

NZ TRANSPORT AGENCY AMENDED STATEMENT OF PERFORMANCE EXPECTATIONS 2018/19

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NZ Transport Agency

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NZ Transport Agency



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INTRODUCTION

This amended statement of performance expectations sets out what we'll deliver in 2018/19. This statement is directed by our strategy, which is described in our Statement of Intent 2018-22, which positions us to meet the changing expectations of the government and New Zealanders.¹

Through the Government Policy Statement on Land Transport 2018/19-2027/28 the government is prioritising a safe, resilient, well-connected and multimodal transport system that enables new housing opportunities, liveable cities and sustainable economic development in regional New Zealand.

Our strategic responses continue to provide a foundation to create great journeys that are easy, safe and connected and keep New Zealand moving.

- **One connected transport system:** We will transform the performance of the land transport system by integrating digital technology with physical infrastructure to create a safe, connected system that works for everyone.
- **People-centric approach:** We will simplify our customers' lives and our partners' work with innovative services and experiences that make it easy for them to do what they need to do.
- **Partnerships for prosperity:** We will unlock social and economic opportunities for customers, businesses and communities through targeted partnerships.

We'll make these changes through our eight position statements, which capture the outcomes we aim to achieve for New Zealand and direct our activities for 2018/19. Our position statements will drive our efforts to make the land transport system safer and more resilient and to reduce the negative impact of transport on the environment. We'll promote inclusive access to transport, including more transport choices, and better integration of transport with land use to create better communities to live in. We'll leverage technology and our regulatory role and we'll continue our transformation to make sure we're in the best possible position to make these changes.

This year, we'll begin to deliver more safety improvements on high-risk routes and intersections and start implementing the Speed Management Guide to support the development of risk-based speed management approaches. We are working to strengthen our regulatory function and will develop a whole-of-agency performance framework to monitor our regulatory activities and interventions. As the rail safety regulator, we'll also focus on risk to manage the country's rail networks safely.

We'll work with central and local government partners to better understand how to provide everyone in New Zealand with the transport they need to access employment, housing and other essential services.

To make our communities better places to live, we'll focus on better integrating aspects of the transport network with surrounding land use and developing places and spaces alongside transport infrastructure.

We will take a mode-neutral and environmentally responsible approach to investing in and delivering transport infrastructure and services to support a more liveable, cleaner and healthier New Zealand. This approach will include more transport options for customers to choose from and encouraging more people to travel by public transport, walking and cycling. We'll also develop a sustainability strategy to reduce environmental harm from land transport and improve public health, including a performance framework to monitor our impact.

In Auckland, we'll take a lead role in solving transport challenges and shaping urban form and development. In line with the Auckland Transport Alignment Project, we will develop a rapid transport network between the city and airport, and increase safe walking and cycling choices.

In the regions, we'll improve New Zealanders' access to economic and social opportunities by supporting regional development and provincial growth, supporting nationally important freight and tourism connections, and improving the resilience of the land transport system.

¹ Available from our website at www.nzta.govt.nz/soi

Improving the resilience of the transport system requires more effective collaboration with central and local government to reduce risks and help communities quickly recover from disruption. We'll begin joint programmes to understand risk and improve capability in managing disruptive events.

We'll invite our customers to help shape New Zealand's digital transport technology system and explore new and emerging technology that will help us transition to safer, sustainable and connected journeys for customers.

We have significant results to deliver this year and beyond. It's important that our organisation is in the best possible shape and that we have the respect and trust of our partners to lead and respond quickly to change.

We are committed to doing all we can this year to create a transport system that improves New Zealanders' wellbeing and makes our country a better place to live.



MICHAEL STIASSNY

Chair
9 NOVEMBER 2018



MARK DARROW

Chair of the Audit,
Risk and Assurance
Board Committee
9 NOVEMBER 2018



FERGUS GAMMIE

Chief Executive
9 NOVEMBER 2018

STATEMENT OF RESPONSIBILITY

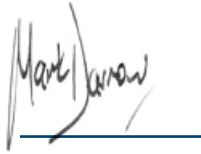
The information contained in the NZ Transport Agency *Amended statement of performance expectations 2018/19* has been prepared in accordance with the Crown Entities Act 2004.

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



MICHAEL STIASSNY
Chair
9 NOVEMBER 2018



MARK DARROW
Chair of the Audit, Risk and Assurance Board Committee
9 NOVEMBER 2018

COUNTERSIGNED BY



FERGUS GAMMIE
Chief Executive
9 NOVEMBER 2018



HOWARD CATTERMOLE
General Manager Investment and Finance
9 NOVEMBER 2018



JENNY CHETWYND
General Manager Strategy,
Policy and Planning
9 NOVEMBER 2018



OUR STRATEGY

GREAT JOURNEYS TO KEEP NEW ZEALAND MOVING

OUR VALUE

A great journey is easy, safe and connected. Our focus is on providing one integrated land transport system that helps people get the most out of life and supports business.

We're looking after the national transport system with our partners, today and for the future. We're innovating to make sure the system is efficient and sustainable, unlocking opportunity and keeping New Zealand moving.

At the Transport Agency, we're proud to be part of creating a better New Zealand.

CURIOUS

STRATEGIC RESPONSES

ONE CONNECTED TRANSPORT SYSTEM

Transform land transport system performance by integrating digital technology with physical infrastructure to create a safe, connected system that works for everyone.

PEOPLE-CENTRIC APPROACH

Simplify our customers' lives and our partners' work with innovative services and experiences that make it easy for them to do what they need to.

PARTNERSHIPS FOR PROSPERITY

Unlock social and economic opportunities for customers, businesses and communities through targeted partnerships.

COLLABORATIVE

POSITION STATEMENTS

TRANSPORT SAFETY

Our position is that it is unacceptable for anyone to be killed or seriously injured while travelling or working on the land transport system.

INCLUSIVE ACCESS

Our position is that everyone should have fair and equitable access to the transport system.

LIVEABLE COMMUNITIES

Our position is that we will partner to efficiently combine planning and investment for transport and land use and this will result in more vibrant, interactive communities.

TRANSPORT TECHNOLOGY

Our position is that we will use transport technology and data to transition to safer, sustainable and connected journeys for customers.

CUSTOMER FOCUSED

RESILIENCE

Our position is the resilience of the land transport system is increased by managing risks and long-term resilience challenges and helping communities quickly recover from disruptions.

ENVIRONMENT

Our position is that we will responsibly manage the land transport system's interaction with people, places and the environment.

REGULATORY

Our position as the transport regulator is that our systems should be intuitive and clear to ensure people can make good transport choices, while harmful behaviour is swiftly dealt with.

TRANSPORT AGENCY

Our position is that the Transport Agency is respected by partners, stakeholders and customers for its responsive and engaged people and its timely delivery of sustainable transport solutions.

OUR DNA

THREE-YEAR TARGET STATES

OUR CONTEXT

WE'RE ON THE CUSP OF A TRANSPORT REVOLUTION

Our context is formed by the pressures that impact on what we do and how we do it. We are facing many opportunities and challenges including:

- customers and business want faster, easier and personalised transport services
- our population is ageing and becoming more urbanised
- digital technology and new players with new services are transforming transport
- high-growth demands compete with regional and community expectations
- the government expects us to continue to provide a safe and resilient land transport system that delivers value for money and supports wider social and economic outcomes
- citizens demand we use resources wisely and develop a land transport system New Zealand can be proud of, now and into the future.

In addition, technology is leaping ahead with autonomous and electric vehicles and applications that are transforming personal mobility services and supply chain logistics. Customers are increasingly connected to information, services and social networks through smart devices, and they expect personalised transport services and real-time information when they are on the go.

Businesses also expect reliable and predictable connections, so they can make sure their goods reach retail shelves and factories in New Zealand and around the world.

Our strategy positions us to respond to these opportunities and challenges and the impact they have on the expectations of our customers and the government to make sure every person and business in New Zealand is kept safe and benefits from the transport revolution.



VALUE STATEMENT – OUR UNIQUE OFFERING

Our value statement describes why we do what we do. It embodies the unique value we offer our customers and New Zealand as a whole and describes the difference we make every day. In simple terms – great journeys to keep New Zealand moving.

A great journey is easy, safe and connected. When we talk about great journeys, we mean more than just moving people and goods.

We see transport as a complex, dynamic system of people and communities, businesses, infrastructure and services, vehicles of all types, and data and processes that connect the parts of the system. We want to improve the system and its connections to create seamless, safe and affordable access to social and economic opportunities for people, communities and business.

We keep New Zealand moving by investing in innovative transport solutions in high-growth urban areas. We also provide regional and interregional connections that enable regional development and support wider social and economic outcomes where transport has a significant role to play. By ensuring resilient networks we keep access to markets open and maintain tourist routes. We also manage national data registers and implement safety regulations.

GREAT
JOURNEYS
TO KEEP
NEW ZEALAND
MOVING



STRATEGIC RESPONSES – THREE BIG CHANGES WE’LL MAKE

Our three strategic responses – a system response, a people-centric response and a community response – describe the direction we’ll take to deliver value to New Zealand. They’re the three big changes we need to make in the longer term to deliver what is expected of us and ensure customers and citizens benefit from the rapid changes happening in transport.

ONE CONNECTED TRANSPORT SYSTEM

We aim to transform the performance of the land transport system by integrating digital technology with physical infrastructure to create a safe, connected system that works for everyone.

This strategic response is about the connection between transport networks, modes and services and data. We have a good track record of delivering physical road networks, and now we need to be just as good at integrating the physical with the digital across all modes: delivering one connected transport system that is safe and works for people and businesses.

An integrated transport system keeps everything connected, keeps everyone safe and supports easy access to information and multimodal transport connections. New digital tools and players create new interactions between all parts of the system, realising new opportunities for transport, freight movements and mobility services, and new ways to manage and regulate the system – so we all get the very best from the system.

This strategic response sets a direction that will see us investing in modern infrastructure and services to improve access to social and economic opportunities for all New Zealanders. It will enable technological and innovative solutions to tackle complex and enduring problems in the transport system and make sure New Zealand can take full advantage of the rapid changes taking place in transport.

PEOPLE-CENTRIC APPROACH

We want to simplify our customers’ lives and our partners’ work with innovative transport services, solutions and experiences that make it safe and easy for them to do what they need to. At the same time, we need to improve the safety of the system so that people always reach their destinations and don’t have fears about safety that unduly limit their transport choices.

We aim to put people and place, rather than vehicles and networks at the centre of our decision-making.

The transport system exists to serve people – our customers and our planning, investment and delivery partners. For our customers, a collaborative transport-as-a-service approach starts with understanding customer needs and mining rich customer information and interactions to design better transport experiences. Service offerings are tailored to create the most value – economically and socially – for customers and for New Zealand. Transport operations and demand management are critical in helping people get the best real-time experience. We will collaborate with our partners, working to understand what they need and balancing those needs with our responsibilities.

This strategic response also addresses the government’s overarching goal to ensure that transport plays its part in shaping the kinds of places that people want to live and work in. It emphasises the need to put people and the way they want to live at the heart of integrated land use and transport planning. It includes the need to provide people with better access to opportunities and better experiences for customers and citizens of all ages and abilities. It’s about collaboratively designing innovative services and solutions with customers. In urban areas, we will manage demand on overcrowded roads by incentivising a shift from single occupancy vehicles to a broader variety of affordable and attractive travel options such as, buses, trains, ferries and active and healthy modes like walking and cycling. This means doing the basics well, for example by providing high quality and safe routes to and from schools and making the connections between modes easy and seamless.

PARTNERSHIPS FOR PROSPERITY

We aim to improve access to social and economic opportunities for customers, businesses and communities through targeted partnerships.

We're focusing on great transport links and services that promote improved social, economic and environmental outcomes for communities and for business.

This strategic response supports the broad ambitions of central and local government to invest in ways that enable everyone in New Zealand to lead better lives. This means collaborating with others to play our role in creating liveable, connected and safe communities within a productive economy that delivers more jobs, higher incomes and higher living standards for New Zealanders. Transport services and other activities will be more joined up as we support others to help improve lives and livelihoods and build thriving communities.

POSITION STATEMENTS – WHAT WE'LL DO TO MAKE THESE CHANGES

Our eight position statements describe what we see as the significant challenges for the sector and the Transport Agency for at least the next four years. Addressing these challenges will help us to make the big changes we're aiming for in our strategic responses.

As well as describing the challenges, our position statements describe:

- our position on these challenges, the outcomes we seek to achieve and our direction for the next four years
- the big shifts in the transport system that are needed to deliver on our positions over time
- why we are stepping up to lead the response.

We will measure our progress against each position statement by:

- monitoring the initiatives and significant activities for 2018/19
- assessing our progress towards target states, which describe the results and changes we want to see by 2021.

Our position statements, the challenges they address, the target states and significant activities are set out in detail on pages 13-35.



HOW WE'LL DELIVER OUR STRATEGY

Our eight position statements describe what we will do in the coming years to make the changes signalled in our strategic responses. They identify where we will direct our efforts and resources to deliver these outcomes to our customers and citizens.

To successfully deliver these outcomes we need a sophisticated understanding of what our customers value from the transport system and how they live their lives. We have an ongoing programme of work to gather customer insights so we can better understand how New Zealanders experience the transport system, and we use these insights to shape what we focus on, how we deliver our services and how we measure our performance.

This section details what we'll deliver under our position statements over the coming year, and appendix 1 provides information about the significant capital projects that will support these position statements.

INTEGRATED STRATEGY AND PERFORMANCE INFORMATION

This document integrates strategic narrative (for our position statements) with forecast performance information for our output classes (the activities we are funded to deliver and the activities that we invest in using the National Land Transport Fund). Each output class sits under the position statement that it primarily contributes to. Most of our output classes contribute to more than one position statement and a full mapping of these contributions is included in appendix 2.



TRANSPORT SAFETY

TODAY'S CHALLENGE

More people are using New Zealand's land transport system than ever before. This growth, along with more walking and cycling, new technology, services and operators, is challenging our ability to achieve a safe system.

Our key road and rail safety indicators are either stalled or deteriorating. At least seven people die and around 54 are seriously injured every week on the land transport system, at a social cost of \$84 million per week, and near \$4.7 billion per annum.

OUR POSITION

Our position is that it is unacceptable for anyone to be killed or seriously injured while travelling or working on the land transport system.

WHAT NEEDS TO HAPPEN?

Improved transport safety will require public intolerance of serious road trauma and a demand for change. We will embed the Safe System approach in our decision-making and in our standards, technology, regulatory and compliance work. This includes our network planning, design and construction and operation activities. We target investment and effort to interventions with the highest impact to save lives and prevent harm. Our vehicle and rail fleets reflect international best practice standards for safety.

WHY US?

We are the principal co-investor and deliverer of safe system solutions and we shape and influence policies, regulations and standards governing system safety. With our extensive network of existing relationships and openness to new partnerships, we can effectively work with others to lead New Zealand towards a safe system.

HOW WE'LL MEASURE OUR PROGRESS

POSITION	THREE-YEAR TARGET STATES (BY 30 JUNE 2021)	MEASURES
Our position is that it is unacceptable for anyone to be killed or seriously injured while travelling or working on the land transport system	Within three years we will achieve: <ul style="list-style-type: none"> deliver initiatives targeting speed management, infrastructure improvements and vehicle safety designed to reduce the number of people killed or seriously injured while travelling on the land transport system through significantly increased investment, co-investment and coordination four fewer category A signals (rail) passed at danger (cumulative by 30 June 2021). 	Performance measures and key performance indicators for this position statement and the three-year target states are under development. Key performance indicators will be adopted directly from transport sector outcomes measures and GPS measures and rely upon the delivery of initial measures expected from the Ministry of Transport in December 2018.

SIGNIFICANT ACTIVITIES FOR 2018/19

The following initiatives are the main activities that we will deliver in 2018/19 to make progress on transport safety:

- 1.1 Begin delivery of a safe network improvement programme on high-risk routes and intersections.
- 1.2 Begin implementation of the Speed Management Guide on the highest risk routes.
- 1.3 Develop a communications programme to educate consumers on the benefits of safer vehicles.
- 1.4 Fully establish the rail safety regulator to be a proactive, risk based regulator.
- 1.5 Continue to work with the Ministry of Transport on developing a new Road Safety Strategy for 2019.

OUTPUT
CLASS

STATE HIGHWAY IMPROVEMENTS

Delivered by the Transport Agency and funded from the National Land Transport Fund and the Crown

What do we do?

Through state highway improvements, we manage and invest in infrastructure (roads, roadsides, and walking and cycling facilities), in socially and environmentally responsible ways, to reduce the number and severity of crashes and improve travel on the network. This contributes to reducing congestion, enabling more efficient freight supply chains, and creating a safer, more resilient transport system.

How we will assess service delivery performance

See investment management on page 35 and appendix 3 for technical details.

REFERENCE	MEASURE	ACTUAL 2017/18	TARGET 2018/19
SHI1	% of activities delivered to agreed standards and timeframes	86%	≥ 90%
SHI2	% of state highway network modified to align with safe and appropriate speed	New measure	New measure

How we will assess our investment performance

See appendix 3 for technical details.

REFERENCE	MEASURE	ACTUAL 2017/18	TARGET 2018/19
SHI3	% of state highways available to high productivity motor vehicles	62%	≥62%

How much it will cost

See pages 49-57 for full details on output class funding and expenditure.

	ACTUAL 2017/18 \$000 ¹	BUDGET 2018/19 \$000
Income	1,345,176	1,420,971
Expenditure	1,345,176	1,420,971
Net surplus (deficit)	0	0

¹ The 2017/18 actuals exclude income and expenditure related to the public/private partnerships (PPPs) of \$433,3m and finance costs of \$35.6m. The 2018/19 budget also excludes PPPs and finance costs.

OUTPUT CLASS
STATE HIGHWAY MAINTENANCE
Delivered by the Transport Agency and funded from the National Land Transport Fund and the Crown
What do we do?

Through state highway maintenance, we manage and invest in maintaining and operating the state highway network. We follow a rigorous approach so our state highways are safe, resilient and reliable for our customers to travel on.

How we will assess service delivery performance

See investment management on page 35 and appendix 3 for technical details.

REFERENCE	MEASURE	ACTUAL 2017/18	TARGET 2018/19
SHM1	% of activities delivered to agreed standards and timeframes	90%	≥ 90%
SHM2	Safe stopping: % of network meeting surface texture standards	99%	≥ 98%
SHM3	Network resilience: % of rutting ≥ 20mm over state highway network	1%	3%
SHM4	Safe stopping: % of network above skid threshold	95%	≥ 98%
SHM5	Smooth ride: % of travel on network classed as smooth	99%	≥ 97%
SHM6	Availability of state highway network: % of unplanned road closures resolved within standard timeframes ¹	82%	≥ 75%

¹ Performance against this measure is influenced by the frequency and severity of extreme weather events.

How we will assess our investment performance

See appendix 3 for technical details.

REFERENCE	MEASURE	ACTUAL 2017/18	TARGET 2018/19
SHM7	State highway maintenance cost per lane kilometre delivered	\$24,705	\$21,500 - \$24,000
SHM8	Reinstatement of the South Island Transport Corridors - % of activities delivered to agreed standards and timeframes	New measure	≥90%

How much it will cost

See pages 49-57 for full details on output class funding and expenditure.

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
Income	1,168,494	903,876
Expenditure	1,168,494	903,876
Net surplus (deficit)	0	0

OUTPUT CLASS
LOCAL ROAD IMPROVEMENTS
Invested in by the Transport Agency, delivered by local authorities and funded from the National Land Transport Fund
What do we do?

Through local road improvements and with local and regional councils, we invest in new local roads, chip sealing for existing roads, new traffic management facilities, replacement bridges and other structures in conjunction. These investments create safer local roads, improve the efficiency of freight supply chains, increase the resilience of the local road network and ease congestion.

How we will assess service delivery performance

See investment management on page 35 and appendix 3 for technical details.

How we will assess our investment performance

See appendix 3 for technical details.

REFERENCE	MEASURE	ACTUAL 2017/18	TARGET 2018/19
LRI1	% of approved organisations signed up to the 50MAX network	95%	≥ 95%
LRI2	% of local road network modified to align with safe and appropriate speed	New measure	New measure

How much it will cost

See pages 49-57 for full details on output class funding and expenditure.

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
Income	246,242	216,093
Expenditure	246,242	216,093
Net surplus (deficit)	0	0

OUTPUT CLASS LOCAL ROAD MAINTENANCE

Invested in by the Transport Agency, delivered by local authorities and funded from the National Land Transport Fund and the Crown

What do we do?

In conjunction with approved organisations, we invest in local road maintenance and operations, including the maintenance of pavements, structures and drains, and traffic services. These investments maintain the safety and resilience of the local road network and manage traffic flow and incidents, supporting lower congestion, a reduced risk of road crashes and better freight supply chain efficiency.

How we will assess service delivery performance

See investment management on page 35 and appendix 3 for technical details.

How we will assess our investment performance

See appendix 3 for technical details.

REFERENCE	MEASURE	ACTUAL 2017/18	TARGET 2018/19
LRM1	% of the sealed local road network that meets pavement integrity targets ¹	94%	≥ 94%
LRM2	% of the sealed local road network that meets surface condition targets ²	98%	≥ 98%
LRM3	Smooth ride: % of travel on smooth roads	87%	≥ 86%
LRM4	Local road maintenance cost per local road lane kilometre delivered	\$3,095	≤ \$3,000

¹ The name of this measure has been updated to more clearly reflect what is measured, but the underlying measurement methodology remains the same as when reported as 'pavement integrity of the sealed network'.

² The name of this measure has been updated to more clearly reflect what is measured, but the underlying measurement methodology remains the same as when reported as 'surface condition of the sealed network'.

How much it will cost

See pages 49-57 for full details on output class funding and expenditure.

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
Income	609,680	691,000
Expenditure	609,680	691,000
Net surplus (deficit)	0	0

OUTPUT CLASS **ROAD SAFETY PROMOTION AND DEMAND MANAGEMENT**

Delivered by the Transport Agency and local authorities with funding assistance from the National Land Transport Fund

What do we do?

Through road safety promotion and demand management, we manage and invest in activities that support behaviour changes to increase road safety and promote mode shift and use of travel planning to optimise the transport system. These activities include advertising, education and information targeted at road users. It includes work and school travel management plans, cycle safety training, ride sharing, promotion of public transport and active modes and the provision of alcohol interlocks.

How we will assess service delivery performance

See investment management on page 35 and appendix 3 for technical details.

REFERENCE	MEASURE	ACTUAL 2017/18	TARGET 2018/19
RSP1	% of activities delivered to agreed standards and timeframes	100%	100%
RSP2	% of road safety advertising campaigns that meet or exceed their agreed success criteria	87%	≥ 80%

How much it will cost

See pages 49-57 for full details on output class revenue and expenditure.

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
Income	39,347	55,264
Expenditure	37,412	52,902
Net surplus (deficit)	1,935	2,362

OUTPUT CLASS **ROAD POLICING**

Delivered by New Zealand Police and funded from the National Land Transport Fund

What do we do?

In consultation with New Zealand Police, we prepare the Road Safety Partnership Programme of New Zealand Police activities to be funded through the National Land Transport Fund and recommend it to the Minister of Transport for approval. We also monitor and report on delivery of the programme. The programme is funded through Vote Police, but the investment source is the National Land Transport Fund.

Road policing contributes to a safer land transport system by delivering prevention and enforcement activities that are targeted to risk, to make New Zealand's roads safer, and to support network management and compliance.

How we will assess service delivery performance

See investment management on page 35 and appendix 3 for technical details.

How we will assess our investment performance

See appendix 3 for technical details.

AREA OF CONCERN	RESULTS TO WHICH NEW ZEALAND POLICE SIGNIFICANTLY CONTRIBUTES	DESIRED TREND
Speed - including a speed management programme with a mix of manual and automated enforcement and intervention	Number of 5-15km/ph officer issued Infringement Offence Notices	Increase
	Mobile camera deployment activity (hours)	Increase
	Number of officer issued infringement offence notices	Increase
	Number of written traffic warnings issued	Increase
High risk drivers - including recidivist drink drivers, disqualified drivers, fleeing drivers and dangerous and reckless drivers	Number of officer issued infringement offence notices for high risk driving offences	Increase
	Number of traffic stops (3T's)	Increase
	Number of Offender Management Plans in place for high risk drivers	Increase
Restraints - including seatbelts, child restraints and helmets	Number of officer issued infringement offence notices for restraint offences	Increase
	Social media reach, interactions and shares during targeted national campaigns	Increase
Impairment - including alcohol, drug and fatigue related impairment	Number of officer issued infringement offence notices for impaired driving offences	Increase
	Number of breath tests completed	Increase
	Number of compulsory impairment tests that result in positive blood tests	Decrease
Vulnerable and active road users - including the elderly children, pedestrians, cyclists and motorcyclists.	Number of driver licensing programmes available	Increase
	Number of compliance issued for graduated driver license breaches	Increase
Distractions - including mobile phone use, careless use and distracting behaviours	Number of officer issued infringement offence notices for mobile phone offences	Increase
	Social media reach, interactions and shares during targeted national campaigns	Increase
Vehicle safety and compliance - including regulatory compliance of commercial vehicles and driving	Number of vehicle dimension and mass (VDAM) offences detected	Increase
Network Maintenance and Efficiency - through effective crash investigation practices	Timeliness of fatal notification submission	Increase

How much it will cost

See pages 49-57 for full details on output class funding and expenditure.

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
Income	333,000	353,000
Expenditure	333,000	353,000
Net surplus (deficit)	0	0



INCLUSIVE ACCESS

TODAY'S CHALLENGE

Easy access to affordable and multi-modal transport choices, as well as to services such as driver licensing, are not fully available to everyone in New Zealand. This leads to over-reliance on private vehicles, avoidable safety issues, reduced social cohesion and rising costs in our cities and regions. The disadvantaged feel these impacts most powerfully.

OUR POSITION

Our position is that everyone should have fair and equitable access to the transport system.

WHAT NEEDS TO HAPPEN?

To make this happen will require more accessible, frequent and affordable multi-modal transport choices, including walking and cycling, public transport, mass transit – including transformative light rail - and a reduction in single private vehicle use. There needs to be improved management of transport demand and operations and transport investment must take a mode-neutral approach, enabling wider and longer-term social, cultural, economic and environmental outcomes in cities and regions.

WHY US?

As the investment manager and co-planner of the land transport system, we collaborate to improve access to multi-modal transport choices. This includes partnering with other sea and air transport providers to ensure the whole transport system supports better access and choices for people and freight. As a key regulator, we can work with our partners to improve system access and choice while supporting outcomes that are more equitable nationally, regionally, locally and for iwi.

HOW WE'LL MEASURE OUR PROGRESS

POSITION	THREE-YEAR TARGET STATES (BY 30 JUNE 2021)	MEASURES
Our position is that everyone should have fair and equitable access to the transport system	Within three years we will achieve: <ul style="list-style-type: none"> increased mode share of public transport and active modes in our high growth urban areas improved access to priority routes for freight and tourism, particularly at peak times increased multi-modal transport choices for people in green and brownfields developments improve access to social and economic opportunities for the transport disadvantaged via more affordable transport choices - especially public transport, active modes, driver licensing and mobility apps. 	Performance measures and key performance indicators for this position statement and the three-year target states are under development. Key performance indicators will be adopted directly from transport sector outcomes measures and GPS measures and rely upon the delivery of initial measures expected from the Ministry of Transport in December 2018.

SIGNIFICANT ACTIVITIES FOR 2018/19

The following initiatives are the main activities that we will deliver in 2018/19 to make progress on inclusive access:

- 2.1 Build understanding and shared investment approaches with central and local government about the needs of the transport disadvantaged, and which interventions work best for which groups.
- 2.2 Develop initiatives to encourage many more people onto public transport and active modes, including:
 - a mode shift strategy to identify and prioritise what we can do to increase the attractiveness of public transport, walking, cycling and other active modes
 - a demand management programme that aims to enable better travel choices.
- 2.3 Develop a shared understanding in regional New Zealand of the most important transport accessibility needs for freight and tourism, and begin to take action.
- 2.4 Support local government to develop planning approaches and approvals that support multi-modal transport choices.
- 2.5 Deliver our commitments as a key partner in the Provincial Growth Fund** programme to lift regional productivity, including:
 - working with the Provincial Development Unit to identify investment opportunities, provide advice on applications and release funding for land transport projects
 - delivering the Waipapa intersection (Northland)
 - developing seven business cases as part of the next phase in the Twin Coast Discovery Route programme (Northland)
 - developing a single stage business case to identify potential improvements for State Highway 43, the Forgotten World highway (Taranaki)
 - delivering a significant pipeline of work in Tairāwhiti/Gisborne made up of physical works, emergency works and business cases.
- 2.6 Implement National Priority Programme for regional development.

** Note that work associated with both the Provincial Growth Fund and Auckland Transport Alignment Project support multiple position statements.

OUTPUT
CLASS

PUBLIC TRANSPORT

Invested in by the Transport Agency, delivered by local authorities and funded from the National Land Transport Fund

What do we do?

Along with approved organisations (such as local and regional councils), we invest in bus, ferry and rail public transport services, technology, facilities and infrastructure to increase patronage. This includes investing in subsidised door-to-door transport for people with mobility impairments.

Investment in public transport provides customers with more ways to travel, eases congestion and makes better use of the existing transport system. Public transport also reduces the impact of transport on the environment and contributes to reducing the number of deaths and serious injuries from road crashes.

Public transport activities are supported by the administration of the SuperGold cardholders' scheme and Enhanced public transport concessions for SuperGold cardholders (page 21).

How we will assess service delivery performance

See investment management on page 35 and appendix 3 for technical details.

How we will assess our investment performance

See appendix 3 for technical details.

REFERENCE	MEASURE	ACTUAL 2017/18	DESIRED TREND 2018/19
PT1	Number of passengers using urban public transport services (bus, train and ferry)	158m	≥ 164m
PT2	% of people with access to frequent public transport services in Auckland, Wellington and Christchurch	30%	Increasing
PT3	Cost per passenger kilometre by: ¹		Decreasing
	Bus	\$0.19/km	≤ \$0.19/km
	Train	\$0.16/km	≤ \$0.16/km
	Ferry	\$0.06/km	≤ \$0.06/km

¹ The methodology for this measure has been altered so that total cost as well as the contribution from the National Land Transport Fund will be reported. We also invest in conjunction with third parties and operators, where appropriate.

How much it will cost

See pages 49-57 for full details on output class funding and expenditure.

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
Income	382,616	548,990
Expenditure	382,616	548,990
Net surplus (deficit)	0	0

ADMINISTRATION OF THE SUPERGOLD CARDHOLDERS' SCHEME AND ENHANCED PUBLIC TRANSPORT CONCESSIONS FOR SUPERGOLD CARDHOLDERS

Administered by the Transport Agency, delivered by local authorities and funded from the Crown

What do we do?

Together with local and regional councils, including Auckland Transport, we administer the SuperGold cardholders' scheme. We also fund regional councils to provide enhanced public transport concessions for SuperGold cardholders. The Crown funds both activities as specific projects. We manage the SuperGold cardholders' scheme on behalf of the Ministry of Transport.

The SuperGold cardholders' concessionary fares scheme provides more transport choices for older people and improves the use of public transport during off-peak hours, which reduces congestion and contributes to improving safety on our roads.

How we will assess service delivery performance

See investment management on page 35 and appendix 3 for technical details.

REFERENCE	MEASURE	ACTUAL 2017/18	TARGET 2018/19
SG1	% of 'on time' payment of Crown SuperGold allocation to Authorised Organisations	New measure	100%

How we will assess investment performance

See appendix 3 for technical details.

REFERENCE	MEASURE	ACTUAL 2017/18	TARGET 2018/19
SG2	Patronage (number of boardings using SuperGold concessions)	New measure	14 million

How much it will cost

See pages 49-57 for full details on output class funding and expenditure.

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
Income	28,266	29,469
Expenditure	28,266	29,469
Net surplus (deficit)	0	0

**LIVEABLE COMMUNITIES****TODAY'S CHALLENGE**

The power of transport as a major shaper of liveable communities is not being realised. Too often transport investment is sought to deliver transport benefits ahead of a shared and long-term vision to enable the types of accessible, attractive and efficient communities that people want to call home.

Increasingly unaffordable housing and transport costs, social and economic dislocation and unsustainable land use patterns are the price New Zealand communities pay as a result of inconsistent integrated planning for people and place.

OUR POSITION

Our position is that we will partner to efficiently combine planning and investment for transport and land use and this will result in more vibrant, interactive communities.

WHAT NEEDS TO HAPPEN?

To make this happen will require multi-party integrated land use and transport planning that delivers the kinds of communities people want through people-centred planning for city and community transformation. Genuine partnering for outcomes allows transport to unlock and support a committed and compelling vision. This is the vision and reason for our engagement in Auckland's transformative light rail projects.

As part of this, we will need to review the appropriateness of current economic evaluation approaches to ensure they provide effective consideration of the contribution from walking, cycling, and public transport in providing both transport and other non-transport benefits. At the same time we need to identify where our investment decision-making framework can better align with wider social and economic outcomes and recognise and consider non-monetised costs and benefits. This will require a shift in thinking from transport as mobility, to transport that enables access to opportunities, as outlined in our position statement on inclusive access.

WHY US?

We are the principal investment manager for the land transport system and a key system planner, increasingly taking a long-term view. We can ensure investment settings incentivise integrated land use and transport planning to support compelling community vision and decisions are based on the ability to deliver positive social, economic and environmental outcomes. We have a track record of working with partners and iwi to harness the place-shaping power of transport to deliver desirable urban and regional development. We are well placed to build new collaborative relationships, including with new urban development and infrastructure agencies, to ensure transport supports wider outcomes and a thriving New Zealand.

HOW WE'LL MEASURE OUR PROGRESS

POSITION	THREE-YEAR TARGET STATES (BY 30 JUNE 2021)	MEASURES
Our position is that we will partner to efficiently combine planning and investment for transport and land use and this will result in more vibrant, interactive communities	Within three years we will achieve: <ul style="list-style-type: none"> increased space in our cities dedicated to people rather than vehicles increased proportion of the urban network at slow (liveable) speeds (eg 30km). 	Performance measures and key performance indicators for this position statement and the three-year target states are under development. Key performance indicators will be adopted directly from transport sector outcomes measures and GPS measures and rely upon the delivery of initial measures expected from the Ministry of Transport in December 2018.

SIGNIFICANT ACTIVITIES FOR 2018/19

The following initiatives are the main activities that we will deliver in 2018/19 to make progress on liveable communities:

- 3.1 Further integrate 'placemaking' in solutions by developing places and spaces alongside transport facilities and integrating active modes and use of technology.
- 3.2 Identify transport gaps for targeted regions to ensure access to essential services for all New Zealanders.
- 3.3 Partner with the Auckland Transport Alignment Project (ATAP)** agencies to implement the indicative package (including light rail) and progress the ATAP recommendations.

** Note that work associated with ATAP supports multiple position statements

OUTPUT CLASS

WALKING AND CYCLING

Invested in by the Transport Agency, delivered by road controlling authorities and funded from the National Land Transport Fund and the Crown

What do we do?

Through walking and cycling, we invest in new and improved walking and cycling infrastructure (for transport purposes) as well as in community education and promotion, including the delivery of the Urban Cycleways Programme.

Walking and cycling infrastructure includes cycle paths, cycle lanes, new footpaths, services for crossing roads and cycle parking facilities. New facilities that are a part of a road are funded through investments to improve road networks, rather than through walking and cycling investment.

Walking and cycling investment creates safer and more accessible infrastructure and transport networks, gives our customers more transport choices, relieves congestion and reduces the impact of transport on the environment. It also supports better health by enabling more people to walk and cycle.

How we will assess our service delivery performance

See investment management on page 35 and appendix 3 for technical details.

How we will assess our investment performance

See appendix 3 for technical details.

REFERENCE	MEASURE	ACTUAL 2017/18	TARGET 2018/19
WC1	Network kilometres of walking and cycling facilities delivered	79.3km (including 61.8km Urban Cycleways Programme (UCP) projects)	Increasing
WC2	Cycling count in Auckland, Wellington and Christchurch	New measure	Increasing

How much it will cost

See pages 49-57 for full details on output class funding and expenditure.

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
Income	87,733	104,394
Expenditure	88,634	104,394
Net surplus (deficit)	(901)	0

OUTPUT CLASS **RAPID TRANSIT**
This is a new output class invested in and delivered by the Transport Agency and funded from the National Land Transport Fund

What do we do?

We will work in partnership with other agencies to deliver rapid transit improvements. This includes establishing arrangements to plan, fund, design, supervise, construct and maintain rapid transit networks and projects, including light rail.

Investment in rapid transit provides customers with more ways to travel, eases congestion and supports better access to housing, education and employment in major metropolitan areas. Like other forms of public transport, rapid transit also reduces the impact of transport on the environment and contributes to reducing the number deaths and serious injuries from road crashes.

How we will assess our service delivery performance

See investment management on page 35 and appendix 3 for technical details.

REFERENCE	MEASURE	ACTUAL 2017/18	TARGET 2018/19
RPT1	% of activities delivered to investment requirements	New measure	≥90%

How much it will cost

See pages 49-57 for full details on output class revenue and expenditure.

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
Income	0	130,378
Expenditure	0	130,378
Net surplus (deficit)	0	0

OUTPUT CLASS **TRANSITIONAL RAIL**
This is a new output class invested in by the Transport Agency, delivered through local authorities with funding assistance from the National Land Transport Fund

What do we do?

We invest in improving urban rail services and interregional rail services that assist passengers to access major employment and housing areas.

Investment in passenger rail provides customers with more ways to travel, eases congestion and supports better access to housing, education and employment. Like other forms of public transport, rail reduces the impact of transport on the environment and contributes to reducing the number deaths and serious injuries from road crashes.

How we will assess our service delivery performance

See investment management on page 35 and appendix 3 for technical details.

REFERENCE	MEASURE	ACTUAL 2017/18	TARGET 2018/19
TR1	% of projects approved for implementation	New measure	Increasing
TR2	% of activities delivered to investment requirements	New measure	New measure

How much it will cost

See pages 49-57 for full details on output class revenue and expenditure.

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
Income	0	35,390
Expenditure	0	35,390
Net surplus (deficit)	0	0



TRANSPORT TECHNOLOGY

TODAY'S CHALLENGE

Digital technologies and disruptive business models and data are changing the way the transport system operates. The changes have the potential to make transport safer, more sustainable and more efficient, but new technology also brings with it new risks.

We have limited capability to identify, capitalise on and respond to technology and information challenges and opportunities, and we risk being either excluded from technology opportunities or locked into solutions with diminishing returns.

OUR POSITION

Our position is that we will use transport technology and data to transition to safer, sustainable and connected journeys for customers.

WHAT NEEDS TO HAPPEN?

To make this happen will require joint leadership with local authorities and the technology companies to create an adaptable, sustainable and technology-enabled transport system that provides real-time system and services management and information. Evidence-led decision-making will be enabled by insight, data and analytics. Customers will be empowered to make informed choices from a broader range of land transport options enabled by automated and affordable shared services.

WHY US?

We are the principal system planner, investor and manager with control over many levers, and we have visibility of the technology challenges and opportunities across the whole system. We are well placed with our broad range of cross-government, technology and service provider relationships to identify, enable and lead integrated technology solutions for a range of transport challenges.

HOW WE'LL MEASURE OUR PROGRESS

POSITION	THREE-YEAR TARGET STATES (BY 30 JUNE 2021)	MEASURES
Our position is that we will use transport technology and data to transition to safer, sustainable and connected journeys for customers	Within three years we will achieve: <ul style="list-style-type: none"> increased easy customer access to information on journey options components in place to provide the foundation for an enduring and flexible digital transport system a single integrated plan for investment and use of digital technology. 	Performance measures and key performance indicators for this position statement and the three-year target states are under development. Key performance indicators will be adopted directly from transport sector outcomes measures and GPS measures and rely upon the delivery of initial measures expected from the Ministry of Transport in December 2018.

SIGNIFICANT ACTIVITIES FOR 2018/19

The following initiatives are the main activities that we will deliver in 2018/19 to make progress on transport technology:

- 4.1 Enable customers to have the opportunity to shape New Zealand's digital transport technology system through pilots and the roadmap.
- 4.2 Invest in the priority components necessary to deliver an enduring and flexible digital transport system.
- 4.3 Understand the environment and have in place aligned forward plans for investment in the products.



RESILIENCE

TODAY'S CHALLENGE

The transport system is experiencing increasingly frequent and severe unplanned disruptions due to a combination of climate change, increasing traffic volumes and incidents such as crashes. Some ageing infrastructure was not designed to manage current demand, and is becoming less robust. Reducing risk, preparing, responding to and recovering from disruption requires a co-ordinated response, but we need a better understanding of and policies for different types of risks, disruption impacts and community tolerances.

Our current decision making processes do not effectively support investment to manage key vulnerabilities including high impact/low frequency or slow onset events such as earthquakes and sea-level rise.

OUR POSITION

Our position is the resilience of the land transport system is increased by managing risks and long-term resilience challenges and helping communities quickly recover from disruptions.

WHAT NEEDS TO HAPPEN?

To make this happen will require a cross government partnership approach with an increasing understanding of hazard risk, system vulnerability, best-practice response and community tolerance, working to reduce the impact of disruptive events; supported by a decision-making framework that appropriately values the wider benefits of a resilient system.

WHY US?

We are a national lifeline utility and the principal co-planner, investor and asset manager for the land transport system. We have proven capability and capacity throughout New Zealand, to manage small scale, frequent events and a recognised ability to respond effectively to major events. Through our extensive network of government and supplier relationships, we are well placed to support and build resilient communities.

HOW WE'LL MEASURE OUR PROGRESS

POSITION	THREE-YEAR TARGET STATES (BY 30 JUNE 2021)	MEASURES
Our position is the resilience of the land transport system is increased by managing risks and long-term resilience challenges and helping communities quickly recover from disruptions	Within three years we will achieve: <ul style="list-style-type: none"> informed, engaged and increasingly self-sufficient communities a system that is recognised as appropriately adapting to climate change the reputation as highly responsive to significant disruption. 	Performance measures and key performance indicators for this position statement and the three-year target states are under development. Key performance indicators will be adopted directly from transport sector outcomes measures and GPS measures and rely upon the delivery of initial measures expected from the Ministry of Transport in December 2018.

SIGNIFICANT ACTIVITIES FOR 2018/19

The following initiatives are the main activities that we will deliver in 2018/19 to make progress on resilience:

- 5.1 Build capability and/or resources with our central and local government partners to deliver against resilience priorities more effectively for communities.
- 5.2 Draft the Resilience National Business Case.
- 5.3 Begin joint programmes with local government and other partners to build a shared understanding of risk tolerance for communities and business, and improve capability and self-sufficiency to manage disruptive events.
- 5.4 Include a broader range of benefits and costs for resilience project evaluations through the Investment Decision Making Review.

OUTPUT
CLASS

REGIONAL IMPROVEMENTS

Delivered by the Transport Agency and funded from the National Land Transport Fund

What do we do?

Through regional improvements we invest in important state highways and local roads outside major metropolitan areas. We deliver state highway projects, and local and regional councils deliver local road projects. These projects support regional economic development by providing efficient and reliable transport for tourists and freight as well as improving the safety and resilience of the road network.

How we will assess service delivery performance

See investment management on page 35 and appendix 3 for technical details.

REFERENCE	MEASURE	ACTUAL 2017/18	TARGET 2018/19
R11	Lane kilometres of improved regional roading	9.38km	Increasing
R12	Kilometres available to high productivity motor vehicles (HPMV) on key regional routes	7,221km	Increasing
R13	% of activities delivered to agreed standards and timeframes	87%	≥ 90%

How much it will cost

See pages 49-57 for full details on output class funding and expenditure.

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
Income	140,136	152,250
Expenditure	140,136	152,250
Net surplus (deficit)	0	0



ENVIRONMENT

TODAY'S CHALLENGE

Transport accounts for 18 percent of New Zealand's greenhouse gas emissions, 90 percent of which arise from road transport. These must be significantly reduced if the Government's to meet its obligations under the Paris Agreement to reduce greenhouse gas emissions by 2030. Other air emissions play a role in shortening the lives of over 250 people every year and noise pollution adversely effects those living near busy transport corridors and hubs.

Our biodiversity is at risk from transport system and run-off into sensitive waterways and its interaction with sensitive habitats.

A sustainable transport system looks after environmental and public health.

OUR POSITION

Our position is that we will responsibly manage the land transport system's interaction with people, places and the environment.

WHAT NEEDS TO HAPPEN?

To make this happen will require the Transport Agency to work on a number of fronts and with a range of regulatory, policy, investment and planning levers to lead the land transport sector in the transition to a sustainable system that protects and enhances environmental and public health and supports a net zero emissions economy.

WHY US?

We can co-invest in, plan and deliver low emission land transport solutions. We can shape and influence policies, regulations and standards to reduce impacts on people, the environment and communities. With our extensive network of existing relationships and openness to new partnerships, we are well-positioned to lead progress towards an environmentally responsible and low emission land transport system that supports a more liveable, cleaner and healthier New Zealand.

HOW WE'LL MEASURE OUR PROGRESS

POSITION	THREE-YEAR TARGET STATES (BY 30 JUNE 2021)	MEASURES
Our position is that we will responsibly manage the land transport system's interaction with people, places and the environment	<p>Within three years we will achieve:</p> <ul style="list-style-type: none"> • implementation underway of a prioritised work programme to deliver on the government's environmental targets for the transport sector • leading the public sector in offsetting GHG emissions from staff travel, and significantly reduced emissions from our vehicle fleet • reporting against approved environmental key performance indicators for infrastructure delivery and network management contracts which are 100 percent NLTF-funded • environmental and public health impacts appropriately valued in investment decision making processes. 	Performance measures and key performance indicators for this position statement and the three-year target statements are under development. Key performance indicators will be adopted directly from transport sector outcomes measures and GPS measures and rely upon the delivery of initial measures expected from the Ministry of Transport in December 2018.

SIGNIFICANT ACTIVITIES FOR 2018/19

The following initiatives are the main activities that we will deliver in 2018/19 to make progress on the environmental position statement:

- 6.1 Build and begin monitoring an environmental sustainability performance framework, including climate change mitigation measures.
- 6.2 Develop a sustainability strategy, focusing on climate change, improving public health and reducing environmental harm that incorporates robust measures and targets and is supported by a comprehensive implementation plan.



REGULATORY

TODAY'S CHALLENGE

The transport system is changing faster than the regulatory system that supports it. New and emerging technologies, changing social and customer expectations and new transport services are revealing the limits of New Zealand's current land transport regulatory framework.

If unchecked our legislative settings, business tools and processes for regulating people, vehicles, commercial operations, network management and revenue will become more outdated and dysfunctional; we will cease to be effective as a regulator, missing opportunities to leverage new tools, technologies and approaches that could better equip us to enable positive outcomes for businesses, communities and iwi.

OUR POSITION

Our position as the transport regulator is that our systems should be intuitive and clear to ensure people make good transport choices, while harmful behaviour is swiftly dealt with.

WHAT NEEDS TO HAPPEN?

To make this happen will require that we have a culture focused on delivering great outcomes for communities, the economy and the environment. We will apply new tools and people-centred design to our regulatory activities and decision making with a stronger focus on harm reduction. By design, doing the right thing will be intuitive, with poor choices difficult to make and harmful behaviour quickly identified and addressed.

WHY US?

We are the land transport regulator who ensures the system delivers safe and sustainable access to social and economic opportunities. We have a range of tools we can use to lead people and businesses to do the right thing.

HOW WE'LL MEASURE OUR PROGRESS

POSITION	THREE-YEAR TARGET STATES (BY 30 JUNE 2021)	MEASURES
Our position as the transport regulator is that our systems should be intuitive and clear to ensure people can make good transport choices, while harmful behaviour is swiftly dealt with	Within three years we will achieve: <ul style="list-style-type: none"> • the reputation as a leading government regulator • increased industry and customer confidence that the Transport Agency is effectively targeting its regulatory effort to risk • an efficient compliance and enforcement function that is transparent, fast and fair in dealing with non-compliance. 	Performance measures and key performance indicators for this position statement and three-year target states are under development and are expected by December 2018.

SIGNIFICANT ACTIVITY FOR 2018/19

The following initiative is the activity that we will deliver in 2018/19 to make progress on the regulatory position statement:

7.1 Develop and begin to implement a future state regulatory function.

REGULATORY COMPLIANCE REVIEW

In late September 2018, the NZ Transport Agency Board engaged law firm Meredith Connell to work with the Transport Agency to identify, assess, and then review open compliance files. Compliance files relate to potential issues where an individual or operator may not be following the rules as set out in legislation. Open files are ones where the work required to allow them to be closed has not yet been completed.

The review identified approximately 850 open files as well as shortcomings in our regulatory function – findings indicated issues with timeliness and responsiveness in managing potential non-compliance issues. The files are from a range of the Transport Agency’s regulatory functions, which relate to the certification and assurance of third-party delivery agents, vehicle inspectors, driver testing and course providers, and commercial transport operators.

Around 150 of the files were considered as having significant issues and where the potential risks of in action or delays are high. These were prioritised as ‘red’ for urgent review by Meredith Connell with recommendations being made to the Transport Agency in relation to next steps and actions to take. Good progress has been made on these. The other files were categorised as ‘orange’ (for medium to low seriousness requiring follow-up inquiries) or ‘yellow’ (where there is already a clear process in place to address issues) and work on these is being prioritised accordingly.

Meredith Connell is also providing independent leadership of the Transport Agency’s regulatory function. There will be three phases to the work led by Meredith Connell to ensure the Transport Agency has a best practice regulatory operation going forward.

The first priority and initial phase, ‘stabilisation’, involves the legal review of the open compliance files, with recommendations being made to, and decisions made by, the Transport Agency. This phase also includes putting in place the necessary interim changes to our processes.

At the same time, work will be undertaken on the desired ‘future state’, establishing what is required to implement a best practice approach to regulatory compliance.

The third phase, ‘review’, also undertaken in parallel, is an independent review by Meredith Connell to identify and report on the reasons for the current failure and the actions needed to ensure that the situation does not reoccur in the future.

OUTPUT CLASS LICENSING AND REGULATORY COMPLIANCE

Delivered by the Transport Agency and funded from fees and charges and the Crown

What do we do?

Through licensing and regulatory compliance we develop land transport rules (under contract to the Ministry of Transport) and clear standards for vehicle inspection and certification, transport service (commercial) licensing operations, rail safety operations and vocational driver licensing.

We also:

- monitor and audit compliance with regulatory standards and requirements for vehicles, drivers, operators and transport system providers
- provide driver and transport (including rail) operator licensing and testing services
- maintain the driver licence register
- issue permits for over-dimension vehicles
- administer drug and alcohol assessments of drivers and operators
- inform and advise on driver licensing
- provide ministerial services.

Funding for licensing and regulatory compliance comes from fees and charges and from the Crown,

including from Crown contracts for specific activities.

This work helps to improve the safety of land transport as well as supporting efficient vehicles and freight supply chains.

How we will assess service delivery performance

See appendix 3 for technical details.

REFERENCE	MEASURE	ACTUAL 2017/18	TARGET 2018/19
LR1	Unit transaction costs	\$11.42	≤ \$13
LR2	% of transactions completed online	46%	≥ 50%
LR3	% accuracy of data entry into registers	97%	≥ 97%
LR4	% of operational assurance activities completed	93%	100%
LR5	% of activities that are delivered to agreed standards and timeframes	94%	≥ 90%

How much it will cost

See pages 49-57 for full details on output class funding and expenditure.

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
Income	98,995	98,272
Expenditure	99,008	106,608
Net surplus (deficit)	(13)	(8,336)

OUTPUT CLASS **ROAD TOLLING**

Delivered by the Transport Agency and funded from fees and charges

What do we do?

Through road tolling, we:

- collect toll revenues and disbursements to the Crown
- manage the associated roadside and back-office systems, customer interfaces and payment channels
- inform and advise the public.

By collecting fees from people using existing infrastructure, we can invest in new projects to improve our road networks. Toll roads are located north of Auckland (Auckland Northern Gateway) and Tauranga (Tauranga Eastern Link and Takitimu drive).

How we will assess service delivery performance

See appendix 3 for technical details.

REFERENCE	MEASURE	ACTUAL 2017/18	TARGET 2018/19
RT1	Unit transaction costs	\$0.70	≤ \$0.75
RT2	% revenue compliance	97%	≥ 97%

How much it will cost

See pages 49-57 for full details on output class funding and expenditure.

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
Income	15,276	15,497
Expenditure	15,636	15,820
Net surplus (deficit)	(360)	(323)

OUTPUT CLASS > MOTOR VEHICLE REGISTRY

Delivered by the Transport Agency and funded from fees and charges

What do we do?

Through motor vehicle registry activities, we:

- operate the motor vehicle register
- deliver motor vehicle registration and licensing services
- collect and refund registration and licensing revenue, which is paid to the National Land Transport Fund
- inform and advise the public.

When a vehicle is first registered in New Zealand, vehicle safety and environmental standards have to be met before it can be licensed for use on the road. This improves vehicle safety and reduces adverse environmental effects.

How we will assess service delivery performance

See appendix 3 for technical details.

REFERENCE	MEASURE	ACTUAL 2017/18	TARGET 2018/19
MVR1	Unit transaction costs	\$4.09	≤ \$4.60
MVR2	% of transactions completed online	49%	≥ 50%
MVR3	% accuracy of data entry into registers	97%	≥ 95%
MVR4	% revenue compliance	98%	≥ 98%

How much it will cost

See pages 49-57 for full details on output class funding and expenditure.

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
Income	53,636	53,494
Expenditure	52,355	53,671
Net surplus (deficit)	1,281	(177)

OUTPUT CLASS > ROAD USER CHARGES COLLECTION, INVESTIGATION AND ENFORCEMENT

Delivered by the Transport Agency and funded from the National Land Transport Fund and fees and charges

What do we do?

Through road user charges (RUC) collection, investigation, and enforcement we:

- collect revenue by selling RUC licences and refund RUC
- investigate evasion and enforce payment of RUC
- inform and advise the public about RUC.

The revenue from RUC goes into the National Land Transport Fund to deliver the National Land Transport Programme, supporting all of our investment in the land transport system.

How we will assess service delivery performance

See appendix 3 for technical details.

REFERENCE	MEASURE	ACTUAL 2017/18	TARGET 2018/19
RUC1	Unit transaction costs	\$3.69	≤ \$4.50
RUC2	% of transactions completed online	66%	≥ 65%

How much it will cost

See pages 49-57 for full details on output class funding and expenditure.

	ACTUAL 2017/18 \$000	TARGET 2018/19 \$000
Income	16,993	17,737
Expenditure	17,488	19,661
Net surplus (deficit)	(495)	(1,924)

OUTPUT
CLASS

REFUND OF FUEL EXCISE DUTY

Delivered by the Transport Agency and funded from the National Land Transport Fund

What do we do?

On behalf of the Ministry of Transport, we record, refund and account for fuel excise duty refund applications. Refund of this duty is an adjunct to the collection of the duty and is provided for under the Land Transport Management Act 2003.

How we will assess service delivery performance

See appendix 3 for technical details.

REFERENCE	MEASURE	ACTUAL 2017/18	TARGET 2018/19
FED 1	Average number of days to deliver	23.4 days	≤ 20 days

How much it will cost

See pages 49-57 for full details on output class funding and expenditure.

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
Income	785	828
Expenditure	785	828
Net surplus (deficit)	0	0



TRANSPORT AGENCY

TODAY'S CHALLENGE

Currently our systems, processes and culture do not consistently support our people and partners to deliver to the outcomes we aspire to with precision and pace. In an increasingly complex environment where multiple parties need to work together to achieve shared outcomes, we also need to mature our approach to partnership, collaboration and co-production. We must also improve and mature our approach to health and safety.

The Transport Agency will continue to transform, becoming more agile and responsive and improving the way we work with others to provide better transport solutions for New Zealand.

OUR POSITION

Our position is that the Transport Agency is respected by partners, stakeholders and customers for its responsive and engaged people and its timely delivery of sustainable transport solutions.

WHAT NEEDS TO HAPPEN?

To make this happen will require that we are customer-focused, curious and collaborative. Our people are equipped to provide leadership, build valued relationships and partnerships, and deliver at pace. They thrive within a work environment that prizes diversity, is safe, healthy and flexible, and that enables lean and agile ways of working. Our technology and systems support responsive and collaborative ways of working and are easy to use, resilient, sustainable and secure.

WHY US?

We are passionate about making a difference and creating a better New Zealand, and have the skills, experience and leadership to achieve the improvement in our systems and people that is required. We are well placed to lead change as we can draw on a strong network of public and private sector relationships for the benefit of New Zealand.

HOW WE'LL MEASURE OUR PROGRESS

POSITION	THREE-YEAR TARGET STATES (BY 30 JUNE 2021)	MEASURES
Our position is that the Transport Agency is respected by partners, stakeholders and customers for its responsive and engaged people and its timely delivery of sustainable transport solutions	<p>Within three years we will achieve:</p> <ul style="list-style-type: none"> the reputation of lead public sector agency known for agile thinking and fast tracking solutions the reputation of a lead public sector agency for workplace safety for both our employees and contractors respect for motivated, forward-thinking leaders and a robust teaming ethos recognition as an employer of choice, offering a diverse fair, safe and dynamic work environment operation of a resilient digital environment with class-leading security and smart processes. 	Performance measures and key performance indicators for this position statement and three-year target states are under development and are expected by December 2018.

SIGNIFICANT ACTIVITIES FOR 2018/19

The following initiatives are the main activities that we will deliver in 2018/19 to make progress on the Transport Agency position statement:

- 8.1 Lift employee and contractor health and safety.
- 8.2 Close the like-for-like gender pay gap.
- 8.3 Implement year one of our Diversity and Inclusion Plan.
- 8.4 Progress all people leaders through the Great Leaders Programme.
- 8.5 Roll out improved digital collaboration tools for all staff.
- 8.6 Improve availability and resilience of key systems.
- 8.7 Commence process automation for key financial processes and develop automated workflows for selected regulatory and compliance processes.
- 8.8 Improve our cyber security maturity.
- 8.9 Complete our Workforce Strategy.

OUTPUT
CLASS

INVESTMENT MANAGEMENT
Delivered by the Transport Agency and funded from the National Land Transport Fund and the Crown
What do we do?

Through investment management we maximise the overall benefit of the National Land Transport Programme for New Zealand. The investment management output class covers the cost of the Transport Agency:

- developing and managing the National Land Transport Programme efficiently
- developing a shared view of planning and investing with our investment partners
- providing policy advice to the government.

To do this we invest in, provide guidance on or influence:

- regional land transport plans
- land transport activity management plans, regional public transport plans, road safety action plans and procurement strategies
- programme business cases for approved organisations' land transport investments and for our investments in the state highway network
- transport models
- land transport research.

How we will assess service delivery performance

See appendix 3 for technical details.

REFERENCE	MEASURE	ACTUAL 2017/18	TARGET 2018/19
IM1	Total cost of managing the funding allocation system as a % of the National Land Transport Programme expenditure	0.91%	≤ 1.1%
IM2	% of investments that meet NZ Transport Agency thresholds ¹	100%	100%
IM3	% of operational assurance activities completed	98%	100%
IM4	% of activities delivered to agreed standards and timeframes (transport planning)	65%	≥ 90%
IM5	% of activities delivered to agreed standards and timeframes (sector research)	100%	≥ 90%
IM6	Average number of days to action new funding approvals ²	17.2	≤ 20
IM7	% stakeholder satisfaction (approved organisations and stakeholders)	New measure	New measure ³

¹ The name of this measure has been updated to more clearly reflect what is measured, but the underlying measurement methodology remains the same as for when reported as ' % of activities delivered to agreed standards and timeframes (investment management)'

² The name of this measure has been updated to more clearly reflect what is measured, but the underlying measurement methodology remains the same as for when reported as 'Average number of days to deliver (approved organisations)'

³ The methodology for reporting this measure is being developed throughout 2018/19 with the aim to report by the end of the year. Targets will be set as the methodology is developed.

How much it will cost

See pages 49-57 for full details on output class funding and expenditure.

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
Income	60,743	71,075
Expenditure	60,743	71,075
Net surplus (deficit)	0	0



PROSPECTIVE FINANCIAL STATEMENTS

This section provides forecast financial statements for the:

- NZ Transport Agency (page 38)
- National Land Transport Fund (page 58)

The government has finalised its Government Policy Statement on Land Transport for 2018/19–2027/28. This policy statement is our primary guide for investing in the land transport system.

NZ TRANSPORT AGENCY

FINANCIAL OVERVIEW

These prospective financial statements have been prepared for the purpose of providing information on the Transport Agency's future financial performance and position and cash flows. They are based on assumptions about future events that the Transport Agency reasonably expects to occur at the time this information was prepared. Actual results achieved for the forecast period are likely to vary from the information presented, and variations may be material.

Budgeted funding of \$4.9 billion is available for 2018/19 for:

- **land transport** (\$4.5 billion), which includes Transport Agency investment in the state highway network and funding it provides to approved organisations for the delivery of services
- **NZ Transport Agency activities** (\$356 million), which include activities for which the Transport Agency is accountable and delivers in-house or contracts out
- **NZ Transport Agency activities charged directly to the National Land Transport Programme** (\$35 million), which occurs when the Transport Agency delivers parts of the programme directly, such as state highway projects.

PROSPECTIVE FINANCIAL STATEMENTS

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDING 30 JUNE

	NOTE	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
REVENUE			
Funding from the National Land Transport Fund		2,313,829	2,777,497
Funding from the Crown		129,869	89,639
Revenue from other activities		212,176	209,847
Total revenue		2,655,874	3,076,983
EXPENSE			
Land transport funding	4	1,927,246	2,016,018
Personnel costs	3	121,556	122,426
Operating expenses	3	155,615	168,339
Interest and finance costs		36,995	38,717
Depreciation, amortisation and state highway write-off	3	405,490	544,062
Assets vested to local authorities		0	182,796
Total expense		2,646,903	3,072,357
SURPLUS/(DEFICIT)		8,971	4,626
OTHER COMPREHENSIVE REVENUE AND EXPENSE			
Gain/(loss) state highway network revaluations		7,345,659	648,000
Net movement in cash flow hedges		(86,125)	5,689
Total other comprehensive revenue and expense		7,259,534	653,689
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		7,268,505	658,315

PROSPECTIVE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

	NOTE	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
ASSETS			
Cash and cash equivalents		120,349	50,000
Debtor Crown		58,633	50,459
Receivables and other assets		103,720	101,746
Debtor National Land Transport Fund		351,739	498,313
Debtor National Land Transport Fund - debt related		1,547,307	1,954,776
Property assets held for sale		50,041	40,000
Public-private partnerships		855,480	1,388,514
Property, plant and equipment, and intangible assets	5	59,743	70,990
State highway network		43,204,318	45,266,475
TOTAL ASSETS		46,351,330	49,421,273
LIABILITIES			
Payables		575,202	596,402
Employee entitlements		14,738	16,988
Derivative financial liability		203,763	197,874
Borrowing and other liabilities		436,682	397,093
Public-private partnerships		855,480	1,388,514
TOTAL LIABILITIES		2,085,865	2,596,871
NET ASSETS		44,265,465	46,824,402
EQUITY			
Contributed capital		5,606	5,606
Retained funds		43,318	34,921
Equity derived from the state highway network		44,344,768	46,906,412
Cash flow hedge reserve		(128,227)	(122,538)
TOTAL EQUITY		44,265,465	46,824,402

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

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
BALANCE AT 1 JULY	34,932,218	44,265,465
Surplus/(deficit)	8,971	4,626
State highway network revaluations	7,345,659	648,000
Movement in cash flow hedges	(86,125)	5,689
Capital contribution	2,064,742	1,900,621
BALANCE AT 30 JUNE	44,265,465	46,824,402

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

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
NET CASH FLOWS		
Receipts from the National Land Transport Fund	2,136,709	2,655,148
Receipts from the Crown	146,856	97,282
Receipts from other revenue	202,493	208,229
Payments to employees	(97,507)	(120,965)
Payments to suppliers	(1,985,112)	(2,170,942)
Goods & services tax (net)	(3,925)	716
From operating activities	399,514	669,468
Receipts from sale of state highway held properties	37,137	42,100
Purchase of property, plant and equipment, and intangible assets	(16,035)	(26,808)
Investment in the state highway network	(2,058,961)	(2,161,438)
From investing activities	(2,037,859)	(2,146,146)
Capital contribution from the National Land Transport Fund	1,222,999	1,142,335
Capital contribution from the Crown	392,642	280,958
Receipts from borrowing	100,000	12,544
Repayment of borrowing	(15,000)	(23,000)
Interest paid on borrowing	(7,389)	(6,508)
From financing activities	1,693,252	1,406,328
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	54,907	(70,350)
Cash and cash equivalents at the beginning of the year	65,442	120,349
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	120,349	50,000

NOTES TO THE PROSPECTIVE FINANCIAL STATEMENTS

1 > PROSPECTIVE FINANCIAL STATEMENTS AND ASSUMPTIONS

Use of information contained in these prospective financial statements

These prospective financial statements were prepared in accordance with the Crown Entities Act 2004. They provide information about 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 above.

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

These prospective financial statements are based on significant financial assumptions about future events that the Transport Agency reasonably expects to occur. Any subsequent changes to these assumptions will not be reflected in these financial statements.

Actual results achieved for the forecast period are likely to vary from the information presented, and variations may be material.

Statement of significant underlying assumptions

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

Funding from the National Land Transport Fund	Funding from the National Land Transport Fund (NLTF) is based on the expenditure programme in the National Land Transport Programme (NLTP). The main assumption is that sufficient funding is available from the NLTF to meet the expenditure programme for the NLTP and meet debt and related funding obligations. Further assumptions on the funding from the NLTF are defined in the NLTF prospective financial statements.
Fees and charges	Forecast revenue (and associated costs) is driven by volume projections. The most significant assumptions are that vehicle volumes for road user charges continue to increase and the number of motor vehicle registrations decreases slightly as drivers extend the renewal of registration for an entire year.
Personnel costs	The personnel costs reflect increases for capacity and capability as well as an increase in resource levels to meet the requirements of the new Government Policy Statement on Land Transport and other Transport Agency needs. Remuneration increases are forecast to be in line with those in other sectors.
Expenditure – regulatory activities	The forecast cost for regulatory activities is driven mainly by volumes. The main assumption regarding volumes is the continued increase in road user charges. The average cost per transaction is assumed to remain constant for 2018/19.
Expenditure – NLTP	The Transport Agency has developed the 2018–21 NLTP. The Government Policy Statement on Land Transport was taken into consideration when developing the NLTP and preparing the 2018/19 budget for NLTP expenditure.
Capital	The Transport Agency is undertaking a programme of capital spending to improve and renew the state highway network. Projected costs and timing of expenditure are based on project plans and quotations current when these forecasts were prepared. Capital programmes that are accelerated and funded by loans and public-private partnerships are recognised as capital contributions as the projected expenditure are incurred.
Asset revaluations	The state highway network is revalued annually using independent expert valuers. The valuation is sensitive to changes in the value of the land and inputs of the state highway network. We have assumed that we will continue revaluing our assets. We have also assumed a 1.5% consumer price index related revaluation (increase) in 2018/19.
Cash flow hedge reserve	Derivative financial instruments, designated as hedging instruments, are valued semi-annually. We have assumed that hedging relationships will be highly effective with changes in the instruments' fair value being recognised predominantly in the cash flow hedge reserve.
Output class expenditure	Forecast expenditure by output class is based on the organisational structure and projected operating spend.
Kaikōura earthquake	The Kaikōura earthquake response includes the reinstatement of damaged roads and improvements. The forecast cost for clean-up, reinstating access to roads and minor repairs is treated as operating expenditure. Major repairs and improvements to the roads are treated as capital expenditure. We have applied judgement when differentiating between operating and capital expenditure.

2 > STATEMENT OF ACCOUNTING POLICIES

Reporting entity

The Transport Agency is a Crown entity as defined by the Crown Entities Act 2004 and is domiciled and operates in New Zealand. The legislation governing the Transport Agency's operations includes the Crown Entities Act 2004 and the Land Transport Management Act 2003. The Transport Agency's ultimate parent is the New Zealand Crown.

The Transport Agency's primary objective is to provide services to the New Zealand public. Its purpose is to deliver effective, efficient, safe, responsible and resilient transport solutions that support a thriving New Zealand. The Transport Agency does not operate to make a financial profit.

Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period. The Transport Agency is designated as a public benefit entity (PBE) for financial reporting purposes. The financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

Statement of compliance

The financial statements of the Transport Agency have been prepared in accordance with the requirements of the Crown Entities Act 2004 and the Financial Reporting Act 2013. They comply with generally accepted accounting practice in New Zealand.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars, and all values are rounded to the nearest thousand dollars (\$000) unless stated otherwise.

Standards issued and not yet effective

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 1 July 2018. There have been no material impacts as a result of these adoptions. The Transport Agency will early adopt PBE IFRS 9 Financial Instruments from 1 July 2018. The Transport Agency does not expect this standard will cause any material measurement, recognition or disclosure changes.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies that affect the forecast financial statements. A comprehensive list of policies is in the NZ Transport Agency's 2017/18 annual report.

Revenue

Funding 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.

State highway network

Valuation

The state highway network is valued at optimised 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.

A cyclical basis for valuation is used so that the land corridor in each region is revalued at an interval not exceeding three and a half years. Those regions that are not subject to full revaluation in a particular year are subject to a valuation update through the use of price indices.

A revaluation surplus is recognised in other comprehensive revenue and expense and credited to the asset revaluation reserve in equity.

Additions and subsequent costs

The state highway network is recognised as an asset. 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 service potential will flow to the Transport Agency and the cost can be measured reliably. All repairs and maintenance are charged to the surplus or deficit during the financial period in which they are incurred.

Depreciation

Depreciation is provided for on a straight-line basis on all depreciable property, plant and equipment and state highway network assets at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

State highway network assets are depreciated based on the revalued carrying amount of the assets.

The estimated useful lives and associated depreciation rates of the major classes of assets are as shown in the table following.

ASSETS	USEFUL LIFE (YEARS)	DEPRECIATION RATE (%)
State highways - pavement (base)	50	2.0
State highways - pavement (surface)	9	11.1
State highways - drainage	50	2.0
State highways - traffic facilities	10-25	4.0-10.0
State highways - bridges	90-100	1.0-1.1
State highways - culverts and subways	50-75	1.3-2.0
State highways - other structures	10-100	1.0-10.0

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

The useful life of classes of asset is reviewed, and adjusted, if applicable, at each balance date.

Impairment of state highway network assets, property, plant and equipment and intangible assets

Assets are considered cash-generating where their primary objective is to generate a commercial return. The Transport Agency does not hold any material cash-generating assets.

Non-cash generating assets

Assets that have an indefinite useful life, such as land, are not subject to amortisation and are tested for impairment on a cyclical basis.

State highway network assets, property, plant and equipment and intangible assets held at cost that have a finite useful life are reviewed for impairment when events or changes in circumstances indicate the future service potential of the asset may have reduced

Service concession arrangements

Public-private partnerships for the construction of state highways are treated as service concession arrangements and accounted for in accordance with PBE IPSAS 32 Service concession arrangements: Grantor.

During construction, the cumulative cost, including financing, is recognised as an asset, with a matching liability representing the Transport Agency's obligations under the arrangement should conditions exist such that the arrangement will not continue through to the service commencement date. Before the service commencement date, there are no scheduled payments under the Agreements.

On completion, the asset and liability will be re-measured to fair value. Once operational, the public-private partnership assets will be accounted for in accordance with the policies adopted by the Transport Agency in respect of the rest of the state highway.

This treatment is consistent with the Treasury's Public Private Partnership Accounting Guidelines.

Borrowing

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

Derivative financial instruments and hedging

The Transport Agency uses interest rate swaps to mitigate risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date at which a derivative contract is entered into and re-measured to fair value at each balance date.

The hedge relationship is designated as a cash flow hedge and hedge accounting is applied. The hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed regularly to determine that they have been highly effective throughout the financial reporting periods for which they were designated.

The effective portion of derivatives designated in cash flow hedges are recognised in other comprehensive revenue and expense. All other gains and losses are taken directly to surplus or deficit.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

The fair values of interest rate swaps are valued based on cash flows discounted to present value using current market interest rates.

Jointly controlled operations

The Transport Agency has interests in jointly controlled operations, including the Auckland Motorway Alliance and Marlborough Roads. The Transport Agency recognises in its financial statements, the:

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

Estimates, assumptions and judgement

Due to the unique nature of the state highway network, the value of the assets cannot be measured with precision. Significant estimates and assumptions have been applied to the valuation which include assumptions on quantities and rates used in the state highway network components, the life of the assets and the unit costs to apply. Changes to the underlying estimates and assumptions could cause a material movement in the State Highway valuation.

3 > NZ TRANSPORT AGENCY EXPENDITURE

The following table shows the Transport Agency's total expenditure.

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
Personnel costs	121,556	122,426
Operating expenses	155,615	168,339
Depreciation and amortisation expense	11,314	11,280
NZ Transport Agency operating activities expenditure	288,485	302,045
Transport Agency capitalised expenditure and allocated to the National Land Transport Programme	38,115	53,696
NZ Transport Agency activities expenditure	326,600	355,741
NZ TRANSPORT AGENCY EXPENDITURE:		
- allocated to National Land Transport Programme activities	31,101	35,468
TOTAL NZ TRANSPORT AGENCY EXPENDITURE	357,701	391,209

The increase in the Transport Agency expenditure forecast reflects capacity and capability increases, primarily in core technology, as well as an increase to meet the requirements of the new Government Policy Statement on Land Transport and other Transport Agency needs.

4 > LAND TRANSPORT FUNDING

The Transport Agency develops the three-year National Land Transport Programme based on the policy direction in the Land Transport Management Act 2003, the Government Policy Statement on Land Transport and regional priorities.

The table below shows the activity classes funded from the National Land Transport Programme and associated activities funded from the Crown. The investment in land transport is net of the expenditure on new and renewal of existing state highways, which are capitalised, and Transport Agency operating expenditure, which is separately shown in the statement of comprehensive revenue and expense.

The investment in local roads and public transport is the National Land Transport Programme contribution only and does not include the significant investment contribution from local authorities.

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
Investment management	60,427	70,300
Public transport	382,616	548,990
Rapid transit	0	130,378
Transitional rail	0	35,390
Walking and cycling improvements	50,091	79,000
Promotion of road safety and demand management	35,990	52,000
Local road improvements	246,242	216,093
Local roads maintenance	608,673	691,000
Regional improvements	140,136	112,250
State highway improvements	1,179,439	1,369,500
Auckland Transport Package	121,678	12,544
Public-private partnership	433,300	464,991
State highway maintenance	735,141	665,000
Interest and finance costs	36,995	38,717
Total National Land Transport Programme	4,030,728	4,486,153
SuperGold card administration and public transport concessions	28,171	29,374
Urban Cycleways Programme	38,543	25,394
Provincial Growth Fund	0	40,000
Accelerated Regional Roding Programme	43,625	33,427
Kaikōura earthquake response	432,731	237,000
Total activities funded on behalf of the Crown	543,070	365,195
Total expenditure	4,573,798	4,851,348
Less capital expenditure	(2,472,044)	(2,649,676)
Less other activities funded from the National Land Transport Programme	(137,513)	(146,938)
Less interest and finance costs	(36,995)	(38,717)
TOTAL LAND TRANSPORT FUNDING	1,927,246	2,016,018

5 > MANAGING OUR ASSETS

Each year the Transport Agency prepares a capital programme so it has the infrastructure required to fulfil its functions. The capital programme projected budget for 2018/19, not including state highway network activities, is set out in the table below.

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
Computer hardware	4,096	2,500
Computer software	8,889	13,120
Leasehold improvements	228	3,500
Furniture and fittings	56	530
Office, plant and equipment	131	350
TOTAL	13,400	20,000

6 > MEMORANDUM ACCOUNTS

Memorandum accounts are notional accounts that record the accumulated balance of surpluses and deficits incurred for third-party-funded outputs.

The table below shows the closing balances of the memorandum accounts grouped by funding activities.

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
Customer licensing activities*	9,118	(2,836)
Road user charges collections	3,633	2,061
Vehicle standards compliance activities**	14,119	19,180
TOTAL MEMORANDUM ACCOUNT-OTHER FEES AND CHARGES	26,870	18,405

* Includes two negative projected memorandum account balance as at 30 June 2019 (2018: two)

** Includes one negative projected memorandum account balance as at 30 June 2019 (2018: one)

All memorandum accounts are periodically reviewed to ensure balances trend towards zero over a reasonable period, taking into account forecast volumes, revenue and costs.

7 > APPROPRIATION ESTIMATES FOR THE YEAR ENDING 30 JUNE 2019

The table below shows the funding the Transport Agency receives from the Crown as disclosed in the *Estimates of appropriations* and the funding movements.

	APPROPRIATIONS 2018/19 \$000	FUNDING MOVEMENTS \$000	SPE 2018/19 \$000
Investment management	60,500	800	61,300
Public transport	405,823	60,167	465,990
Transitional rail	0	35,390	35,390
Walking and cycling improvements	42,000	(4,100)	37,900
Promotion of road safety and demand management	38,500	12,100	50,600
Local road improvements	177,000	15,773	192,773
Housing Infrastructure Fund	0	23,320	23,320
Local roads maintenance	610,800	80,200	691,000
Regional improvements	40,000	(17,750)	22,250
State highway improvements	502,070	234,165	736,235
State highway maintenance	455,307	23,493	478,800
National Land Transport Programme (permanent legislative authority)	2,332,000	463,558	2,795,558
Investment management	6,500	2,500	9,000
Public transport	0	83,000	83,000
Rapid transit	0	130,378	130,378
Walking and cycling improvements	25,000	16,100	41,100
Promotion of road safety and demand management	1,500	(100)	1,400
Regional improvements	90,000	0	90,000
State highway improvements	961,307	(317,626)	643,681
State highway maintenance	168,693	17,507	186,200
Auckland Transport Package*	14,800	(2,256)	12,544
Public-private partnership**	0	464,991	464,991
National Land Transport Programme - new infrastructure for and renewal of state highways (permanent legislative authority)	1,267,800	394,494	1,662,294
Licensing and regulatory compliance	3,098	903	4,001
Road user charges collection, investigation and enforcement	4,229	0	4,229
Refund of fuel excise duty	799	(89)	710
Investment management (crash analysis system)	775	0	775
SuperGold card administration and public transport concessions	29,415	54	29,469
Urban Cycleways Programme	15,000	10,394	25,394
Provincial Growth Fund	0	40,000	40,000
Accelerated Regional Roding Programme	35,063	(1,636)	33,427
Kaikōura earthquake response	236,863	137	237,000
Crown funded	325,242	49,763	375,005
TOTAL	3,925,042	907,815	4,832,857

* Funded by Crown loans.

** Paid by the National Land Transport Fund in the next 1 year to 24 years

OUTPUT CLASS FUNDING AND EXPENDITURE

LICENSING AND REGULATORY COMPLIANCE

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
OPERATING REVENUE AND EXPENSES		
Crown (driver licensing stop order)	75	75
Crown (driver test subsidy)	1,445	1,445
Crown (drug and alcohol assessments)	569	1,030
Crown (ministerial advice and official correspondence)	548	548
Crown (rules development)	865	903
Crown (regional fuel tax and BPS seed funding)	1,843	0
Fees and charges	93,621	94,271
Other	29	0
Total operating revenue	98,995	98,272
Drug and alcohol assessments	828	1,035
Ministerial advice and official correspondence	641	3,017
Rules development	946	125
Fees and charges funded activities	94,844	102,432
Other (including regional fuel tax and BPS seed funding)	1,014	0
Total operating expenses	98,273	106,608
SURPLUS/(DEFICIT)	722	(8,336)
CAPITAL EXPENDITURE		
Capital investment in regional fuel tax administration	735	0
NET CAPITAL MOVEMENT	(735)	0
TOTAL MOVEMENT	(13)	(8,336)

ROAD TOLLING

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
OPERATING REVENUE AND EXPENSES		
Fees and charges	15,276	15,497
Total operating revenue	15,276	15,497
Transport Agency operating activities	15,636	15,820
Total operating expenses	15,636	15,820
SURPLUS/(DEFICIT)	(360)	(323)

MOTOR VEHICLE REGISTRY

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
OPERATING REVENUE AND EXPENSES		
Fees and charges	53,636	53,494
Total operating revenue	53,636	53,494
Transport Agency operating activities	52,355	53,671
Total operating expenses	52,355	53,671
SURPLUS/(DEFICIT)	1,281	(177)

ROAD USER CHARGES COLLECTION, INVESTIGATION AND ENFORCEMENT

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
OPERATING REVENUE AND EXPENSES		
National Land Transport Fund (investigation and enforcement)	3,779	3,779
National Land Transport Fund (refund)	450	450
Fees and charges	12,726	13,508
Other	38	0
Total operating revenue	16,993	17,737
Investigation and enforcement	2,163	2,033
Refund	2,134	2,548
Transport Agency operating activities	13,191	15,080
Total operating expenses	17,488	19,661
SURPLUS/(DEFICIT)	(495)	(1,924)

REFUND OF FUEL EXCISE DUTY

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
OPERATING REVENUE AND EXPENSES		
National Land Transport Fund	638	710
Other	147	118
Total operating revenue	785	828
Transport Agency operating activities	785	828
Total operating expenses	785	828
SURPLUS/(DEFICIT)	0	0

INVESTMENT MANAGEMENT

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
OPERATING REVENUE AND EXPENSES		
Crown (crash analysis system)	775	775
National Land Transport Fund	55,927	61,300
Other	1,106	0
Total operating revenue	57,808	62,075
Crash analysis system	316	775
Funding to approved organisations	8,369	12,259
Transport Agency operating activities	49,123	49,041
Total operating expenses	57,808	62,075
SURPLUS/(DEFICIT)	0	0
CAPITAL FUNDING AND EXPENDITURE		
National Land Transport Fund	2,935	9,000
Capital investment	(2,935)	(9,000)
NET CAPITAL MOVEMENT	0	0
TOTAL MOVEMENT	0	0

PUBLIC TRANSPORT

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
OPERATING REVENUE AND EXPENSES		
National Land Transport Fund	382,396	465,990
Other	220	0
Total operating revenue	382,616	465,990
Funding to approved organisations	382,616	465,490
Transport Agency operating activities	0	500
Total operating expenses	382,616	465,990
SURPLUS	0	0
CAPITAL FUNDING AND EXPENDITURE		
National Land Transport Fund	0	83,000
Capital investment	0	(83,000)
NET CAPITAL MOVEMENT	0	0
TOTAL MOVEMENT	0	0

ADMINISTRATION OF THE SUPERGOLD CARD SCHEME AND PUBLIC TRANSPORT CONCESSIONS FOR SUPERGOLD CARDHOLDERS

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
OPERATING REVENUE AND EXPENSES		
Crown	28,266	29,469
Total operating revenue	28,266	29,469
Funding to approved organisations	28,171	29,374
Transport Agency operating activities	95	95
Total operating expenses	28,266	29,469
SURPLUS	0	0

RAPID TRANSIT

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
CAPITAL FUNDING AND EXPENDITURE		
National Land Transport Fund	0	130,378
Capital investment	0	(130,378)
NET CAPITAL MOVEMENT	0	0

TRANSITIONAL RAIL

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
OPERATING REVENUE AND EXPENSES		
National Land Transport Fund	0	35,390
Total operating revenue	0	35,390
Funding to approved organisations	0	35,390
Total operating expenses	0	35,390
SURPLUS	0	0

WALKING AND CYCLING

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
OPERATING REVENUE AND EXPENSES		
Crown (Urban Cycleways Programme)	33,253	20,394
National Land Transport Fund	43,347	37,900
Total operating revenue	76,600	58,294
Funding to approved organisations (Urban Cycleways Programme)	34,154	20,394
Funding to approved organisations	43,347	37,900
Total operating expenses	77,501	58,294
SURPLUS/(DEFICIT)	(901)	0
CAPITAL FUNDING AND EXPENDITURE		
Crown (Urban Cycleways Programme)	4,389	5,000
National Land Transport Fund	6,744	41,100
Total capital funding	11,133	46,100
Investment in the state highway network (Urban Cycleways Programme)	4,389	5,000
Capital investment	6,744	41,100
Total capital expenditure	11,133	46,100
NET CAPITAL MOVEMENT	0	0
TOTAL MOVEMENT	(901)	0

PROMOTION OF ROAD SAFETY AND DEMAND MANAGEMENT

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
OPERATING REVENUE AND EXPENSES		
National Land Transport Fund	34,192	50,600
Community Road Safety Programme	3,357	3,264
Other	525	0
Total operating revenue	38,074	53,864
Community Road Safety Programme	1,422	902
Funding to approved organisations	12,793	21,977
Vehicle impoundment	249	234
Transport Agency operating activities	21,675	28,389
Total operating expenses	36,139	51,502
SURPLUS	1,935	2,362
CAPITAL FUNDING AND EXPENDITURE		
National Land Transport Fund	1,273	1,400
Capital investment	(1,273)	(1,400)
NET CAPITAL MOVEMENT	0	0
TOTAL MOVEMENT	1,935	2,362

LOCAL ROAD IMPROVEMENTS

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
OPERATING REVENUE AND EXPENSES		
National Land Transport Fund	246,242	192,773
National Land Transport Fund (Housing Infrastructure Fund)	0	23,320
Total operating revenue	246,242	216,093
Funding to approved organisations	246,242	192,773
Funding to approved organisations (Housing Infrastructure Fund)	0	23,320
Total operating expenses	246,242	216,093
SURPLUS	0	0

LOCAL ROAD MAINTENANCE

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
OPERATING REVENUE AND EXPENSES		
National Land Transport Fund	609,680	691,000
Total operating revenue	609,680	691,000
Funding to approved organisations	608,672	690,518
Interest and finance costs	1,008	482
Total operating expenses	609,680	691,000
SURPLUS	0	0

Included in the budget figures is the repayment of \$23 million in debt related to the earthquake damaged roads in Christchurch (2017/18: \$15 million).

REGIONAL IMPROVEMENTS

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
OPERATING REVENUE AND EXPENSES		
National Land Transport Fund	0	22,250
Total operating revenue	0	22,250
Funding to approved organisations	0	22,250
Total operating expenses	0	22,250
SURPLUS	0	0
CAPITAL FUNDING AND EXPENDITURE		
Crown (Provincial Growth Fund)	0	40,000
National Land Transport Fund	140,136	90,000
Total capital funding	140,136	130,000
Investment in the state highway network (Provincial Growth Fund)	0	40,000
Investment in the state highway network	140,136	90,000
Total capital expenditure	140,136	130,000
NET CAPITAL MOVEMENT	0	0
TOTAL MOVEMENT	0	0

STATE HIGHWAY IMPROVEMENTS

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
OPERATING REVENUE AND EXPENSES		
National Land Transport Fund	401,440	726,059
National Land Transport Fund (tolling)	10,180	10,176
Developers contributions	1,521	13,023
Interest and finance income	21,306	14,796
Other	1,073	0
Total operating revenue	435,520	764,054
Assets vested to local authorities	0	182,796
Depreciation and state highway write-offs	393,339	530,000
Interest and finance costs	35,987	38,235
Other	4,673	0
Total operating expenses	433,999	751,031
SURPLUS	1,521	13,023
CAPITAL FUNDING AND EXPENDITURE		
Crown (Accelerated Regional Roding Programme)	43,625	33,427
National Land Transport Fund	738,097	601,581
National Land Transport Fund (Auckland Transport Package)	121,678	12,544
National Land Transport Fund (public-private partnerships)	433,300	464,991
National Land Transport Fund (state highway disposals)	37,137	42,100
Depreciation funding utilised for investment in the state highway network	393,339	530,000
Net non-cash funding for losses/income for investment in state highway network	4,673	182,796
Total capital funding	1,771,849	1,867,439
Accelerated Regional Roding Programme	43,625	33,427
Auckland Transport Package	121,678	12,544
Public-private partnerships	433,300	464,991
Investment in the state highway network	1,137,504	1,327,636
Transport Agency capitalised expenditure	37,263	41,864
Total capital expenditure	1,773,370	1,880,462
NET CAPITAL MOVEMENT	(1,521)	(13,023)
TOTAL MOVEMENT	0	0

STATE HIGHWAY MAINTENANCE

	ACTUAL 2017/18 \$000	BUDGET 2018/19 \$000
OPERATING REVENUE AND EXPENSES		
Crown (Kaikōura Earthquake Response)	62,228	35,000
National Land Transport Fund	509,242	463,181
National Land Transport Fund (rental and interest revenue)	16,315	15,619
Other	8,145	1,876
Total operating revenue	595,930	515,676
Kaikōura earthquake response	62,228	35,000
Investment in the state highway network	499,461	452,373
Transport Agency operating activities	31,920	28,303
Total operating expenses	593,609	515,676
SURPLUS	2,321	0
CAPITAL FUNDING AND EXPENDITURE		
Crown (Kaikōura earthquake response)	370,503	202,000
National Land Transport Fund	202,061	186,200
Total capital funding	572,564	388,200
Kaikōura earthquake response	370,503	202,000
Investment in the state highway network	204,382	186,200
Total capital expenditure	574,885	388,200
NET CAPITAL MOVEMENT	(2,321)	0
TOTAL MOVEMENT	0	0

NATIONAL LAND TRANSPORT FUND

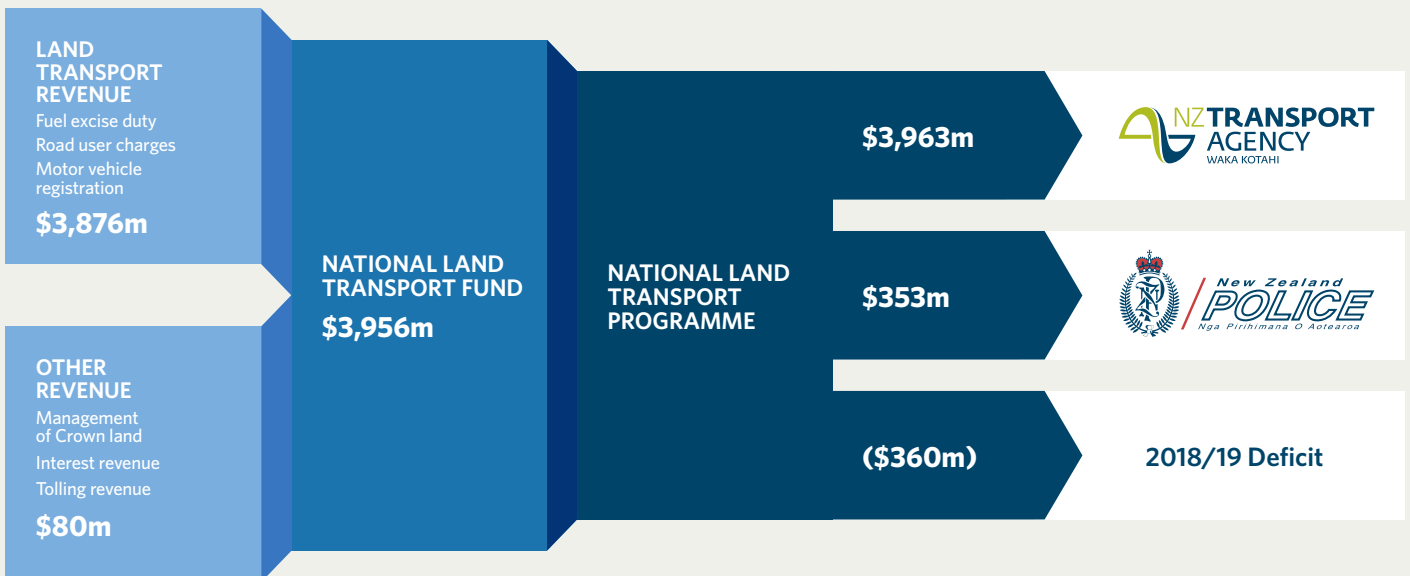
FINANCIAL OVERVIEW

The National Land Transport Fund (NLTF) facilitates the government's investment on behalf of transport users. All revenue from fuel excise duty, road user charges, and motor vehicle registration and licensing fees, revenues from Crown appropriations and management of Crown land, interest and tolling are accounted for in the NLTF (as shown in the figure below).

The NLTF is used to manage the funding of:

- New Zealand Police road policing activities
- the National Land Transport Programme for:
 - activities delivered by approved organisations
 - state highway activities
 - sector research
 - other Transport Agency activities, such as transport planning and management of the funding allocation system.

2018/19 FUNDING INFLOWS AND OUTFLOWS (CURRENT)



PROSPECTIVE FINANCIAL STATEMENTS

NLTF PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDING 30 JUNE

	NOTE	ACTUAL 2017/18 \$m	BUDGET 2018/19 \$m
REVENUE INFLOWS*			
Land transport revenue		3,658	3,876
Management of Crown land		53	58
Tolling revenue		10	10
Interest revenue		12	12
TOTAL REVENUE INFLOWS		3,733	3,956
OUTFLOWS			
National Land Transport Programme		3,435	3,957
Road policing		333	353
Fuel excise duty and road user charges administration		5	5
Forecasting and strategy		1	1
TOTAL OUTFLOWS		3,774	4,316
SURPLUS/(DEFICIT) FROM CURRENT NLTF BALANCE		(41)	(360)
Fair value gain on long-term payables		20	25
National Land Transport Programme expenditure to be funded long term		(557)	(478)
Finance charges		(6)	(7)
Deficit to be funded from future NLTF revenue	2	(543)	(460)
SURPLUS/(DEFICIT)		(584)	(819)

* This heading has been used to be consistent with the terminology in the Land Transport Management Act 2003.
The deficit above and the related negative general funds balance in the Statement of Financial Position are detailed in Note 2.

NLTF PROSPECTIVE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

	NOTE	ACTUAL 2017/18 \$m	BUDGET 2018/19 \$m
ASSETS			
Cash and cash equivalents		515	251
Receivables		272	270
TOTAL ASSETS		787	521
LIABILITIES			
Payables		1,899	2,453
TOTAL LIABILITIES		1,899	2,453
NET ASSETS		(1,112)	(1,932)
GENERAL FUNDS*	2	(1,112)	(1,932)

* 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

	NOTE	ACTUAL 2017/18 \$m	BUDGET 2018/19 \$m
GENERAL FUNDS OPENING BALANCE			
General funds - current		476	435
General funds - long term		(1,004)	(1,547)
TOTAL GENERAL FUNDS OPENING BALANCE		(528)	(1,112)
CHANGES IN GENERAL FUNDS BALANCE			
Surplus from current NLTF balance		(41)	(360)
Deficit to be funded from future NLTF revenue		(543)	(459)
TOTAL CHANGES IN GENERAL FUND BALANCE		(584)	(819)
GENERAL FUNDS CLOSING BALANCE			
General funds - current		435	75
General funds - long term		(1,547)	(2,007)
TOTAL GENERAL FUNDS CLOSING BALANCE *	2	(1,112)	(1,932)

* 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

	ACTUAL 2017/18 \$m	BUDGET 2018/19 \$m
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from land transport revenue	3,692	3,957
Payments to suppliers	(3,752)	(4,221)
Net cash flows from operating activities	(60)	(264)
NET INCREASE/(DECREASE) IN AMOUNTS HELD BY THE CROWN	(60)	(264)
Amounts held by the Crown at the beginning of the year	575	515
AMOUNTS HELD BY THE CROWN AT THE END OF THE YEAR *	515	251

* 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 requirements of section 11 of the Land Transport Management Act 2003.

NOTES TO THE PROSPECTIVE FINANCIAL STATEMENTS

1 > PROSPECTIVE FINANCIAL STATEMENTS AND ASSUMPTIONS

Use of information contained in these prospective financial statements

These prospective financial statements were prepared in accordance with the Crown Entities Act 2004, for the purpose of providing information about the NLTF’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 PBE FRS 42 *Prospective financial statements* in the preparation of these prospective financial statements.

These prospective financial statements are based on significant financial assumptions about future events that the Transport Agency reasonably expects to occur. Any subsequent changes to these assumptions will not be reflected in these financial statements.

Actual results achieved for the forecast period are likely to vary from the information presented, and variations may be material.

Statement of significant underlying assumptions

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

Land transport revenue	The revenue forecast for the National Land Transport Fund includes estimates of fuel excise duty, road user charges and motor vehicle registration inflows into the fund. The forecasts for each are determined by the revenue forecasting model managed by the Ministry of Transport with input from the NZ Transport Agency, The Treasury and the New Zealand Customs Service. Forecasts are based on historical trends and the economic outlook as presented by The Treasury, including economic growth, growth in vehicle kilometres travelled and current price assumptions.
Management of Crown land and interest	Forecast revenues are influenced by the management of rental properties and interest revenue on cash holdings. Assumptions are based on historical performance and trends.
National Land Transport Programme	The Transport Agency has developed the 2018-21 NLTP. The Government Policy Statement on Land Transport was taken into consideration when developing the NLTP and preparing the 2018/19 budget for NLTP expenditure.

2 > GENERAL FUNDS

The NLTF has a negative general funds balance. The negative general funds balance arises because certain programmes have been accelerated and funding was sourced from the Crown and through public-private partnerships. The funding received has been recognised as long-term payables, which are due between 1 year and 26 years from balance date.

Although the NLTF has a negative general funds balance, it is a going concern because the:

- NLTF's liquidity is actively managed
- NLTF has forecast available cash balances of \$515 million as at 30 June 2018 and \$251 million as at 30 June 2019 to meet obligations as they fall due
- NLTF's main revenue source is land transport revenue, which is forecast to continue at a materially similar level for the foreseeable future, based on inputs sourced from other government departments.

The components of the general funds balance are shown below:

	ACTUAL 2017/18 \$m	BUDGET 2018/19 \$m
General funds - current	435	75
General funds - long term	(1,547)	(2,007)
TOTAL GENERAL FUNDS BALANCE	(1,112)	(1,932)

3 > STATEMENT OF ACCOUNTING POLICIES

Reporting entity

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

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

- programme of New Zealand Police road policing activities, and the
- National Land Transport Programme

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

The NLTF is a public benefit entity (PBE) for financial reporting purposes. The financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of compliance

The financial statements of the NLTF have been prepared in accordance with the requirements of the Crown Entities Act 2004 and the Financial Reporting Act 2013, which includes the requirement to comply with generally accepted accounting practice in New Zealand.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest million dollars (\$m) unless stated otherwise.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies that affect the forecast financial statements. A comprehensive list of policies is in the NLTF's 2017/18 annual report.

Revenue inflows

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the NLTF's business.

Revenue is recognised when the amount can be reliably measured; that is, when it is probable that future economic benefits will flow to the entity.

Outflows

The NLTF recognises outflows based on when the NZ Transport Agency recognises operating or capital expenditure.

Assets

The NLTF, being a notional account, does not hold any physical assets.

Liabilities

Non-current payables

Non-current payables are a mixture of interest and non-interest-bearing advances that will be settled between 1 year and 26 years from balance date. Non-interest-bearing non-current payables are discounted to present value as at balance date.

4 > OUTPUT CLASS FUNDING

Output class funding

	ACTUAL 2017/18 \$m	BUDGET 2018/19 \$m
Investment management	59	70
Public transport	382	549
Rapid transit	0	130
Transitional rail	0	35
Walking and cycling improvements	50	79
Promotion of road safety and demand management	36	52
Local road improvements	246	216
Local road maintenance	627	691
Regional improvements	140	112
State highway improvements	1,167	1,354
State highway maintenance	728	665
TOTAL OUTPUT CLASS FUNDING TO THE TRANSPORT AGENCY - CURRENT	3,435	3,957
Road policing	333	353
TOTAL OUTPUT CLASS FUNDING	3,768	4,310
Auckland Transport Package	122	13
Housing Infrastructure Fund	0	23
Public-private partnership	459	465
Reinstatement of earthquake damaged roads in Christchurch	(17)	(23)
Fair value changes in financial instruments charged to surplus or deficit	(7)	0
TOTAL OUTPUT CLASS FUNDING (INCLUDING LONG TERM)	4,325	4,788



APPENDIX 1

MILESTONES FOR SIGNIFICANT CAPITAL PROJECTS

This section provides project delivery dates for capital projects that receive direct or additional Crown funding or that have significant ministerial interest.

KAIKŌURA EARTHQUAKE RESPONSE AND MANAWATŪ GORGE RESPONSE

The Kaikōura Earthquake Response is the Transport Agency's work to restore State Highway 1 through North Canterbury and Marlborough after the November 2016 earthquake. Funding for reinstatement is provided by the Crown, while funding for any improvements is provided by the National Land Transport Fund. State Highway 3 through the Manawatū Gorge is no longer a safe road option and has been closed indefinitely. The new road will run from near the western entry of the closed State Highway 3 gorge route, across the Ruahine Ranges north of the gorge, and reconnect to State Highway 3 at Woodville.

PROJECT	2018/19 MILESTONE
Kaikōura earthquake recovery	Complete reinstatement/recovery and start improvements
Te Ahu a Turanga, Manawatū Tarana Highway (Manawatū Gorge replacement)	Designate corridor designation, award alliance and start regional consenting

ROADS OF NATIONAL SIGNIFICANCE

The Roads of National Significance are based around New Zealand's five largest population centres: Auckland, Hamilton, Tauranga, Wellington and Christchurch. Regional land use and transport studies have identified them as having strategically significant investment needs.

PROJECT	2018/19 MILESTONE	
Pūhoi-Wellsford	Pūhoi-Warkworth	Continue construction
	Warkworth-Wellsford	Under re-evaluation
Western Ring Route	Western Ring Route - Road of National Significance	Continue Lincoln to Westgate construction
Waikato Expressway	Longswamp Section	Continue construction
	Rangiriri Section	Place final asphalt surfacing
	Huntly Section	Continue construction
	Hamilton Section	Continue construction
Wellington Northern Corridor	Ōtaki - Levin	Under re-evaluation
	Ngāūranga - Airport	Complete business case
	Transmission Gully	Continue construction
	Peka Peka to Ōtaki	Continue construction
Christchurch Motorways	Christchurch Northern Arterial Rural with QEII Drive	Open Belfast Road to traffic Move QEII Drive traffic to new carriageway
	Christchurch Southern Motorway (Stage 2)	Open Weedons Road and Ross Road interchange to traffic Move traffic to new carriageway on the four-lane section

AUCKLAND TRANSPORT PACKAGE

The Auckland Transport Package is a programme of critical projects targeted for acceleration. Funding is from the National Land Transport Fund and is supported by borrowing from the Crown that will be repaid from the National Land Transport Fund.

PROJECT	2018/19 MILESTONE
Northern Corridor Improvements	Continue construction
Southern Corridor Improvements	Continue construction
State Highway 20A to Airport	Complete construction
East West Connections	Complete re-evaluation and options review Progress resolution of appeals of the current designation

ACCELERATED REGIONAL ROADING PROGRAMME

The Accelerated Regional Roding Programme is a Crown-funded programme of regional state highway projects targeted for acceleration.

PROJECT	2018/19 MILESTONE	
Mingha Bluff to Rough Creek	Complete all remedial works	
Akerama Curves Realignment and Passing Lane	Complete final road surfacing	
Whirokino Trestle Bridge Replacement	Continue construction	
State Highway 2 Motu Bridge Replacement	Completion (practical)	
Opawa Bridge Replacement	Start construction	
Loop Road North to Smeatons Hill safety improvements	Start construction	
Mt Messenger and Awakino Gorge Corridor	Continue construction	
Mt Messenger Bypass	Gain consents and start enabling works	
Napier Port Access Package	State Highway Watchman Road, Napier Port Access Package Hawke's Bay Airport Intersection	
	Hawke's Bay Expressway Safety Treatments	Construction started
	Prebensen Hyderabad Intersection upgrade	Construction complete
Nelson Southern Link	Develop detailed business case	

APPENDIX 2

OUTPUT CLASS ALIGNMENT TO POSITION STATEMENTS

OUTPUT CLASS	TRANSPORT SAFETY	INCLUSIVE ACCESS	LIVEABLE COMMUNITIES	TRANSPORT TECHNOLOGY	RESILIENCE	ENVIRONMENT RESPONSIBILITY	REGULATORY	TRANSPORT AGENCY
Walking and cycling		▲	★					
Public transport		★	▲					
Administration of SuperGold scheme and public transport concessions for SuperGold cardholders		★						
Rapid transit			★					
Transitional rail			★					
State highway improvements	★				▲			
State highway maintenance	★				▲			
Local road improvements	★				▲			
Local road maintenance	★				▲			
Regional improvements	▲				★			
Road safety promotions and demand management	★							
Road policing	★							
Licensing and regulatory compliance	▲						★	
Motor vehicle registration							★	
Road user charges collection, investigation and enforcement							★	
Refund of fuel excise							★	
Road tolling							★	
Investment management				▲				★

★ Primary ▲ Secondary

APPENDIX 3:

TECHNICAL NOTES FOR PERFORMANCE MEASURES AND TARGETS

These notes explain our non-financial performance measures for our output classes.

OUTPUT CLASS SCOPE STATEMENTS AND PERFORMANCE TARGETS

State highway improvements

Scope

Capital works for new infrastructure for state highways as authorised by section 9(3) and (4) of the Land Transport Management Act 2003.

Technical notes

The *% of activities that are delivered to agreed standards and timeframes* compares time, cost and quality of large and small programmes and property acquisition programmes (at the time 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 greater than 90 percent. Aggregation to the overall result is based on weighted programme expenditure across the components in the given year.

The *% of state highway road network modified to align with safe and appropriate speed* is a new measure in 2018/19 and tracks the proportion of the state highway network that has speed limit reductions or engineering improvements completed to ensure travel speeds are safe at current or higher speed limits where appropriate. This is measured in kilometres and reported as a percentage of the total state highway network.

The *% of state highways available to high productivity motor vehicles (HPMV)* is the proportion of the total length of state highways that are available to HPMVs to the total length of the state highway network. This includes on/off ramps, roundabouts, increasing and decreasing links.

State highway maintenance

Scope

Activities that manage, maintain and operate state highway infrastructure as authorised under section 9(3) and (4) of the Land Transport Management Act 2003.

Technical notes

The *% of activities that are delivered to agreed standards and timeframes* presents the physical achievement of maintenance and renewal activities 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 maintenance and renewal work completed compared with the planned kilometres and budget.

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 resistance 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.

Network resilience: % of rutting > 20mm over state highway network is the proportion of rutting (long shallow channels generally found in wheel paths) above the 20mm threshold over the length of the state highway network. Rutting in the road surface is one of the key indicators of the health of the underlying pavement and the need for pavement renewal. Ruts often also hold water, so lower skid resistance. This indicator is a condition asset performance measure under Cabinet Office Circular CO 15(5).

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. This indicator is a functionality asset performance measure under Cabinet Office Circular CO 15(5).

Smooth ride: % of travel on network classed as smooth is the proportion of travel (proportion of vehicle kilometres travelled on the network surveyed) that occurs on pavements smoother than a nominated surface texture standard over the length of the network surveyed. This indicator is a functionality asset performance measure under the Cabinet Office Circular CO 15(5).

The % availability of state highway network: % of unplanned road closures resolved within standard timeframes is expressed as the sum of all unscheduled road closure incidences (both urban and rural) that have a significant impact on road users addressed within standard timeframes (that is urban less than 2 hours and rural less than 12 hours) and protocol over the total number of road closure incidences. This indicator is a functionality asset performance measure under Cabinet Office Circular CO 15(5).

State highway maintenance cost per lane km delivered is calculated by dividing the amount spent on the maintenance of local roads by the total number of kilometres in the network. This is adjusted for inflation based on the network outcomes index.

Reinstatement of the South Island Transport Corridors - % of activities delivered to agreed standards and timeframes presents the physical achievement of maintenance and renewal activities against baseline. It is a measure to keep track of the delivery of physical performance targets.

Local road improvements

Scope

Management and delivery of improvement of local roads as authorised under section 9(3) and (4) of the Land Transport Management Act 2003.

Technical notes

The % of approved organisations signed up to the 50MAX network measures the proportion of approved organisations that are signed up to allow 50MAX vehicles to travel on local roads. 50MAX vehicle combinations have one more axle than conventional 44-tonne vehicles combinations, meaning the overall truck load is spread further and there is no additional wear on roads per tonne of freight.

The % of local road network modified to align with safe and appropriate speed is a new measure in 2018/19 and tracks the proportion of the local roads network that have speed limit reductions or engineering improvements completed to ensure travel speeds are safe at current or higher speed limits where appropriate. This is measured in kilometres and reported as a percentage of the total local road network.

Local road maintenance

Scope

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.

Technical notes

The % of the sealed local road network that meets pavement integrity targets utilises information from the Pavement Integrity Index (PII), a combined index of the pavement faults in sealed road surfaces used widely for local roads in New Zealand.

The % of the sealed local road network that meets surface condition targets utilises information from the Surface Condition Index (SCI), an overall condition value that reports an aggregation of a number of surface defects over a specified length of sealed road.

The smooth ride: % of travel on smooth roads is technically referred to as 'smooth travel exposure' and is the proportion of total vehicle kilometres travelled (VKT) that occurs on 'smooth' roads.

The local road maintenance cost per local road lane km delivered is calculated by dividing the amount spent on the maintenance of local roads by the total number of kilometres in the network. This includes maintenance operations and renewals (excluding emergency works) and is adjusted for inflation based on the network outcomes index.

Road safety promotion and demand management

Scope

Promote safe and economic use of land transport networks and services under section 9 of the Land Transport Management Act 2003.

Technical notes

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 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 percent target and contribute equally to the overall result.

The *% of road safety advertising campaigns that meet or exceed their agreed success criteria* is a measure based on 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.

Road policing

Scope

Developing plans for improving the transport network and systems as authorised under section 9(3) and (4) of the Land Transport Management Act 2003.

Public transport

Scope

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.

Technical notes

The *number of passengers using urban public transport services* is the sum of all public transport passenger boardings by bus, train and ferry across all regions. This measure is sometimes called 'patronage'. It includes boardings using SuperGold card concessions. A boarding is a single trip made on public transport, for example when a person boards a bus to when they get off. This is not to be confused with a journey, which concerns an individual's origin and destination, which may involve multiple trips and modes.

The *% of people with access to frequent public transport services in Auckland, Wellington and Christchurch* is the proportion of the population that is within 500 metres walking distance (isochrones using footpaths, rather than 'as the crow flies') of a frequent bus-stop or ferry terminal, or within 1 km of a frequent rapid transit stop (mainly trains, but also includes grade-separated bus ways). Frequent means scheduled every 15 minutes (or 30 minutes for ferry) during the morning peak Monday to Friday (7am-9am). Information is currently available for only Auckland, Wellington and Christchurch.

The *costs per passenger kilometre by bus, train and ferry* measure examines the change in total and National Land Transport Fund service costs toward carrying an individual passenger across bus, train, and ferry over time. It is an indicator of whether increased investment in public transport services and network redesign and improvements are leading to even greater growth in use. Information is available for only Auckland, Wellington and Christchurch.

Administration of SuperGold cardholders' scheme and enhanced public transport concessions for SuperGold cardholders

Scope

Administration of the scheme to provide enhanced public transport concessions for SuperGold cardholders.

Technical note

% of 'on time' payment of Crown SuperGold Card allocation to Authorised Organisations monitors the percentage of payments of the SuperGold allocation for the forward year made to authorised organisations in the first quarter of the financial year.

Patronage (number of boardings using SuperGold concessions) provides information to assess the effectiveness of the SuperGold cardholders' scheme in providing greater access and mobility opportunities for older people and improving the use of public transport off-peak. It also indicates levels of demand for SuperGold concessions which will inform our management of the Crown funding appropriation for the scheme, particularly in distributing funds to participating local authorities.

Walking and cycling

Scope

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.

Technical notes

The *network kilometres of walking and cycling facilities delivered* measures the total length of new cycle lanes added to the network as well as existing cycle lanes where cycling infrastructure improvements were made. It does not include new cycle lanes and improvements that are part of a roading project outside the walking and cycling activity class. Information is provided by local authorities.

The *cycling count in Auckland, Wellington and Christchurch* reflects the number of cyclists counted in the annual cycling cordon count in each centre.

Rapid transit

Scope

This is a new output class for investment in rapid transit improvements.

Technical note

The *% of activities delivered to investment requirements* reports progress in developing the rapid transit output class programme of work in the first year.

Transitional rail

Scope

This is a new output class for investment to support urban and interregional rail services that assist passengers to access major employment and housing areas.

Technical note

The *% of projects approved for implementation* reports the percentage of transitional rail business cases approved for implementation each year.

The *% of activities delivered to investment requirements* is a new measure in 2018/19 and will be further defined in partnership with stakeholders to report by the end of the year. It is intended to report the proportion of projects that are meeting defined standards and timeframes.

Regional improvements

Scope

Planning and investing in regionally important state highway and local road projects outside the main metropolitan areas.

Technical notes

Lane kilometres of improved regional roading reflects new improved regional roading delivered in one year.

Kilometres available to high productivity motor vehicles on key regional routes reflects additional kilometres available to high productivity motor vehicles added in one year.

The *% of activities delivered to agreed standards and timeframes* compares time, cost and quality of large and small 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 and cost are equally weighted with targets of greater than 90 percent. Aggregation to the overall result is based on weighted programme expenditure across the components in the given year.

Licensing and regulatory compliance

Scope

Purchase of land transport regulatory implementation services, specialist land transport enforcement services and licensing services, including driver licensing.

Purpose of vote transport appropriation limited to ministerial servicing by NZ Transport Agency.

Technical notes

Unit transaction cost measures the direct unit cost of delivering a driver licence or driver testing transaction or service as well as the warrants of fitness (WoF) and certificates of fitness (CoF).

The *% of transactions completed online* is the proportion of practical test bookings and rescheduled test bookings completed through the Transport Agency Transact website divided by the total number of test bookings completed for motor vehicle and motorcycle licences.

The *% accuracy of data entry into registers* is a measure of the data input accuracy of the driver licence register based on monthly audit checks from a random sample of 100 callers and a selection of agents' work processed against what is written on the form and recorded in the register. The measure reflects the average of the audit results.

The *% of operational assurance activities completed* is an aggregate of three specific dimensions: operational assurance activities (for example, audits) of driver testing officers and course providers, transport operators and certifying agents completed against planned. Aggregation is based on the average of the components in the given year.

The *% of activities delivered to agreed standards and timeframes* is an aggregate of four specific dimensions: three audit activities (licensed operators, certifying agents, and rail license operators) and the completion rate against standard of official correspondence. Aggregation to the overall result is based on the average of the components in the given year.

Road tolling

Scope

Collection of road tolling charges and enforcement activities to recover road tolling payment evasion.

Technical notes

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.

% revenue compliance is the total chargeable toll trips paid divided by the total chargeable toll trips.

Motor vehicle registry

Scope

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.

Technical notes

Unit transaction costs is the average direct unit cost of delivering a motor vehicle registration transaction. This includes fixed costs, commissions and variable costs.

The *% of transactions completed online* is the proportion of annual motor vehicle licensing (including reversals), new registrations and register maintenance actions (including vehicle licensing exemptions, change of ownership (buyer), change of ownership (seller), change of name or address, registered person name and address) purchased over the Transport Agency Transact website, Direct Connect and via an industry agent divided by the total number of motor vehicle registrations.

The *% accuracy of data entry into registers* reflects the accuracy of the information entered into the motor vehicle registry. Data-verification activities are focused on confirming vehicle attributes (vehicle ownership and address information) in the motor vehicle registry. The measure combines the result of regular audit checks by regional staff, unverified owner and address information returns.

The *% revenue compliance* is a measure of the proportion of vehicles that have been relicensed on or before the licence expiry date. The measure is calculated as the number of active/current licences divided by the number of vehicles due for re-licensing for the period.

Road user charges collection, investigation and enforcement

Scope

Collection and refund of road user charges (RUC) and the investigation and enforcement of evasion of RUC.

Technical notes

Unit transaction cost measures the direct unit cost of collecting road user charges by dividing the sum of expenditure by road user charges volumes.

The *% of transactions completed online* is the proportion of light and heavy vehicle RUC licences purchased online over the total number of RUC licences purchased. Online refers to transactions via industry agents, Direct Connect, Transport Agency Transact website, e-RUC and automatic tellers.

Refund of fuel excise duty

Scope

Receipt and processing of applications for and the refunding of fuel excise duty.

Technical note

Average number of days to deliver is determined by how long it takes, on average, to process and approve fuel excise duty refunds. Days to deliver refers to the number of working days between the date of application to the date of approval recorded in the fuel excise duty database system. It does not include days when the application is put on hold waiting for customer response.

Investment management

Scope

Managing, monitoring and advising transport sector stakeholders on the allocation of national land transport funds, developing plans for improving the transport network and systems, and developing transport sector capability and research, as authorised under section 9(3) and (4) of the Land Transport Management Act 2003.

Technical notes

The *total cost of the management of the funding allocation system as a % of the NLTP expenditure* is the Transport Agency service delivery cost for this output and excludes the local authority funding contribution for investments in local transport activities.

The *% of investments that meet NZ Transport Agency thresholds* is an aggregate of two measures to monitor the quality and efficiency of investment approval and decision activities. All components of the measure have targets of 100 percent. Aggregation to the overall result is based on the weighted volume of activity across the components in the given year.

The *% of operational assurance activities completed* is an aggregate of two specific dimensions: investment audit programme and benefits realisation programme completed on time. Operational assurance activities assess the performance of approved organisations in relation to activities approved by the Transport Agency and the operation of the land transport disbursement accounts of approved organisations under LTMA s95(1)(e). The aggregated result is the average of the two components of the measure. Reporting against this measure is based on the latest assurance programme approved by the audit, risk and assurance committee.

The *% of activities that are delivered to agreed standards and timeframes* (transport planning) measures the proportion of transport planning activities by the Transport Agency and by approved organisations that are delivering to forecast programme and cost targets. Activities primarily include programme business case development activity management planning improvement and transport model development. Performance against forecast cost and projected milestones are averaged to form a snapshot view of performance for the year.

The *% of activities that are delivered to agreed standards and timeframes* (sector research) is a measure that compares planned time, cost and quality of research investment with actual performance. All aspects have targets of 90 percent and contribute equally to the overall result. It is a measure of the effectiveness of the Transport Agency as a programme manager.

The *average number of days to action new funding approvals* is determined by how long it takes, on average, to process and approve funding of a new National Land Transport Programme activity. Days to funding approval is defined as the number of working days between the date of receipt and the date the approval was recorded in the Transport Information Online system.

The *% stakeholder satisfaction (Approved Organisations and Stakeholders)* demonstrates the percentage of approved organisations' stakeholders (regional, local and unitary authorities, the 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.

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