



NZ TRANSPORT AGENCY STATEMENT OF PERFORMANCE EXPECTATIONS 2014-18

This *Statement of performance expectations* sets out our non-financial performance expectations the next four years that will contribute to the delivery of the NZ Transport Agency *Statement of intent*.

STATEMENT OF PERFORMANCE EXPECTATIONS

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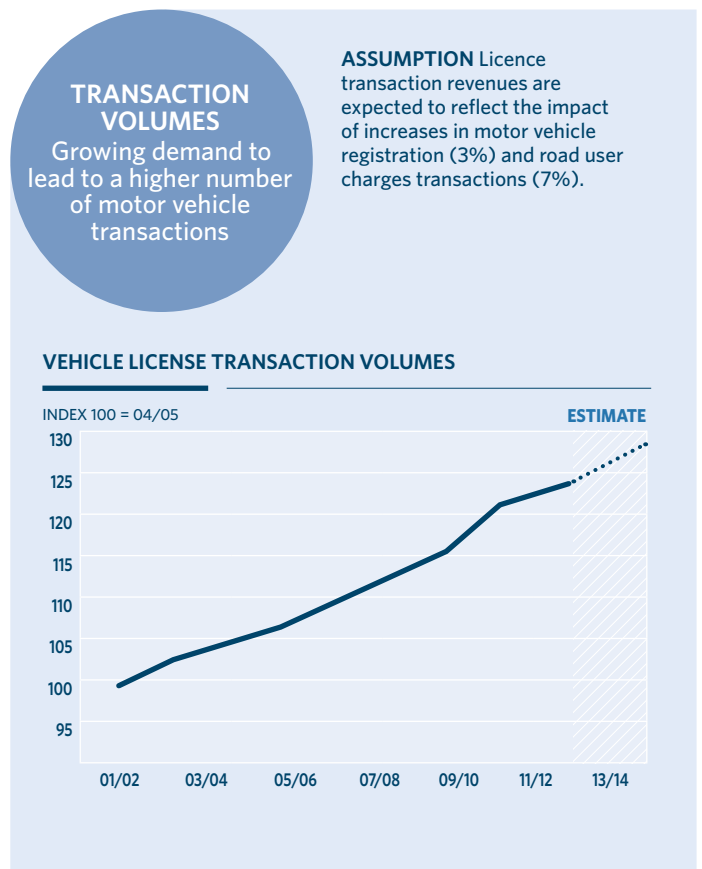
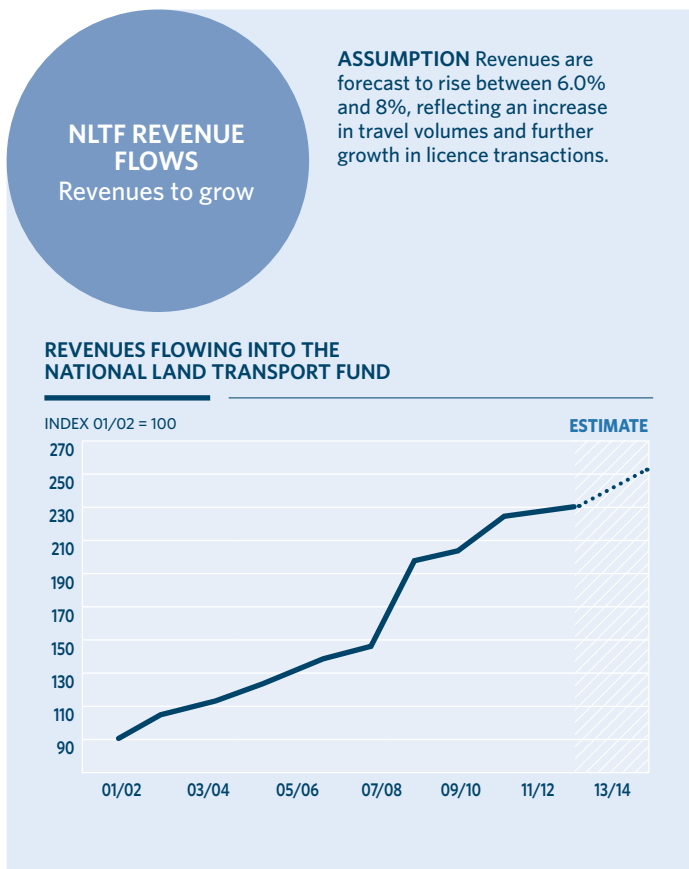
SUPPLEMENTARY INFORMATION FOR NON-FINANCIAL MEASURES

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Key operating assumptions

This section states the key assumptions under which the NZ Transport Agency operates and key decisions are made. Assumptions fall into two categories - those that affect funding and those that affect procurement. All assumptions reflect a going concern basis.

REVENUES	PROCUREMENT
NATIONAL	NATIONAL
REGIONAL	DETAIL

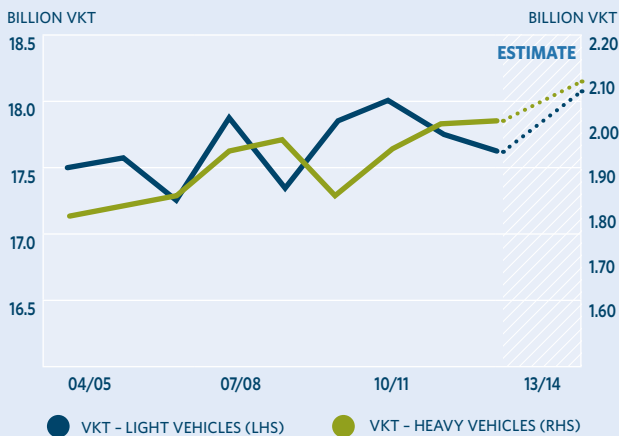


TRAFFIC VOLUMES BY MODE

Improving economic conditions are expected to boost travel on the state highway network

ASSUMPTION Vehicle kilometres travelled (VKT) by heavy and light vehicles are expected to rise by a respective 4.5% and 2.5%, reflecting stronger economic growth prospects for New Zealand, increases in household spending and lower unemployment levels.

KILOMETRES TRAVELLED ON THE STATE HIGHWAY

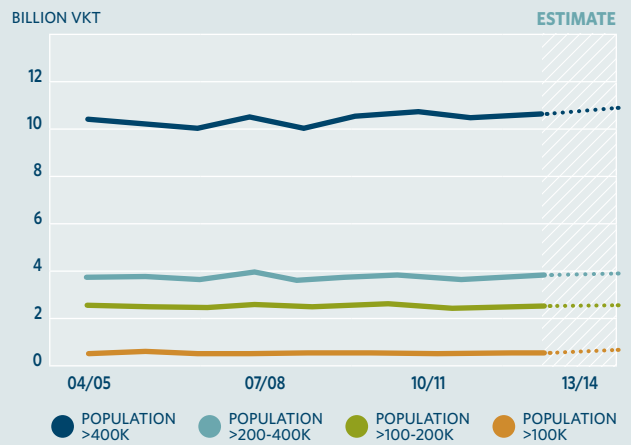


REGIONAL TRAFFIC VOLUMES

Larger centres are expected to lead the way in regional traffic growth

ASSUMPTION VKT in most regions is expected to grow, although the pace of growth will vary by region, reflecting differences in population size, economic structure and performance.

KILOMETRES TRAVELLED ON THE STATE HIGHWAY

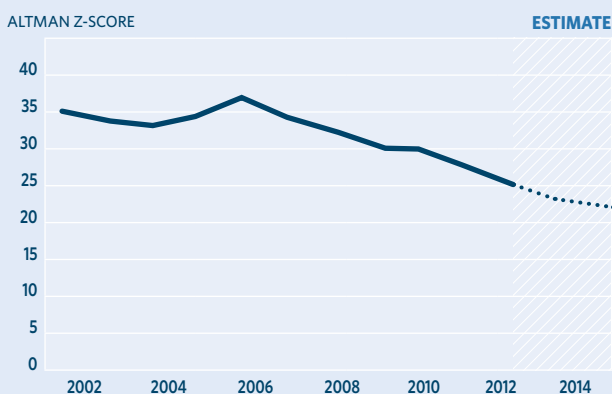


LOCAL GOVERNMENT FINANCIAL HEALTH

Financial health of local councils to show a slight deterioration but remain sound

ASSUMPTION The financial health of local government is expected to continue to reflect the impact of a moderate rise in debt levels.

FINANCIAL HEALTH OF COUNCILS IN NEW ZEALAND

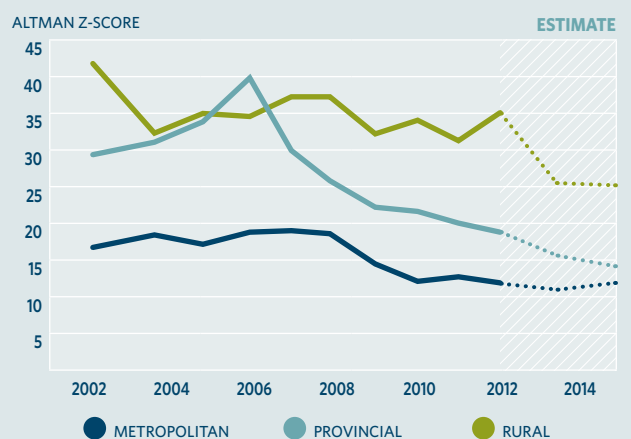


REGIONAL FINANCIAL HEALTH

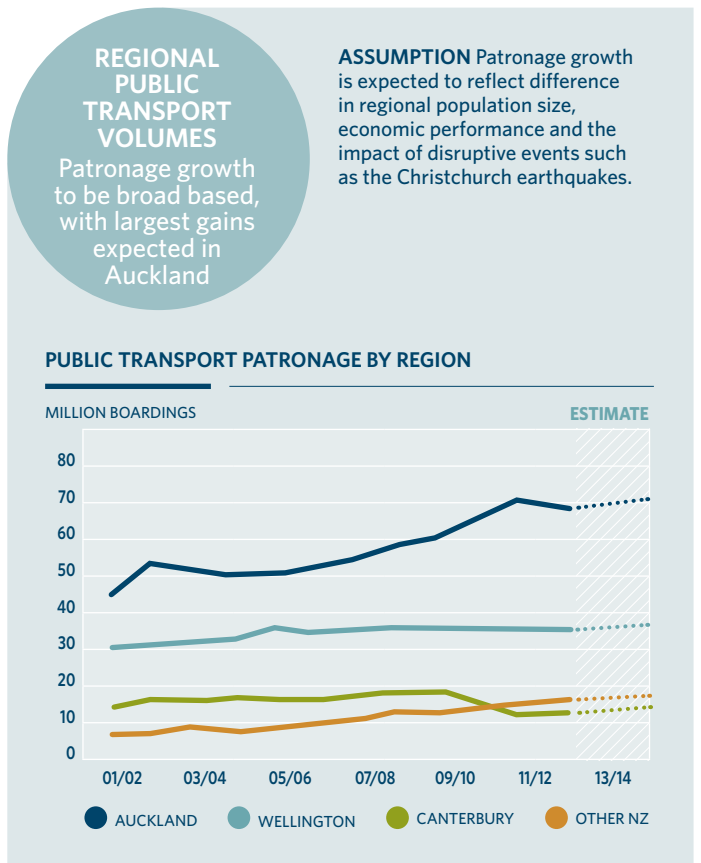
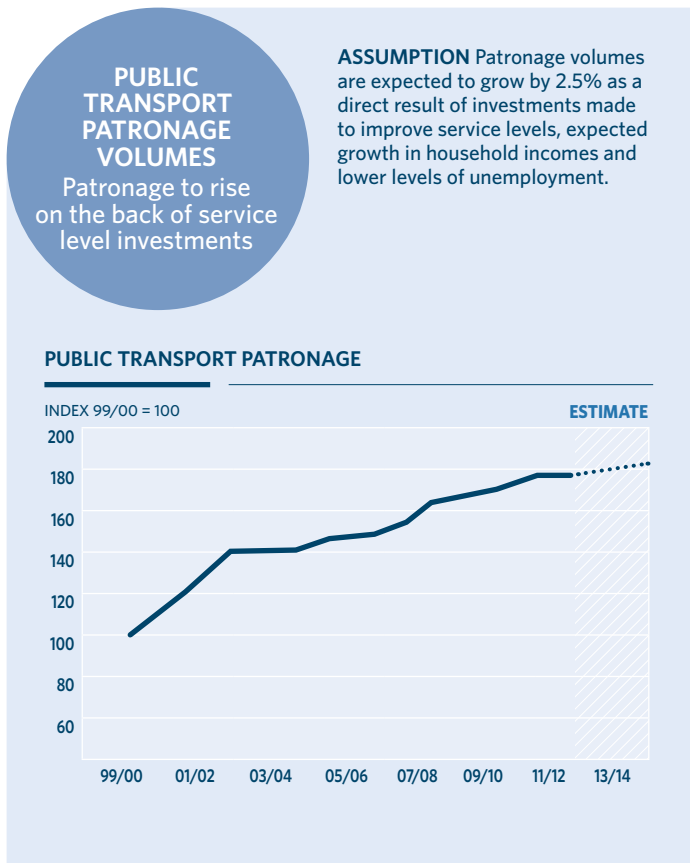
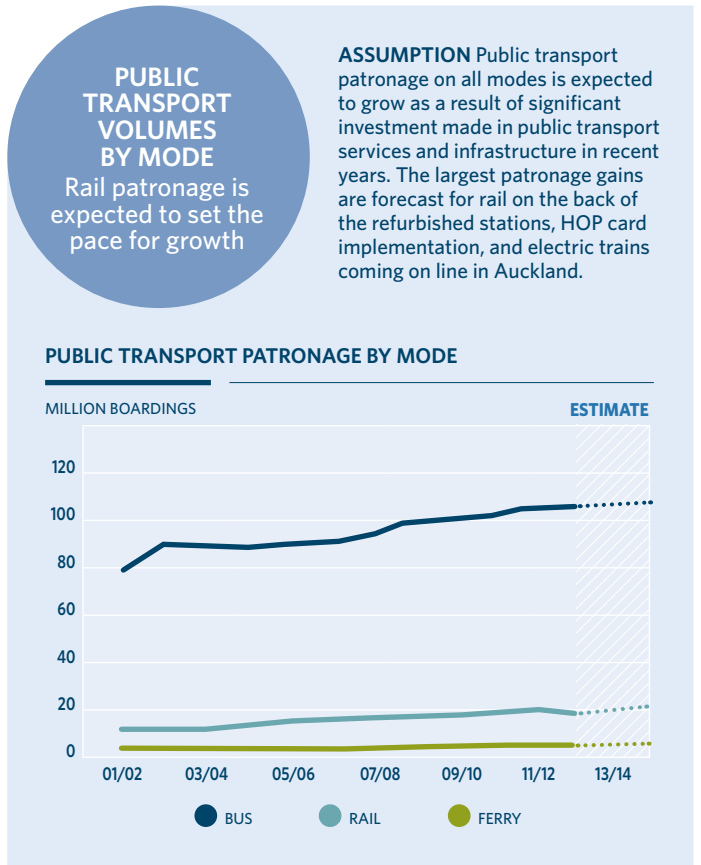
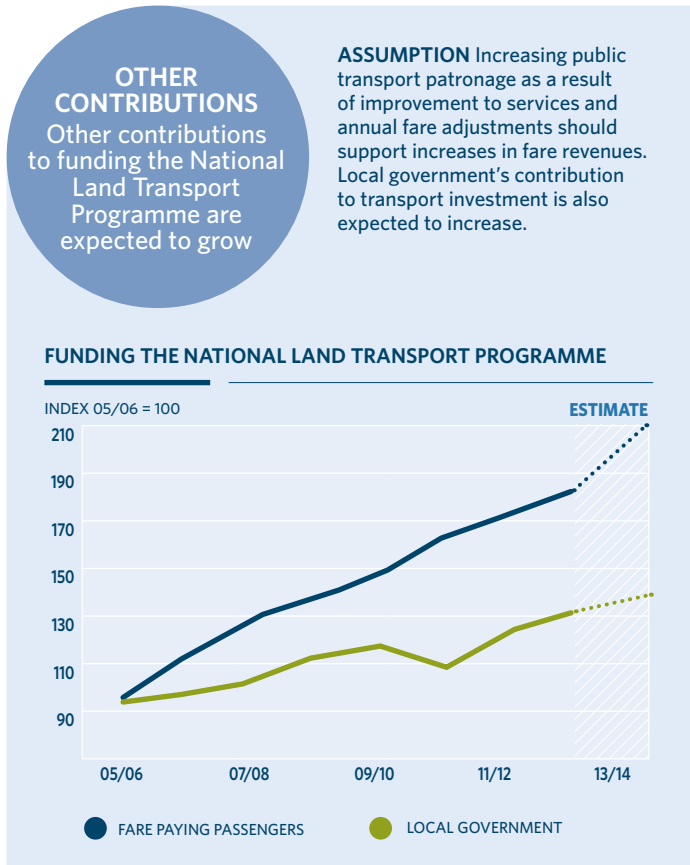
Financial health for local councils categorised by population size to show different rates of deterioration

ASSUMPTION The financial health of rural councils is expected to deteriorate more than that for metropolitan and provincial councils over the period indicated. A marginal improvement in the financial circumstances of all councils is expected over the long-term.

FINANCIAL HEALTH BY CATEGORY OF COUNCIL



The Altman Z-score is a composite measure of financial health that incorporates a range of financial ratios using council income statement and balance sheet information



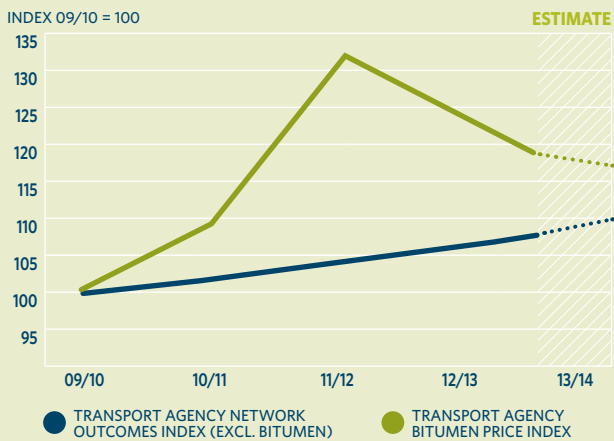
COST ADJUSTMENT INDICES

Reimbursement cost increases to remain benign

ASSUMPTION Our Agency Network Outcomes Index forecast suggests costs will increase marginally as a result of above trend increases in labour costs.

Our Bitumen Price Index forecast suggests lower bitumen costs as a result of slightly softer US\$ crude oil prices and continued NZ\$ strength.

NZ TRANSPORT AGENCY COST ADJUSTMENT INDICES



OUTPUT PRICES - DIRECT

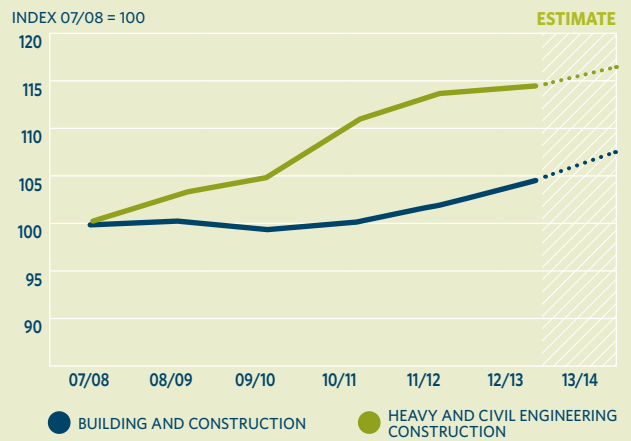
Market prices for civil engineering activity to rise slightly

ASSUMPTION Output prices for the civil engineering construction sector are likely to increase slightly as suppliers incur slightly higher material and labour costs.

At the same time, output prices for the building and construction sector are expected to rise more sharply as the rebuild of Canterbury gains further momentum and residential building activity in the rest of New Zealand accelerates.

The difference between the Transport Agency's cost adjustment indices and output prices reflects market dynamics and our position as a bulk buyer.

PRODUCER PRICE INDEX - OUTPUT PRICES



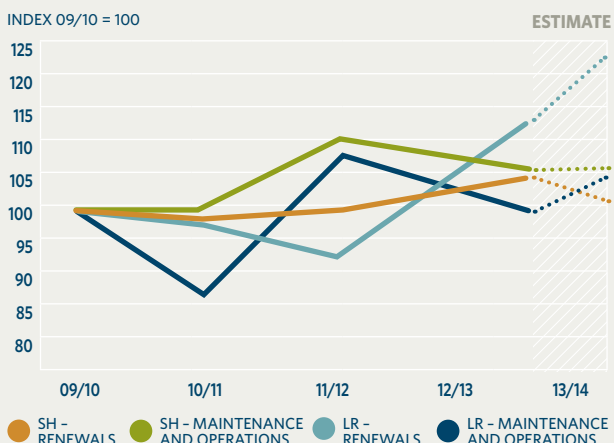
INVESTMENT INDICATORS

Unit costs to reflect the Transport Agency's revised procurement practices

ASSUMPTION Mid-point unit cost forecasts reflect an expected rise in vehicle kilometres travelled, predicted increases in work volumes and slightly higher price levels.

Unit cost forecasts reflect a sharpened focus on maximising cost efficiencies through our revised procurement processes.

COSTS PER NETWORK LANE KM - LOCAL ROADS AND STATE HIGHWAYS

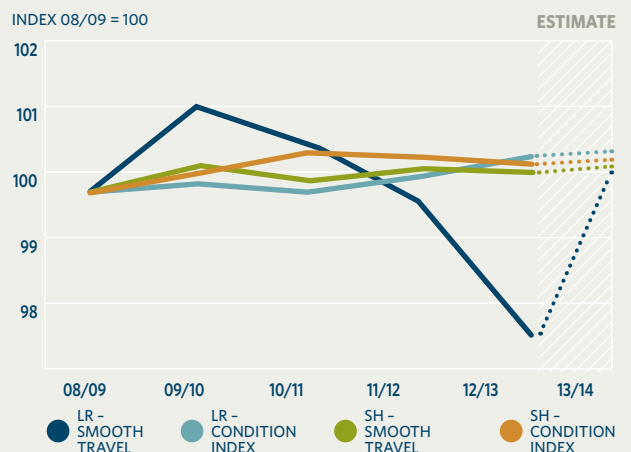


CONDITION INDICATORS

Being able to maintain asset condition reflects changes in our procurement processes

ASSUMPTION Forecasts of asset condition suggest an overall improvement in pavement integrity but with a small deterioration in surface condition (after a prolonged period of improvement).

ASSET CONDITION - LOCAL ROADS AND STATE HIGHWAYS



How our outputs contribute to our long-term goals

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

FUNCTION	OUTPUT	GOAL 1 Integrating one network	GOAL 2 Shaping smart transport choices	GOAL 3 Delivering highway solutions	GOAL 4 Maximising returns for New Zealand
Planning the land transport network	Management of the funding allocation system	●			●
	Transport planning	●			●
	Sector research	●	●	●	●
Providing access to and use of the land transport system	Licensing and regulatory compliance		●		
	Road tolling		●	●	●
	Motor vehicle registry		●		
	Road user charges collection, investigation and enforcement		●		●
	Refund of fuel excise duty		●		●
Managing the state highway network	New infrastructure for state highways			●	●
	Renewal of state highways			●	●
	Maintenance and operation of state highways			●	●
Investing in land transport	Public transport	●	●	●	●
	Administration of SuperGold cardholder scheme & enhanced public transport concessions for SuperGold cardholders		●		●
	Road safety promotion	●	●	●	●
	*Road Policing Programme (NZ Police output)		●	●	●
	*New and improved infrastructure for local roads	●			●
	*Renewal of local roads				●
	*Maintenance and operation of local roads				●
	*Walking and cycling	●	●		●

*The Transport Agency does not deliver these goods or services directly. These output classes receive NLTP investment funds. Actual outputs are delivered by approved organisations. Measurement of Transport Agency performance, in relation to investment output classes, can be found in the management of the funding allocation system.

KEY

● Major/primary contribution

● Minor/secondary contribution

NB: Where there is no dot, there may still be a small contribution

Types of performance measure

The statement of forecast service performance contains three types of measurement – value for money, service quality and customer satisfaction. Taken as a set, they provide a holistic picture of the Transport Agency's service delivery and investment performance.

FUNCTION	TYPES OF MEASURES		
	VALUE FOR MONEY	SERVICE QUALITY	CUSTOMER SATISFACTION
Planning the land transport network	Total cost of managing the funding allocation system as a % of NLTTP expenditure	% of activities delivered to agreed standards and timeframes % of operational assurance activities completed Average number of days taken to deliver	% customer satisfaction › approved organisations
Providing access to and use of the land transport system	Unit transactional costs: › driver licensing › motor vehicle registration › road user charges › road tolling % of transactions completed digitally › driver licensing › motor vehicle registration › road user charges › road tolling	% of operational assurance activities completed % accuracy of registers Number of products/services delivered or processed* % of activities delivered to agreed standards and timeframes % revenue compliance Average number of days taken to deliver	% customer satisfaction › driver licensing › motor vehicle registration
Managing the state highway network	% of activities delivered to agreed standards and timeframes › new and improved infrastructure for state highways – National War Memorial Park Buckle Street undergrounding project – construction of passing opportunities on State Highway 2 between Napier and Gisborne › renewal of state highways › maintenance and operation of state highways	Length of road construction and new roads completed (lane km) Length of bridge replacements (lane km) % of sealed network resurfaced (based on road length in lane km) % of network rehabilitated (based on road length in lane km) % of unsealed network metalled (based on road length in centreline km) Safe stopping: % of travel on network above skid threshold Network resilience: % of rutting >20mm over state highway network Smooth ride: % of travel on network classed as smooth Availability of state highway network: % of unplanned road closures resolved within 12 hours	% customer satisfaction › suppliers › network information customers
Investing in land transport	% of activities delivered to agreed standards and timeframes › renewal of local roads › maintenance and operation of local roads › Public transport boardings per NLTTF \$ invested on public transport services (including track access charges) › Cost of renewals (excluding emergency reinstatement) per network lane km (total cost)* › Cost of maintaining and operating the network (excluding emergency work) per network lane km (total cost)*	Fare revenue as a % of total expenditure Length of road construction and new roads completed (lane km) Length of bridge replacements (lane km) % of sealed network resurfaced (based on road length in lane km) % of network rehabilitated (based on road length in lane km) % of unsealed network metalled (based on road length in centreline km) Kilometres of new footpaths, cycle lanes and cycle paths Number of passengers using urban public transport services (bus, train and ferry)* Pavement integrity of the sealed network Surface condition of the sealed network Average number of days taken to deliver % of activities delivered to agreed standards and timeframes % of target audience aware of road user safety messages Road Policing Programme (refer to page 24) Cost of emergency reinstatement	


*key operating assumptions

STATEMENT OF RESPONSIBILITY

The information contained in the *Statement of performance expectations* 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 performance expectations*, 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:

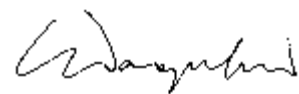


Chris Moller
Chair
19 JUNE 2014




Dame Patsy Reddy
Deputy Chair
19 JUNE 2014

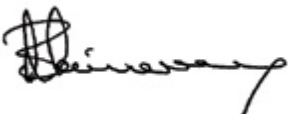
Countersigned by:



Geoff Dangerfield
Chief Executive
19 JUNE 2014



Paul Helm
Chief Financial Officer
19 JUNE 2014



Brandon Mainwaring
National Manager Trends and Performance
19 JUNE 2014

NZ TRANSPORT AGENCY STATEMENT OF FORECAST SERVICE PERFORMANCE

The Transport Agency statement of forecast service performance sets out the outputs (goods and services) the Transport Agency is funded to provide and the standards against which we assess our service delivery. It is divided into the following four functions:

- 52 PLANNING THE LAND TRANSPORT NETWORK:** influencing transport planning and partnering with approved organisations to invest in the transport system for desired outcomes.
- 54 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.
- 57 MANAGING THE STATE HIGHWAY NETWORK:** development and management of the state highway network.
- 59 INVESTING IN LAND TRANSPORT:** partnering with approved organisations to invest in the transport system for desired outcomes.

PLANNING THE LAND TRANSPORT NETWORK

OUTPUT CLASS	Management of the funding allocation system					Transport planning				
WHAT DOES THE NZ TRANSPORT AGENCY DO?	<p>This output class covers the Transport Agency's internal operating costs to:</p> <ul style="list-style-type: none"> › efficiently develop and manage the National Land Transport Programme to achieve operational objectives and long-term transport outcomes › develop a shared view of planning and investing with our investment partners › provide policy advice to government on policy framework › encourage closer integration of stakeholders' land use and transport planning › monitor and audit land transport activities and the performance of organisations that we invest with › provide investment and procurement advice on land transport activities including public transport › monitor and report on the national Road Policing Programme. 					<p>Under this output class the Transport Agency invests in and influences:</p> <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 the state highway network. 				
HOW DOES THIS OUTPUT CONTRIBUTE TO DESIRED TRANSPORT GOALS?	<p>Management of the funding allocation system helps deliver on our long-term goal of integrating one network for customers. It makes a contribution to a number of medium-term objectives through management of the National Land Transport Fund investments. The Transport Agency seeks to invest in outputs that maximise the overall benefit for the NZ transport system.</p>					<p>Transport planning helps deliver on our long-term goal of integrating one network for customers. It makes a contribution to a number of medium-term objectives by providing greater certainty for regional land transport strategies and programmes, infrastructure development and activity management, and investment in the New Zealand transport system.</p>				
HOW DO WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?	2013/14 estimated actual	2014/15 target	2015/16 target	2016/17 target	2017/18 target	2013/14 estimated actual	2014/15 target	2015/16 target	2016/17 target	2017/18 target
Total cost of managing the funding allocation system as a % of NLTP expenditure ¹	<1%	≤1%	≤1%	≤1%	≤1%					
% of operational assurance activities completed ²	100%	100%	100%	100%	100%					
% of activities that are delivered to agreed standards and timeframes ^{3,6}	97%	100%	100%	100%	100%	>90%	>90%	>90%	>90%	>90%
Average number of days taken to deliver ⁴	19	20	20	20	20					
% customer satisfaction ⁵	>55%	>65%	>65%	>70%	>70%					
HOW IS THE MONEY SPENT?*	2013/14 projected \$000	2014/15 budget \$000	2015/16 forecast \$000	2016/17 forecast \$000		2013/14 projected \$000	2014/15 budget \$000	2015/16 forecast \$000	2016/17 forecast \$000	
Income	30,775	30,775	31,375	31,975		13,500	23,356	18,800	19,482	
Expenditure	30,775	30,775	31,375	31,975		13,500	23,356	18,800	19,482	
Net surplus (deficit)	0	0	0	0		0	0	0	0	
SCOPE OF OUTPUT CLASS	<p>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.</p>					<p>Developing plans for improving the transport network and systems, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.</p>				

⁹ Refer to Appendix (page 61) for measurement details

* Full output class financials are set out on pages 44-50

PLANNING THE LAND TRANSPORT NETWORK

continued

OUTPUT CLASS	Sector research				
WHAT DOES THE NZ TRANSPORT AGENCY DO?	Under this output class, the Transport Agency purchases research to improve knowledge and investment decisions made in the land transport system. The research programme informs the Transport Agency policies and guidelines and is made available to transport stakeholders and the general public.				
HOW DOES THIS OUTPUT CONTRIBUTE TO DESIRED TRANSPORT GOALS?	Sector research contributes to the goal integrating one network and the other transport goals indirectly, enabling better delivery of all other outputs. The Transport Agency seeks to manage this output to maximise the overall benefit derived from all other outputs.				
HOW DO WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?°	2013/14 estimated actual	2014/15 target	2015/16 target	2016/17 target	2017/18 target
% of activities that are delivered to agreed standards and timeframes ⁷	90%	100%	100%	100%	100%
HOW IS THE MONEY SPENT?*	2013/14 projected \$000	2014/15 budget \$000	2015/16 forecast \$000	2016/17 forecast \$000	
Income	4,500	6,100	5,100	5,200	
Expenditure	4,500	6,100	5,100	5,200	
Net surplus (deficit)	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.				

° Refer to Appendix (page 61) for measurement details

* Full output class financials are set out on pages 44-50

KEY	VALUE FOR MONEY	SERVICE QUALITY	CUSTOMER SATISFACTION
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PROVIDING ACCESS TO AND USE OF THE LAND TRANSPORT SYSTEM

OUTPUT CLASS	Licensing and regulatory compliance					Road tolling				
WHAT DOES THE NZ TRANSPORT AGENCY DO?	<p>Under this output class, the Transport Agency:</p> <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 overdimension permits › administers drug and alcohol assessments of drivers and operators (funded by the Ministry of Health) › provides licensing information and advice. <p>Funding is from fees and charges and from the crown, including from crown contracts for specific activities.</p>					<p>Under this output class, the Transport Agency:</p> <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 GOALS?	<p>Licensing and regulatory compliance primarily contributes to the long-term goal of shaping smart transport choices. This is achieved by reducing deaths and serious injuries through regulation of drivers, vehicles and commercial operators and the associated influence on drivers and driver behaviour. Secondary contribution is also derived from regulatory activities through support of efficiency of freight supply chains, vehicle fleet efficiency and reducing adverse environmental effects.</p>					<p>Road tolling supports the long-term goal of shaping smart transport choices. This is achieved by supporting the impacts provided from new infrastructure investment through the collection of fees for infrastructure investment repayments.</p>				
HOW DO WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?	2013/14 estimated actual	2014/15 target	2015/16 target	2016/17 target	2017/18 target	2013/14 estimated actual	2014/15 target	2015/16 target	2016/17 target	2017/18 target
Unit transaction costs ^{8,15}	\$8.05	\$10-12	\$10-12	\$10-12	\$10-12	\$0.70	\$0.58-0.75	\$0.58-0.75	\$0.58-0.75	\$0.58-0.75
% of transactions completed online ^{9,16}	16%	>17%	>18%	>19%	>30%	>65%	>94%	>95%	>95%	>95%
% accuracy of registers ¹⁰	96%	>93%	>93%	>93%	>93%					
% revenue compliance						97%	>96%	>98%	>98%	>98%
% of operational assurance activities completed ¹¹	100%	100%	100%	100%	100%					
% of activities that are delivered to agreed standards and timeframes ¹²	94%	>90%	>90%	>90%	>90%					
Number of products/services delivered or processed ¹³	7.6m	6.1-6.5m	6.1-6.5m	6.1-6.5m	6.1-6.5m	6.3m	6-6.5m	9.8-11m	10-12m	10-12m
% customer satisfaction ¹⁴	67%	>73%	>75%	>80%	>80%					
HOW IS THE MONEY SPENT?*	2013/14 projected \$000	2014/15 budget \$000	2015/16 forecast \$000	2016/17 forecast \$000		2013/14 projected \$000	2014/15 budget \$000	2015/16 forecast \$000	2016/17 forecast \$000	
Income	81,170	78,732	79,483	80,710		5,696	6,694	11,284	11,956	
Expenditure	79,731	78,638	79,632	81,843		5,888	6,123	11,228	10,801	
Net surplus (deficit)	1,439	94	(149)	(1,133)		(192)	571	56	1,155	
SCOPE OF OUTPUT CLASS	<p>Purchase of land transport regulatory implementation services, specialist land transport enforcement services, and licensing services, including driver licensing.</p> <p>Purpose of vote transport appropriation limited to ministerial servicing by NZ Transport Agency.</p>					<p>Collection of road tolling charges and enforcement activities to recover road tolling payment evasion.</p>				

⁹ Refer to Appendix (page 61) for measurement details

* Full output class financials are set out on pages 44-50

PROVIDING ACCESS TO AND USE OF THE LAND TRANSPORT SYSTEM

continued

OUTPUT CLASS	Motor vehicle registry					Road user charges collection, investigation and enforcement				
WHAT DOES THE NZ TRANSPORT AGENCY DO?	Under this output class, the Transport Agency: <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 Transport Agency: <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 GOALS?	Motor vehicle registry services contribute to the long-term goal of shaping smart transport choices. This is achieved by reducing deaths and serious injuries from road crashes, more transport mode choices and reducing adverse environmental effects, through first registration of vehicles into the NZ fleet. At first registration vehicle safety and environmental standards have to be met before the vehicle can be licensed for access to the road network.					Road user charges collection, investigation and enforcement contributes to the long-term goal of shaping smart transport choices through revenue collection for the NLTP and therefore supports Transport Agency investment in the land transport system.				
HOW DO WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?°	2013/14 estimated actual	2014/15 target	2015/16 target	2016/17 target	2017/18 target	2013/14 estimated actual	2014/15 target	2015/16 target	2016/17 target	2017/18 target
Unit transaction costs	\$5.64	\$5.50-5.80	\$5.50-5.70	\$5.50-5.70	\$5.50-5.70	\$5.55	\$5.80-6.40	\$5.80-6.30	\$5.80-6.30	\$5.80-6.30
% of transactions completed online ^{17,20}	25%	>30%	>45%	>60%	>70%	50%	>52%	>55%	>60%	>65%
% accuracy of registers ¹⁸	95%	>95%	>95%	>95%	>95%					
% revenue compliance	99%	≥98%	≥98%	≥98%	≥98%					
Number of products/services delivered or processed ²¹	9.4m	9.1-10m	9.1-10m	9.1-10m	9.1-10m	2.5m	2.5-2.7m	2.5-2.7m	2.5-2.7m	2.5-2.7m
% customer satisfaction ¹⁹	96%	>95%	>95%	>95%	>95%					
HOW IS THE MONEY SPENT?*	2013/14 projected \$000	2014/15 budget \$000	2015/16 forecast \$000	2016/17 forecast \$000		2013/14 projected \$000	2014/15 budget \$000	2015/16 forecast \$000	2016/17 forecast \$000	
Income	56,171	54,871	54,252	51,845		17,046	15,973	14,991	14,701	
Expenditure	53,136	56,152	54,354	52,033		17,046	15,459	14,724	14,521	
Net surplus (deficit)	3,035	(1,281)	(102)	(188)		0	514	267	180	
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.				

° Refer to Appendix (page 61) for measurement details

* Full output class financials are set out on pages 44-50

KEY	VALUE FOR MONEY	SERVICE QUALITY	CUSTOMER SATISFACTION
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PROVIDING ACCESS TO AND USE OF THE LAND TRANSPORT SYSTEM

continued

OUTPUT CLASS	Refund of fuel excise duty				
WHAT DOES THE NZ TRANSPORT AGENCY DO?	Under this output class, the Transport Agency records, refunds and accounts for fuel excise duty refund applications.				
HOW DOES THIS OUTPUT CONTRIBUTE TO DESIRED TRANSPORT GOALS?	Refund of excise duty is an Transport Agency 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 Transport Agency's desired goals.				
HOW DO WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?	2013/14 estimated actual	2014/15 target	2015/16 target	2016/17 target	2017/18 target
Average number of days taken to deliver ²²	10	10	10	10	10
Number of products/services delivered or processed ²³	30k	29-33k	29-33k	29-33k	29-33k
HOW IS THE MONEY SPENT?*	2013/14 projected \$000	2014/15 budget \$000	2015/16 forecast \$000	2016/17 forecast \$000	
Income	700	399	403	407	
Expenditure	700	399	403	407	
Net surplus (deficit)	0	0	0	0	
SCOPE OF OUTPUT CLASS	Receipt and processing of applications for, and the refunding of, fuel excise duty.				

^o Refer to Appendix (page 61) for measurement details

* Full output class financials are set out on pages 44-50

KEY	VALUE FOR MONEY	SERVICE QUALITY	CUSTOMER SATISFACTION
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MANAGING THE STATE HIGHWAY NETWORK

OUTPUT CLASS	New and improved infrastructure for state highways					Renewals of state highways				
WHAT DOES THE NZ TRANSPORT AGENCY DO?	Under this output class, the Transport Agency manages and invests in state highway network infrastructure to reduce the number and severity of crashes and improve the time and reliability of travel between destinations connected by the network. The Transport Agency does this in a socially and environmentally responsible way.					Under this output class, the Transport Agency 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 GOALS?	New and improved infrastructure for state highways helps deliver on our long-term goal of delivering highway solutions for customers through contributing to more efficient freight supply chains, a resilient and secure transport network, easing of severe urban congestion, as well as helping to reduce deaths and serious injuries from road crashes. This is achieved through capital investment in the state highway network.					Renewal of state highways helps deliver on our long-term goal of delivering highway solutions for customers through contributing to maintaining the resilience and security of the whole road network, efficient and reliable freight supply chains and the easing of severe congestion. This is achieved by ensuring that the established state highway network asset condition is sustained by an ongoing capital investment programme.				
HOW DO WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?°	2013/14 estimated actual	2014/15 target	2015/16 target	2016/17 target	2017/18 target	2013/14 estimated actual	2014/15 target	2015/16 target	2016/17 target	2017/18 target
% of activities that are delivered to agreed standards and timeframes ^{24, 26}	90%	>90%	>90%	>90%	>90%	90%	>90%	>90%	>90%	>90%
› National War Memorial Park: Buckle Street undergrounding project	100%	100%								
› Construction of passing opportunities on State Highway 2 between Napier and Gisborne	100%	100%								
Safe stopping: % of travel on network above skid threshold ²⁷						98%	≥98%	≥98%	≥98%	≥98%
Network resilience: % of rutting >20mm over state highway network ²⁸						1%	<2.5%	<3%	<3%	<3%
% customer satisfaction ²⁵	>55%	>55%	>60%	>65%	>65%					
HOW DO WE ASSESS OUR INVESTMENT PERFORMANCE?	See NLTF investment indicators page 21					See NLTF investment indicators page 21				
HOW IS THE MONEY SPENT?*	2013/14 projected \$000	2014/15 budget \$000	2015/16 forecast \$000	2016/17 forecast \$000		2013/14 projected \$000	2014/15 budget \$000	2015/16 forecast \$000	2016/17 forecast \$000	
Income	1,239,334	1,390,671	1,379,320	1,412,255		176,421	213,853	224,700	235,935	
Expenditure	1,233,500	1,383,500	1,369,960	1,399,016		176,421	213,853	224,700	235,935	
Net surplus (deficit)	5,834	7,171	9,360	13,239		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. The appropriation for the Buckle Street undergrounding project is limited to that part of State Highway 1 necessary for the establishment of the National War Memorial Park in Wellington. The appropriation of for Napier to Gisborne passing lanes is limited to the investigation, design and implementation of passing opportunities on State Highway 2 between the two cities.					Renewal work on the state highway network, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.				

° Refer to Appendix (page 61) for measurement details

* Full output class financials are set out on pages 44-50

MANAGING THE STATE HIGHWAY NETWORK

continued

OUTPUT CLASS	Maintenance and operation of state highways				
WHAT DOES THE NZ TRANSPORT AGENCY DO?	Under this output class the Transport Agency: <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 GOALS?	Maintenance of state highway infrastructure helps deliver on our long-term goal of delivering highway solutions for customers by ensuring the sustained impact of the established network on the transport system. Sound management of maintenance activities and of the operation of the network have a broad impact. This includes better use of transport capacity, network resilience and security, freight supply chain efficiency as well as reducing urban congestion and the risk of road crashes. This is done by ensuring that surface condition and skid resistance network standards are maintained and traffic flow and incidences are effectively managed.				
HOW DO WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?*	2013/14 estimated actual	2014/15 target	2015/16 target	2016/17 target	2017/18 target
% of activities that are delivered to agreed standards and timeframes ²⁹	90%	>90%	>90%	>90%	>90%
Safe stopping: % of network meeting surface texture standards ³⁰	99%	≥97%	≥97%	≥97%	≥97%
Smooth ride: % of travel on network classed as smooth ³¹	97%	≥97%	≥97%	≥97%	≥97%
Availability of state highway network: % of unplanned road closures resolved within 12 hours ³²	≥90%	90%	90%	90%	90%
% customer satisfaction ³³	45%	>45%	>50%	>50%	>50%
HOW DO WE ASSESS OUR INVESTMENT PERFORMANCE?	See NLTF investment indicators page 21				
HOW IS THE MONEY SPENT?*	2013/14 projected \$000	2014/15 budget \$000	2015/16 forecast \$000	2016/17 forecast \$000	
Income	344,685	364,804	377,015	394,783	
Expenditure	344,086	363,471	376,936	394,712	
Net surplus (deficit)	599	1,333	79	71	
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.				

²⁹ Refer to Appendix (page 61) for measurement details

* Full output class financials are set out on pages 44-50

INVESTING IN LAND TRANSPORT

OUTPUT CLASS	Public transport					Administration of the SuperGold cardholders scheme and enhanced public transport concessions for SuperGold cardholders				
WHAT DOES THE NZ TRANSPORT AGENCY DO?	Under this output class, the NZ Transport Agency and approved organisations (in conjunction with third parties and operators where appropriate), invests in bus, ferry and rail public transport services, technology, facilities and infrastructure to achieve increased patronage with reduced reliance on subsidy. This includes investment in subsidised door to door transport for people with mobility impairments. Rail infrastructure is generally excluded from this activity class as the intention is to fund this outside the National Land Transport Fund.					Under the first output class (administration of the SuperGold cardholders' scheme), the Transport Agency 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. Both outputs are funded as specific projects by the Crown. The Transport Agency 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'.				
HOW DOES THIS OUTPUT CONTRIBUTE TO DESIRED TRANSPORT GOALS?	Public transport primarily contributes to the long-term goal of maximising return for New Zealand through providing more mode choices, easing urban congestion and the reduction in adverse environmental effects. Public transport has secondary contributions to better use of existing transport system capacity, resilience and security. It can also contribute to reducing deaths and serious injury from road crashes. These contributions are supported by administration of the SuperGold cardholders scheme and enhanced public transport concessions for SuperGold cardholders.					SuperGold cardholders concessionary fares scheme the long-term goal of maximising return for New Zealand through by providing more transport mode choice for the elderly and improving the utilisation of public transport capacity during off-peak hours.				
HOW DO WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?°	2013/14 estimated actual	2014/15 target	2015/16 target	2016/17 target	2017/18 target	2013/14 estimated actual	2014/15 target	2015/16 target	2016/17 target	2017/18 target
Average number of days to deliver	See management of the funding allocation system (MOFAS) for service delivery performance measures. See the appendix for the investment indicators the Transport Agency monitors.					17	20	20	20	20
% of activities that are delivered to agreed standards and timeframes ³⁴						100%	100%	100%	100%	100%
HOW DO WE ASSESS OUR INVESTMENT PERFORMANCE?	See NLTF investment indicators page 21					See NLTF investment indicators page 21				
HOW IS THE MONEY SPENT?*	2013/14 projected \$000	2014/15 budget \$000	2015/16 forecast \$000	2016/17 forecast \$000		2013/14 projected \$000	2014/15 budget \$000	2015/16 forecast \$000	2016/17 forecast \$000	
Income	291,600	319,391	326,304	337,956		24,000	26,000	18,000	18,000	
Expenditure	291,600	319,391	326,304	337,956		24,000	26,000	18,000	18,000	
Net surplus (deficit) [†]	0	0	0	0		0	0	0	0	
SCOPE OF OUTPUT CLASS	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.					Administration of the scheme to provide enhanced public transport concessions for SuperGold cardholders. Providing enhanced public transport concessions for SuperGold cardholders.				

° Refer to Appendix (page 61) for measurement details

* Full output class financials are set out on pages 44-50

Also see management of the funding allocation system (MOFAS) for service delivery performance measures (page 12).

INVESTING IN LAND TRANSPORT *continued*

OUTPUT CLASS	Road safety promotion					Road Policing Programme				
WHAT DOES THE NZ TRANSPORT AGENCY DO?	Under this output class, the Transport Agency 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 Transport Agency prepares the Road Policing Programme and recommends it to the Minister of Transport for approval. The Transport Agency 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 GOALS?	Road safety promotion's primary contribution to the long-term goals of shaping smart transport choices and maximising return for New Zealand is through the reduction in deaths and serious injuries from road crashes by influencing the behaviour of drivers and other road users.					The Road Policing Programme contributes to the long-term goals of shaping smart transport choices and of maximising return for New Zealand through a reduction in deaths and serious injuries from road crashes, by enforcing the law applying to road users. This output has a secondary contribution to more efficient freight supply chains and the resilience and security of the transport network, through the protection of the roading asset by enforcing the law applying to road users.				
HOW DO WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?°	2013/14 estimated actual	2014/15 target	2015/16 target	2016/17 target	2017/18 target	2013/14 estimated actual	2014/15 target	2015/16 target	2016/17 target	2017/18 target
% of activities that are delivered to agreed standards and timeframes ³⁵	100%	100%	100%	100%	100%	See management of the funding allocation system (MOFAS) for service delivery performance measures.				
% of road safety advertising campaigns that meet or exceed their agreed success criteria ³⁶	75%	≥75%	≥75%	≥75%	≥75%					
HOW DO WE ASSESS OUR INVESTMENT PERFORMANCE?	See NLTF investment indicators page 21					See NLTF investment indicators page 21				
HOW IS THE MONEY SPENT?*	2013/14 projected \$000	2014/15 budget \$000	2015/16 forecast \$000	2016/17 forecast \$000		2013/14 projected \$000	2014/15 budget \$000	2015/16 forecast \$000	2016/17 forecast \$000	
Income	32,900	34,810	33,478	34,407		The Road Policing Programme is part of the NLTF. For detailed financials see Vote Police.				
Expenditure	32,900	36,397	34,023	34,370						
Net surplus (deficit)	0	(1,587)	(545)	37						
SCOPE OF OUTPUT CLASS	Promote safe and economic use of land transport networks and services, pursuant to section 9 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.				

° Refer to Appendix (page 61) for measurement details

* Full output class financials are set out on pages 44-50

KEY	VALUE FOR MONEY	SERVICE QUALITY	CUSTOMER SATISFACTION
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INVESTING IN LAND TRANSPORT *continued*

OUTPUT CLASS	New and improved infrastructure for local roads					Renewal of local roads				
WHAT DOES THE NZ TRANSPORT AGENCY DO?	Under this output class, the Transport Agency 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 Transport Agency 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 GOALS?	New and improved infrastructure for local roads primarily contributes to the long-term goal of maximising return for New Zealand by improving the efficiency of freight supply chains, increasing the resilience and security of the local road network, the easing of severe congestion, and consequently reducing deaths and serious injuries from road crashes, through provision of new network infrastructure.					Renewal of local road infrastructure primarily contributes to the long-term goal of maximising return for New Zealand by 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 DO WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?°	2013/14 estimated actual	2014/15 target	2015/16 target	2016/17 target	2017/18 target	2013/14 estimated actual	2014/15 target	2015/16 target	2016/17 target	2017/18 target
	See management of the funding allocation system (MOFAS) for service delivery performance measures.					See management of the funding allocation system (MOFAS) for service delivery performance measures.				
HOW DO WE ASSESS OUR INVESTMENT PERFORMANCE?	See NLTF investment indicators page 21					See NLTF investment indicators page 21				
HOW IS THE MONEY SPENT?*	2013/14 projected \$000	2014/15 budget \$000	2015/16 forecast \$000	2016/17 forecast \$000		2013/14 projected \$000	2014/15 budget \$000	2015/16 forecast \$000	2016/17 forecast \$000	
Income	140,500	167,000	191,000	196,000		246,000	251,000	261,450	274,523	
Expenditure	140,500	167,000	191,000	196,000		246,000	251,000	261,450	274,523	
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 Transport Agency under relevant legislation.				

° Refer to Appendix (page 61) for measurement details

* Full output class financials are set out on pages 44-50

INVESTING IN LAND TRANSPORT *continued*

OUTPUT CLASS	Maintenance and operation of local roads					Walking and cycling				
WHAT DOES THE NZ TRANSPORT AGENCY DO?	<p>Under this output class, the Transport Agency and approved organisations (in conjunction with third parties and operators where appropriate), invests in bus, ferry and rail public transport services, technology, facilities and infrastructure to achieve increased patronage with reduced reliance on subsidy. This includes investment in subsidised door to door transport for people with mobility impairments.</p> <p>Rail infrastructure is generally excluded from this activity as the intention is to fund this outside the National Land Transport Fund.</p>					<p>Under this output class, the Transport Agency 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.</p> <p>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.</p>				
HOW DOES THIS OUTPUT CONTRIBUTE TO DESIRED TRANSPORT GOALS?	<p>Maintenance of local road infrastructure contributes to the long-term goal of maximising return for New Zealand. It 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 are effectively managed.</p>					<p>Walking and cycling infrastructure to the long-term goal of maximising return for New Zealand through facilitating more transport choices in urban environments where walking or cycling is offered to the community. This contribution indirectly supports better use of transport capacity, reducing adverse environmental effects, congestion relief and reduction in deaths and injury from road crashes.</p>				
HOW DO WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?*	2013/14 estimated actual	2014/15 target	2015/16 target	2016/17 target	2017/18 target	2013/14 estimated actual	2014/15 target	2015/16 target	2016/17 target	2017/18 target
% of activities that are delivered to agreed standards and timeframes › reinstatement of earthquake damaged local roads in Canterbury - Loan	100%	100%	100%			See management of the funding allocation system (MOFAS) for service delivery performance measures.				
HOW DO WE ASSESS OUR INVESTMENT PERFORMANCE?	See NLTF investment indicators page 21					See NLTF investment indicators page 21				
HOW IS THE MONEY SPENT?*	2013/14 projected \$000	2014/15 budget \$000	2015/16 forecast \$000	2016/17 forecast \$000		2013/14 projected \$000	2014/15 budget \$000	2015/16 forecast \$000	2016/17 forecast \$000	
Income	305,000	385,000	359,470	307,632		13,000	18,000	20,600	21,218	
Expenditure	305,000	385,000	359,470	307,632		13,000	18,000	20,600	21,218	
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.				

* Refer to Appendix (page 61) for measurement details

KEY	VALUE FOR MONEY	SERVICE QUALITY	CUSTOMER SATISFACTION
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NATIONAL LAND TRANSPORT FUND INVESTMENT INDICATORS

Maximising return for New Zealand - investing in land transport

To ensure that the Transport Agency continues to prudently invest National Land Transport Fund (NLTF) funds, in output classes where our approved organisations partners deliver the goods and services, we monitor a range of investment indicators. These indicators help us to tell the story of our investment performance and complement the performance measures contained within the MOFAS output class.

64 NATIONAL LAND TRANSPORT FUND - SPECIAL FUNDING INDICATORS

65 NATIONAL LAND TRANSPORT PROGRAMME - INVESTMENT INDICATORS

NATIONAL LAND TRANSPORT FUND – SPECIAL FUNDING INDICATORS

OUTPUT CLASS	Road Policing Programme*	
	Last actual	Desired trend 2012-15
Investment indicator		
High-risk drivers		
Disqualified drivers detected driving	8058 (Sept 2013)	Decrease
Number of disqualified or unlicensed drivers involved in fatal/serious crash	156 (Sept 2013)	Decrease
Young drivers		
Number of drivers on Graduated Driver Licenses at fault in fatal/serious crashes	214 (Sept 2013)	Decrease
% of youth who believe who they will be stopped for non-alcohol/speed traffic offences	45% (2013)	Increase
Motorcycling		
% of motorcycles in crashes without a current WoF	27% (Sept 2013)	Decrease
Alcohol/drug impaired driving		
% of people surveyed think there is a high probability of being stopped at a compulsory breath test checkpoint	53% (Sept 2013)	Increase
% of people surveyed think there is a high probability of being tested for drugs	New measure	Increase
Speed		
% of vehicles exceeding posted speed limits(50km/h & 100km/h)	25% (100 km/h) 2012 53% (50 km/h) 2012	Decrease
% of people surveyed who disagree that the probability of being detected is small	56% (2013)	Increase
Traffic management		
Increased compliance with the road user charges regime (Percentage of vehicles stopped by CVIU not in breach of RUC rules)	97.3% (June 2013)	Increase
Increased 'post-incident' availability of state highway network (Decreased 'post-incident' (crashes) closure of state highway network)	24 mins (June 2013)	Increase

* Road safety measures have been focused around the high priority areas in the Safer Journeys strategy

NATIONAL LAND TRANSPORT PROGRAMME INVESTMENT INDICATORS

PUBLIC TRANSPORT

OUTPUT CLASS	Public transport				
	2013/14 Estimate	2014/15 Forecast	2015/16 Forecast	2016/17 Forecast	2017/18 Forecast
Assessment of investment performance					
Generic: Number of passengers using urban public transport services (bus, train and ferry) ^o	133m	147m-154m	153m-161m	157m-165m	162m-170m
Public transport boardings per NLTF \$1,000 invested on public transport services (including track access charges)	<510	450-550	450-550	450-550	450-550
Fare revenue as a % of total expenditure*	47%	>47%	>47%	>47%	>47%

ACTIVE MODES OF TRANSPORT

OUTPUT CLASS	Walking and cycling				
	2013/14 Estimate	2014/15 Forecast	2015/16 Forecast	2016/17 Forecast	2017/18 Forecast
Assessment of investment performance					
Kilometres of new footpaths, cycle lanes and cycle paths	100km	80km-100km	80km-100km	80km-100km	80km-100km

^o Key operating assumption.

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

NATIONAL LAND TRANSPORT PROGRAMME *continued*

ROADING NETWORK

OUTPUT CLASS	New and improved infrastructure for local roads					New and improved infrastructure for state highways				
	2013/14 Estimate	2014/15 Forecast	2015/16 Forecast	2016/17 Forecast	2017/18 Forecast	2013/14 Estimate	2014/15 Forecast	2015/16 Forecast	2016/17 Forecast	2017/18 Forecast
Assessment of investment performance										
Length of road reconstruction and new roads completed (lane km) ^o	170km	120km - 200km	120km - 200km	120km - 200km	120km - 200km	80km	80km - 100km	80km - 100km	80km - 100km	80km - 100km
Length of bridge replacements (lane km) ^o	1km	1.0km - 1.5km	1.0km - 1.5km	1.0km - 1.5km	1.0km - 1.5km	1km - 2km	1km - 2km	1km - 2km	1km - 2km	1km - 2km

OUTPUT CLASS	Renewal of local roads					Renewal of state highways				
	2013/14 Estimate	2014/15 Forecast	2015/16 Forecast	2016/17 Forecast	2017/18 Forecast	2013/14 Estimate	2014/15 Forecast	2015/16 Forecast	2016/17 Forecast	2017/18 Forecast
Assessment of investment performance										
% of sealed network resurfaced (based on road length in lane km)	7%	6-8%	6-8%	6-8%	6-8%	10%	10-12%	10-12%	10-12%	10-12%
% of network rehabilitated (based on road length in lane km)	1%	1-2%	1-2%	1-2%	1-2%	1.5%	1.0-2.0%	1.0-2.0%	1.0-2.0%	1.0-2.0%
% of unsealed network metalled (based on road length in centreline km)	30%	20-35%	20-35%	20-35%	20-35%	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Pavement integrity of the sealed network	94%	≥94%	≥94%	≥94%	≥94%	99%	≥94%	≥94%	≥94%	≥94%
Surface condition of the sealed network	98%	≥97%	≥97%	≥97%	≥97%	97%	≥97%	≥97%	≥97%	≥97%
Cost of renewals (excluding emergency reinstatement) per network lane km (total cost) ¹	\$2,700	<\$2,800	\$2,800-\$2,900*	\$2,800-\$2,900*	\$2,900-\$3,000*	\$7,700	<\$8,000	\$7,700-\$8,200*	\$7,900-\$8,400*	\$8,100-\$8,600*

OUTPUT CLASS	Maintenance and operation of local roads					Maintenance and operation of state highways				
	2013/14 Estimate	2014/15 Forecast	2015/16 Forecast	2016/17 Forecast	2017/18 Forecast	2013/14 Estimate	2014/15 Forecast	2015/16 Forecast	2016/17 Forecast	2017/18 Forecast
Assessment of investment performance										
Smooth ride - % of travel on smooth roads.	86%	≥86%	≥86%	≥86%	≥86%	99%	≥97%	≥97%	≥97%	≥97%
Cost of emergency reinstatement	\$85m	\$85-\$90m	\$85-\$90m	\$85-\$90m	\$85-\$90m	\$60m	\$50-\$55m	\$50-\$55m	\$50-\$55m	\$50-\$55m
Cost of maintaining and operating the network (excluding emergency work) per network lane km (total cost) ¹	\$2,800	<\$3,000	\$2,900-\$3,000*	\$2,900-\$3,100*	\$3,000-\$3,200*	\$12,600	<\$13,000	\$12,600-\$13,400*	\$12,900-\$13,700*	\$13,200-\$14,000*

*Future NLTP forecasts are contingent on actual NLTP 2015-18

¹ Cost of renewal and maintenance and operations for local roads reflects the full cost of the activity including an average FAR rate of 50%.

STATEMENTS OF FORECAST FINANCIAL PERFORMANCE



NZ TRANSPORT AGENCY

Overview

We have budgeted revenue of \$10.1 billion for 2014-17 to fund:

- **investment in land transport** – \$9.4 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 \$4.7 billion in new capital across the state highway network as well as maintaining our assets with \$1.1 billion of expenditure
- **NZ Transport Agency operating activities** – \$869.2 million which includes activities that the Transport Agency is accountable for and delivers inhouse or contracts out.

FUNDING SOURCES AND EXPENDITURE 2014-17

FUNDING SOURCES		OPERATING AND CAPITAL EXPENDITURE						
		Investment in land transport			Transport Agency operating activities			
		PLANNING & INVESTING IN LAND TRANSPORT	MANAGING THE STATE HIGHWAY NETWORK	SPECIFIC CROWN PROJECTS	PLANNING & INVESTING IN LAND TRANSPORT	ACCESS TO & USE OF LAND TRANSPORT	MANAGING THE HIGHWAY NETWORK	SPECIFIC CROWN PROJECTS
Revenue from the National Land Transport Fund	Operating	\$6,286.494m						
	Capital	\$3,140.114m	\$3,545.612m	\$1,083.391m		\$187.591m	\$13.844m	\$48.760m
	Borrowing	\$107.000m		\$4,707.684m				\$119.280m
Revenue from other activities		\$473.191m				\$27.688m	\$453.396m	\$2.968m
Revenue from the Crown	Operating	\$76.940m			\$61.715m	\$2.325m	\$13.030m	
	Capital	\$10.000m			\$10.000m			\$0.285m
Totals		\$10,093.739m	\$3,545.612m	\$5,791.075m	\$71.715m	\$217.604m	\$480.270m	\$171.008m
This table includes operating and capital			Total \$9,408.402m			Total \$869.167m		

The difference between funding and expenditure over the 2014-17 periods is covered by the proceeds of sale of surplus state highway properties.

NZ TRANSPORT AGENCY GROUP OPERATING ACTIVITIES

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

	Projected 2013/14 \$000	Budget 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000
Personnel costs	115,665	116,452	117,538	119,534
Operating expenses	151,770	158,165	156,422	155,142
Depreciation and amortisation expense	8,066	10,746	16,940	18,228
TOTAL EXPENDITURE	275,500	285,363	290,900	292,904

The budgeted increase in personnel costs is a mix of planned increases in remuneration and planned increases in staff numbers to bring in-house some activities that were previously outsourced. The increase in depreciation and amortisation expense between 2014/15 and the out years is a result of increased investment that is planned for tolling infrastructure in 2014/15.

MANAGING OUR ASSETS

Each year the Transport Agency 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 2013/14 \$000	Budget 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000
Computer hardware	211	1,400	1,800	1,700
Computer software	7,799	11,400	9,000	7,125
Leasehold improvements	1,344	2,000	3,300	4,056
Furniture and fittings	354	150	200	200
Office, plant and equipment	64	50	50	50
National integrated transport ticketing system	0	100	0	0
TOTAL	9,772	15,100	14,350	13,131

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.

OTHER 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.

OTHER FEES AND CHARGES BY FUNDING SOURCE				
	Projected 2013/14 \$000	Budget 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000
BORDER INSPECTIONS				
Net surplus/(deficit)	366	171	223	231
Balance at 30 June	2,682	2,853	3,076	3,307
CERTIFICATION REVIEWS				
Net surplus/(deficit)	(3,850)	585	1,106	644
Balance at 30 June	(7,517)	(6,932)	(5,826)	(5,182)
DRIVER LICENSING				
Net surplus/(deficit)	1,800	9	180	803
Balance at 30 June	321	330	510	1,313
DRIVER TESTING				
Net surplus/(deficit)	2,528	(366)	(2,018)	(2,597)
Balance at 30 June	6,737	6,371	4,353	1,756
MOTOR VEHICLE LICENSING				
Net surplus/(deficit)	3,035	(1,281)	(102)	(188)
Balance at 30 June	5,535	4,254	4,152	3,964
OVERDIMENSION PERMITS				
Net surplus/(deficit)	(100)	(153)	(36)	(36)
Balance at 30 June	392	239	203	167
RAIL LICENSING				
Net surplus/(deficit)	(416)	(508)	(75)	(96)
Balance at 30 June	(2,847)	(3,355)	(3,430)	(3,526)
ROAD USER CHARGES COLLECTIONS				
Net surplus/(deficit)	0	514	267	180
Balance at 30 June	0	514	781	961
STANDARDS DEVELOPMENT AND CERTIFICATION				
Net surplus/(deficit)	(300)	460	537	510
Balance at 30 June	2,466	2,926	3,463	3,973
TRANSPORT LICENSING				
Net surplus/(deficit)	(100)	335	264	(574)
Balance at 30 June	(3,787)	(3,452)	(3,188)	(3,762)
TOTAL MEMO ACCOUNT - OTHER FEES/CHARGES	3,981	3,747	4,093	2,970

Road user charges collections, previously funded 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 Transport Agency develops the three-year National Land Transport Programme (NLTP) based on the policy direction in the Land Transport Management Act and the Government Policy Statement on Land Transport (GPS) and regional priorities. This table below shows the activity classes which are funded from the NLTP 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 Transport Agency operating expenditure which is separately shown in the statement of comprehensive income.

The three-year NLTP period covers 2012/13 to 2014/15. The budget for each year depends on the portion of the programme that is delivered in the previous years. The investment in local roads and public transport is the NLTP contribution only and does not include the significant contribution from local authorities.

INVESTMENT IN LAND TRANSPORT				
	Projected 2013/14 \$000	Budget 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000
New and improved infrastructure for state highways	1,233,500	1,383,500	1,369,960	1,399,016
Renewal of state highways	176,421	213,853	224,700	235,935
Maintenance and operation of state highways	343,717	362,483	375,950	393,718
New and improved infrastructure for local roads	140,500	167,000	191,000	196,000
Renewal of local roads	246,000	251,000	261,450	274,523
Maintenance and operation of local roads	305,000	385,000	359,470	307,632
Public transport	291,600	319,391	326,304	337,956
Road safety promotion	32,900	33,350	32,339	33,308
Walking and cycling	13,000	18,000	20,600	21,218
Sector research	4,500	6,100	5,100	5,200
Transport planning	13,500	23,356	18,800	19,482
Management of the funding allocation system	30,000	30,000	30,600	31,200
Interest on borrowings	5,834	7,171	9,360	13,239
TOTAL NLTP EXPENDITURE	2,836,472	3,200,204	3,225,633	3,268,427
Activities funded on behalf of the Crown				
Enhanced PT concession for SuperGold cardholders	23,905	25,905	17,905	17,905
Administration of the SuperGold card scheme	95	95	95	95
Construction of passing opportunities on SH2	4,000	0	0	0
National War Memorial Park	25,000	10,000	0	0
Reinstatement of local roads in Canterbury	30,350	0	0	0
Sub total of activities funded on behalf of the Crown	83,350	36,000	18,000	18,000
	2,919,822	3,236,204	3,243,633	3,286,427
Less capital expenditure	(1,438,921)	(1,607,353)	(1,594,660)	(1,634,951)
Less Transport Agency operating activities funded from the NLTP	(117,098)	(117,798)	(119,281)	(120,783)
Less interest on borrowing	(5,834)	(7,171)	(9,360)	(13,239)
TOTAL INVESTMENT IN LAND TRANSPORT	1,357,969	1,503,882	1,520,332	1,517,454

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 2013/14 \$000	Budget 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000
INCOME				
Revenue from the Crown	76,934	30,980	22,980	22,980
Revenue from the National Land Transport Fund	1,900,204	2,075,034	2,103,469	2,107,991
Revenue from other activities	139,013	153,912	159,366	159,913
Total income	2,116,151	2,259,926	2,285,815	2,290,884
EXPENDITURE				
Personnel costs	115,665	116,452	117,538	119,534
Operating expenses	151,770	158,165	156,422	155,142
Investment in land transport	1,357,969	1,503,882	1,520,332	1,517,454
Interest on borrowing	5,834	7,171	9,360	13,239
Depreciation and amortisation expense	455,066	460,746	469,940	474,228
State highway asset write-off	17,500	10,000	10,000	10,000
Total expenditure	2,103,803	2,256,416	2,283,592	2,289,597
NET SURPLUS/(DEFICIT)	12,348	3,510	2,223	1,287
OTHER COMPREHENSIVE INCOME				
Gain/(loss) state highway network/Bailey bridging revaluations	560,000	560,000	560,000	560,000
Total other comprehensive income	560,000	560,000	560,000	560,000
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	572,348	563,510	562,223	561,287

CONSOLIDATED GROUP PROSPECTIVE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

	Projected 2013/14 \$000	Budget 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	50,000	50,050	50,050	50,050
Debtor National Land Transport Fund	484,932	652,263	738,658	746,982
Debtor Crown	83,089	79,500	80,208	80,208
Debtors and other receivables	70,000	70,241	70,489	70,665
Property assets held for sale	80,000	80,000	80,000	80,000
Prepayments	7,000	7,000	7,000	7,000
Inventories	200	200	200	200
Total current assets	775,221	939,254	1,026,605	1,035,105
NON-CURRENT ASSETS				
Property, plant and equipment	16,936	15,821	18,434	20,103
State highway network	27,532,360	29,185,651	30,824,020	32,492,971
Bailey bridging	7,209	7,209	7,209	7,209
Intangible assets	45,084	50,552	45,350	38,584
Loans and advances	855	855	855	855
Total non-current assets	27,602,444	29,260,089	30,895,869	32,559,723
TOTAL ASSETS	28,377,665	30,199,343	31,922,474	33,594,828
LIABILITIES				
CURRENT LIABILITIES				
Creditors and other payables	428,206	504,669	435,195	371,850
Tolling funds held in trust	2,000	2,000	2,000	1,000
Employee entitlements	11,500	11,513	11,536	11,537
Borrowing	160,000	100,000	100,000	100,000
Total current liabilities	601,706	618,182	548,731	484,387
NON-CURRENT LIABILITIES				
Creditors and other payables	200	200	200	200
Employee entitlements	4,500	4,500	4,500	4,500
Borrowing ^a	20,000	286,188	447,238	517,348
Total non-current liabilities	24,700	290,888	451,938	522,048
TOTAL LIABILITIES	626,406	909,070	1,000,669	1,006,435
NET ASSETS	27,751,259	29,290,272	30,921,805	32,588,393
EQUITY				
General funds	5,606	5,606	5,606	5,606
Retained funds	45,479	41,973	38,500	37,260
Memorandum account – other fees and charges	3,981	3,747	4,093	2,970
State highway network ^b	27,696,193	29,238,946	30,873,606	32,542,557
TOTAL EQUITY	27,751,259	29,290,272	30,921,805	32,588,393

a. Borrowing is for the Tauranga Eastern Link, Auckland transport initiatives and Christchurch earthquake funding.

b. 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 2013/14 \$000	Budget 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000
EQUITY - OPENING BALANCES				
General funds	5,606	5,606	5,606	5,606
Retained funds	44,318	45,479	41,973	38,500
Memorandum account - other fees and charges	1,018	3,981	3,747	4,093
State highway network	26,235,614	27,696,193	29,238,946	30,873,606
Total equity - opening balance	26,286,556	27,751,259	29,290,272	30,921,805
CHANGES IN EQUITY				
Comprehensive income				
Retained funds	9,385	3,744	1,877	2,410
Memorandum account - other fees and charges	2,963	(234)	346	(1,123)
State highway network - gain/(loss) on revaluations	560,000	560,000	560,000	560,000
	572,348	563,510	562,223	561,287
Owner transactions				
Capital contribution - retained funds	0	100	0	0
Capital contribution - National Land Transport Programme	867,355	965,403	1,069,310	1,105,301
Capital contribution - National War Memorial Park	25,000	10,000	0	0
	892,355	975,503	1,069,310	1,105,301
Total changes in equity	1,464,703	1,539,013	1,631,533	1,666,588
EQUITY - CLOSING BALANCES				
General funds	5,606	5,606	5,606	5,606
Retained funds	45,479	41,973	38,500	37,260
Memorandum account - other fees and charges	3,981	3,747	4,093	2,970
State highway network	27,696,193	29,238,946	30,873,606	32,542,557
TOTAL EQUITY - CLOSING BALANCES	27,751,259	29,290,272	30,921,805	32,588,393

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

	Projected 2013/14 \$000	Budget 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Crown revenue	74,628	34,569	22,272	22,980
Receipts from National Land Transport Fund revenue	1,858,696	2,014,703	2,017,074	2,099,667
Receipts from other revenue	141,461	153,321	158,768	159,387
Interest received	350	350	350	350
Payments to suppliers	(1,521,547)	(1,586,184)	(1,746,828)	(1,737,542)
Payments to employees	(116,252)	(116,439)	(117,516)	(119,533)
Goods & services tax (net)	600	600	600	600
Net cash from operating activities	437,936	500,920	334,720	425,909
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts from sale of state highway held properties	73,842	57,600	57,000	60,000
Purchase of property, plant and equipment	(1,973)	(3,600)	(5,350)	(6,006)
Purchase of intangible assets	(7,799)	(11,400)	(9,000)	(7,125)
State highway network	(1,435,108)	(1,714,353)	(1,594,660)	(1,634,951)
Net cash from investing activities	(1,371,038)	(1,671,753)	(1,552,010)	(1,588,082)
CASH FLOWS FROM FINANCING ACTIVITIES				
Capital contribution from the National Land Transport Fund	867,356	965,404	1,069,309	1,105,300
Capital contribution for the National War Memorial Park	25,000	10,000	0	0
Receipts from borrowing	180,000	292,000	343,420	165,000
Repayment of borrowing	(100,000)	(90,000)	(190,000)	(100,000)
Interest paid on borrowing	(5,834)	(6,521)	(5,439)	(8,129)
Net cash from financing activities	966,523	1,170,883	1,217,290	1,162,171
NET (DECREASE)/INCREASE CASH AND CASH EQUIVALENTS	33,420	50	0	0
Cash and cash equivalents at the beginning of the year	16,580	50,000	50,050	50,050
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	50,000	50,050	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 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 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 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 Transport Agency does not intend to update the prospective financial statements subsequent to the publication of these statements.

Statement of significant underlying assumptions

The 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%. 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 Transport 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 2013/14 year surplus of \$572.348m. 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 2015

This table shows the funding the Transport Agency receives from the government as disclosed in the *Estimates of appropriations*, and the movements to the revenue published in the *Statement of performance expectations*.

Output class	Appropriations 2014/15 \$000	Funding movements \$000	SPE 2014/15 \$000
Management of the funding allocation system PLA	30,000	0	30,000
Transport planning PLA	18,500	4,856	23,356
Sector research PLA	6,100	0	6,100
Public transport PLA	308,000	11,391	319,391
Road safety promotion PLA	32,050	1,300	33,350
New and improved infrastructure for local roads PLA	160,000	7,000	167,000
Renewal of local roads PLA	249,000	2,000	251,000
Maintenance and operation of local roads PLA	285,000	100,000	385,000
Walking and cycling PLA	16,000	2,000	18,000
State highway renewals PLA	450,000	7,171	457,171
Maintenance and operation of state highways PLA	359,000	3,483	362,483
National Land Transport Programme	1,913,650	139,201	2,052,851
NLTP – new infrastructure for and renewal of state highways	937,448	134,955	1,072,403
Management of the funding allocation system (crash analysis)	775	0	775
Licensing and regulatory compliance	3,306	0	3,306
Road user charges collection	13,569	(13,569)	0
Road user charges investigation and enforcement	3,779	205	3,984
Road user charges refunds	450	0	450
Refund of fuel excise duty	429	(30)	399
Enhanced public transport concessions for SuperGold cardholders	25,905	0	25,905
Administration of the SuperGold cardholders scheme	95	0	95
Construction of passing opportunities on SH2	500	(500)	0
National War Memorial Park	10,000	0	10,000
TOTAL	2,909,906	260,262	3,170,168

(PLA – Permanent legislative authority).

Maintenance and operation of local roads movement includes the Christchurch earthquake funding loan.

New infrastructure for and renewal of state highways movement includes the Auckland transport initiatives and Tauranga Eastern Link loans.

Road user charges collection, previously funded by appropriation, will now be funded from third parties.

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2015

Reporting entity

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

The Transport Agency's primary objective is to provide services to the NZ public, as opposed to making a financial return. Accordingly, the 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 Transport Agency group are for the period 2014-2017, and were approved by the Board on 19 June 2014.

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

Basis of preparation

Statement of compliance

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

These financial statements have been prepared in accordance with NZ GAAP as appropriate for public benefit entities and they comply with NZ IFRS.

Measurement base

The financial statements have been prepared on a historical cost basis, except where 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 Transport Agency is New Zealand dollars.

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

The 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 2014.

SIGNIFICANT ACCOUNTING POLICIES

Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from the Crown and the National Land Transport Fund

The 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 Transport Agency meeting its objectives as specified in the *Statement of performance expectations*.

Revenue from the Crown and the National Land Transport Fund is recognised as revenue when earned and is reported in the financial period to which it relates.

Interest

Interest income is recognised using the effective interest method. Interest income on an impaired financial asset is recognised using the original effective interest rate.

Rental income

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

Borrowing costs

The 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

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

Debtors and other receivables

Short-term debtors and other receivables are recognised initially at fair value, less any provision for impairment.

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

Property assets held for sale

Property assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Property assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of property assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Property assets held for sale (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Property, plant and equipment

Property, plant and equipment consist of the following asset classes: leasehold improvements, furniture and fittings, plant and office equipment, and motor vehicles.

Property, plant and equipment are measured 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 Transport Agency and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at its fair value as at the date of acquisition.

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 reported net in the surplus or deficit. 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 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 surplus or deficit as they are incurred.

Valuation of state highway network 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 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.

Brownfield costs have been accounted for where they can be reliably measured.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, held properties, formation and the sub-base component of pavement (base), 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 & 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
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 & 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

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with development and maintenance of the Transport Agency's website are recognised as an expense when incurred.

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 surplus or deficit.

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.

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 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 in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation reserve in equity for the class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a re-valued amount, the total impairment loss is recognised in the surplus or deficit.

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

For assets not carried at a re-valued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

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

Short-term creditors and other payables are recorded at their face value.

Borrowing

Borrowing is initially recognised at their fair value plus transaction costs. After initial recognition, all borrowing is measured at amortised cost using the effective interest method.

Employee entitlements

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that it will be used by staff to cover those future absences.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of period in which the employee renders the related service, such as long service leave and retirement gratuities, 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 entitlement information, and
- › the present value of the estimated future cash flows.

Presentation of employee entitlements

Sick leave, annual leave, and vested long service leave are classified as a current liability. 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

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditure 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 an interest expense.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived from a contract are lower than the unavoidable cost of meeting the obligations under the contract.

The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Jointly controlled operations

The 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 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 – other 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 goods and services tax (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 (IRD) 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 Transport Agency is a public authority and consequently is exempt from the payment of income tax. Accordingly, no provision has been made for income tax.

Budget figures

The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

Cost allocation

The 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 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

At each balance date, the useful lives and residual values of property, plant, and equipment are reviewed. Assessing the appropriateness of useful life and residual value estimates of property, plant, and equipment requires a number of factors to be considered such as the physical condition of the asset, expected period of use of the asset by the 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 surplus or deficit, and carrying amount of the asset in the statement of financial position. The Transport Agency minimises the risk of this estimation uncertainty by:

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

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

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies:

State highway network 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.

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 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 thereon
- › determining the optimum level of Bailey bridging stock.

Brownfield construction costs are included in the valuation where they can be reliably measured. Brownfield construction costs include:

- › temporary traffic management
- › demolition and removal of displaced assets
- › restoration of damaged/severed utility infrastructure
- › re-establishment of the interface between the new and existing development (landscaping, footpaths, roads, fences, driveways etc)
- › environment compliance
- › work restrictions (noise, hours, limitations on available site area for contractors, storage/plant/offices etc).

Further work is currently being carried out to determine a reliable measure of Brownfield costs not included in the state highway assets.

Leases classification

Determining whether a lease agreement is a finance lease or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to the Transport Agency.

Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant, and equipment, whereas for an operating lease no such asset is recognised.

The Transport Agency has exercised its judgement on the appropriate classification of equipment leases, and has determined a number of lease arrangements are finance leases.

OUTPUT CLASS INCOME AND EXPENDITURE

Planning & investing in land transport networks

MANAGEMENT OF THE FUNDING ALLOCATION SYSTEM				
	Projected 2013/14 \$000	Budget 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000
INCOME				
Revenue from the Crown (crash analysis system)	775	775	775	775
Revenue from the National Land Transport Fund	30,000	30,000	30,600	31,200
Total income	30,775	30,775	31,375	31,975
EXPENDITURE				
Transport Agency operating activities (crash analysis system)	775	775	775	775
Transport Agency operating activities	30,000	30,000	30,600	31,200
Total expenditure	30,775	30,775	31,375	31,975
NET SURPLUS/(DEFICIT)	0	0	0	0
TRANSPORT PLANNING				
INCOME				
Revenue from the National Land Transport Fund	13,500	23,356	18,800	19,482
Total income	13,500	23,356	18,800	19,482
EXPENDITURE				
Transport Agency operating activities	3,200	4,200	4,500	4,635
Funding to approved organisations	10,300	19,156	14,300	14,847
Total expenditure	13,500	23,356	18,800	19,482
NET SURPLUS/(DEFICIT)	0	0	0	0
SECTOR RESEARCH				
INCOME				
Revenue from the National Land Transport Fund	4,500	6,100	5,100	5,200
Total income	4,500	6,100	5,100	5,200
EXPENDITURE				
Transport Agency operating activities	4,500	6,100	5,100	5,200
Total expenditure	4,500	6,100	5,100	5,200
NET SURPLUS/(DEFICIT)	0	0	0	0
PUBLIC TRANSPORT				
INCOME				
Revenue from the National Land Transport Fund	291,600	319,391	326,304	337,956
Total income	291,600	319,391	326,304	337,956
EXPENDITURE				
Transport Agency operating activities	2,963	3,093	2,600	2,693
Funding to approved organisations (PT infrastructure)	25,028	24,807	32,400	32,307
Funding to approved organisations (PT services)	263,609	291,491	291,304	302,956
Total expenditure	291,600	319,391	326,304	337,956
NET SURPLUS/(DEFICIT)	0	0	0	0

ROAD SAFETY PROMOTION				
	Projected 2013/14 \$000	Budget 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000
INCOME				
Revenue from the National Land Transport Fund	32,900	33,350	32,339	33,308
Revenue from other activities	0	1,460	1,139	1,099
Total income	32,900	34,810	33,478	34,407
EXPENDITURE				
Transport Agency operating activities (community road safety)	0	3,047	1,684	1,062
Transport Agency operating activities (vehicle impoundment)	200	200	200	200
Transport Agency operating activities	21,600	18,900	18,800	19,370
Funding to approved organisations	11,100	14,250	13,339	13,738
Total expenditure	32,900	36,397	34,023	34,370
NET SURPLUS/(DEFICIT)	0	(1,587)	(545)	37

NEW AND IMPROVED INFRASTRUCTURE FOR LOCAL ROADS				
	Projected 2013/14 \$000	Budget 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000
INCOME				
Revenue from the National Land Transport Fund	140,500	167,000	191,000	196,000
Total income	140,500	167,000	191,000	196,000
EXPENDITURE				
Funding to approved organisations	140,500	167,000	191,000	196,000
Total expenditure	140,500	167,000	191,000	196,000
NET SURPLUS/(DEFICIT)	0	0	0	0

RENEWAL OF LOCAL ROADS				
	Projected 2013/14 \$000	Budget 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000
INCOME				
Revenue from the National Land Transport Fund	246,000	251,000	261,450	274,523
Total income	246,000	251,000	261,450	274,523
EXPENDITURE				
Funding to approved organisations	246,000	251,000	261,450	274,523
Total expenditure	246,000	251,000	261,450	274,523
NET SURPLUS/(DEFICIT)	0	0	0	0

MAINTENANCE AND OPERATION OF LOCAL ROADS				
	Projected 2013/14 \$000	Budget 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000
INCOME				
Revenue from the National Land Transport Fund	305,000	385,000	359,470	307,632
Total income	305,000	385,000	359,470	307,632
EXPENDITURE				
Funding to approved organisations (AO)	285,000	285,000	296,050	307,632
Funding to AO (Christchurch earthquake funding)	20,000	100,000	63,420	0
Total expenditure	305,000	385,000	359,470	307,632
NET SURPLUS/(DEFICIT)	0	0	0	0

WALKING AND CYCLING				
	Projected 2013/14 \$000	Budget 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000
INCOME				
Revenue from the National Land Transport Fund	13,000	18,000	20,600	21,218
Total income	13,000	18,000	20,600	21,218
EXPENDITURE				
Funding to approved organisations	13,000	18,000	20,600	21,218
Total expenditure	13,000	18,000	20,600	21,218
NET SURPLUS/(DEFICIT)	0	0	0	0

Providing access to and use of the land transport system

LICENSING AND REGULATORY COMPLIANCE				
INCOME				
Revenue from the Crown	548	548	548	548
Revenue from the Crown (rules development)	899	899	899	899
Revenue from the Crown (drug and alcohol assessments)	1,200	1,238	1,238	1,238
Revenue from the Crown (driver licensing stop orders)	900	75	75	75
Revenue from the Crown (driver test subsidy)	1,445	1,445	1,445	1,445
Revenue from other activities (fees and charges)	74,578	74,153	74,904	76,131
Revenue from other activities (other)	1,600	374	374	374
Total income	81,170	78,732	79,483	80,710
EXPENDITURE				
Ministerial advice and official correspondence	804	848	868	882
Rules development	636	734	753	765
Drug and alcohol assessments	1,157	1,281	1,281	1,283
Fees and charges funded activities	76,095	75,065	76,168	78,691
Other (including driver licensing stop orders)	1,039	710	562	222
Total expenditure	79,731	78,638	79,632	81,843
NET SURPLUS/(DEFICIT)	1,439	94	(149)	(1,133)

Rules development is funded by contract with the Ministry of Transport.

ROAD TOLLING				
INCOME				
Revenue from other activities	5,696	6,694	11,284	11,956
Total income	5,696	6,694	11,284	11,956
EXPENDITURE				
Transport Agency operating activities	5,888	6,123	11,228	10,801
Total expenditure	5,888	6,123	11,228	10,801
NET SURPLUS/(DEFICIT)	(192)	571	56	1,155

MOTOR VEHICLE REGISTRY

	Projected 2013/14 \$000	Budget 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000
INCOME				
Revenue from other activities	56,171	54,871	54,252	51,845
Total income	56,171	54,871	54,252	51,845
EXPENDITURE				
Transport Agency operating activities	53,136	56,152	54,354	52,033
Total expenditure	53,136	56,152	54,354	52,033
NET SURPLUS/(DEFICIT)	3,035	(1,281)	(102)	(188)

ROAD USER CHARGES COLLECTION, INVESTIGATION AND ENFORCEMENT

INCOME				
Revenue from the Crown (RUC collection)	12,817	0	0	0
Revenue from the NLTF (RUC investigation and enforcement)	3,779	3,984	3,293	4,008
Revenue from the NLTF (RUC refund)	450	450	450	450
Revenue from other activities	0	11,539	11,248	10,243
Total income	17,046	15,973	14,991	14,701
EXPENDITURE				
Transport Agency operating activities (RUC investigation/enforcement)	3,779	3,984	3,293	4,008
Transport Agency operating activities (RUC refund)	450	450	450	450
Transport Agency operating activities (RUC collection)	12,817	11,025	10,981	10,063
Total expenditure	17,046	15,459	14,724	14,521
NET SURPLUS/(DEFICIT)	0	514	267	180

REFUND OF FUEL EXCISE DUTY

INCOME				
Revenue from the NLTF	700	399	403	407
Total income	700	399	403	407
EXPENDITURE				
Transport Agency operating activities	700	399	403	407
Total expenditure	700	399	403	407
NET SURPLUS/(DEFICIT)	0	0	0	0

Managing the state highway network

NEW AND IMPROVED INFRASTRUCTURE FOR STATE HIGHWAYS				
	Projected 2013/14 \$000	Budget 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000
INCOME				
Capital contribution from the National Land Transport Fund	690,934	751,550	844,610	869,366
Revenue from the National Land Transport Fund	452,834	457,171	462,360	469,239
Revenue from the NLTF (rental and interest income)	21,724	17,350	15,350	13,650
Revenue from state highway disposals	73,842	57,600	57,000	60,000
Borrowing (Tauranga Eastern Link)	0	107,000	0	0
Total income	1,239,334	1,390,671	1,379,320	1,412,255
EXPENDITURE				
Transport Agency operating activities	31,760	31,760	31,760	31,760
Transport Agency investment in the state highway network	1,201,740	1,189,740	1,248,200	1,302,256
Transport Agency investment (Auckland transport initiatives)	0	55,000	90,000	65,000
Transport Agency investment (Tauranga Eastern Link)	0	107,000	0	0
Total expenditure	1,233,500	1,383,500	1,369,960	1,399,016
NET SURPLUS/(DEFICIT)	5,834	7,171	9,360	13,239

RENEWAL OF STATE HIGHWAYS				
INCOME				
Capital contribution from the National Land Transport Fund	176,421	213,853	224,700	235,935
Total income	176,421	213,853	224,700	235,935
EXPENDITURE				
Transport Agency operating activities	8,000	8,000	8,000	8,000
Transport Agency investment in the state highway network	168,421	205,853	216,700	227,935
Total expenditure	176,421	213,853	224,700	235,935
NET SURPLUS/(DEFICIT)	0	0	0	0

MAINTENANCE AND OPERATION OF STATE HIGHWAYS				
INCOME				
Revenue from the National Land Transport Fund	343,717	362,483	375,950	393,718
Revenue from other activities	968	2,321	1,065	1,065
Total income	344,685	364,804	377,015	394,783
EXPENDITURE				
Transport Agency operating activities	14,780	15,054	16,857	16,849
Transport Agency operating activities (business units)	369	988	986	994
Transport Agency investment in the state highway network operations	328,937	347,429	359,093	376,869
Total expenditure	344,086	363,471	376,936	394,712
NET SURPLUS/(DEFICIT)	599	1,333	79	71

Specific projects funded by the Crown

ENHANCED PUBLIC TRANSPORT CONCESSIONS FOR SUPERGOLD CARDHOLDERS				
	Projected 2013/14 \$000	Budget 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000
INCOME				
Revenue from the Crown	23,905	25,905	17,905	17,905
Total income	23,905	25,905	17,905	17,905
EXPENDITURE				
Funding to approved organisations	23,905	25,905	17,905	17,905
Total expenditure	23,905	25,905	17,905	17,905
NET SURPLUS/(DEFICIT)	0	0	0	0
ADMINISTRATION OF THE SUPERGOLD CARDHOLDERS SCHEME				
INCOME				
Revenue from the Crown	95	95	95	95
Total income	95	95	95	95
EXPENDITURE				
Transport Agency operating activities	95	95	95	95
Total expenditure	95	95	95	95
NET SURPLUS/(DEFICIT)	0	0	0	0
CONSTRUCTION OF PASSING OPPORTUNITIES ON SH2 BETWEEN NAPIER AND GISBORNE				
INCOME				
Revenue from the Crown	4,000	0	0	0
Total income	4,000	0	0	0
EXPENDITURE				
Transport Agency investment in the state highway network	4,000	0	0	0
Total expenditure	4,000	0	0	0
NET SURPLUS/(DEFICIT)	0	0	0	0

NATIONAL WAR MEMORIAL PARK: BUCKLE STREET UNDERGROUNDING PROJECT

	Projected 2013/14 \$000	Budget 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000
INCOME				
Capital contribution from the Crown	25,000	10,000	0	0
Total income	25,000	10,000	0	0
EXPENDITURE				
Transport Agency investment in the state highway network	25,000	10,000	0	0
Total expenditure	25,000	10,000	0	0
NET SURPLUS/(DEFICIT)	0	0	0	0

REINSTATEMENT OF EARTHQUAKE DAMAGED LOCAL ROADS IN CANTERBURY - LOAN

INCOME				
Revenue from the Crown	30,350	0	0	0
Total income	30,350	0	0	0
EXPENDITURE				
Funding to approved organisations	30,350	0	0	0
Total expenditure	30,350	0	0	0
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 January 2015.

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 Transport Agency's prospective statements and are provided here as information

PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDING 30 JUNE

	Projected 2013/14 \$000	Budget 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000
INCOME				
Revenue from the National Land Transport Fund	0	396	769	781
Revenue from other activities	0	2,500	5,100	7,200
Total income	0	2,896	5,869	7,981
EXPENDITURE				
Personnel costs	0	265	722	736
Operating expenses	0	2,568	5,135	7,245
Depreciation and amortisation expense	0	1,100	2,188	1,936
Total expenditure	0	3,933	8,045	9,917
NET SURPLUS/(DEFICIT)	0	(1,037)	(2,176)	(1,936)
OTHER COMPREHENSIVE INCOME	0	0	0	0
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	0	(1,037)	(2,176)	(1,936)

PROSPECTIVE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

	Projected 2013/14 \$000	Budget 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	0	50	50	50
Debtors and other receivables	0	241	489	665
Total current assets	0	291	539	715
NON-CURRENT ASSETS				
Property, plant and equipment	0	1,600	2,403	2,052
Intangible assets	0	16,200	14,410	12,825
Work in progress – information management solution	0	1,200	0	0
Total non-current assets	0	19,000	16,813	14,877
TOTAL ASSETS	0	19,291	17,352	15,592
LIABILITIES				
CURRENT LIABILITIES				
Creditors and other payables	0	215	429	604
Employee entitlements	0	13	36	37
TOTAL LIABILITIES	0	228	465	641
NET ASSETS	0	19,063	16,887	14,951
EQUITY				
General funds	0	20,100	20,100	20,100
Retained funds	0	(1,037)	(3,213)	(5,149)
TOTAL EQUITY	0	19,063	16,887	14,951

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

	Projected 2013/14 \$000	Budget 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000
EQUITY - OPENING BALANCES				
General funds	0	0	20,100	20,100
Retained funds	0	0	(1,037)	(3,213)
Total equity - opening balances	0	0	19,063	16,887
CHANGES IN EQUITY				
Comprehensive income				
Retained funds	0	(1,037)	(2,176)	(1,936)
Owner transactions				
Capital contribution - general funds	0	20,100	0	0
Total changes in equity	0	19,063	(2,176)	(1,936)
EQUITY - CLOSING BALANCES				
General funds	0	20,100	20,100	20,100
Retained funds	0	(1,037)	(3,213)	(5,149)
TOTAL EQUITY - CLOSING BALANCES	0	19,063	16,887	14,951

PROSPECTIVE STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 30 JUNE

	Projected 2013/14 \$000	Budget 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from National Land Transport Fund revenue	0	396	769	781
Receipts from other revenue	0	2,259	4,852	7,024
Payments to suppliers	0	(2,353)	(4,921)	(7,070)
Payments to employees	0	(252)	(700)	(735)
Net cash from operating activities	0	50	0	0
NET (DECREASE)/INCREASE CASH AND CASH EQUIVALENTS	0	50	0	0
Cash and cash equivalents at the beginning of the year	0	0	50	50
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	0	50	50	50

NATIONAL LAND TRANSPORT FUND

Financial overview

The National Land Transport Fund is a key tool to facilitate the government's investment on behalf of transport users. All revenue from fuel excise duty, road user charges, motor vehicle registration and licensing fees, revenues from Crown appropriations and management of Crown land, and interest are accounted for in the National Land Transport Fund. The National Land Transport Fund is used to manage:

- the funding of the NZ Police Road Policing Programme
- the funding of the National Land Transport Programme for:
 - › activities delivered by an approved organisation
 - › state highway activities
 - › research
 - › other Transport Agency activities, such as transport planning.

FUNDING INFLOWS AND OUTFLOWS 2014/15



PROSPECTIVE FINANCIAL STATEMENTS

NLTF PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDING 30 JUNE

	Projected 2013/14 \$m	Budget 2014/15 \$m	Forecast 2015/16 \$m	Forecast 2016/17 \$m
INCOME INFLOWS^a				
Land transport revenue	2,931	3,155	3,370	3,490
Management of Crown land and interest	96	75	72	74
Total income flows	3,027	3,230	3,442	3,564
OUTFLOWS				
Transport Agency National Land Transport Programme	1,895	2,070	2,099	2,103
Transport Agency National Land Transport Programme – capital contribution	941	1,023	1,126	1,165
Road user charges and fuel excise duty administration	5	5	5	5
NZ Police	307	297	297	297
MoT forecasting and strategy	1	1	1	1
Total outflows	3,149	3,396	3,528	3,571
NET SURPLUS/(DEFICIT)	(122)	(166)	(86)	(7)

NLTF PROSPECTIVE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

	Projected 2013/14 \$m	Budget 2014/15 \$m	Forecast 2015/16 \$m	Forecast 2016/17 \$m
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	24	10	0	0
Debtors	224	239	250	251
Total assets	248	249	250	251
LIABILITIES				
CURRENT LIABILITIES				
Creditors and other payables	485	652	739	747
Total liabilities	485	652	739	747
NET ASSETS	(237)	(403)	(489)	(496)
General funds	(237)	(403)	(489)	(496)
GENERAL FUNDS CLOSING BALANCE^a	(237)	(403)	(489)	(496)

a. This heading has been used to be consistent with the terminology in the Land Transport Management Act 2003.

NLTF PROSPECTIVE STATEMENT OF CHANGES IN GENERAL FUNDS BALANCE FOR THE YEAR ENDING 30 JUNE

	Projected 2013/14 \$m	Budget 2014/15 \$m	Forecast 2015/16 \$m	Forecast 2016/17 \$m
GENERAL FUNDS OPENING BALANCE	(115)	(237)	(403)	(489)
CHANGES IN GENERAL FUNDS BALANCE				
Net surplus/(deficit)	(122)	(166)	(86)	(7)
Total changes in general funds balance	(122)	(166)	(86)	(7)
TOTAL GENERAL FUNDS CLOSING BALANCE ^a	(237)	(403)	(489)	(496)

a. This heading has been used to be consistent with the terminology in the Land Transport Management Act 2003.

NLTF PROSPECTIVE STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 30 JUNE

	Projected 2013/14 \$m	Budget 2014/15 \$m	Forecast 2015/16 \$m	Forecast 2016/17 \$m
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from land transport revenue	3,017	3,214	3,432	
Payments to suppliers	(3,107)	(3,228)	(3,442)	3,562
Net cash from operating activities	(90)	(14)	(10)	(3,562)
Net (decrease)/increase in amounts held by the Crown	(90)	(14)	(10)	0
Amounts held by the Crown at the beginning of the year	114	24	10	0
AMOUNTS HELD BY THE CROWN AT THE END OF THE YEAR ^b	24	10	0	0

b. The National Land Transport Fund is a notional account only. There are no actual cash and cash equivalents as funds are held by the Crown. However, this statement has been provided to meet the requirements of section 11 of the Land Transport Management Act 2003.

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 National Land Transport Fund'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 Transport Agency has complied with financial reporting standard FRS 42 Prospective Financial Statements in the preparation of these National Land Transport Fund prospective financial statements.

These prospective financial statements are based on significant financial assumptions as to future events that the 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 Transport Agency does not intend to update the prospective financial statements subsequent to the publication of these statements.

Statement of significant underlying assumptions

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

Land transport revenue	Revenue forecasts for fuel excise duty, road user charges and motor vehicle registrations are based on future performance and trends.
Management of Crown land and interest	Forecast revenues are influenced by the management of rental properties and interest income on cash holdings. Assumptions are based on historical performance and trends.
National Land Transport Programme	The Transport Agency has developed a National Land Transport Programme for 2012 - 2015. The expenditure for the forecasted out years are most likely to change depending on the progress of the programme.
National Land Transport Programme - Capital contribution	The Transport 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.
Opening equity	Estimated opening equity assumes a 2013/14 year deficit of \$122 million. This impacts on estimated amounts of cash on hand and net assets.

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2015

Reporting entity

The Land Transport Management Act 2003 includes a requirement for the Transport Agency to prepare at the end of the financial year an annual report on the National Land Transport Fund.

All revenue from fuel excise duty, road user charges, motor vehicle registration and licensing fees, revenues from Crown appropriations and management of Crown land, and interest are accounted for in the National Land Transport Fund. The National Land Transport Fund is used to manage:

- › the funding of the NZ Police road policing programme
- › the funding of the National Land Transport Programme for:
 - activities delivered by an approved organisation
 - state highway activities
 - research
 - other Transport Agency activities, such as transport planning.

The National Land Transport Fund cash funds are held as part of the total Crown funds. The Ministry of Transport is responsible for authorising any payments from the National Land Transport Fund and administration of appropriations.

The financial statements of the National Land Transport Fund are for the period 2014-2017 and were approved by the Board on 19 June 2014.

Basis of preparation

Statement of compliance

The financial statements of the National Land Transport Fund 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 in New Zealand (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP as appropriate for public benefit entities and they comply with New Zealand International Financial Reporting Standards (NZ IFRS).

Measurement base

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

Function and presentation currency

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

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

The National Land Transport Fund 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 2014.

SIGNIFICANT ACCOUNTING POLICIES

Income inflows

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

Income 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 National Land Transport Fund 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.

Interest

Interest income is recognised using the effective interest method. Interest income on an impaired financial asset is recognised using the original effective interest rate.

Assets

The National Land Transport Fund account being a notional account does not hold physical assets.

Outflows

The National Land Transport Fund accounts for the flow for funds to:

- › the Transport Agency - for the funding of the National Land Transport Programme
- › the Police - who provide the Roding Policing Programme.

Under section 9(1) of the Land Transport Management Act 2003, the National Land Transport Fund funds search and rescue activities, and recreational boating safety and safety awareness.

The various activities are outlined in the statements of service performance.

Financial assets

The National Land Transport Fund is a notional account with funds held as part of the total Crown funds.

Cash and cash equivalents

The cash and cash equivalents of the National Land Transport Fund are held by the Crown.

Employee entitlements

The National Land Transport Fund has no employees.

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.

Commitments and contingencies are disclosed exclusive of GST.

Income tax

The National Land Transport Fund is a public authority and consequently is exempt from the payment of income tax. Accordingly, no provision has been made for income tax.

Budget figures

The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Transport Agency in preparing these financial statements.

STATEMENT OF SERVICE PERFORMANCE - FINANCIALS

OUTPUT CLASS FUNDING TO THE NZ TRANSPORT AGENCY

	Projected 2013/14 \$m	Budget 2014/15 \$m	Forecast 2015/16 \$m	Forecast 2016/17 \$m
Management of the funding allocation system	30	30	31	31
Transport planning	14	23	19	19
Sector research	5	6	5	5
Public transport	292	319	326	338
Road safety promotion	33	33	32	33
New and improved infrastructure for local roads	141	167	191	196
Renewal of local roads	246	251	261	275
Maintenance and operation of local roads	305	385	359	308
Walking and cycling	13	18	21	21
New and improved infrastructure for state highways	1,239	1,284	1,379	1,412
Renewal of state highways	176	214	225	236
Maintenance and operation of state highways	344	362	376	394
TOTAL OUTPUT CLASS FUNDING TO THE TRANSPORT AGENCY	2,836	3,093	3,226	3,268

APPENDIX: SUPPLEMENTARY INFORMATION FOR NON-FINANCIAL MEASURES

This section provides explanation and technical details for non-financial performance measures. These notes are presented by goal and include goal progress indicators, priority indicators, investment service indicators and result performance measures.

Integrating one network for customers – planning the land transport network

Management of the funding allocation system

1. The *total cost of the management of the funding allocation system* is the Transport Agency service delivery cost for this output less the cost of crash analysis system (CAS) business activity which is not part of the management funding allocation system.
2. The *% of operational assurance activities completed* is an aggregate of three specific dimensions: 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 in the given year.
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. All components of the measure have targets of 100%. Aggregation to the overall result is based on weighted volume of activity across the components in the given year.
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 transport information online system.

5. The *% customer satisfaction* demonstrates the percentage of approved organisations' stakeholders (regional, local and unitary authorities, Department of Conservation, Auckland Transport and the Waitangi National Trust) that were satisfied with the relationship between their organisation and the Transport Agency. This is measured through an independently conducted survey.

Transport planning

6. The *% of activities that are delivered to agreed standards and timeframes* includes transport planning, studies, strategies and models and activity management planning activities. These components are individually assessed against targets of >90%. Aggregation of these results is based on the weighted volume of activity for each area. The Transport Agency 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 Transport Agency assessment criteria and are therefore suitable for support or endorsement by the Transport Agency. It provides an indication of how well the Transport Agency manages its transport planning activities to time and cost standards.

Sector research

7. 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. All aspects have targets of 100% and contribute equally to the overall result. It is a measure of the effectiveness of the Transport Agency as a programme manager.

Shaping smart transport choices – providing access to and use of the land transport system

Licensing and regulatory compliance

8. *Unit transaction cost* measures the direct unit cost of delivering a driver licence/driver testing transaction/service. The unit transaction cost range reflects the impact of including WoF and CoF volumes into the number of products and services delivered. The reduction in how frequently many car owners are required to receive a WoF (as a result of the Vehicle Licensing Reform changes) will see a reduction in overall volumes compared to 2013/14 and an increase in the unit transaction costs in 2014/15.
9. The *% of transactions completed online* is the proportion of practical test bookings and rescheduled test bookings completed through the Transport Agency website divided by the total number of test bookings completed for motor vehicle and motorcycle licences.
10. The *% accuracy of registers* is a measure of the data input accuracy of the driver licence register (DLR) based on monthly audit checks from a random sample of 100 callers and a selection of agents' work processed against what's written on the form and recorded in DLR. The measure reflects the average of the audit results.
11. The *% of operational assurance activities completed* is an aggregate of three specific operational assurance activities (eg audits) of driver testing agents, transport operators, and certifying agents completed against planned. Aggregation is based on the weighted volume of activity in the given year.
12. 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 (with targets of >90%); and two completion rates against standard of official correspondence and transport rules development programmes (with targets of 100%). Aggregation to the overall result is based on weighted volume of activity across the components in the given year.
13. The *number of products and delivered or processed* include warrants of fitness (WoF), certificates of fitness (CoF), new and renewed driver licences, issuing of driver and transport operator testing services, certification review, border inspection, over dimension permits and drug and alcohol assessments funded.
14. The *% customer satisfaction* reflects the proportion of licensing customers who considered it easy to complete their driver licensing test booking via the internet. It is sourced from a feedback survey open to all users of the internet transaction service.

Road tolling

15. *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. Future target ranges have remained consistent despite the forecast increase in tolling volumes as there is ongoing system investment to manage the increased volume and complexity associated with the introduction of additional toll roads (Tauranga Eastern Link and Route K).
16. The *% of transactions completed online* is the proportion of casual trip and account holder trip transactions completed through the internet over the total number of trip and account holder trip.

Motor vehicle registry

17. The *% of transactions completed online* is the proportion of motor vehicle annual licensing annual vehicle licensing (incl reversals), New registrations and register maintenance actions including (vehicle licensing exemptions, change of ownership (buyer), change of ownership (seller), change of name/address, registered person name and address) purchased over the internet, direct connect and via an industry agent divided by the total number of motor vehicle registrations.
18. The *% accuracy of register* reflects the accuracy of the information entered into the motor vehicle registry (MVR). Data verification activities are 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.
19. The *% customer satisfaction* reflects the proportion motor vehicle register customers who consider the internet transaction they undertook was easy to complete. It is sourced from a feedback survey open to all users of the online transaction service. Responses are based on the following online transactions – vehicle licence renewal, bought or sold a vehicle, a registered person or stolen vehicle check, an exemption from vehicle licensing, applying for registered person name and address and revoking access to personal details.

Road user charges (RUC) collection, investigation and enforcement

20. The *% of transactions completed online* is the proportion of light and heavy vehicle 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.

21. The number of products/services delivered or processed includes light and heavy vehicle RUC license purchases and off road RUC rebate claims. This is an aggregate figure showing a total of assessment, enforcement and refund activities.

Refund of fuel excise duty (FED)

22. Average number of days taken to deliver is determined by how long it takes, on average, 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.

23. 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.

Delivering highway solutions for customers – managing the state highway network

New and improved infrastructure for state highways

24. % 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). It is a measure of the effectiveness of the Transport Agency as a project manager. Within each programme, time, cost and quality are equally weighted with targets of >90%. Aggregation to the overall result is based on weighted programme expenditure across the components in the given year.

Construction of passing opportunities on State Highway 2 between Napier and Gisborne: The % of activities that are delivered to agreed standards and timeframes is based on the proportion of the fund spent according to scope and Vote Transport for new and improved state highway work on Buckle Street in Wellington and on passing lanes between Napier and Gisborne.

25. The % of customers' satisfaction demonstrates the percentage of supplier stakeholders that were satisfied with the relationship between their organisation and the Transport Agency. This is measured through an independently conducted survey.

Renewal of state highways

26. 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. The single component aspect of this measure examines the proportion of state highway renewal work completed compared to the planned kilometres.

27. 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.

28. 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

29. 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. The single component aspect of this measure examines expenditure against baseline budget outlined in the state highway annual budget.

30. Safe stopping: % of network meeting surface texture standards reflects efficiency in meeting surface texture standards (to ensure safe stopping) as per sector research. 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.

31. 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 nominated surface texture standard over the length of the network surveyed.

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

33. The % customer satisfaction reflects the proportion of the public who are satisfied with the availability of network information and the overall rating of the state highways in New Zealand. It is sourced from several customer surveys. These are 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).

Maximising returns for New Zealand – investing in land transport

Administration of the SuperGold cardholders' scheme

34. The % of activities that are delivered to agreed standards and timeframes is a measure of our speed of processing and approving SuperGold claims to regional councils. The component measure is the average number of days taken to process claims received from regional councils. Days to process is defined as the difference between the date the payment was made and the date the claim was submitted/recorded in the Transport Information Online (TIO) or Land Transport Programme (LTP) website by the regional council (RC). Claims are received, validated and paid electronically.

Road safety promotion

35. 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. Components of this

measure look at the percentage of the road safety education and advertising campaigns completed on time and the percentage of education and promotion programmes that meet forecast participation rates. All components have a 100% target and contribute equally to the overall result.

36. % of road safety advertising campaigns that meet or exceed their agreed success criteria is a measure based of the success of road safety advertising campaigns. It is a composite measure reflecting the number and breadth of the advertising campaigns used, the varied media in which they are presented (including online) and the different aspects of the campaigns that are measured (including likeability, relevance, message takeout, likelihood to change attitude and prompted recall). These measures are collected from independently conducted surveys, media and website reporting.

New Zealand Transport Ticketing Limited

New Zealand Transport Ticketing Limited (NZTTL) central systems operations

37. The % of activities that are delivered to agreed standards and timeframes is a measure of NZTTL to deliver the project within agreed budget and timeframes. Refer page 51 for description of NZTTL's activities. NZTTL's activities.



NZ TRANSPORT
AGENCY
WAKA KOTAHI

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