days to deliver refer to the number of working days between the date of application to the date of approval recorded in the FED database system.
26. The number of products/services delivered or processed is the number of FED refund applications processed or delivered for the reporting period. The volume of application is based on the processing date.

Managing the state highway network

New and improved infrastructure for state highways

27. *% of activities that are delivered to agreed standards and timeframes* compares time, cost and quality of large, block and property acquisition programmes (at the time that construction commenced) with actual performance. It is a measure of the effectiveness of the NZTA as a project manager. Aggregation is based on weighted programme expenditure. Within each programme, time, cost and quality are equally weighted.

Renewal of state highways

28. The *% of activities that are delivered to agreed standards and timeframes* presents the physical achievement of renewal activities and progress of state highway pavement renewal programme against baseline. It is a measure to keep track of the delivery of physical performance targets.

29. *Safe stopping: % of travel on network above skid threshold* reflects efficiency in meeting surface texture standards (to ensure safe stopping) as per sector research. Minimum acceptable levels of skid resistance are set in relation to the road environment. The annual programme of reseals (surface renewals) is driven (in part) by the need to improve skid resistance.

30. *Network resilience: % of rutting >20mm over state highway network* is the proportion of rutting above the 20mm threshold over the length of the state highway network. Rutting in the road surface (long shallow channels generally found in wheelpaths) is one of the key indicators of the health of the underlying pavement and the need for pavement renewal. Ruts often also hold water and thus lower skid resistance.

Maintenance and operation of state highways

31. The *% of activities that are delivered to agreed standards and timeframes* presents the physical achievement of maintenance activities and progress of state highway maintenance programme against baseline. It is a measure to keep track of the delivery of physical performance targets.

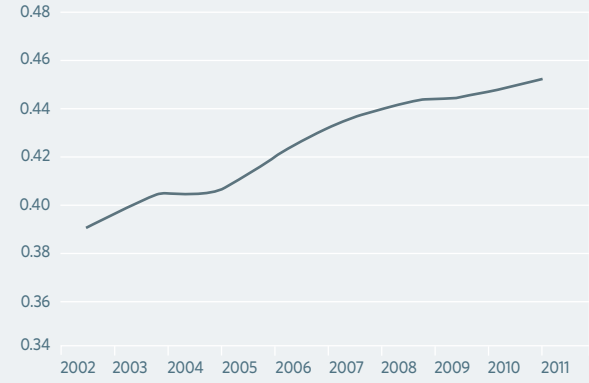
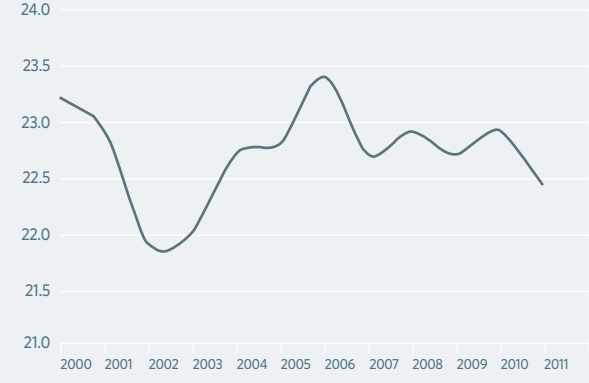
32. Maintenance of the state highway focuses on ensuring skid resistance (to ensure safe stopping). Minimum acceptable levels of skid resistant are set in relation to the road environment. The annual programme of reseals (surface renewals) is driven (in part) by the need to maintain network skid resistance.

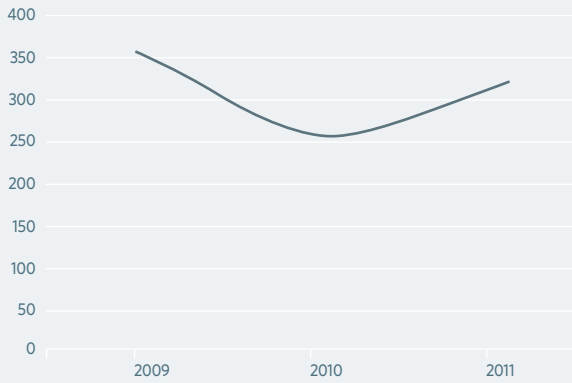
33. *Smooth ride: % of travel on network classed as smooth* is the proportion of travel (proportion of vehicles kilometres travelled on the network surveyed) that occurs on pavements smoother than a surveyed.


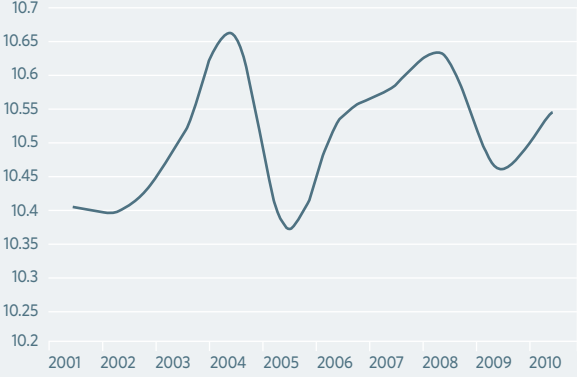
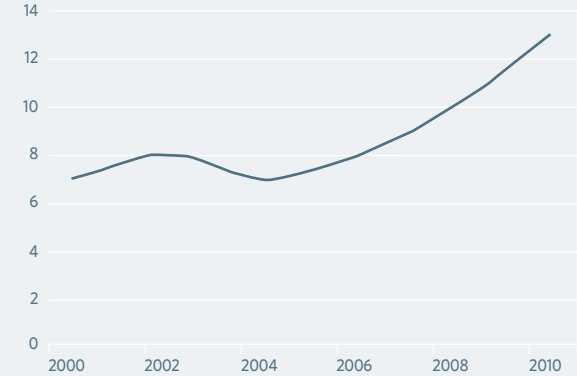
34. The NZTA maintains records of all unscheduled closures of a state highway network which have a significant impact on road users. It is expressed as the sum of road closure incidences (both urban and rural) addressed within standard timeframes (ie urban <2 hours; rural <12 hours) and protocol over the total number of road closure incidences.

Additional measures for state highway outputs funded from the NLTP specifically, new and improved infrastructure, renewal, maintenance and operation of the state highway network can be found in pages 49 and 50.

LONG-TERM IMPACT RESULT INDICATORS AND TREND INFORMATION

IMPACTS	KEY RESULT INDICATORS	2009/10	2010/11	FORECAST																										
Better use of existing transport capacity	<p>Number of vehicle kilometres travelled per network kilometre</p>  <table border="1" data-bbox="288 443 879 824"> <caption>Vehicle kilometres travelled per network kilometre (2002-2011)</caption> <thead> <tr> <th>Year</th> <th>Value</th> </tr> </thead> <tbody> <tr><td>2002</td><td>0.39</td></tr> <tr><td>2003</td><td>0.40</td></tr> <tr><td>2004</td><td>0.405</td></tr> <tr><td>2005</td><td>0.41</td></tr> <tr><td>2006</td><td>0.42</td></tr> <tr><td>2007</td><td>0.43</td></tr> <tr><td>2008</td><td>0.44</td></tr> <tr><td>2009</td><td>0.445</td></tr> <tr><td>2010</td><td>0.45</td></tr> <tr><td>2011</td><td>0.455</td></tr> </tbody> </table>	Year	Value	2002	0.39	2003	0.40	2004	0.405	2005	0.41	2006	0.42	2007	0.43	2008	0.44	2009	0.445	2010	0.45	2011	0.455	0.45	0.46	>0.47				
Year	Value																													
2002	0.39																													
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More efficient freight supply chains	<p>Average daily measured weight of freight vehicles (tonnes)</p>  <table border="1" data-bbox="288 947 879 1328"> <caption>Average daily measured weight of freight vehicles (2000-2011)</caption> <thead> <tr> <th>Year</th> <th>Value (tonnes)</th> </tr> </thead> <tbody> <tr><td>2000</td><td>23.2</td></tr> <tr><td>2001</td><td>23.0</td></tr> <tr><td>2002</td><td>21.9</td></tr> <tr><td>2003</td><td>22.1</td></tr> <tr><td>2004</td><td>22.8</td></tr> <tr><td>2005</td><td>22.8</td></tr> <tr><td>2006</td><td>23.4</td></tr> <tr><td>2007</td><td>22.7</td></tr> <tr><td>2008</td><td>22.9</td></tr> <tr><td>2009</td><td>22.7</td></tr> <tr><td>2010</td><td>22.9</td></tr> <tr><td>2011</td><td>22.4</td></tr> </tbody> </table>	Year	Value (tonnes)	2000	23.2	2001	23.0	2002	21.9	2003	22.1	2004	22.8	2005	22.8	2006	23.4	2007	22.7	2008	22.9	2009	22.7	2010	22.9	2011	22.4	22.7	22.9	>22.7
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IMPACTS	KEY RESULT INDICATORS	2009/10	2010/2011	FORECAST																		
<p>A resilient and secure network</p>	<p>Number of resolved road closures with a duration of 12 hours or longer</p>  <table border="1"> <caption>Resolved road closures (12+ hours)</caption> <thead> <tr> <th>Year</th> <th>Number of closures</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>350</td> </tr> <tr> <td>2010</td> <td>250</td> </tr> <tr> <td>2011</td> <td>320</td> </tr> </tbody> </table>	Year	Number of closures	2009	350	2010	250	2011	320	254	318	<320										
Year	Number of closures																					
2009	350																					
2010	250																					
2011	320																					
<p>Reduction in deaths and serious injury</p>	<p>Number of road deaths and serious injuries per million vehicle kilometres travelled</p>  <table border="1"> <caption>Road deaths and serious injuries per million km</caption> <thead> <tr> <th>Year</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td>2005</td> <td>0.075</td> </tr> <tr> <td>2006</td> <td>0.076</td> </tr> <tr> <td>2007</td> <td>0.075</td> </tr> <tr> <td>2008</td> <td>0.072</td> </tr> <tr> <td>2009</td> <td>0.070</td> </tr> <tr> <td>2010</td> <td>0.063</td> </tr> </tbody> </table>	Year	Rate	2005	0.075	2006	0.076	2007	0.075	2008	0.072	2009	0.070	2010	0.063	6.82	6.23	<6				
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<p>Easing of severe congestion</p>	<p>Number of minutes delay per km during AM peak - Auckland</p>  <table border="1"> <caption>Minutes delay per km during AM peak - Auckland</caption> <thead> <tr> <th>Year</th> <th>Minutes delay</th> </tr> </thead> <tbody> <tr> <td>2004</td> <td>40</td> </tr> <tr> <td>2005</td> <td>42</td> </tr> <tr> <td>2006</td> <td>40</td> </tr> <tr> <td>2007</td> <td>46</td> </tr> <tr> <td>2008</td> <td>41</td> </tr> <tr> <td>2009</td> <td>48</td> </tr> <tr> <td>2010</td> <td>42</td> </tr> <tr> <td>2011</td> <td>36</td> </tr> </tbody> </table>	Year	Minutes delay	2004	40	2005	42	2006	40	2007	46	2008	41	2009	48	2010	42	2011	36	47	42.6	<42
Year	Minutes delay																					
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2005	42																					
2006	40																					
2007	46																					
2008	41																					
2009	48																					
2010	42																					
2011	36																					

IMPACTS	KEY RESULTS INDICATORS	2009/10	2010/11	FORECAST
More efficient vehicle fleets	<p>Average diesel consumption (litres) per 100 vehicle kilometres travelled</p> 	18.04	18.19	<18.1
More efficient vehicle fleets	<p>Average petrol consumption (litres) per 100 vehicle kilometres travelled</p> 	10.46	10.54	<10.5
More transport mode choices	<p>% of survey respondents that consider public transport as a good option for taking all of their work or study trips in Auckland</p> 	Result bi-annual	13	>13

INVESTMENT OUTPUT CLASS RESULTS INDICATORS

The NZTA invests funds from the National Land Transport Fund (NLTF) in partnership with approved organisations (AO) across a range of output classes. The output class management of the funding allocation (MOFAS) captures all of the NZTA activities and is reported on within the statement of forecast service performance.

To ensure that the NZTA continues to prudently invest NLTP funds, in output classes where our AO partners deliver the goods and services, we monitor a range of contextual indicators. These indicators help us to tell the story of our investment performance and complement the performance measures contained within the MOFAS output class.

The following table sets out the NLTP output class contextual indicators.

OUTPUT CLASS	RESULTS INDICATOR	2010/11 ACTUAL	2012/13 FORECAST
Public transport	Number of passengers using urban public transport services (bus, train and ferry)*	128m	>128m
	Public transport boardings per NLTF \$ invested on public transport services	0.66	>0.67
	Fare revenue as a % of total expenditure**	48.6	47-50
New and improved infrastructure for local roads	Length of road reconstruction and new roads completed (lane km)	165	****
	Length of bridge replacements (lane metres)	1,822	****
Renewal of local roads	% of sealed network resurfaced (based on road length in lane km)	5.4	****
	% of network rehabilitated (based on road length in lane km)	0.6	****
	% of unsealed network metalled (based on road length in centreline km)	20	****
	Pavement integrity of the sealed network	94	>94
	Surface condition of the sealed network	98	>98
	Cost of renewal of the network excluding emergency reinstatement (cents per vehicle kilometres travelled)	0.93 c/vkt	<1.0 c/vkt
	Cost of renewals (excluding emergency reinstatement) per network lane km	\$1,319	<\$1,319
Maintenance and operation of local roads	Smooth ride - % of travel on smooth roads.	87	>86
	Cost of emergency reinstatement	\$91m	****
	Cost of maintaining and operating the network (excluding emergency work) per network lane km	\$1,052	<\$1,052
	Cost of maintaining and operating the network excluding emergency reinstatement (cents per vehicle kilometres travelled)	0.75 c/vkt	<0.75 c/vkt
Walking and cycling	Kilometres of new footpaths, cycle lanes and cycle paths	135	****
New and improved infrastructure for state highways	Length of road reconstruction and new road completed (lane km)	89	****
	Length of bridge replacements (lane km)	1.6	****
Renewal of state highways	Cost of renewal of the network excluding emergency reinstatements (cents per vehicle kilometres travelled)	0.97 c/vkt	<0.97 c/vkt
	Cost of renewals (excluding emergency reinstatement) per network lane km	\$8,356	<\$9,687
	% of sealed network resurfaced (based on road length in lane km)	10	****
	% of network rehabilitated (based on road length in lane km)	1.7	****
	Pavement integrity of the sealed network	97	>96
	Surface condition of the sealed network	98	>97

OUTPUT CLASS	RESULTS INDICATOR	2010/11 ACTUAL	2012/13 FORECAST
Maintenance and operation of state highways	Network resilience - % of travel on smooth roads	99	>98
	Cost of maintaining and operating the network excluding emergency reinstatement (cents per vehicle kilometres travelled)	1.25 c/vkt	<1.25 c/vkt
	Cost of maintaining and operating the network excluding emergency reinstatement (\$ per network lane-km)	\$10,802	<\$11,971
Road safety***	Number of young drivers killed or seriously injured, per 100,000 15-24 year olds	15.1	<15.1
	ACC entitlement claims on the motor vehicle account from motorcyclists	1,059	<1,059
	Fatalities or serious injuries in crashes with alcohol/drugs, per 100,000 population	14.1	<14.1
	Percentage of vehicles exceeding 100 km/h and 50 km/h limits	31% 59%	<31% <59%
	Fatal & serious injury crashes in head-on or run-off crashes	955	897-952
	Percentage of new light vehicles with 5-star safety rating	58%	>58%

*New Zealand Transport Ticketing Limited (NZTTL) will provide transaction processing and information management services to the transport sector. Central system implementation is expected to be completed in 2013. As a result, report on service performance is likely to commence from 2012/2014 onwards.

**The number of PT boarding's per NLTF \$ invested is a measure of yield on public transport from NLTF investment.

*** Road safety measures have been focused around the high priority areas in the Safer Journey strategy. These priorities include monitoring the number of young drivers killed or seriously injured, the number of ACC entitlement claims, the number of fatalities or serious injuries in crashes resulting from alcohol or drugs, the percentage of vehicle exceeding 100 and 50 km/h speed limits, the number of fatalities and serious injury crashes in head-on or run-off crashes and the percentage of new light vehicles with 5-star safety rating.

****Figures not available - require approval of 2012-15 National Land Transport Programme.



If you have further queries, call our contact centre on 0800 699 000 or write to us:

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NZ Transport Agency's website at
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NZ TRANSPORT AGENCY
WAKA KOTAHI

